

Maxton ABC Board

Performance Audit Report



Alcoholic Beverage Control Commission
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ABC
COMMISSION
NORTH CAROLINA



ABC

COMMISSION
NORTH CAROLINA

Alcoholic Beverage Control

COMMISSIONERS:

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December 16, 2011

The Honorable Dr. Gladys Dean, Mayor
Town of Maxton
201 McCaskill Ave
Maxton, NC 28364

Dear Mayor Dean,

We are pleased to submit this performance audit report of the Maxton ABC Board. The objective of this audit was to examine existing policies, practices, and controls and to provide recommendations on methods to improve operating efficiency at the ABC Board.

This report consists of an executive summary, background information and operational findings and recommendations. The Chair of the Maxton ABC Board reviewed a draft copy of this report and her written comments are included.

We would like to thank the ABC Board and their staff for the assistance and cooperation provided to us during the audit and we hope you and your Town Council Members will find the report informative.

Respectfully,

A handwritten signature in black ink, appearing to read "Michael C. Herring".

Michael C. Herring
Administrator

Cc: Twanda Smith, Town Clerk
Maxton ABC Board

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EXECUTIVE SUMMARY

By state law, the ABC Commission shall ensure that all local ABC Boards comply with established performance standards by conducting regular audits or performance evaluations. Performance standards shall include, but are not limited to, standards that address enforcement of ABC laws, store appearance, operating efficiency, solvency, and customer service. Performance audits are examinations of existing operating policies, practices, controls, and activities to determine those areas in which there may be a need for improvements. This audit was conducted in accordance with Government Auditing Standards. This report details findings and recommendations with regard to organizational and operational issues.

To achieve the objectives of the audit, ABC Commission staff

- Reviewed applicable General Statutes, ABC Commission Rules, and administrative policies;
- Reviewed applicable reports and studies of ABC boards with similar size and geography;
- Verified compliance with Commission and Board policies;
- Reviewed organizational chart and job descriptions;
- Reviewed ABC store annual audit for the fiscal year 2011;
- Visited the store;
- Interviewed key ABC store personnel;
- Interviewed Town personnel active in store operations.

The Maxton ABC Board has submitted a response to the performance audit recommendations and has begun to take steps toward becoming profitable through analyzing and reducing current costs. Changes have been made in administrative as well as financial operations since the initial audit fieldwork. Subsequent to the audit, personnel turnover has arisen in duties involving the finance officer and clerks.

While it is clear the board's priority is to gain enough profits to pay expenses and distributions, statutes are not being enforced. A follow up visit will be scheduled within six months to determine if other recommendations are being addressed.

BACKGROUND INFORMATION

Maxton, NC sits on the county line between Robeson and Scotland counties. It is home to the first college in North Carolina, Floral College, to grant degrees to women and the hometown of Angus W. McLean, Governor of North Carolina, 1924-1928. The Maxton ABC store is approximately nine miles from the Scotland County ABC store in Laurinburg and approximately seventeen miles from the South Carolina border.

Chapter 405 of the 1967 Session Law authorized the town of Maxton to hold an election upon a petition signed by at least twenty-five percent of the registered voters. The referendum was held on January 30, 1968. The vote for an ABC store passed 296 to 243 with the first retail sales date of April 11, 1968. Upon authorization of the liquor store, the town was to appoint a three member board consisting of a chairman and two board members serving for a period of three years. Chapter 15 of the 1987 General Assembly increased the membership to four members serving three year terms.

A mixed beverage referendum was held on March 6, 2001 and passed 153 to 139. Even though the election was held in 2001, the first mixed beverage sales took place in fiscal year 2004. Currently, Maxton ABC does not have any mixed beverage sales.

The Maxton ABC board operates one retail store. The store staffs one full-time manager, one full-time accounts payable clerk, and one part-time clerk. The manager is responsible for daily operations of the store including supervising personnel retail operations, and administrative functions.. The accounts payable clerk is responsible for approving budgeted purchases and invoice payments as well as performing the same duties as of the part-time retail clerk. The part-time clerk duties involve various retail functions including selling products and stock maintenance. Due to the unexpected resignation of the former manager and lack of oversight by the former board, the town manager, Vince Long, along with other town employees have taken on the finance officer's responsibilities on an interim basis. Additionally, off duty law enforcement personnel work part-time to provide security. Currently, the personnel make-up is in a state of flux.

Profitability

For fiscal year 2011, the board showed a loss; total liquor sales were \$541,658, income from operations totaled -\$3,245, resulting in a profit percentage to sales of -0.60%. Although current year sales have risen from last year, Maxton ABC is still down due to withholding of liquor shipments. *Refer to Chart 1.*

In comparing sales with similar size boards for the past ten years, Maxton ABC sales have risen following the state's 56% ten year increase while other similar size boards sales have dropped. *Refer to Chart 2.*

Factors affecting sales and profitability:

- Total population has increased 27% over the past ten years
- Adult working population has increased 4% over the past ten years
- Population below poverty levels has increased 9% over the past ten years
- 12.8% unemployment rate in Robeson County in October, a reduction of .20% from September
- Pembroke store closing in October 2008 brought additional customers to Maxton

Distribution Schedule

GS 18B-805 (c) (2) requires the board to expend quarterly at least 5% of profits for law enforcement. Chapter 375 of the 1971 Session Law sets the following quarterly distribution formula:

- 65% to the General Fund of the town
- 35% to the General Fund of Robeson County.

