

# Newton Grove 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:

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

DANIEL L. BRIGGS  
Lexington

ADMINISTRATOR:  
MICHAEL C. HERRING

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February 9, 2012

The Honorable Gerald Darden, Mayor  
Town of Newton Grove  
PO Box 4  
Newton Grove, NC 28366

Dear Mayor Darden,

We are pleased to submit this performance audit report on the Newton Grove 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 ABC Board reviewed a draft copy of this report and their written proposals to our recommendations 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 fellow 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: Sheila Barefoot, Town Clerk  
Newton Grove 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.

The Newton Grove ABC Board has submitted a response to the performance audit recommendations. While it is clear the board's priority is to reduce expenses, internal controls are not being enforced. A follow up visit will be scheduled within six months to determine if other recommendations are being addressed.

## **BACKGROUND INFORMATION**

Newton Grove, chartered in 1879, is located in Sampson County at the crossroads of three state highways: 701, 13, and 55. The town's current population is approximately 625.

Chapter 181 of the 1971 Session Law authorized the town of Newton Grove to hold an election for an ABC store upon receipt of a petition signed by fifteen percent of registered voters. The referendum was held on July 10, 1971. The election passed 110 to 47. The first retail sales were on October 1, 1971. Gross sales for the first year were \$106,864. A mixed beverage election was held on November 8, 2005. The election passed 103 to 59. Even though the election was held in 2005, the first mixed beverage sales took place in July 2011. While the county is dry, four municipalities have voted in beer, wine, and ABC stores: Clinton, Garland, Newton Grove, and Roseboro. All but Garland also have mixed beverages. The town council appoints three members to serve on the local ABC board.

The Newton Grove ABC board operates one retail store. The store staffs a manager, finance officer, bookkeeper, and two part-time clerks. The manager is responsible for daily retail operations and supervision of store personnel. The finance officer is responsible for approving purchases and invoice payments and generating financial statements of the ABC board. The bookkeeper is responsible for recording payments. The part-time clerks are responsible for the daily retail operations and other duties as assigned by management. Currently, the board is searching for a new finance officer and bookkeeper.

### **Profitability**

For fiscal year 2011, the board showed a loss; total liquor sales were \$401,797, income from operations was -\$2,573 resulting in a profit percentage of -0.64%. Fiscal year 2011 sales have risen 5.65% over the last year. *Refer to Chart 1.*

In comparing sales with similar boards for the past ten years, Newton Grove ABC has shown an increase following the state's 56% increase while other boards sales have dropped or remain constant. *Refer to Chart 2.*

Factors affecting sales and profitability:

- Adult working population has increased 34% over the past ten years
- 35% of population is at or below poverty level
- 8.7% unemployment rate in Sampson County

### **Distributions**

G.S. 18B-805 (c) (2) requires the board to expend quarterly at least five percent of profits for law enforcement. The enabling act requires the Board to expend quarterly the remaining gross receipts to the Newton Grove General Fund.

In 2011, Newton Grove made distributions to the town totaling \$5,000. However there were no distributions made for law enforcement. Over the past ten years, distributions have dropped. *See Chart 3.*

## **FINDINGS AND RECOMMENDATIONS**

On June 30, 2011, ABC Commission Board Auditor, Moniqua S. McLean, visited the Newton Grove ABC store and interviewed Stanley Futrell, store manager and Larry Britt, finance officer. The following are my findings related 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 on the delivery schedule:

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

The Newton Grove store has a bi-weekly delivery schedule. The inventory turnover rate for Newton Grove ABC is 3.5 and does not meet the target rate set by the Commission.

