

Durham County ABC Board

Performance Audit Report



Alcoholic Beverage Control Commission
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ABC
COMMISSION
NORTH CAROLINA

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Alcoholic Beverage Control

March 10, 2026

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Hank Bauer

Durham County ABC Board
Daniel Edwards, Chair
3620 Shannon Rd. Suite 200
Durham, NC 27707

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

David Sherlin
Raleigh

Chairperson Edwards,

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 Durham County 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

Durham County is in north-central North Carolina, and the county seat and largest community is Durham. The county is the fifth largest in the state by population and Durham is the fourth largest city. The estimated population for the county was 324,833 residents in 2024, an increase of approximately 6% from 2020. The Durham County ABC Board operates ten (10) retail stores and is the only board in the county.

The 1937 Act authorized Durham County to hold an election by referendum. The referendum was held on April 28, 1937, and passed 7,784 to 3,308. The first retail sale was on June 21, 1937. A county-wide vote was held for the sale of mixed beverages on January 12, 1979, and passed 12,324 to 6,083. The date of the first mixed beverage sale was February 2, 1979. Upon election of an ABC store, Durham County was authorized to create an ABC Board consisting of a chairman and two members to serve for three-year terms. House Bill 906 authorized Durham County Board of Commissioners to appoint five board members to serve for three-year terms. Current board members include Daniel Edwards, chair, Frachele Scott, Gale Adland, Ryan Urquhart, and Donald Lebkes, board members.

The last performance audit for the Durham County ABC Board concluded in 2016. The Commission audit serves as a continuous way to provide local boards with information and best practices that target areas for improvement.



1112 NC Hwy 54, Durham

OPERATIONAL OBSERVATIONS, FINDINGS, REQUIRED ACTIONS, & RECOMMENDATIONS

On December 3, 2025, ABC Commission Program Analyst Edwin Strickland visited the Durham County ABC Board and interviewed the General Manager, Lou Sordel, and other administrative and store personnel. Below is a financial analysis followed by operation observations, findings, and recommendations related to the performance audit.



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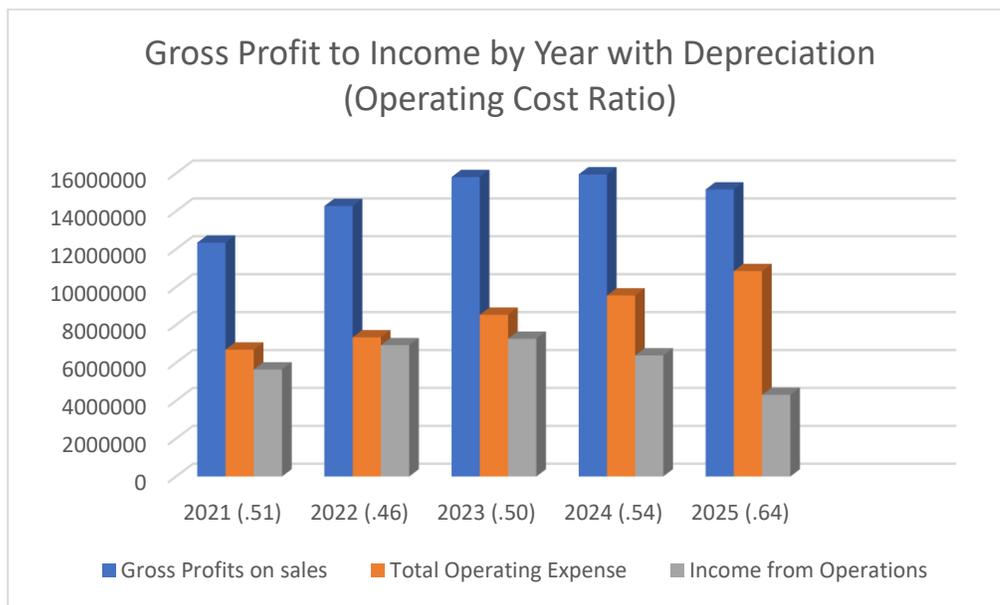
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FINANCIAL ANALYSIS