Over the past ten years, the Maxton ABC Board has not made distributions.

FINDINGS AND RECOMMENDATIONS

On September 13, 2011, ABC Commission Auditor, Moniqua S. McLean, visited the Maxton ABC store and interviewed Katrine Vincent, general manager, Aubrey Frazier, accounts payable clerk, Vince Long, interim finance officer. The following are the findings and recommendations relating to the performance audit.

1. Inventory Turnover

The inventory turnover rate is calculated by dividing the cost of goods sold by the average inventory in the system. The Commission has set goals for determining an effective rate based on the frequency of deliveries. Below are the turnover rates based upon the delivery schedule:

- Once a week deliveries target at 6 times or more per year
- Twice a week deliveries target at 5 times or more per year
- Monthly deliveries target at 4.5 times or more per year

The Maxton ABC Board has a monthly delivery schedule. The inventory turnover rate for Maxton ABC is 3.3 and does not meet the target rate set by the Commission.

Recommendations:

- Explore different strategies for eliminating slow moving products by:
 - Identify unsold stock for transfer to another board which has demand
 - Request permission from the Commission for a price reduction to sell off slow moving products. Use proceeds for distribution or for more saleable inventory.
 - Marketing strategies for impulse shopping,
 - Moving stock within the store to increase visibility.
- Take advantage of SPA's whenever possible and look ahead to take advantage of quarterly price increases/decreases when placing orders.
- Use recipe cards, displays, and other marketing techniques to increase sales.

2. Operating costs

Operating costs are calculated by dividing total operating expenses less depreciation by the gross profit on sales. Below are the average cost ratios for boards with and without mixed beverage sales:

- Boards with 3 or more stores with MXB – cost ratio .67 or less
- Boards with 3 or more stores without MXB – cost ratio .94 or less
- Boards with 2 stores – cost ratio .83 or less
- Single store boards with MXB – cost ratio .77 or less
- Single store boards without MXB – cost ratio .93 or less

The Maxton ABC Board has an operating cost ratio of 1.00 while the average for similar size boards is .93. To meet the goal of .77 and remain at current revenue levels, operating expenses must be reduced to \$100,000. To meet the goal and remain at current expense levels, revenues must be increased to \$600,000. *Refer to Chart 3 and 4.*

Recommendations:

- Monitor budget monthly to ensure that expenses do not exceed budgeted amounts. Have finance officer present reports detailing all expenses of the board.
- Request bids annually from various vendors to get the best rates possible on audit, credit card processing fees, and insurance and bonding rates.
- Because salaries and benefits are the largest segment of operating expenses, analyze personnel hours to assess efficient personnel usage.
- OPEB expenses will continue to rise. Discuss long-term expense implication with CPA and consider cancelling this benefit for future employees.

3. Profit percentage to sales

Profit percentage to sales is calculated by dividing the total profit before distributions by the total liquor sales. The Commission has set efficiency goals based on the following breakdown:

- Gross sales greater than \$10M – target rate at 9%
- Gross sales between \$2M and \$10M – target rate at 6.5%
- Gross sales less than \$2M – target rate at 5%

The Maxton ABC Board has a profit percentage to sales -0.60% and does not meet the targeted rate set by the Commission.

Recommendations:

- Increase sales using the strategies recommended under inventory turnover and store appearance.
- Analyze and reduce operating expenses to increase profits. Refer to recommendations under operating cost.
- Take advantage of every selling day possible; do not close the store except when required by law. Keep store open on all other holidays (Martin Luther King Jr. Birthday, Good Friday/Monday, Memorial Day, Veteran's Day) and advertise in advance the fact that you will be open by a sign on the door.
- Consider merging with another ABC board to reduce overhead.
- Alternatively, if ABC store cannot become profitable consider closing the store.

4. Working Capital

Working capital is total cash, investments, and inventory less all unsecured liabilities. Gross sales means gross receipts from the sale of alcoholic beverages less distributions as defined in GS 18B-805 9b) (2), (3), and (4). The Commission has set efficiency goals based on the following breakdown:

- Four months for boards with gross sales less than \$1.5M
- Three months for boards with gross sales less than \$50M and greater than or equal to \$1.5M
- Two months for boards with gross sales equal to or greater than \$50M

For FY2011, the Maxton ABC Board had a working capital of \$33,495 and met the minimum goal set by the Commission.