#### **Recommendations:**

- Explore other strategies for eliminating slow moving products by:
  - Identifying unsold inventory for transfers to other boards which has demand
  - Moving stock around within the store to increase visibility and to initiate more impulse shopping
  - Obtaining and using recipe cards, displays, and other marketing techniques to increase sales
  - Request permission from the Commission for a price reduction to sell off slow moving products. Use proceeds for distribution or for more saleable inventory
- Monitor store inventories to avoid overstocking by analyzing and adjusting ordering methods
- Contact boards whose inventory turnover rate exceeds the target for new ideas that may be implemented in your store

### 2. Store Appearance

The Newton Grove ABC store has an approximate 608 linear feet of shelf space. The store is able to hold approximately 300 product codes. *Refer to Appendix A for photos.*

- The overall store was clean and free from clutter in the counter area. However, because of the recent renovation, bottles were dusty and the floor contained discolored spots from roof leaks.
- Shelves were empty giving the appearance that there were not enough products available for sale due to the current shelf management system.
- There is no comprehensive shelf management system in place; products are arranged in code number order.
- Bestselling products have extra facings to help fill shelf space.

- The parking sign in front of one parking space is broken.

**Recommendations:**

- Dust bottles throughout the store on a regular basis. Wax the floor to remove the discolored areas.
- 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 (1) for rule.*
- Utilize end caps to display monthly sales and discontinued items.
- Replace broken parking sign.

3. 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 Newton Grove ABC store has an operating cost ratio of .97 while the average for similar sized boards is .77. To meet the goal of .77 or less and remain at current revenue levels, operating expenses must be reduced to less than \$78,000. To meet the goal and remain at current operating expenses levels, revenue must be greater than \$450,000. *An analysis of historical data on operating expenses and common expenses is found in the Charts area.*

**Recommendations:**

- 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.
- Monitor budget monthly to ensure that expenses do not exceed budgeted amounts.

4. Profit percentage to sales

The 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 \$2M to \$10M – target rate at 6.5%

- Gross sales less than \$2M – target rate at 5%

The Newton Grove ABC board has a profit percentage to sales of -0.64% and does not meet the targeted rate set by the Commission. Newton Grove changed from a counter store to self-service in June 2011. It is too soon to tell how much this will affect sales but historical evidence from other stores that underwent a similar conversion has all been positive.

**Recommendations:**

- Analyze and reduce operating expenses to increase profits by referring to the recommendations under operating costs.
- Increase sales using the strategies recommended under inventory turnover and store appearance.

5. 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 G.S. 18B-805(b) (2),(3), and (4). The Commission has set efficiency goals based on the following breakdown:

- 4 months for boards with gross sales less than \$1.5M
- 3 months for boards with gross sales less than \$50M and greater than or equal to \$1.5M
- 2 months for boards with gross sales equal to or greater than \$50M

For FY2011, the Newton Grove ABC board had a working capital of \$81,589 and met the goal set by the Commission.

6. Policies and Procedures

- The employee handbook on file has not been updated since 1997.
- The following required policies have not been adopted and filed with the Commission:
  - Code of Ethics
  - Law enforcement contract
  - Travel policy
- Board does not have a price discrepancy policy on file.

**Recommendations:**

- Update the personnel manual and send a copy to the Commission. *Refer to Appendix B (2) for rule.*
- Adopt all policies as mentioned and file with the Commission. *Refer to Appendix B (3) 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 (4) for rule.*

#### 7. Administrative Compliance

- Board meeting minutes are kept with the finance officer and not available for immediate public viewing when needed.
- Board meeting minutes were reviewed. Except for June's, past board meeting minutes do not follow the order of proceedings for conducting business meetings nor do they reference the conflict of interest statement.
- Public notifications of board meetings are not posted in accordance with GS143-318.12
- All board members have not attended the mandatory ethics training.
- Board information on the Commission website does not reflect board members' latest appointment date. Board member compensation meets the current statutory requirements.
- Store information on the Commission website does not reflect current store hours. The ABC Commission auditor has corrected the store hours.
- Current shelf prices do not reflect the price set by the Commission. Old Grand Dad .75L, 24-701, showed February 2011 prices.
- Nepotism – The board current employs two immediate family members who were grandfathered in when the law changed.
- The general manager and board members are bonded for \$5,000. The finance officer is not bonded.

