

Andrews ABC Board

Performance Audit Report



Alcoholic Beverage Control Commission
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ABC
COMMISSION
NORTH CAROLINA

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ABC

COMMISSION
NORTH CAROLINA

Alcoholic Beverage Control

March 12, 2026

CHAIRMAN:
Hank Bauer

Andrews ABC Board
Lance Bristol, Chair
13934 US Hwy 19
Andrews, NC 28901

COMMISSIONERS:
La'Tanta (L.T.) McCrimmon
Raleigh

David Sherlin
Raleigh

Chairperson Bristol,

DEPUTY COMMISSIONER:
Mike DeSilva

On the following pages, you will find the performance audit report conducted by the staff of the ABC Commission reviewing the operations of the Andrews ABC Board. The report consists of an overview of the objectives & background summary, financial analysis and findings, and a summary of actions recommended based upon your board's performance and related findings. Additional considerations are listed as well to provide further guidance and enhance awareness to promote ABC board success.

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Please reach out if you have any questions or require assistance in implementing any of the statute requirements, Commission rules, or other recommendations included in the report. On behalf of the North Carolina ABC Commission, I thank you and your staff for your assistance and cooperation in conducting this periodic review. We appreciate the continued efforts by your board to comply with the performance standards, as well as the board's commitment to increase profitability and reduce expenses.

If we can be of assistance in the future, please do not hesitate to reach out to the Commission staff.

Respectfully,

Michael DeSilva
Deputy Commissioner

OBJECTIVE, PURPOSE & BACKGROUND INFORMATION

In addition to regular and special financial audits, G.S. 18B-705(a) authorizes the NC ABC Commission to conduct performance audits of all local ABC boards in the state. Performance audits are examinations of existing operating policies, practices, controls, and activities to determine those areas in which there may be a need for improvement.

The audits are designed to ensure that all local ABC Boards comply with established performance standards pursuant to G.S. 18B-203(a)(20). The audit's scope addresses compliance with ABC laws and rules, store appearance, operating efficiency, solvency, and customer service.

To achieve the objectives of the audit, auditors:

- Review applicable General Statutes, ABC Commission Rules, Reports, and Administrative Policies
- Verify compliance with Commission and Board policies
- Verify results of previous performance audit recommendations
- Review ABC Board annual independent financial audits
- Review ABC Board reporting and documentation reports
- Visit the store(s)
- Interview key ABC Board personnel

BACKGROUND INFORMATION

Andrews is a town and the largest populated community in Cherokee County. The county is the most southwestern county in the state and borders both Georgia and Tennessee. The most recent estimated population record for the town by the North Carolina Office of Budget and Management was 1,720 residents in 2024, an increase of around three percent (3%) from the 2020 census.

Chapter 891 of the 1967 Session Law authorized the town of Andrews to hold an election upon a petition signed by at least fifteen percent of the registered voters. The referendum was held on February 20, 1971, and passed 354 to 318, with the first retail sales occurring on April 15, 1971. A mixed beverage referendum was held on January 18, 2011, and passed 195 to 83. Currently, the board consists of a chairperson, Lance Bristol, and two board members, Julie Higdon and Chasity Ledford. The Andrews ABC Board operates one (1) retail store and is one of two (2) boards in the county.

The last performance audit for the Andrews ABC Board concluded in 2017. The Commission audit serves as a continuous way to provide local boards with information and best practices that target areas for improvement.

OPERATIONAL OBSERVATIONS, FINDINGS, REQUIRED ACTIONS, & RECOMMENDATIONS

On November 19, 2025, ABC Commission Program Analyst Edwin Strickland visited the Andrews ABC Board and interviewed the General Manager, Ron Ledford and Finance Officer, Mary Ledford. Below is a financial analysis followed by operation observations, findings, and recommendations related to the performance audit.