5. Store Appearance

The linear footage for the Maxton ABC store is approximately 820 linear feet of shelf space. The store holds approximately 900 product codes. *Refer to Appendix A for photos.*

- The store was clean, well lit, and smoke-free; countertops were free of clutter, however, bottles were dusty.
- The shelf management system is not consistent. Some products are shelved in code number order, other products are displayed left-to-right with largest size on the left and others are right-to-left with largest size on the right.
- Some shelves were deliberately empty to deter shoplifting.
- The Fetal Alcohol Syndrome poster was displayed. Additional signage was also displayed but was worn and discolored.
- A television showing the news channel was in the store.

Recommendations:

- Dust bottles throughout the store on a regular basis. Replace old signage. The Commission has various signs available on its website. *Refer to Appendix B (1) for rule.*
- Develop an effective and efficient shelf management system that better utilizes the spacing areas. Shelf management needs to be consistent and easily understood. *Refer to Appendix B (2) for rule.*

6. Policies and Procedures

- Policies not adopted and submitted to the Commission:
 - Employee Handbook
 - Travel Policy
 - Price Discrepancy Policy

Recommendations:

- Adopt an employee handbook that clearly states the policies of the board and store operations. Submit a copy to the Commission. *Refer to Appendix B (3) for rule.*
- Adopt a travel policy that conforms to the appointing authority or to the State. *Refer to Appendix B (4) for statute.*

- Adopt a price discrepancy policy. While it is true that the State has uniform pricing requirements, if a shelf tag is incorrect and shows a lower price than the register, it is good customer relations to honor it and just book the difference to cash over/short. The Commission will provide a sample policy upon request. *Refer to Appendix B (5) for rule.*

7. Administrative Compliance

- Files were unorganized not revealing which invoices were paid or outstanding.
- Board meeting minutes for two months were available to view. However, minutes from prior years were given to the auditor. Current board meeting minutes did not follow the order of proceedings nor did they reference the conflict of interest statement.
- Board member information on the Commission website does not reflect board members' latest appointment dates. However, board member compensation meets the current statutory requirements.
- Only three board members have been appointed. The enabling act has authorized the town to appoint four board members.
- Law enforcement reporting has not been submitted since January 2011.
- Nepotism – The board does not employ immediate family members.
- All board members, general manager, and finance officer have attended the mandatory ethics training.
- Outstanding liquor invoices totaling approximately \$48,000 date back to March 2011.
- Current shelf prices do not reflect the price set by the Commission. Wild Turkey .75L showed May prices.
- Purchase orders are not used for store and office supplies.
- Orders to LB&B do not bear the pre-audit certificate required by GS 18B-702(m).
- Checks do not display the approved certificate required by GS 18B-702 (q).
- Finance officer does not sign checks, purchase orders, or orders to LB&B.

Recommendations:

- Develop a filing system that will detail which invoices are paid and which outstanding.
- Board meeting minutes are to be kept permanently in a binder and available in the store.
- Local boards shall retain all records pursuant to the records retention schedule. A records retention schedule is available on the Commission website and in the Operations Manual.

- ABC boards are required to keep full and accurate minutes of all official meetings, including any closed sessions held. Minutes may be in the form of sound or video. Minutes shall reflect that the meeting has been called to order, a record of attendees, the minutes of the last meeting have been approved, any votes taken and how members voted, policies adopted, and any other business presented in sufficient detail so that anyone reading the minutes could understand what transpired.
- In an effort to avoid possible conflicts of interest, it is recommended that at the beginning of each board meeting the Chairman asks fellow board members if there are any potential conflicts of interest. *Refer to Appendix B (6) for statement reference.*
- Update board information on the Commission website to reflect current appointment dates.
- Ask appointing authority to appoint the fourth board member or pass a resolution taking the board back to three.
- Submit all law enforcement reports for the mentioned months. Future law enforcement reports are to be submitted to the Commission by the 10th of the month. *Refer to Appendix B (6) for statute.*
- Pay all liquor bills within thirty days of receipt of liquor. *Refer to Appendix B (7) for rule.*
- North Carolina statutes require uniform pricing in all ABC stores. Request additional training, if necessary, from computer vendor on handling monthly price reductions. Immediately audit all shelf tags in the store and the cash register for correct pricing.
- Use purchase orders when ordering all store and office supplies. Effective immediately, all purchase orders are required to have the pre-audit certificate signed by the finance officer. *Refer to Appendix B (8) for statute.*
- Orders to LB&B for liquor must have a pre-audit certificate signed by the finance officer.
- All checks must include the approval certificate with the finance officer's signature. *Refer to Appendix B (9) for statute.*
- The finance officer must sign all checks, purchase orders, and orders to LB&B. *Refer to Appendix B (9), (10), and (11) for statute.*

8. Personnel/Training Compliance

- Employee training is conducted whenever the need arises and whenever new information is available.
- Currently no one is cross trained to take over operations of the store should the manager be unable to continue to work.

Recommendations:

- Cross train employees on key functions that include ordering liquor and month end closing in the event the general manager were suddenly unavailable.

- Provide training opportunities detailing bookkeeping techniques and computer support.