#### **Recommendations:**

- 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 (5) for statement reference.*

- Post with the town clerk and the store a notice of all ABC Board meeting. *Refer to Appendix B (6) for statute.*
- Have all board members attend the mandatory ethics training. *Refer to Appendix B (7) for statute.*
- Update board information on the Commission website to reflect current appointment dates.
- 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 with the cash register for correct pricing.
- Reorganize the employment structure to avoid having one family member supervise the other. *Refer to Appendix B (8) for statute.* Clearly define the roles of each individual and who each will be reporting to.
- Update bonding insurance policy to have the general manager, all board members, and finance officer to be bonded for \$50,000. *Refer to Appendix B (9) for statute.*

#### 8. Personnel/Training Compliance

- Training is conducted when need arises and whenever new information is available.
- Employees rely on a calendar for scheduling hours and are required to monitor hours worked by a weekly time sheet. The employees and finance officer currently approves hours worked by signing the time sheet.

#### **Recommendations:**

- Attend annual training, such as the Responsible Alcohol Seller Program, offered by the Commission and other approved venues. Create a checklist for use in training new and existing employees and have each employee sign it once training is completed. Keep a record of all training in employees' personnel files.
- Review and sign all time records to verify accurate time worked. The signature of employee, manager, and finance officer is required to ensure that everything is correct.

#### 9. Internal Controls

- Monthly inventory counts are performed by the store manager, board members, and finance officer.
- 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).
- When an employee accidentally breaks a bottle, the board does not absorb the cost but instead writes up a vendor claim.

- A deputy finance officer has not been appointed to fill in if the finance officer or board chairman is absent.

**Recommendations:**

- Use purchase orders for ordering all store and office supplies. Purchase orders are required to have the pre-audit certificate signed by the finance officer. *Refer to Appendix B (10) for statute.*
- Orders to LB&B for liquor must have a pre-audit certificate signed by the finance officer.
- If an employee breaks a bottle, the board is responsible for absorbing the cost of the breakage. When a bottle is broken on the truck or while in transition to the store, complete the Destruction of Unsalable Merchandise form. Immediately remove all breakage from inventory.
- Appoint a deputy officer to aid in the duties of the finance officer when he/she is absent. *Refer to Appendix B (10) for statute.*

Chart 1

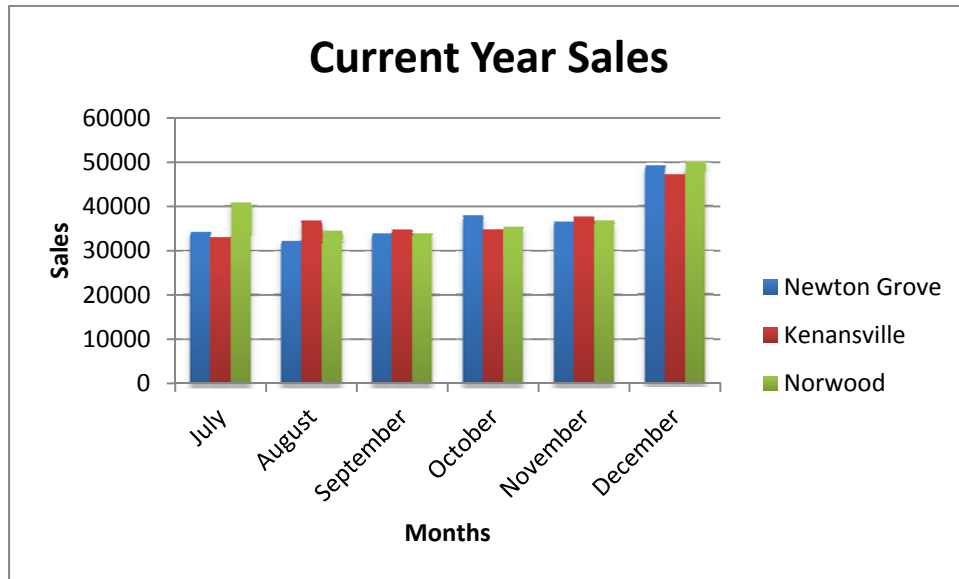


Chart 1 shows the comparison to similar boards in the current year.