13934 US Hwy 19, Andrews.

FINANCIAL ANALYSIS

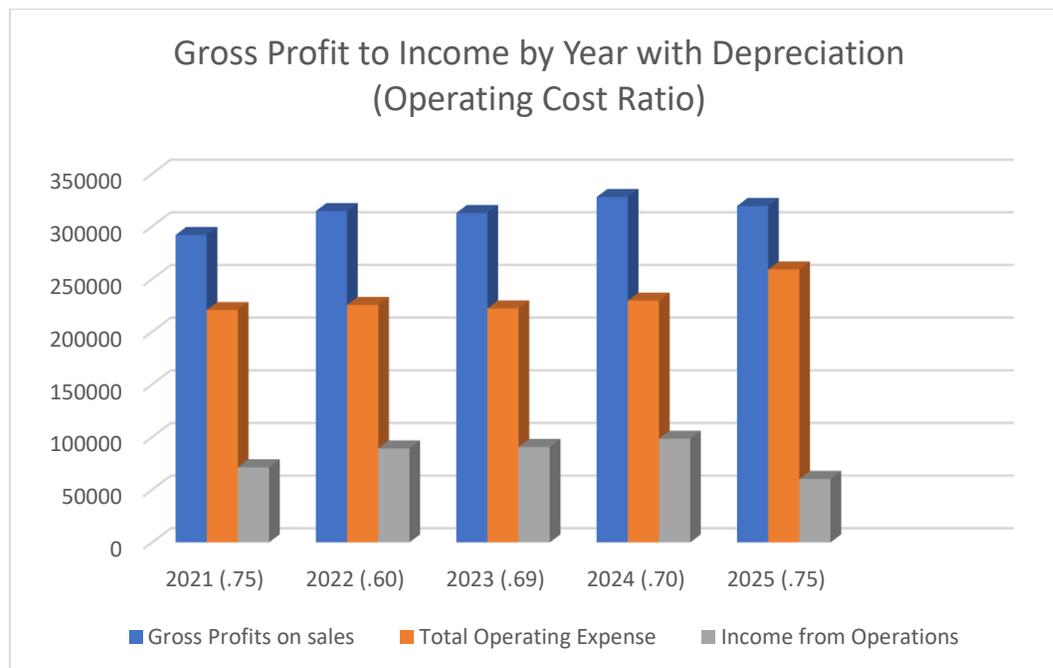
PROFIT PERCENTAGE TO SALES & OPERATING COST RATIO

- In fiscal year FY 2024-2025, the Andrews ABC Board had a profit percentage to sales ratio of 4.56%. The NC ABC Commission profit to sales standards for ABC Boards with gross sales less than \$2M is 5%.
 - *The profit percentage to sale ratio over the previous four completed fiscal years are 7.39%, 7.16%, 7.23%, and 5.96%, respectively.*
 - The Andrews ABC Board's gross sales totaled \$1,323,721, which was an approximate .6% decrease from the previous fiscal year.
 - The board's sales have grown by almost 11% in the last five complete fiscal years.

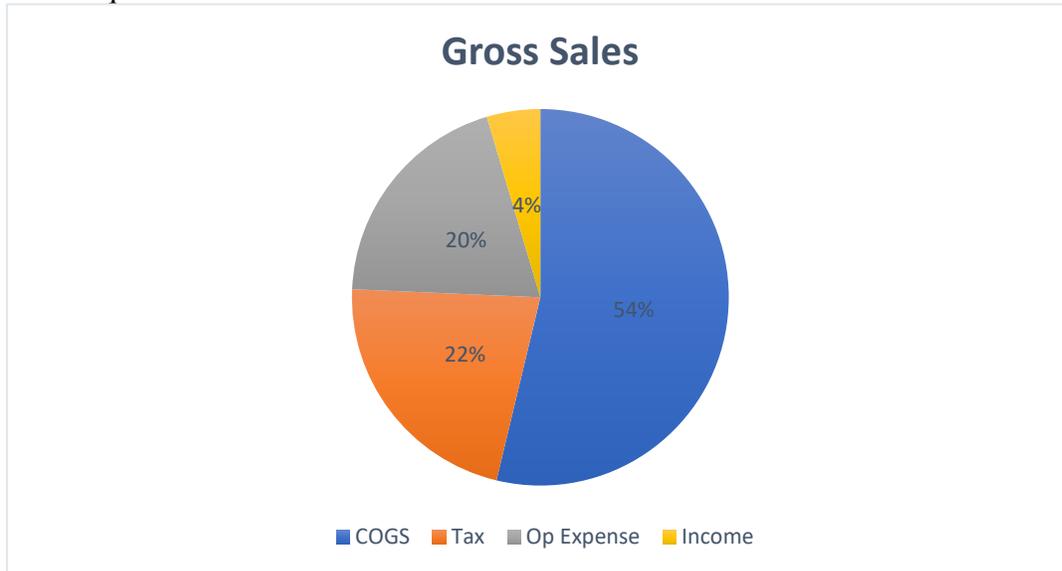
FINANCIAL ANALYSIS (cont.)

- Operating cost ratio is calculated by dividing total operating expense less depreciation by the gross profit on sales (Total operating expenses less depreciation/Gross Profit).
- Andrews ABC Board operates one retail store with mixed beverage sales. The operating cost ratio for the board was .74 in FY 2024-2025. The NC ABC Commission standard for ABC Boards with one store and mixed beverage sales is .73 or less. *The standard for boards with no mixed beverage sales is .85 or less.*
- Thus, the Andrews ABC Board, narrowly, did not meet the profitability standard or the operating cost standard set by the NC ABC Commission for FY 2024-2025.
- Below are charts showing gross profit on sales, total operating expenses including depreciation, and income from operations for recent years.