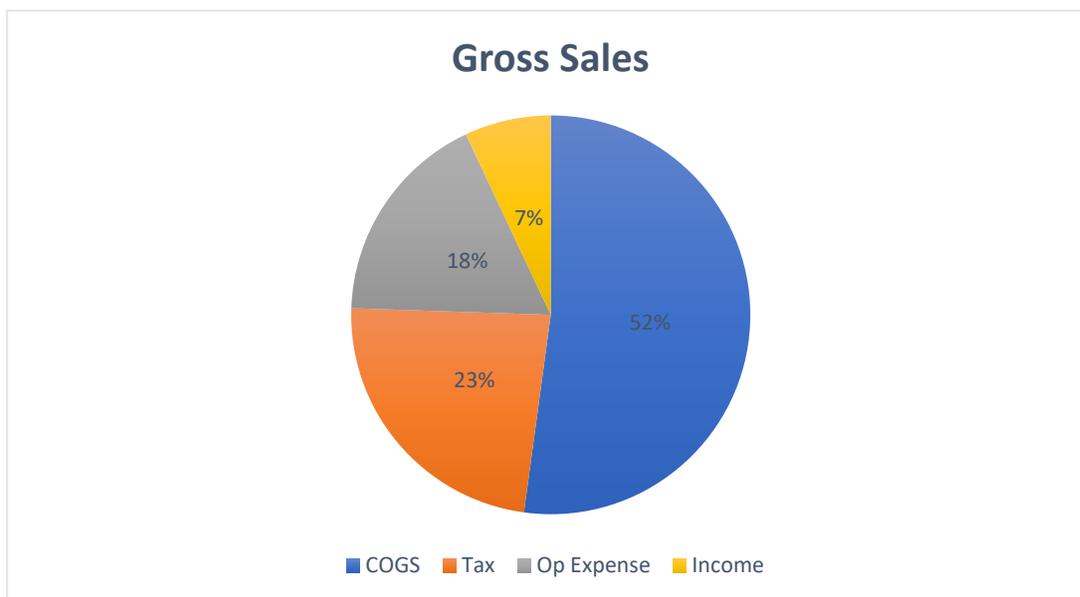
PROFIT PERCENTAGE TO SALES & OPERATING COST RATIO

- In fiscal year FY 2024-2025, the Durham County ABC Board had a profit percentage to sales ratio of 6.96%. The NC ABC Commission profit to sales standards for ABC Boards with gross sales greater than \$10M is 9%.
 - *The profit percentage to sales ratio over the previous four completed fiscal years were 10.25%, 11.68%, 12.35%, and 11.46%, respectively.*
 - The Durham County ABC Board’s gross sales totaled \$61,910,665, which was a less than 1% decrease from the previous fiscal year.
 - The board’s sales have grown by almost 26% in the last five complete fiscal years.
- Durham County ABC Board operates ten retail stores, with two having mixed beverage sales. The operating cost ratio for the board was .64 in FY 2024-2025. The NC ABC Commission standard for ABC Boards with three or more stores is .63 or less. *Previous four years are in the chart below.*
 - 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).
- Thus, the Durham County ABC Board did not fully meet the profitability standard and the operating cost standard set by the NC ABC Commission for FY 2024-2025 but has for the other most recent four fiscal years.
- Below are charts showing gross profit on sales, total operating expenses including depreciation, income from operations for recent years, and operating cost ratios.

	FY 2024-2025	FY 2023-2024
Gross Profit on Sales	\$15,148,392	\$15,941,888
Total Operating Expense	(\$10,838,028)	(\$9,552,434)
Income from Operations	\$4,310,364	\$6,389,454



- 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.