Chart 2

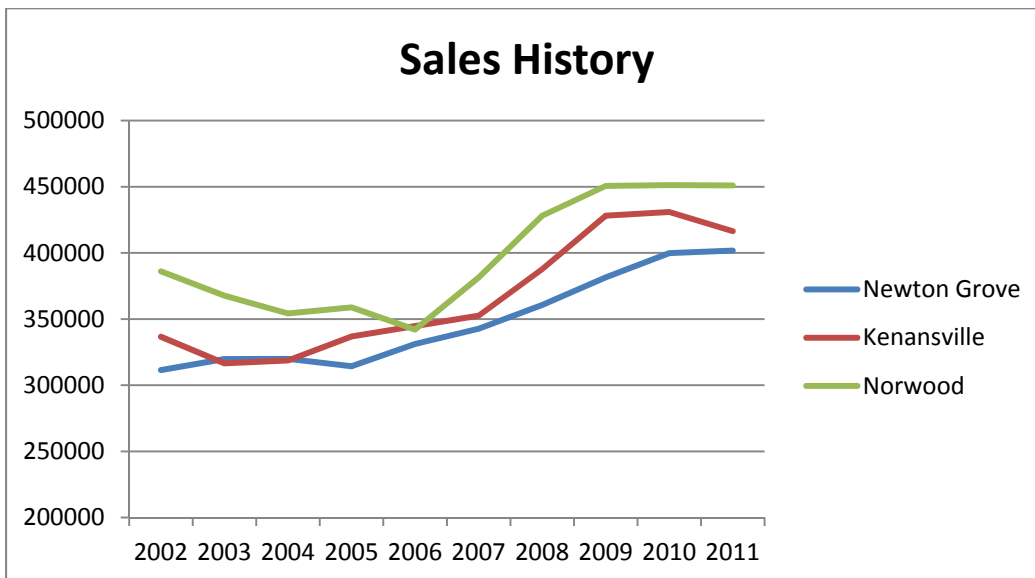


Chart 2 reflects the historical sales growth for similar boards for the past ten years.

Chart 3

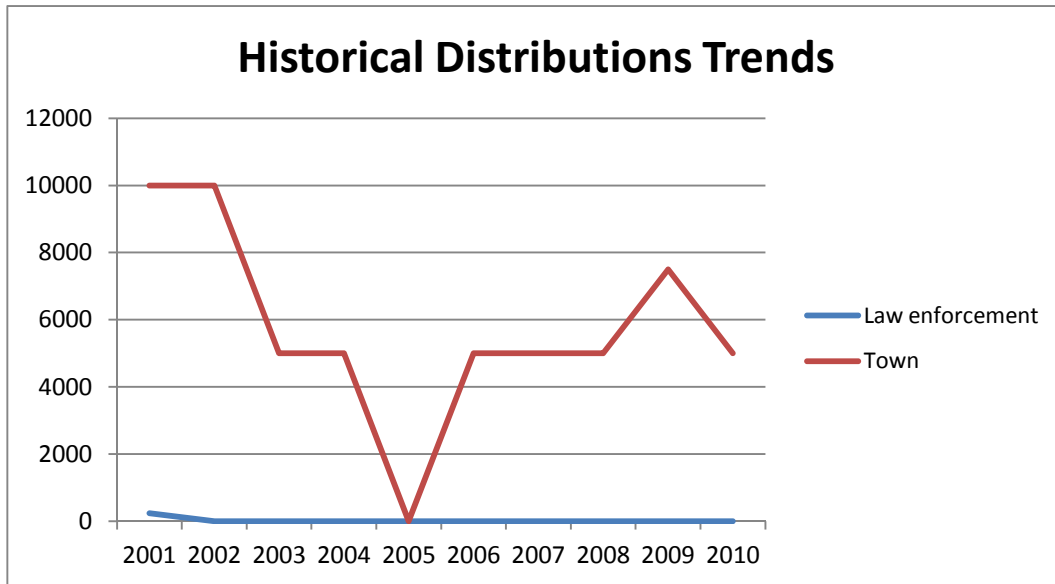


Chart 3 shows the downward trend of profit distributions to the appointing authority and law enforcement.