	FY 2024-2025	FY 2023-2024
Gross Profit on Sales	\$319,371	\$327,868
Total Operating Expense	(\$259,080)	(\$229,478)
Income from Operations	\$60,291	\$98,390



- The chart below shows where portions of gross sales are expended or retained as income. COGS and primary distributions (Taxes) usually account for approximately seventy-six percent (76%) of any board’s gross receipts, with the remainder used to operate the system and as income. In turn, the income is then used to satisfy other statutory distributions and as working capital, capital improvements, debt service. or as additional distributions beyond the minimum requirement.



- *Factors affecting sales:*
 - Andrews ABC Board has three other ABC Boards within a 35-mile radius.
 - Their county borders Georgia and Tennessee with additional possible outlets.
 - A neighboring NC county, Graham, does not have an ABC Store.
 - A 4.2% unemployment rate in Cherokee County in June of 2025 with little change from the previous year.
 - The board currently has 5 mixed beverage customers. *In FY 2024/2025 mixed beverage accounted for slightly less than 4% of gross sales.*

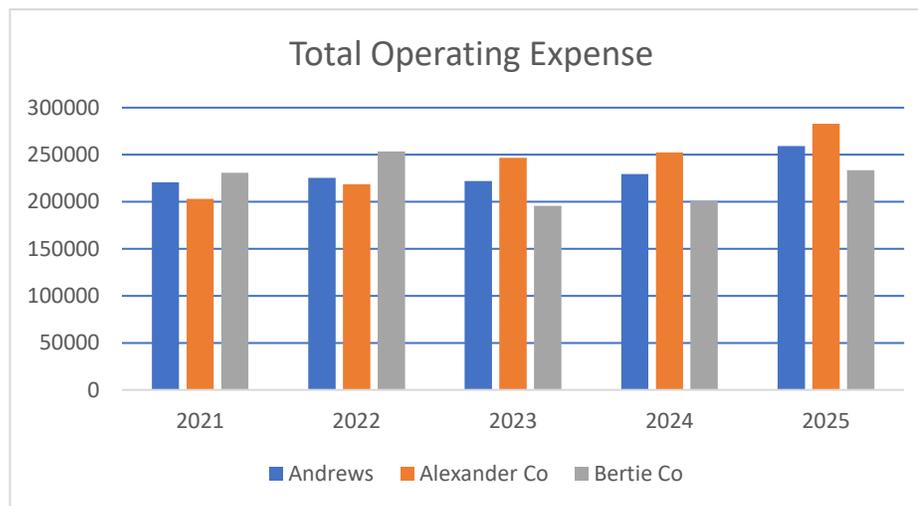
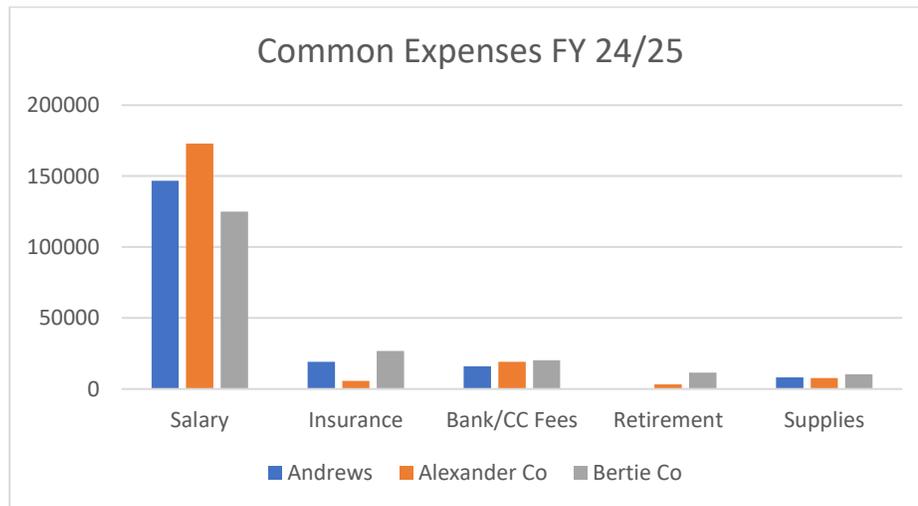
INVENTORY TURNOVER

- The inventory turnover rate is calculated by dividing the cost of liquor by the average inventory in the system (Cost of Liquor/Average Inventory). The Commission has set these goals for determining an effective rate based on the frequency of deliveries.
 - Once a week deliveries target at 6 times or more per year
 - Twice a month deliveries target at 5 times or more per year
 - Monthly deliveries target at 4.5 times or more per year
- The Andrews ABC Board receives shipments twice monthly with a target inventory turnover rate of 5. The inventory turnover rate in (FY) 2024-2025 was 2.2, which is below the goal.
- *Inventory turnover rates for the previous four complete fiscal years (FY 2024-2021) are 2.5, 2.7, 3.7, and 5.0 respectively.*

FINANCIAL ANALYSIS (cont.)