9. Internal Control

- A deputy finance officer has not been appointed to fill in if the finance officer is absent.
- Checks are signed and verified by the general manager and board chairman. Once signed, checks are mailed by the accounts payable clerk.
- Bi-monthly inventory counts are performed by general manager and staff. Board members often perform spot checks
- A petty cash fund is available to purchase store supplies. The general manager authorizes purchases and counts daily. When used, the finance officer will replenish the fund as needed.

Recommendations:

- Appoint a deputy finance officer to aid in the duties of the finance officer when he/she is absent. *Refer to Appendix B (11) for statute.*
- To ensure stronger internal controls, the following need to occur:
 - Take physical inventory monthly. Continue to have board members spot check inventory on a regular basis. Have board members review all monthly inventory adjustments.
 - Appoint someone other than the general manager to reconcile the petty cash fund. A board member could do this each month during the course of the monthly board meeting.

Chart 1

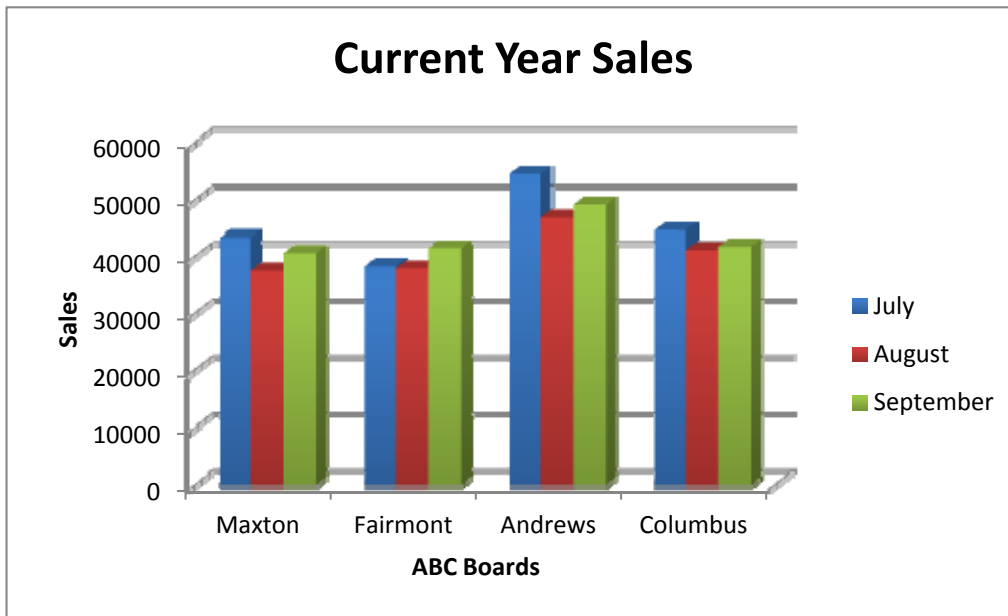


Chart 1 reflects current year sales comparisons for similar size boards.

Chart 2

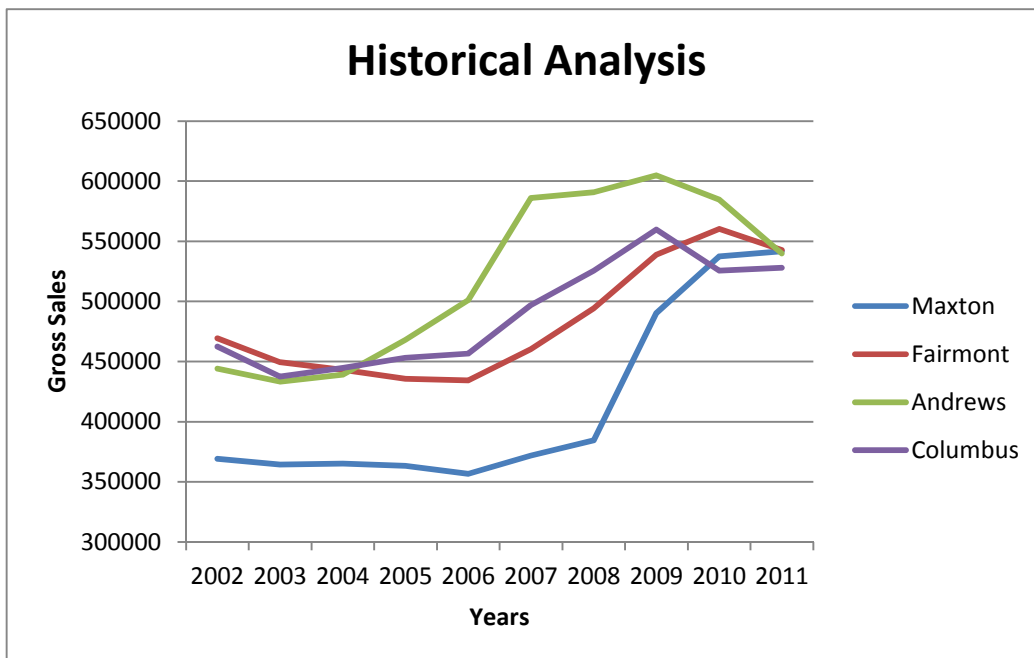


Chart 2 reflects historical sales comparison for similar size boards.