Chart 4

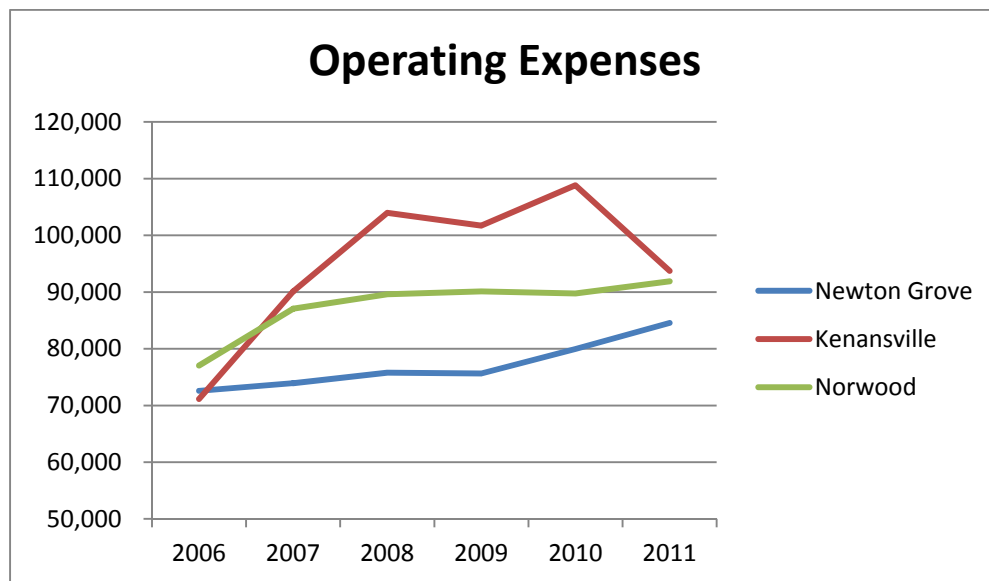


Chart 4 reflects operating expense comparison of similar size boards.

## APPENDIX A



*Old Grand Dad prices are incorrect.*



## APPENDIX B

(1) 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.

(2) 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.”

(3) 18B-706(a) states, “Each local board shall adopt a policy containing a code of ethics, consistent with the provisions of GS18B-201, to guide actions by the local board members and employees of the local board in the performance of their official duties. The policy shall address at least all of the following:

- a. The need to obey all applicable laws regarding official actions taken as a local board member or employee,
- b. The need to uphold the integrity and independence of the local board member or employee’s position,
- c. The need to avoid impropriety in the exercise of official duties
- d. The need to faithfully perform the duties of the position
- e. The need to conduct the affairs of the board in an open and public manner, including complying with all applicable laws governing open meetings and public records.”



18B-203(f) states, "Instead of hiring local ABC officers, a local board may contract to pay its enforcement funds to a sheriff's department, city police department, or other local law enforcement agency for enforcement of the ABC laws within the law enforcement agency's territorial jurisdiction. Enforcement agreements may be made with more than one agency at the same time."

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]."

NCAC 02R.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.

(4) 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."

(5) 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?*

(6) 143-318.12. states, "(a) If a public body has established, by ordinance, resolution, or otherwise, a schedule of regular meetings, it shall cause a current copy of that schedule, showing the time and place of regular meetings, to be kept on file as follows:

- (1) For public bodies that are part of State government, with the Secretary of State;
- (2) For the governing board and each other public body that is part of a county government, with the clerk to the board of county commissioners;
- (3) For the governing board and each other public body that is part of a city government, with the city clerk;
- (4) For each other public body, with its clerk or secretary, or, if the public body does not have a clerk or secretary, with the clerk to the board of county commissioners in the county in which the public body normally holds its meetings.

If a public body changes its schedule of regular meetings, it shall cause the revised schedule to be filed as provided in subdivisions (1) through (4) of this subsection at least seven calendar days before the day of the first meeting held pursuant to the revised schedule.