➤ *Factors affecting expenses:*

- Total operating expenses increased by almost thirteen percent (13%) from the last fiscal year and were around nineteen- and one-half percent (19.5%) of total annual sales in FY-24/25.
 - Board salaries were about eleven percent (11%) of total annual sales and increased around nine percent (9%) from the previous fiscal year.
 - Cost of Goods Sold (COGS) was roughly 53.4% for the fiscal year with a normal range being 52% to 54%.
- A common expense report and a total operating expense report show the Andrews ABC Board has similar categorical and total operating expenses comparable to other ABC boards within a relatable gross sales range and other variables. *Common expense report categories can, sometimes, be unreliable as different CPAs may include different expenses in their line items.*



BUDGET ANALYSIS

	FY 2024-2025 <i>Budget Projections</i>	FY2024-2025 <i>Actual</i>	Variance	Variance %
Total Revenues	\$1,310,000	\$1,323,859	\$13,859	1%
Total Expenditures	\$1,264,250	\$1,241,068	\$23,182	2.2%
Distributions	\$41,500	\$42,165		
Revenue over/under Expenditures & Finance		\$40,626		
After Reconciling Items		\$15,065		

- In reviewing the budget to actual analysis of the FY 2024-2025 financial audit, actual total revenues were 1% above budget and expenditures were 2.2% below the final budget amendment.
 - The change in net position during the fiscal year was \$15,065. *The board’s collective net position on June 30, 2025, was \$359,952; the net position has increased by almost seventy seven percent (77%) over the last five (5) fiscal years.*
- Based on sales trajectory for the current fiscal year with four months (33%) of the budget year completed, the board is tracking at around 34% of annual budgeted sales.

DISTRIBUTIONS

G.S. 18B-805 (b) requires the board to pay from gross receipts, all expenses, excise, and rehabilitation taxes. G.S. 18B-805(c)(2) requires the board to *typically* distribute at least five percent (5%) of applicable gross receipts to law enforcement and *typically* at least seven percent (7%) for alcohol education. *Before assigning these percentage distributions, G.S. 18B-805(c)(1) requires the board to first make a minimum quarterly distribution of the 3.5% markup & relevant bottle charges to certain county/municipal recipients. **Some of these distribution percentages are designated by an official local enabling act (and thus distribution requirements and recipients are subject to vary).***

- In FY 2024-2025, Andrews ABC accrued funds for other statutory distributions totaling \$42,165 (Net profit distribution recipient(s) received \$35,114).
- The amount of \$298,005 in primary distributions and other taxes were paid to the NC Department of Revenue (NCDOR), DHHS, and the county commissioners of Cherokee County.
- Per the local enabling act, the distribution formula for recipients of net profits is as follows:
 - 70% to Andrews General Fund
 - 30% to Cherokee County General Fund

DISTRIBUTIONS (cont.)

➤ **STATUTORY DISTRIBUTIONS:**

- Net Profit Distributions – The Andrews ABC board has made net profit distributions for four (4) of the last five (5) fiscal years above the minimum mandatory distribution in reference to G.S. 18B-805(c)(1). **The table below references distributions calculated on the left and total distributions made by the ABC Board for the last five (5) years on the right.**
- Law Enforcement Distributions: Have been accrued or disbursed at or above the standard 5% statute amount for the last five (5) FYs.
- Alcohol Education Distributions: Have been accrued or disbursed at or above the standard 7% statute amount for the last five (5) FYs.

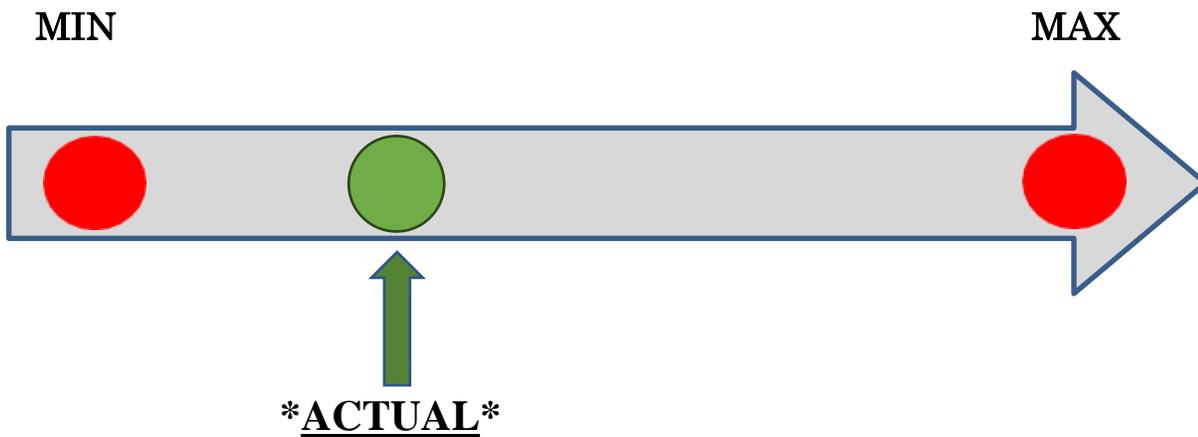
NC GENERAL STATUTE: 18B-805 (c)(1)			
Calculation of Minimum Mandatory Distribution for Net Profit to Designated Recipients		Andrews ABC Board Net profit distribution made annually by fiscal year	
<i>Note: Referencing CPA Audit Reports</i>			
Calculated Amount		Total paid to recipient(s)	
FY-2025	\$35,114	FY-2025	\$35,114
FY-2024	\$37,536	FY-2024	\$37,536
FY-2023	\$35,848	FY-2023	\$35,847
FY-2022	\$35,131	FY-2022	\$35,134
FY-2021	\$34,200	FY-2021	\$30,000