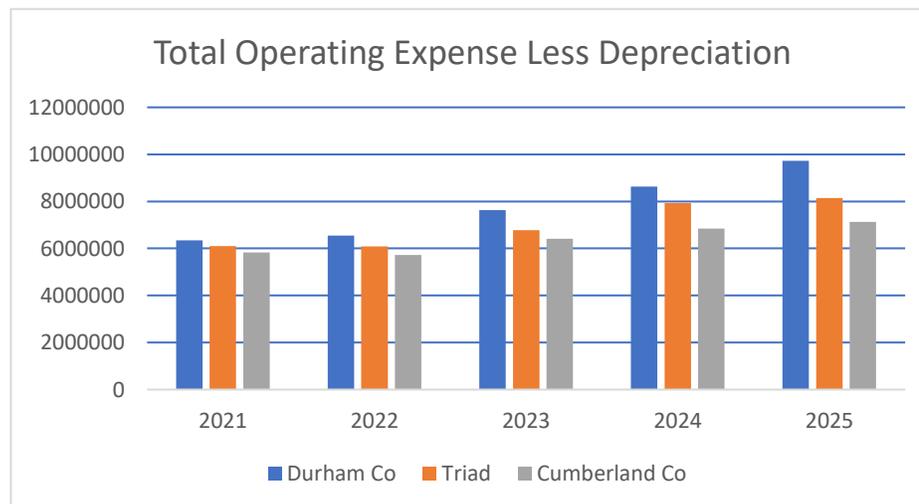
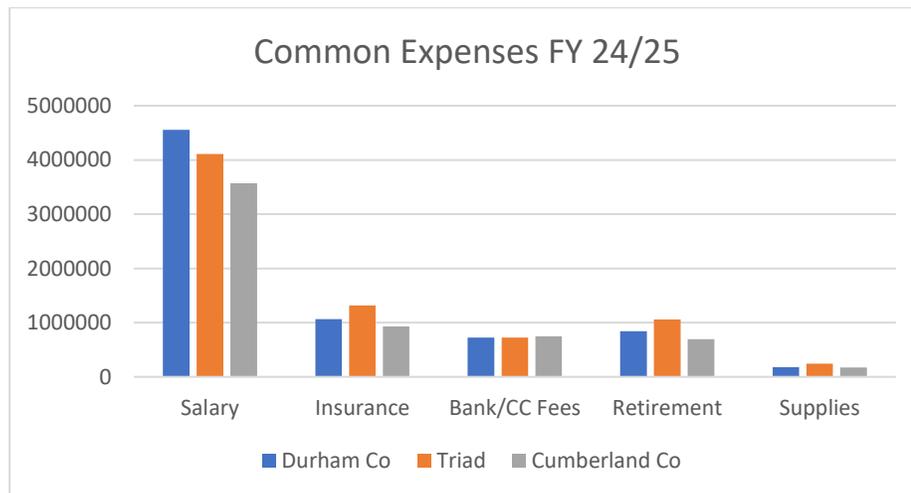
- *Factors affecting sales:*
 - There are eight ABC Boards with at least one store within a 30-mile radius of a Durham County ABC Store.
 - A 3.6% unemployment rate in Durham County in June of 2025 with a .1% increase from the previous year. *The North Carolina Average in June 2025 was 3.7%.*
 - According to the ABC Commission's website, there are approximately 300 active mixed beverage customers in the county however this total is likely inaccurate. *In FY 2024/2025 mixed beverage accounted for around 21% 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 Durham County ABC Board receives shipments weekly with a target inventory turnover rate of 6. The inventory turnover rate in (FY) 2024-2025 was 2.6, which is below the goal.
 - The Board has a high inventory due to its robust buy-ins programs and warehouse inventory(s) which inflates inventory resulting in a lower turnover rate.

FINANCIAL ANALYSIS (cont.)