(b) If a public body holds an official meeting at any time or place other than a time or place shown on the schedule filed pursuant to subsection (a) of this section, it shall give public notice of the time and place of that meeting as provided in this subsection.

- (1) If a public body recesses a regular, special, or emergency meeting held pursuant to public notice given in compliance with this subsection, and the time and place at which the meeting is to be continued is announced in open session, no further notice shall be required.
- (2) For any other meeting, except an emergency meeting, the public body shall cause written notice of the meeting stating its purpose (i) to be posted on the principal bulletin board of the



public body or, if the public body has no such bulletin board, at the door of its usual meeting room, and (ii) to be mailed or delivered to each newspaper, wire service, radio station, and television station, which has filed a written request for notice with the clerk or secretary of the public body or with some other person designated by the public body. The public body shall also cause notice to be mailed or delivered to any person, in addition to the representatives of the media listed above, who has filed a written request with the clerk, secretary, or other person designated by the public body. This notice shall be posted and mailed or delivered at least 48 hours before the time of the meeting. The public body may require each newspaper, wire service, radio station, and television station submitting a written request for notice to renew the request annually. The public body shall charge a fee to persons other than the media, who request notice, of ten dollars (\$10.00) per calendar year, and may require them to renew their requests quarterly.

(3) For an emergency meeting, the public body shall cause notice of the meeting to be given to each local newspaper, local wire service, local radio station, and local television station that has filed a written request, which includes the newspaper's, wire service's, or station's telephone number, for emergency notice with the clerk or secretary of the public body or with some other person designated by the public body. This notice shall be given either by telephone or by the same method used to notify the members of the public body and shall be given immediately after notice has been given to those members. This notice shall be given at the expense of the party notified. An "emergency meeting" is one called because of generally unexpected circumstances that require immediate consideration by the public body. Only business connected with the emergency may be considered at a meeting to which notice is given pursuant to this paragraph.

(7) 18B-706(b) states, "Each member of a local board shall receive a minimum of two hours of ethics education within 12 months after initial appointment to the office and again within 12 months after each subsequent appointment to the office."

(8) 18B-700 (k) states "Members of an immediate family shall not be employed within the local board if such employment will result in one member of the immediate family supervising another member of the immediate family, or if one member of the immediate family will occupy a position which has influence over another member's employment, promotion, salary administration, or other related management or personnel considerations. This subsection applies to local board members and employees."

(9) 18B-700 (i) states, "Each local board member and the employees designated as the general manager and finance officer of the local board shall be bonded in an amount not less than fifty thousand dollars secured by a corporate surety, for the faithful performance of his duties."

(10) 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)

Newton Grove ABC Board  
P.O.Box 8  
Newton Grove, NC 28366

October 20, 2011

This letter is written as an acknowledgement that Ms. Monique McLean, ABC Board Auditor, met with the Newton Grove ABC Board on Tuesday, October 18, 2011, to discuss and review the findings and recommendations of the Performance Audit as outlined on pages 6-10 of the document.

Steps are being taken to incorporate the recommendations of the audit.

1. Marketing ideas were discussed. The Board is presently working on signs to label the various products. Ms. McLean suggested monitoring the inventory and requesting a price reduction for the products that are not selling. She also suggested using displays to help increase with the reduction of stock.

2-4. Suggestions continue to indicate a need to assess the inventory and find ways to move the products that are already in the store.

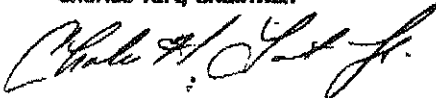
5. The store needs to have a shelf-management system in place. Broken parking signs have been replaced.

6. Recommendations in regards to minutes have been addressed. Board members are scheduled to attend Ethics Training. Manuals and policies are being worked on as outlined in the audit.