WORKING CAPITAL

- G.S. 18B-805(d) allows the board to set aside a portion of the remaining gross receipts, within the limits set by the rules of the Commission, as cash to operate the ABC system.
 - NCAC 15A .0902 sets a working capital maximum standard for boards with annual gross sales greater than \$1.5M as an amount equal to three (3) months of gross sales.
 - G.S. 18B-702(g)(3) defines "Working Capital" as the total of cash, investments, and inventory less all unsecured liabilities. As it pertains to working capital computation, gross sales mean gross receipts from the sale of alcoholic beverages less distributions as defined in G.S. 18B-805(b)(2), (3), and (4).

- Based upon the existing rules, as of June 30, 2025, the Andrews ABC Board is required to maintain a minimum working capital of \$35,559 with a maximum working capital amount of \$308,175.
 - The Andrews ABC Board had a working capital balance of \$108,948, which is more than the minimum and less than the maximum Commission requirement for this section (*).

*** FY 2024-2025: Working Capital (WC) Graphic**



- Under G.S. 18B-805(d), with approval of the appointing authority for the board, the local board may set aside a portion of the remaining gross receipts as a fund for specific capital improvements whenever working capital is exceeded.

PERSONNEL, OPERATIONAL & ADMINISTRATIVE COMPLIANCE

The findings for personnel, operational & administrative compliance are as follows:

Board Members

- The board consists of two members and a chairperson each receiving compensation for their services below the maximum \$150.00 per meeting and in compliance with G.S. 18B-700(g).
 - Current board members' terms are staggered to comply with G.S. 18B-700(a).
 - All members are serving successive terms, and all are compliant with ethics training requirements.
 - Members have a variety of professional experiences in business and education, and one member has recently been elected to serve on the town council.
- Members may have taken an oath of office per G.S. 11-7 but copies of the oaths are not available at the board's administrative office.
- Meetings are generally held on the third Monday of each month, and meeting dates are posted in the store at the town's office.
- Meeting minutes are organized, available, and generally follow all the order of proceedings.
 - The no-conflict-of-interest statement is included in the agenda and discussed at meetings but not specifically written into meeting minutes. *Also, motions and votes were not always documented in the minutes.*
 - Financial data and other relevant business is supplied by personnel at meetings.
 - Board members are heavily encouraged by the Commission to use checks and balances to ensure that cash management practices are upheld. Boards should also routinely review any notes and recommendations provided by the CPA firm on annual audits.
- The board's login website had been updated at and prior to Commission visit and contains accurate information pertaining to board members, personnel, and store locations.

Law Enforcement

- The board has a law enforcement contract with the Andrews Police Department from 1994.
- Law enforcement reports are submitted regularly by the finance officer but do not contain applicable data for accountability as required by G.S. 18B-501(f1).
 - The board should consider reviewing the reporting requirements with their police department and could consider reentering into an updated contract with their police department or a different agency since the current contract was signed into effect in 1994.
 - *As discussed during Commission visit, please "final submit" law enforcement reports through the board website by first selecting preview and then selecting submit.*