- *Factors affecting expenses:*
 - Total operating expenses increased by over thirteen percent (13%) from the last fiscal year and were roughly seventeen- and one-half percent (17.5%) of total annual sales.
 - Board salaries were over seven percent (7%) of total annual sales and increased around six percent (6%) from the previous fiscal year.
 - The board has several enterprising asset development projects during the fiscal year.
 - Cost of Goods Sold (COGS) was 52.2% for the fiscal year with a normal range being 52% to 54%.
- A common expense report and a total operating expense report show the Durham County ABC Board has similar categorical but higher total operating expenses comparable to other ABC boards within a relatable gross sales range and other variables. *Common expense report categories can be unreliable, as different CPAs may allocate costs to line items inconsistently. In addition, organizations of this size often have too many variable factors to enable meaningful expense comparisons.*



BUDGET ANALYSIS

	FY 2024-2025 <i>Budget Projections</i>	FY2024-2025 <i>Actual</i>	Variance	Variance %
Total Revenues	\$62,947,296	\$62,052,325	(\$894,971)	(1.4%)
Total Expenditures	\$59,821,922	\$60,974,062	(\$1,152,140)	(1.9%)
Distributions	\$3,965,000	\$4,226,146		
Revenue over/under Expenditures & Finance		(\$3,147,883)		
After Reconciling Items		\$225,878		

- In reviewing the budget to actual analysis of the FY 2024-2025 financial audit, actual total revenues were 1.4% below budget and expenditures were 1.9% above the final budget amendment.
 - The change in net position during the fiscal year was \$225,878. *The board's collective net position on June 30, 2025, was \$25,044,553; the net position has increased by almost fifty-three percent (53%) over the last five (5) fiscal years.*
- Based on sales trajectory for the current fiscal year with five months (41%) of the budget year completed, the board is tracking at around 41% 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, Durham County ABC accrued funds for other statutory distributions totaling \$4,226,146 (Net profit distribution recipient(s) received \$3,040,000).
- The amount of \$14,458,236 in primary distributions and other taxes were paid to the NC Department of Revenue (NCDOR), DHHS, and the county commissioners of Durham County.
- Per the local enabling act, the distribution formula for recipients of net profits is as follows:
 - 10% to Durham General Fund
 - 90% to Durham County General Fund

DISTRIBUTIONS (cont.)

➤ **STATUTORY DISTRIBUTIONS:**

- **Net Profit Distributions** – The Durham County ABC board has made net profit distributions for 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 disbursed at or above the standard 5% statute amount for the last five (5) FYs.
- **Alcohol Education Distributions:** Have been disbursed at or above the standard 7% statute amount for the last five (5) FYs.

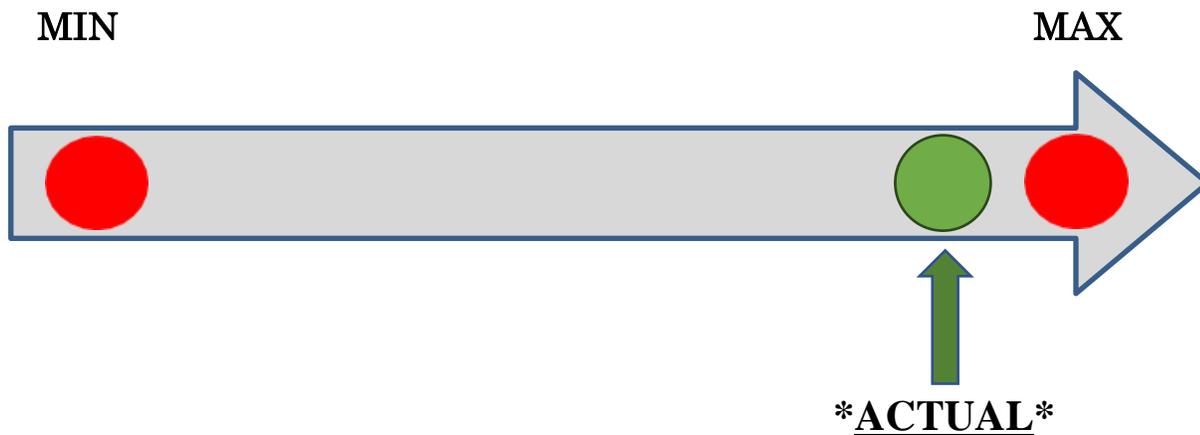
NC GENERAL STATUTE: 18B-805 (c)(1)			
Calculation of Minimum Mandatory Distribution for Net Profit to Designated Recipients		Durham County ABC Board Net profit distribution made annually by fiscal year	
<i>Note: Referencing CPA Audit Reports</i>			
Calculated Amount		Total paid to recipient(s)	
FY-2025	\$1,689,952	FY-2025	\$3,040,000
FY-2024	\$1,699,657	FY-2024	\$2,991,000
FY-2023	\$1,702,009	FY-2023	\$2,887,000
FY-2022	\$1,545,777	FY-2022	\$2,777,778
FY-2021	\$1,267,194	FY-2021	\$2,666,667