7. Cross training needs to occur within the store.

8. Purchase orders are in place. Pre-audit and Approval stamps need to be used by the finance officer.

Charles Tart, Chairman



Paula Best, Bookkeeper and Financial Officer



RECEIVED

OCT 25 2011

NC ABC COMMISSION

## NEWTON GROVE ALCOHOL BEVERAGE CONTROL BOARD

### Recommendation Follow-Up

RECOMMENDATION	REQUIRED BY STATUTE	IMPLEMENTATION STATUS
<p>Store Appearance: Repair signage in the parking area.</p> <p>**Develop a shelf management system.</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 10% complete. (Explain below.)</p> <p><input type="checkbox"/> Not implemented (Explain below.)</p> <p>The Board has repaired the parking sign. A shelf management system has not been developed nor adopted.</p>
<p>Policies and Procedures: **Update the personnel manual and submit a copy to the Commission.</p> <p>**Adopt the following policies:</p> <ul style="list-style-type: none"> <li>• Code of Ethics</li> <li>• Travel policy</li> <li>• Price discrepancy policy</li> </ul> <p>Adopt a law enforcement contract.</p>	<p><input checked="" type="checkbox"/> Yes</p> <p><input 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 25% complete. (Explain below.)</p> <p><input type="checkbox"/> Not implemented (Explain below.)</p> <p>The Board is in the process of updating and adopting the following policies and the employee personnel manual. A law enforcement contract has been adopted and submitted to the Commission.</p>

## NEWTON GROVE ALCOHOL BEVERAGE CONTROL BOARD

### Recommendation Follow-Up

RECOMMENDATION	REQUIRED BY STATUTE	IMPLEMENTATION STATUS
<p>Administrative Compliance: **Update all board and store information on the Commission website.</p> <p>Have all board members and finance officer attend the mandatory ethics training.</p> <p>Audit all shelf tags for correct pricing with the register.</p> <p>Update the bonding insurance policy to include all board members, general manager, and finance officer bonded for \$50,000.</p>	<p><input checked="" type="checkbox"/> <b>Yes</b></p> <p><input type="checkbox"/> <b>No</b></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>Board member information has not been updated on the Commission website. Bonding insurance has been increased for each board member, general manager, and finance officer. All board members and finance officer have attended the mandatory ethics training. The ABC Commission auditor will follow up regarding the shelf tag accuracy.</p>
<p>Internal Controls: Use purchase orders when ordering store and office supplies.</p> <p>Affix the pre-audit certificate with the finance officer's signature placed on all orders to LB&amp;B.</p> <p>Appoint a deputy finance officer to fill in if the finance officer is absent.</p>	<p><input checked="" type="checkbox"/> <b>Yes</b></p> <p><input type="checkbox"/> <b>No</b></p>	<p>(Please provide documentation supporting implementation status.)</p> <p><input type="checkbox"/> Fully Implemented</p> <p><input checked="" type="checkbox"/> Partially implemented 25% complete. (Explain below.)</p> <p><input type="checkbox"/> Not implemented (Explain below.)</p> <p>The Board is currently using purchase orders. A deputy finance officer has not been appointed. The ABC Commission auditor will follow up regarding the implementation of these recommendations.</p>



# ABC

COMMISSION  
NORTH CAROLINA

## Alcoholic Beverage Control

CHAIRMAN:  
A.D. "ZANDER" GUY, JR.

COMMISSIONER:  
DANIEL L. BRIGGS  
Lexington

ADMINISTRATOR:  
MICHAEL C. HERRING

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October 15, 2012

The Honorable Gerald Darden, Mayor  
Town of Newton Grove  
PO Box 4  
Newton Grove, NC 28366

Dear Mayor Darden,

The ABC Commission has completed the follow up to the performance audit which occurred on June 30, 2011. 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 Commission Regulations. The Board continues to work on improving profits. Since the initial performance audit, a new finance officer and a board member have been appointed and they appear committed to improving profits.

This concludes the performance audit conducted on June 30, 2011.

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

Respectfully,

Moniqua S. McLean  
ABC Board Auditor

Cc: Sheila Barefoot, Town Clerk  
Newton Grove ABC Board  
Michael Herring, NC ABC Administrator