Board Personnel

- The board currently has five employees with three working full-time.
- The General Manager is full-time, has held this position since 2021, and has extensive previous retail management experience.
 - He is responsible for all board operations, his salary is below the maximum allowable per G.S. 18B-700(g1), and he is compliant with the ethics training requirement.
- The finance officer is part-time and has been with the board approximately four years. Her responsibilities include all things accounting and she is compliant on ethics training.
- All other store employees are sales associates and primarily responsible for providing friendly customer service, general store cleaning and upkeep, and stock maintenance.
- Training for new employees is mentorship styled and begins with the general manager.
 - The personnel manual acknowledgment forms are signed by each team member.
 - Product knowledge education is provided through conversations and through consulting the broker representatives. The team picks certain products and discusses them with one another and makes sure everyone is included in the process and any relevant information.
 - All employees have taken on-line RASP training, and the general manager is open to having in-person training.
- Files for each employee are kept in the board's administrative office and contain tax and other applicable information, signed personnel manual acknowledgment forms, and training certificates.
- Full-time employees are not enrolled in LGERS.
- The Andrews ABC Board members and personnel are aware of the stipulations of G.S. 18B-700(k) concerning nepotism. The General Manager and Finance Officer have previously contacted NC State Government personnel for transparency concerning their being married. It was determined that the finance officer reports to the local board directly and therefore, is not under the supervision of her spouse, nor does the spouse have any influence on their employment, promotion, salary administration, or other related management or personnel considerations.

Policies

- The board has a thorough personnel manual which covers many job and behavioral expectations and all requirements of Rule 15A .1006. The policy includes job descriptions for all three positions. Additional policies covered in the manual include price discrepancy, register overages and shortages, alcohol sales restrictions, and the board's code of ethics.
 - Policies not on file with the Commission that could be considered include credit card usage, shelf management, and allocated product sales.
- For travel, the board follows the state travel plan per G.S. 18B-702(g2).

Operations

- Board personnel conduct full inventory annually with perpetual categorical checks to cover the whole system quarterly.
 - Counts are made using scanners by all team members and board members also participate.
 - Discrepancies are recounted before any adjustments are made by the general manager.
 - *A sample of products was inventoried during Commission visit with no variances noted.*
 - Strategies for slow-moving products include moving to different areas in the store.
- The board receives deliveries of liquor on the second and fourth Monday of each month.
 - Pallets are dropped and offload is checked against the manifest and with scanners.
 - Any variances are recounted and balanced against stock before discrepancy reports are sent to LB&B.
- Liquor orders are made by the general manager.
 - Each item in the store is scanned and ordered comparable to a thirty day sales history and stack status.
 - The staff also give their “wish list” to the manager who rotates ordering new products per staff recommendation.
 - Investments in specially priced items are not usually made but are considered.
 - Special order requests from customers are ordered when possible.
- The board retains breakage reports and regularly includes the reports for credit with their suppliers. *For compliance with Rule 15A 1701(c), the board should email copies of the reports to the Commission quarterly.*
- The board currently has four or five active mixed beverage customer accounts.
 - Customers often pick their own orders and board personnel review the picked orders with the customers.
 - Invoices are provided to permittees and signed copies are retained in a file for each account.
 - The board’s tax stamps are attached to the mixed bottles purchased by the permittees. *For full compliance with NCAC 15A .1901, the board should consider a way to indicate their system of sale on the stamps.*
- Allocated products are reserved for mixed beverage customers.
- Tastings have been held at the store and may be considered in the future.

Financial, Administrative, and Internal Controls

- Invoices for liquor are processed by the finance officer at the beginning of each month.
- The board's checks are stamped with the required disbursement certificate in compliance with G.S. 18B-702(q).
 - Checks are signed by the finance officer and counter-signed by the board's chairperson.
 - *A sample of payments were reviewed at Commission visit and all were paid within the thirty-day requirement.*
- Some documents are preaudit stamped and signed by the finance officer, but liquor orders are not. For compliance with G.S. 18B-702(m) all purchase orders to include liquor should be preaudit stamped by the finance officer. *For liquor, this is most easily accomplished by having the finance officer stamp the order edit list or another document which reflects the initial cost expectation for an order.*
- The board keeps petty cash in their administrative office, but this is rarely used.
- The general manager has a board issued credit card for supplies.
 - Itemized receipts for credit card purchases and potentially for petty cash purchases are provided to the finance officer who retains the receipts until the accounts are reconciled monthly and paid via a board check.
- The board generally uses one register daily with a second available for mixed beverage. Employees sometimes work out of the same register, but each has the opportunity to verify till amounts.
- The store has bill scanners to help combat counterfeit bills.
- Deposits are made on the following business day after balancing the till amount and the register report.
 - The finance officer conducts full account reconciliation monthly.
 - *A sample of deposits were reviewed and compared to the daily reports with no variances noted.*
- The board does not currently utilize but could explore with their bank positive pay options to protect against check fraud.
- Payroll is processed biweekly by the finance officer through SAGE.
 - Employees clock in and out with timecards and hours are reviewed by the manager before being provided to the finance officer.
- The annual CPA audit was received by the Commission on September 23, 2025.
- All board members, the general manager, and finance officer, least \$50,000 per G.S. 18B-700(i).
- The board currently makes their alcohol education distribution in compliance with 18B-805(c)(3). *For general accountability and full compliance with G.S. 18B-805(h), the board should include in their meeting minutes how these funds are to be spent and verify any person or agency receiving funds from the board report to the board at least annually describing how these funds were spent.*