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 Durham County ABC Board is required to maintain a minimum working capital of \$1,825,093 with a maximum working capital amount of \$11,863,107.
 - The Durham County ABC Board had a working capital balance of \$10,033,745, 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 four members and a chairperson whose per meeting compensation for their services has been approved by their appointing authority in compliance with G.S. 18B-700(g).
 - Current board members' terms are staggered to comply with G.S. 18B-700(a).
 - All board members have recently completed the ethics training requirement, and all are currently serving successive terms.
 - Members have taken an oath of office per G.S. 11-7 and copies of the oaths are now available at the board's administrative office.
 - Members bring a diverse range of professional experience, including law and law enforcement, education, business, administration, and the non-profit sector.
- Meetings are generally held on the third Tuesday of each month, and meeting dates are provided to the county office and are posted on the board's website.
- Meeting minutes are organized, available, and follow all the order of proceedings including the no conflict of interest statement.
 - The meeting minutes reviewed reflect discussion of various sales categories and comparative analyses, along with a comprehensive record of other matters pertaining to both new and old business.
 - 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.
 - Closed session minutes are kept at the board's attorney's office.
- 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

- In 2019 the Durham County ABC Board entered into a law enforcement contract with the North Carolina Alcohol Law Enforcement Agency (ALE).
- Law enforcement reports are provided and input routinely and most often by ASAC D. Spells with ALE.
 - The law enforcement reports contain ample applicable data for accountability as required by G.S. 18B-501(f1).
 - Law enforcement statistical data and other summaries of events are discussed at board meetings and included in the minutes.

Board Personnel

- The board currently staffs one hundred and forty-two employees with seventy working full-time.
- The General Manager has held their position for around three- and one-half years and is responsible for all board operations. Their salary range has been approved by their appointing authority, and they completed the ethics training requirement.
- The board has an administrative team consisting of an Assistant General Manager, Human Resource Director, Fiscal Services Director, Operations Manager, Digital Strategist, and a Purchasing and Logistics Manager. Support staff for the administrative team include an Administrative Assistant, Accountant, Accounting Clerk, and an Assistant Warehouse Manager(s).
- Each store has a designated manager and an assistant manager(s).
- All other board employees are sales or warehouse clerks and primarily responsible for providing friendly customer service, general store cleaning and upkeep, and stock maintenance.
- Training for new employees begins with an orientation at the central office and covers benefits, policies, and other expectations.
 - Initial training for salesclerks is conducted at all stores by managers and other seasoned employees.
 - Cross training opportunities have been extended for administrative coverage, and full-time store employees learn the manager's tasks for both coverage and internal growth.
 - The board utilizes several methods for product knowledge training.
 - Monthly meetings with managers and assistant managers to discuss new products and other product related information with full-time employees meeting quarterly.
 - Broker representatives conduct off-site training with multiple team members attending.
 - A program is in place where revolving employees pick a product to research and provides a quick presentation on the product.
 - Board personnel have visited distilleries for barrel picks and team building.
 - Employees receive alcohol sales and other training through ALE, and the agent(s) sometimes attend team meetings.
- A file for each employee is kept in the Human Resource office and includes personnel acknowledgement forms, training certificates, and other pertinent training and employment related forms. Files for tax and medical documents are kept locked in the same office separately.
- Full-time employees are enrolled in LGERS and have additional retirement compensation options.
- No conflicts pertaining to nepotism found and per discussion with the general manager.