Chart 3

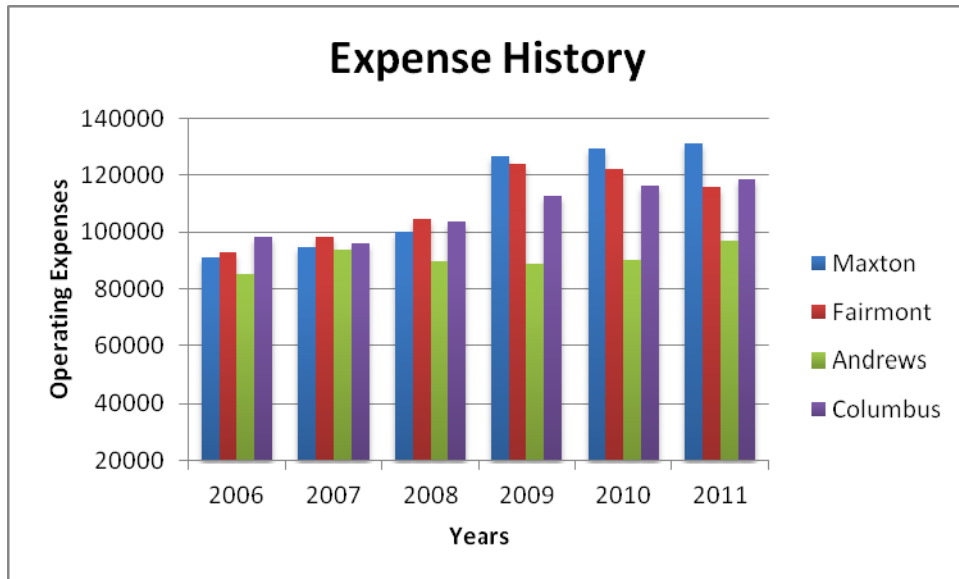


Chart 3 reflects the historical comparison of total operating expenses of similar size boards.

Chart 4

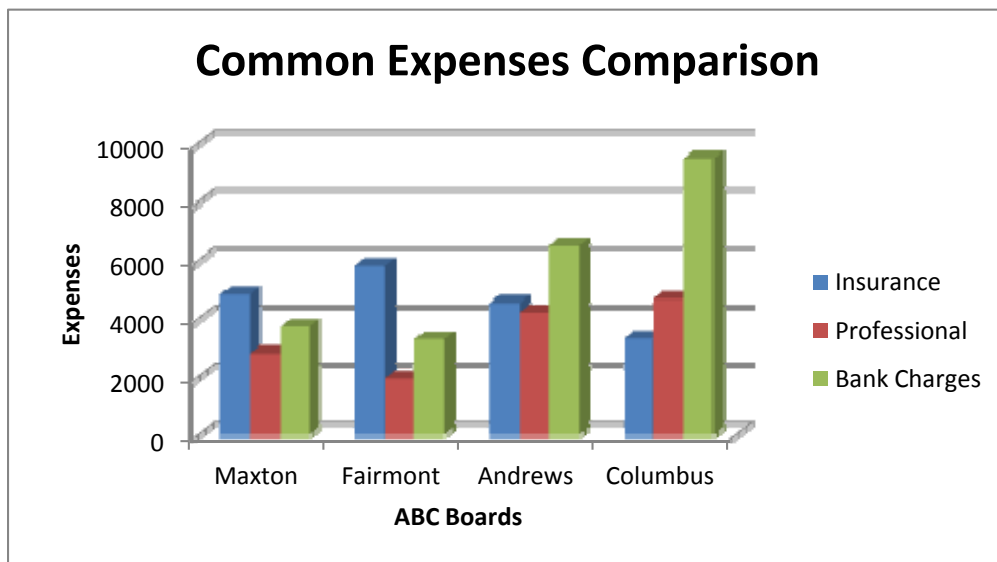


Chart 4 reflects common expenses of similar size boards.

APPENDIX A

Picture 1



Internal view.

Picture 2



Current shelf price is incorrect.