STORE INSIGHT & OVERVIEW

- The board's store is in a commercial shopping center on the main highway for the town and area.
 - The building is a strip of three suites and has ample parking to include the ability to accommodate campers or other oversized vehicles.
 - The stores have extensive signage to include multiple signs attached to the building, feather flags indicating "open", and a roadside sign. *The roadside sign is currently in disrepair having recently been struck by a motor vehicle, but the board has a plan to replace.*
 - The exterior of the building has had some recent updates to include painting and a new sign. The building and outside area(s) are professional and presentable, and free of trash and debris.
- The interior of the store is very well lit, organized, and aesthetically pleasant.
 - Floors and shelves are clean, and the counters are not overly cluttered.
 - The Fetal Alcohol Syndrome poster required by G.S. 18B-808 is prominently displayed.
 - Quarterly price books are available, but SPA lists are not. *The board should consider a method to have the monthly price list available for review.*
 - Category signs are posted, and North Carolina products are shelved in their corresponding category.
 - Displays and endcaps are utilized, to include a variety of holiday displays.
 - Broker supplied shelf tags for specially priced items are posted.
 - A TV near the sales counter was tuned to the weather.
 - In addition to standard product-related signs and displays, the store has a variety of interesting wall decor to reflect some of the local areas and board and personnel.
- Shelf management practices are generally implemented and correspond with Rule 15A. 1708.
 - Products are fronted, dusted, and in their designated category.
 - Premium products are generally found at eye-level or top shelf.
 - Bottles are arranged so they increase in size left to right of the same item.
- A sample of more than 100 items were selected to determine if uniform pricing is displayed. Of those selected, all item's shelf tags matched current pricing.
- Price discrepancies should be handled in the customers favor if the shelf tag were to be lower than the current price mandate and the customer objects.
- Sales associate interactions with customers are courteous and attentive. Floor coverage and interaction with the customer base is prioritized by the board and management.
- The store is open from 9:00 am until 9:00 pm daily and closed every Sunday and the five previously required holidays.
- Security systems are in place and functional in designated areas to include cameras, alarms, and panic buttons. *Monitors to review camera footage are in both the office area and the showroom.*

REQUIRED ACTIONS

- Item #1: Board members should take an oath before taking office or before the execution of the office per G.S. 160A-61 and G.S. 11-7. *If already completed, a written account of the oaths should, please, be available at the board's administrative office.*
- Item #2: The board should work with their contracted law enforcement agency, The Town of Andrews Police Department, to reestablish law enforcement reporting to comply with the provisions of G.S. 18-B-501(f1). Reports are to include as applicable the number of arrests made for ABC law, number of agencies assisted with ABC law, and other metrics for ABC law contribution such as compliance checks and alcohol education classes presented. If current law enforcement agencies are not completing ABC enforcement law activities on behalf of the board, it is recommended for the board to consider entering a contract with a different agency such as Alcohol Law Enforcement (ALE) state agency or the local sheriff department.
- Item #3: When applicable, ensure unsaleable merchandise (breakage) reports are submitted to the Commission quarterly. NCAC Rule 15A .1701(c) requires quarterly reports be submitted for any unsaleable merchandise and retain original copies for three (3) years.
- Item #4: While quality oversight on purchases is in place, the board should re-establish full compliance with G.S. 18B-702(m) preaudit approval certificate to take substantially the following form on purchase orders "This instrument has been preaudited in the manner required by GS 18B-702". *This could most reasonably be accomplished by stamping and signing the order edit list or other purchase orders.*
- Item #5: For compliance with G.S. 18B-805(h), the board should include in their meeting minutes how their alcoholism funds are to be spent and verify any person or agency receiving funds from the board report to the board at least annually describing how these funds were spent
- Item #6: In connection with the periodic audit, a Certificate of Accountability attestation form should be reviewed and signed by board members and applicable personnel. A signed copy would then only need to be emailed to Commission personnel for recordkeeping.