Policies

- The board has a thorough personnel manual which covers all requirements of Rule 15A .1006 and additional behavioral expectations, job descriptions, and a variety of additional specific policies which are acknowledged via employee signature.
 - A plethora of additional policies are on file with the Commission to support the board's personnel manual and to specify additional directives and standards.
 - Policies not on file with the Commission that could be considered include a written shelf management plan and an updated credit card usage policy.
 - The board has recently initiated a policy to match all credit card names with an identification card in an effort to curb potential unauthorized bank card usage.
- For travel reimbursements, the board follows state travel plan per G.S. 18B-702(g2).

Alcohol Education and Alcoholism Fund

- The Durham County ABC Board awards their alcoholism funds to recipients through an innovative grant program whose mission is “to combat the challenges of alcoholism and substance abuse, and to champion educational initiatives that empower our community and raise awareness to the severity of these issues.”
 - The board has a grant committee who works, in conjunction with other members and personnel, to evaluate grant candidates who generally apply for grants through the board's website.
 - In FY 24-25 the board expended on or awarded a total of \$512,329 in distributions to eleven different organizations to fulfill their mission.
 - Funds for this program have been accrued and/or distributed for this section in the amount of \$2,199,456 over the past five completed fiscal years.
 - The board's meeting minutes discuss how these funds are intended to be spent, and recipients submit reports describing how the funds are spent to the board for compliance with G.S. 18B-805(h).

Operations

- Board personnel conduct full inventory at each store and the warehouse monthly, with additional spot checks.
 - Counts are made using scanners with multiple team member participation.
 - A recount list is generated the day after inventory and, pending recount results, store managers are responsible for a written explanation of the reason for any variances.
 - *The board has a private security firm to combat shoplifting and other undesirable events in their stores.*
- The board receives deliveries of liquor each Monday and Thursday at their central warehouse, and store #10 receives a direct delivery every Wednesday.
 - Pallets are dropped and down stacked using scanners.
 - Any variances are recounted and balanced against stock before discrepancy reports are sent to LB&B.
 - Distribution from the warehouse to the stores happens all week.
- Liquor orders are made by the purchasing and logistics manager.
 - Multiple resources are used to compile orders. Store managers send low or out of stock lists twice weekly. A suggested order for store #10 is run and edited as needed.
 - SPA's lists are reviewed for the current and upcoming months, and many are ordered to meet sixty-day's worth of sales.
 - Special order requests are purchased at the store where the requests initiate if the customer verbally agrees to purchase the case in some instances. Information about special orders is available on the board's website.
- The board retains breakage reports and regularly includes the reports for credit with their suppliers. For compliance with Rule 15A 1701(c), the board regularly emails copies of the reports to the Commission quarterly. *Breakage is kept at the corresponding stores and promotes visits to all stores from the sales representatives.*
- The Commission's website permittee search queue currently shows three-hundred and twenty-one active mixed beverage customer accounts. The actual number is smaller because of ownership changes and permittees who have canceled their mixed beverage permit, but not all applicable ABC permits such as malt beverage or wine.
 - Two stores are mixed beverage outlets, and the board has several delivery accounts.
 - Pulled and stamped orders are rechecked during the transaction.
 - Invoices are provided to permittees and signed copies are retained in a file for each account.
 - The board stamps bottles as required by NCAC 15A .1901.
- More common allocated products are available to mixed beverage customers by request, and the board also has mixed beverage only lotteries.
- Other allocated products are used for weekly drops at a randomly selected store. Notifications, rules, and additional information about drops are included on the board's website.
 - Additionally, the board has an annual bourbon lottery with details, rules, and registration posted on the board's website.
- The board frequently holds tastings at certain stores and sometimes requests brokers back new products with a scheduled tasting.