APPENDIX B

- (1) NCAC 02R.1703 (a) states, "Stores shall meet the following standards:
- (1) Stores shall be well lit and free of trash;
 - (2) Floors shall be clean
 - (3) Bottles and shelves shall be dusted weekly;
 - (4) Signs and displays shall not be faded or worn
 - (5) Televisions that are on shall be tuned to news or weather when not providing liquor related information and the volume shall be kept low enough so as not to interfere with sales;
 - (6) Smoking shall not be permitted in any stores, warehouses or storage areas; and
 - (7) Security systems shall be up-to-date and functional."
- (2) NCAC 02R.1711 (a) states "Each local board shall establish and maintain a shelf management plan. The local board shall establish policies within its plan that govern the following concepts:
- (1) Set the higher price items on the upper shelves at eye level and set the low profit items on the bottom shelves;
 - (2) Block categories in vertical sets per their category;
 - (3) Arrange bottle sizes so they increase left to right of the same item;
 - (4) Create brand billboard by stacking all sizes together;
 - (5) Set shelf space for a product equal to market share for the individual store after the product has been carried for a year;
 - (6) Set and maintain all bottles at the front of the shelf; and
 - (7) Discontinue low profit slow moving items.
- (b) Each local board shall keep a copy of its shelf management plan at each store location and, upon request, provide a copy to a Commission representative.
- (3) NCAC 02R .1009 states "(a) Each local board shall establish policies and rules governing each of the following:
- (1) Initial employment of employees, including qualifications and requirements for new employees;
 - (2) Compensation and benefits;
 - (3) Hours and days of work, holidays, vacation, sick leave and other matters pertaining to the conditions of employment;
 - (4) Promotion, transfer, demotion and suspension of employees;
 - (5) Separation or termination of employees;
 - (6) Granting of salary increases;
 - (7) Employee grievance procedures; and
 - (8) Any other programs or procedures as may be necessary to promote efficiency and to provide for a fair and reasonable system of personnel administration.
- (b) A local board is encouraged to model its personnel policies and procedures after those adopted by the county or municipality in which it operates."

NCAC 02R .1102 states "(a) A copy of all rules or amendments thereto that may be adopted by a local board to govern the operation of ABC stores or the enforcement of the ABC laws shall be submitted to the Commission at least 15 days prior to the date on which it is proposed that those rules or amendments are to become effective."

(4) 18B-700(g2) states “...the local board adopts a travel policy that conforms to the travel policy of the appointing authority and such policy is approved by the appointing authority [or adopts the state policy].”

NCAC02R. 0909 (c) Rules to be filed with Commission. Each local board shall file a certified copy of its travel policies and procedures, and any amendments thereto, with the Commission within 10 days of the adoption, or amendment, of the policies by the local board.

(5) NCAC 02R.1706 (b) states “If a local board has a price discrepancy between the price on the shelf or bottle and the cash register, and the price on the shelf or bottle is lower, the local board shall sell the item at the shelf or bottle price and correct the shelf or bottle price to match the Commission’s published uniform price.”

(6) 18B-501(f1) states, “To ensure accountability to the appointing authority and the Commission, every local board’s ABC officers and those law enforcement agencies subject to an enforcement agreement entered into shall report to the local board, by the fifth business day of each month, on a form developed by the Commission, the following:

(a) The number of arrests made for ABC law, Controlled Substance Act, or other violations, by category, at ABC permitted outlets,

(b) The number of arrests made for ABC law, Controlled Substance Act, or other violations, by category, at other locations,

(c) The number of agencies assisted with ABC law or controlled substance related matters,

(d) The number of alcohol education and responsible server programs presented,

The local board shall submit a copy of the enforcement report to the appointing authority and the Commission not later than five business days after receipt of the enforcement report by the local board.

(7) OP 4.19.4 states, “In an effort to avoid possible conflicts of interest it is recommended at the beginning of each meeting the Chairman ask fellow board members if there are any potential conflicts of interest. This can be done by reading the following ethics reminder:”

In accordance with GS 18B-201, it is the duty of every Board member to avoid both conflicts of interest and appearances of conflicts. Does any member have any known conflict of interest or appearance of conflict with respect to any matters coming before the Board today?

(8) NCAC 02R .1407 (c) states, “Local boards shall remit full payment of the distiller’s invoice within thirty days of delivery of the liquor.”

(9) 18B-702 (m) states “...the contract, agreement, or purchase order shall include on its face a certificate stating that the instrument has been pre-audited to assure compliance. The certificate, which shall be signed by the finance officer or any deputy finance officer approved, shall take substantially the following form:

“This instrument has been pre-audited in the manner required by GS 18B-702.”

(Signature of finance officer)

(10) 18B-702(q) states "...each check or draft on an official depository shall bear on its face a certificate signed by the finance officer or a deputy finance officer approved for this purpose by the local board. The certificate shall take substantially the following form:

"This disbursement has been approved in the manner required by G.S. 18B-702."

(Signature of finance officer).

(11) GS 18B-702 (p) states "...all checks or drafts on an official depository shall be signed by the finance officer or a properly designated deputy finance officer."

ABC Board of Maxton

703 w Martin Luther King Drive

Maxton, NC 28364

Attn: Laurie Lee

Attn: Moniqua McLean

Response to Annual Audit Review

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NOV 29 2011

NC ABC COMMISSION

1. Inventory Turnover

Store Manager Katrine Vincent was able to sell 80%-90% of the slowest moving items to other boards which resulted in over \$4,000.00 the store was able to use toward paying old bills. A special area was designated for “discontinued/clearance” items in order to make customers more aware of sale prices. We have also designated a spot in the store for “seasonal” items to help increase sales. We have been utilizing the colorful sale tags sent to us monthly by distributors so customers can tell when they are getting something on sale.