RECOMMENDATIONS

- The board has made budget amendments in years prior to the most recent fiscal year, however, they did not in the FY-24/25. While only by modest amounts, the board did exceed authorized appropriations for their sales and a few line-item expenses. The board should continue to monitor their budget versus actual for sales and expenditures throughout the year. Amendments to the budget should be approved by the board before any funds are transferred between accounts and all should be forwarded to the Commission for audit purposes.
- While often included in the agenda and routinely discussed at the beginning of meetings, the secretary for the board should document in their meeting minutes that the agenda was reviewed by all members and that each member declared no conflict of interest with respect to the agenda items. *Additionally, all voting actions taken by the board members should be reflected in the minutes.*

- Applicable board personnel should craft a document that outlines the methods the board has created and utilizes to ensure compliance with G.S. 18B-700(k) concerning nepotism within their administrative office as it pertains to supervision and influence over one's position and employment. *Once a document has been approved to the satisfaction of the board members and personnel, please forward a copy to the Commission for review and records retention.*
- While generally understood by all staff, the board should work to establish the following policies. *Written policies can serve to strengthen internal controls and as good guidelines if updates are made or are being considered to the procedures already in place.* Copies of all adopted policies should be forwarded to the Commission for approval and records retention.
 - Credit card usage; While the board already has procedures to include oversight in place, the board should consider crafting a written credit card usage policy.
 - Allocated product sales; *In addition to establishing guidelines, this policy can be informative to patrons who question your current distribution of these high demand products.*
 - Shelf Management: While specifications are already followed, a written plan is required by Rule 15A .1708.
- To help combat potential check fraud and for general ease in administrative tasks, the board should continue to investigate the potential of making payments via ACH or bank pay. Additionally, the board could inquire about positive pay options with their bank.
- Rule 15A .1901(a)(1) requires the board's mixed beverage tax stamps to state the local board, permittee's transaction (order) number, and the permittee's mixed beverage permit number. Currently the board's tax stamps do not indicate their system of sale. *If possible, the board should begin including their board's name or board number on their stamps. If not, the board should consult this rule before upgrading or purchasing any new equipment for this task.*
- The board could consider in person RASP training provided by Commission staff for all current board personnel.

ADDITIONAL CONSIDERATIONS & GUIDANCE

- The Commission's primary focus for ABC board members:
 - ABC board members are highly encouraged to meet monthly for the best formal oversight and review of board operations, routinely recording meeting minutes (*adhering to closed meeting requirements where applicable*) and ensuring either no conflicts of interest are present or that they are addressed appropriately when presented. Monthly sales should be reported to the Commission at beginning of next month, providing annual budgets, budget amendments, miscellaneous financial reporting to Commission following timelines, and ensuring Commission has annual CPA audits by September 30th of each year.
 - ABC boards are highly encouraged to keep term begin dates & term end dates updated on the Commission's board login website for all ABC board members and other information such as store hour changes, pictures, email updates, etc.

- ABC Boards are required to work within general minimum and maximum limits for working capital, as established per Commission Rule NCAC 15A .0902(a)(2). When ABC Boards exceed maximum working capital in any given FY due to planned capital improvements, please secure written approval from the applicable County or Municipal authorities per N.C.G.S. 18B-805(d) and forward to the Commission. As best measure, securing documentation prior to exceeding maximum working capital would be the most ideal approach.
- ABC boards are highly encouraged to find straightforward ways to lower any recurring expenses. Ways to try to improve expenses include requesting bids annually from various vendors to get the best rates possible on financial audits, various utilities, maintenance contracts, and credit card processing companies.
- Cross training opportunities for personnel should be maximized to ensure solid continuity of operations occurs for ABC boards. Also, training opportunities can work well to develop store employees for increased responsibility roles and serving to make both the routine operations and employee morale stronger.

Please network with the ABC Commission whenever needed for guidance and assistance to support local ABC board mission and success.

PREVIOUS PERFORMANCE AUDIT ACTIONS (2017)

- Recommendation #1: To increase sales, consider effective practices to generate more revenue.
- Recommendation #2: Monitor the budget closely to ensure that actual appropriations or expenditures have not exceeded budgeted projections. All ABC Boards are required to operate within a balanced budget. When actual sales have exceeded the budget and expenses have not met budgeted amounts, the board is required to adopt a budget amendment to satisfy this requirement.
- Recommendation #3: Have exterior signage that clearly marks the designation of an ABC store. The sign shall not be worn or faded as specified in the NCAC 15A .1703.
- Recommendation #4: Conduct a routine check of shelf prices along with the register to ensure accuracy. All prices must correspond with the register, the store's shelves, the NC Liquor Quarterly, and/or the memorandums from the NC ABC Commission
- Recommendation #5: Continue to offer cross-training in key areas of operation to capable and skilled staff so that in the event the general manager is suddenly unavailable store operations can continue without interruption.
- Recommendation #6: Have all new and reappointed board members to complete the required ethics training.
- Recommendation #7: Update the employee manual to reflect current practices as approved by the board. Once updated, forward a copy to the Commission for approval.

While having addressed considerations from the previous Commission review (2017), board should still monitor and strive to satisfy previously noted recommended actions.

Appendix A

Program Analyst's Summary

The performance audit recommendations and findings were discussed with the Andrews ABC Board on December 15, 2025. The board agrees to the recommendations as presented and attests to their implementation. The board will continue to be vigilant with profitability enhancement and expense reduction while operating modern stores with a robust customer service focus.