Financial, Administrative, and Internal Controls

- Invoices for liquor are processed by the finance officer on a gauged basis but generally within two or three weeks of receipt and paid by check.
 - The board's checks are stamped with the required disbursement certificate in compliance with G.S. 18B-702(q).
 - Checks are cut and signed by the finance officer or accountant and counter-signed by the general manager. *Although the board may have previously fulfilled this obligation, the board should verify the accountant is a properly designated deputy finance officer to comply with the requirements of G.S. 18B-702(p).*
- Requests from stores and contracts for repairs are reviewed by the finance officer and potential liquor orders and costs are also often discussed between the finance officer and purchasing manager. Although reasonable oversight is in place, for full compliance with G.S. 18B-702(m), the finance officer or properly designated deputy finance officer should stamp and sign each order or contract with the preaudit certificate.
- The board has four credit cards issued to certain administrative and warehouse staff. Itemized receipts are retained until the accounts are reconciled by the fiscal service director's team.
- Cash-handling procedures are in place with all tills issued by a full-time employee or manager.
 - Clerks are responsible for their tills, and store managers are responsible for the change funds.
 - Money is periodically fed to a smart safe which, in effect, becomes an electronic and automatic deposit.
 - Armored carriers or cash in transit companies pick up currency weekly.
 - The fiscal services director's team completes month end reconciliations.
- The board utilizes positive pay through their bank to help combat possible check fraud.
- Payroll is processed biweekly through ADP.
 - Employees clock in through either a phone application or the pos system and all times are reviewed and approved by store managers before being sent to the administrative office for an additional review.
- The annual CPA audit was received by the Commission on September 17, 2025.
- All board members, general manager, finance officer, and store managers are bonded for at least \$50,000 per G.S. 18B-700(i) and G.S.18B-803(b).
- Funds are kept in a pooling bank(s) approved by the North Carolina Treasury Office in compliance with G.S. 18B-702(t).

STORE INSIGHT & OVERVIEW

- Commission staff visited the board's central office and three retail stores to include a mixed beverage outlet.
 - All stores visited are located in high-traffic commercial areas, situated on or adjacent to major roads or highways.
 - All have ample parking spaces and easily viewable signage.
 - The exterior of the buildings are professional and presentable, and landscaping and other applicable exterior areas are well maintained and free of trash and debris.
- The interior of the stores are well lit, organized, and aesthetically modern and 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 in all stores.
 - Quarterly price books are available with an SPA pricing link available on the board's website.
 - Category signs are prominently displayed and arranged according to market share.
 - Multiple displays are utilized, and space is maximized without hindering the ease of movement for patrons or staff.
 - Promotional shelf tags for specially priced items are displayed for monthly and quarterly specials.
 - North Carolina products are found in their corresponding category with shelf tags to identify the product as NC made.
- Shelf management practices are fully implemented.
 - Products are fronted, dusted, and in their designated category.
 - Premium products are generally found at eye-level or top shelf.
 - Bottles are generally arranged so they increase in size left to right of the same item.
 - Shelf space for products is set to follow the factors identified in Rule 15A .1708(5).
- A sample of more than 100 items were selected at all stores visited to determine if uniform pricing is displayed. Of those selected, only one item's shelf tag didn't match current pricing.
 - Price discrepancies will 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 attentive, courteous, and the staff are eager to meet the needs of the customers. *Multiple employees are always available in the showroom to assist with the board's customer service focus.*
- All stores are open daily from 9:00 am until 9:00 pm Monday through Saturday.
- All stores are closed every Sunday, New Year's Day, Martin Luther King Jr. Day, Memorial Day, Juneteenth, Thanksgiving and Christmas with some stores closing and others remaining open on Independence and Labor Days.
- Security systems are in place and functional in all designated areas to include alarms, cameras, and panic buttons.