2. Operating Costs

With regards to “Operating Expenses,” Katrine is asking to hire part time help that could be paid minimum wage to help us cut back on expenses. Finance Officer Vince Long is currently working to reduce credit card handling fees from previous agreements with companies we are no longer using. In an effort to reduce expenses even further the Board has eliminated “Christmas bonuses” and now requires employees eligible to receive health benefits to pay part of the premium.

3. Profit Percentage to Sales

Now that we have cleared out most of the slowest moving items we hope to increase sales with more efficient ordering and inventory management. Because of the distance from other ABC Boards, we don't feel at this time, that merging with another board would be a plausible solution. As noted in “Operating Costs” we

have made some significant cuts and hope that by following the other strategies and recommendations in the audit review we can bring our profit percentage to sales to within the target rate set by the Commission.

4. Working Capital

At the first of November we were able to secure a loan from our local bank in order to bring all bills to within 30 days. This should allow us to keep our working capital within the range set by the Commission.

5. Store Appearance

Our recent hiatus from ordering gave us time to improve the “Store’s Appearance.” We were able to wash all the shelves and really detail the bottles. Also, with help from Guy Potts we have started re-organizing the shelves so that similar items are near each other and the “top shelf” products are indeed on the top shelf. We hope this will not only help us come into compliance, but also, boost sales. We have removed some of the oldest signs as they were worn and faded.

6. Policies and Procedures

The Board is currently reviewing the Employee Handbook, including all policies and procedures pertaining not only to employees, but also to travel, and price discrepancy. Once this Handbook has been reviewed and adopted by the Board a copy will be submitted to the Commission.

7. Administrative Compliance

Files have been more clearly marked to indicate what needs to be paid, what has been paid, and what is being kept as records. Review of the Audit has given us a clearer idea of how the minutes should be worded, and what needs to be noted in the minutes. The Board was informed of the “conflict of interest statement” they need to be referencing at the beginning of each meeting. We have started using purchase orders marked with the pre-audit statement for office and store supplies. We have also ordered new checks with the distribution approval statement printed on them.

Store Manager Katrine Vincent and Aubrey Frazier (store clerk) have done an informal audit of all shelf tags to be sure they show the correct price as indicated by the current copy of *North Carolina Liquor Quarterly*. This will be done each month from this point forward in order to be sure we remain in compliance. Also, we have made ourselves more familiar with our label making program so that monthly price changes are easier to deal with.

8. Personnel/Training Compliance

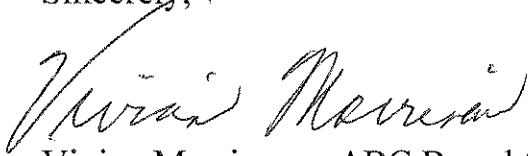
We were able to do some cross training so that other employees could step in if someone is unavailable. Also, the Chairperson has been asked to “pop-in” and spot check all monies, inventory and operations at least once per month. Inventory has been moved to a monthly schedule as to come into compliance.

9. Internal Control

Aside from monthly inventory Store Manager Katrine Vincent does weekly “random” spot-checks of inventory and finances. All monies including petty cash is counted daily and deposits are made daily to keep cash on hand to a minimum. We’ve organized the minutes from previous meetings into a binder, to be kept on hand for anyone wishing to see them.

We are continuing to work toward coming into compliance with the rest of the items noted in our audit. Also, we would like to thank Moniqua McLean and Laurie Lee for their personal attention to helping us understand and comply with operating standards and practices.

Sincerely,

A handwritten signature in cursive script that reads "Vivian Morrison". The signature is written in black ink and is positioned above the printed name.

Vivian Morrison ABC Board Chair

MAXTON ALCOHOL BEVERAGE CONTROL BOARD

Recommendation Follow-Up

RECOMMENDATION	REQUIRED BY STATUTE	IMPLEMENTATION STATUS
<p>Store Appearance - Implement an efficient shelf-management system. **</p> <p>Perform general store duties, such as dusting bottles, on a regular basis.</p> <p>Replace old and worn signage.</p>	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> <p>**Note: Required by Rule.</p>	<p>(Please provide documentation supporting implementation status.)</p> <p><input type="checkbox"/> Fully Implemented</p> <p><input checked="" type="checkbox"/> Partially implemented 50% complete. (Explain below.)</p> <p><input type="checkbox"/> Not implemented (Explain below.)</p> <p>Management has begun re-organizing shelves to cater to current marketing trends. A Commission representative has assisted in this process and plans to complete in the beginning of 2012.</p> <p>General store duties are currently enforced.</p> <p>Old and worn signage have been replaced.</p>
<p>Policies and Procedures - Adopt travel policy and submit to Commission.</p>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p>	<p>(Please provide documentation supporting implementation status.)</p> <p><input type="checkbox"/> Fully Implemented</p> <p><input checked="" type="checkbox"/> Partially implemented 50% complete. (Explain below.)</p> <p><input type="checkbox"/> Not implemented (Explain below.)</p> <p>The board is currently reviewing all policies. Once adopted, a copy will be sent to the Commission.</p>

MAXTON ALCOHOL BEVERAGE CONTROL BOARD
Recommendation Follow-Up

RECOMMENDATION	REQUIRED BY STATUTE	IMPLEMENTATION STATUS
<p>Policies and Procedures (continued) – Adopt an employee handbook and a price discrepancy policy. **</p>	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> <p>**Note: Required by Rule.</p>	<p>(Please provide documentation supporting implementation status.)</p> <p><input type="checkbox"/> Fully Implemented</p> <p><input checked="" type="checkbox"/> Partially implemented 50% complete. (Explain below.)</p> <p><input type="checkbox"/> Not implemented (Explain below.)</p> <p>The board is currently reviewing all policies. Once adopted, a copy will be sent to the Commission.</p>
<p>Administrative Compliance – Submit all law enforcement reports for the missing months.</p> <p>Have the finance officer sign all checks, purchase orders, and orders to LB&B.</p> <p>Appoint a deputy finance officer.</p>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p>	<p>(Please provide documentation supporting implementation status.)</p> <p><input type="checkbox"/> Fully Implemented</p> <p><input type="checkbox"/> Partially implemented ____% complete. (Explain below.)</p> <p><input checked="" type="checkbox"/> Not implemented (Explain below.)</p> <p>Law enforcement reports are still outstanding. Recent events have resulted in appointing a new finance officer. The new finance officer is aware of the duties and responsibilities outlined by the 18B. A six month follow up visit will be scheduled to determine if the board has implemented the laws. A deputy finance officer has not been appointed.</p>

MAXTON ALCOHOL BEVERAGE CONTROL BOARD

Recommendation Follow-Up

RECOMMENDATION	REQUIRED BY STATUTE	IMPLEMENTATION STATUS
<p>Administrative Compliance (continued) – Pay all liquor bills within thirty days of receipt of liquor.</p> <p>Use purchase orders when ordering all store and office supplies.</p>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p>	<p>(Please provide documentation supporting implementation status.)</p> <p><input checked="" type="checkbox"/> Fully Implemented</p> <p><input type="checkbox"/> Partially implemented ____% complete. (Explain below.)</p> <p><input type="checkbox"/> Not implemented (Explain below.)</p> <p>The Board has acquired a loan to pay off outstanding debt. Purchase orders are currently being used when ordering store and office supplies.</p>
<p>Personnel/Training Compliance – Cross train employees in the event the general manager is absent.</p>	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p>	<p>(Please provide documentation supporting implementation status.)</p> <p><input checked="" type="checkbox"/> Fully Implemented</p> <p><input type="checkbox"/> Partially implemented ____% complete. (Explain below.)</p> <p><input type="checkbox"/> Not implemented (Explain below.)</p> <p>Management has begun to cross train employees on key functions.</p>

MAXTON ALCOHOL BEVERAGE CONTROL BOARD

Recommendation Follow-Up

RECOMMENDATION	REQUIRED BY STATUTE	IMPLEMENTATION STATUS
<p>Internal Controls – To ensure stronger internal controls, take physical inventory monthly with frequent spot checks and have someone other than the person’s responsible reconcile petty cash.</p>	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p>	<p>(Please provide documentation supporting implementation status.)</p> <p><input checked="" type="checkbox"/> Fully Implemented</p> <p><input type="checkbox"/> Partially implemented ____% complete. (Explain below.)</p> <p><input type="checkbox"/> Not implemented (Explain below.)</p> <p>Management has changed the inventory control procedures to a monthly physical count. The board chairperson performs routine “spot-checks” on all monies, inventory, and operations.</p>



ABC

COMMISSION
NORTH CAROLINA

Alcoholic Beverage Control

COMMISSIONERS:

A. D. "ZANDER" GUY, JR.
Surf City

DANIEL L. BRIGGS
Lexington

ADMINISTRATOR:
MICHAEL C. HERRING

LOCATION:
400 East Tryon Road
Raleigh NC 27610

MAILING:
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Raleigh, NC 27699-4307

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<http://abc.nc.gov/>

August 9, 2012

The Honorable Sally McLean, Mayor
Town of Maxton
201 McCaskill Ave
Maxton, NC 28364

Dear Mayor McLean,

The ABC Commission has completed the follow up to the performance audit which occurred on September 13, 2011 at the Maxton ABC Board. The purpose of the follow up visit was to determine the implementation status of recommendations made and to ensure the ABC Board was in compliance with the ABC laws outlined in the audit report.

During the follow up visit, it was confirmed by interviewing board personnel and analyzing documentation that the board has adopted all recommendations and has implemented the required policies to fully comply with the ABC Laws and Regulations. Since the initial performance audit, a new finance officer and new board members have been appointed and they appear committed to improving profits.

This concludes the performance audit conducted on September 13, 2011.

If we can be of any assistance in the future, please advise.

Respectfully,

Moniqua S. McLean
ABC Board Auditor

Cc: Jacqueline Johnson, Town Clerk
Maxton ABC Board
Michael Herring, NC ABC Administrator