REQUIRED ACTIONS

- Item #1: While quality controls on purchases likely exceed the spirit of the statute, 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 for liquor or other purchase orders and contracts.*
 - In conjunction with this action item and other provisions of G.S. 18B-702, the board should verify current applicable members of the Fiscal Service Director’s team are “properly” designated deputy finance officers.
- Item #2: 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 and to be included as an appendix for this report.

RECOMMENDATIONS

- Board personnel should consider having a written shelf management plan available for reference by their store’s team members. Rule 15A. 1708 covers administrative codes associated with shelf management, which were followed in almost all instances witnessed during Commission visit, but does specify a plan should be available for review.
- Per discussion with the general manager, board personnel are currently working to craft an updated credit card usage policy to follow current procedures and will forward an updated copy to the Commission upon approval. *The board currently has an approved policy in Commission records retention but has changed some provisions of the policy associated with who is able to use the card(s).*

ADDITIONAL CONSIDERATIONS & GUIDANCE

- 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.

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

PREVIOUS PERFORMANCE AUDIT ACTIONS (2016)

- Recommendation: Display the required Fetal Alcohol Syndrome poster in all locations as required by G.S. 18B-808.
- Recommendation: To ensure correct pricing on the store shelves and in the computer system, audit shelf tags on a regular basis by incorporating this practice during or in between the regularly scheduled inventory counts.
- Recommendation: Any contract or obligation must include a pre-audit certificate.
- Recommendation: As specified in G.S. 143-318, the board must follow and enter into closed session proceedings through motion and vote. The purpose must be specifically stated within the motion and only that topic may be discussed in the closed session. All actions discussed in closed session must be stated and/or voted on in open session and included in open session minutes.
- Recommendation: The board must approve closed session meeting minutes. The procedure to do so is to hold a new closed session meeting specifically to approve the minutes of an earlier session.
- Recommendation: Submit all policies adopted by the ABC Board to the Commission for approval or rejection. As required in NCAC 15A .1102, all local boards are required to submit to the Commission for approval all new or amended policies at least 15 days prior to their effective date.
- Recommendation: Adopt a board policy that allows board members to receive travel reimbursement for attending board meetings.

While having addressed considerations from the previous Commission review (2016), board should still monitor and strive to satisfy previously recommended actions.

Appendix A

Program Analyst's Summary

The performance audit recommendations and findings were discussed with the Durham County ABC Board on January 20, 2026. The board agrees to the recommendations as presented and attests to their implementation. The board has designated deputy finance officers and supplied the requested certificate of accountability attestation form to accompany this report. The board will continue to be vigilant with profitability enhancement and expense reduction while operating modern stores with a robust customer service focus.

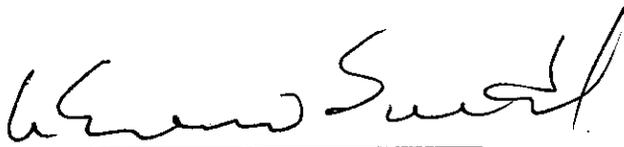
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Month Day Year

Durham County
ABC Board

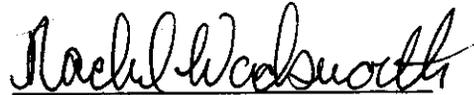
Certificate of Accountability

This document assures this Board and the State of North Carolina that the following statutory duties required of local ABC Boards have been properly performed.

1. The system has complied with all State uniform pricing requirements pursuant to NCGS §18B-804.
2. That all alcoholic beverages sold have been approved by the Commission for sale in this State pursuant to NCGS §18B-800.
3. That all "gross receipts" pursuant to NCGS §18B-805(a) have been properly accounted for and are lawful.
4. That all taxes due and board expenses have been properly and timely paid pursuant to NCGS §18B-805(b).
5. That all distributions pursuant to NCGS §18B-805 have been properly and timely paid.
6. That the finance officer for the board has properly performed all duties as required pursuant to NCGS §18B-702(k).



General Manager



Financial Officer



Chairman



Board Member



Board Member



Board Member



Board Member