

# Edgecombe County ABC Board

## Performance Audit Report

## TABLE OF CONTENTS

---

ABC Commission Statement .....	3
Objective, Purpose & Background Information .....	4
Financial Analysis, Observations & Findings .....	6
Actions and Additional Considerations .....	18-19
Previous Performance Audit Recommendations .....	20-21
Appendix A-Program Analyst Summary.....	22-



# ABC

COMMISSION  
NORTH CAROLINA

## Alcoholic Beverage Control

### CHAIRMAN:

Hank Bauer

### COMMISSIONERS:

La'Tanta (L.T.) McCrimmon  
Raleigh

David Sherlin  
Raleigh

DEPUTY COMMISSIONER:  
Mike DeSilva

LOCATION:  
400 East Tryon Road  
Raleigh NC 27610

MAILING:  
4307 Mail Service Center  
Raleigh NC 27699-4307

PHONE: (919) 779-0700  
<http://abc.nc.gov/>

February 10, 2026

Edgecombe County ABC  
Board  
Shelly Willingham, Chair  
414 W. Wilson St.  
Tarboro, NC 27886

Chairperson Willingham,

On the following pages, you will find the performance audit report conducted by the staff of the ABC Commission reviewing the operations of the Edgecombe 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.

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 Statues, 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

Edgecombe County is in northeastern North Carolina, and the seat is Tarboro. The largest community is Rocky Mount which is split between Nash and Edgecombe Counties. The county's population per the 2020 census was 48,900 residents, a decrease of 13.5% from 2010. The Edgecombe County ABC Board operates five (5) retail stores and is the only board in the county.

Chapter 493 of the 1935 Pasquotank Act authorized Edgecombe County to hold an election. The referendum was held on June 22, 1935. The vote for an ABC store passed 2,845 to 332. The first retail sales date was July 3, 1935. Upon election of an ABC Store the county was authorized to create an ABC Board consisting of a chairperson and two members. In 1987, the NC General Assembly passed a bill to enlarge the board by two members. Current members are C.B. Bunting III, Evelyn Powell, Charlie Harrell, Calvin Wiggins, and Chairperson Shelly Willingham. Mixed beverage sales have been approved for Princeville, Tarboro, and Rocky Mount, but not in other parts of the county.

*The last performance audit for the Edgecombe County ABC Board concluded in 2018.* The Commission audit serves as a continuous way to provide local boards with information and best practices that target areas for improvement.



**414 W. Wilson St. Tarboro**

## **OPERATIONAL OBSERVATIONS, FINDINGS, REQUIRED ACTIONS, & RECOMMENDATIONS**

On October 20, 2025, ABC Commission Program Analyst Edwin Strickland visited the Edgecombe County ABC Board and interviewed the General Manager, James Michael Houston, Finance Officer Katherine Bridgers, and other personnel. Below is a financial analysis followed by operation observations, findings, and recommendations related to the performance audit.



**115 Main St. Pinetops**



**1105 E Raleigh Blvd. Rocky Mount**



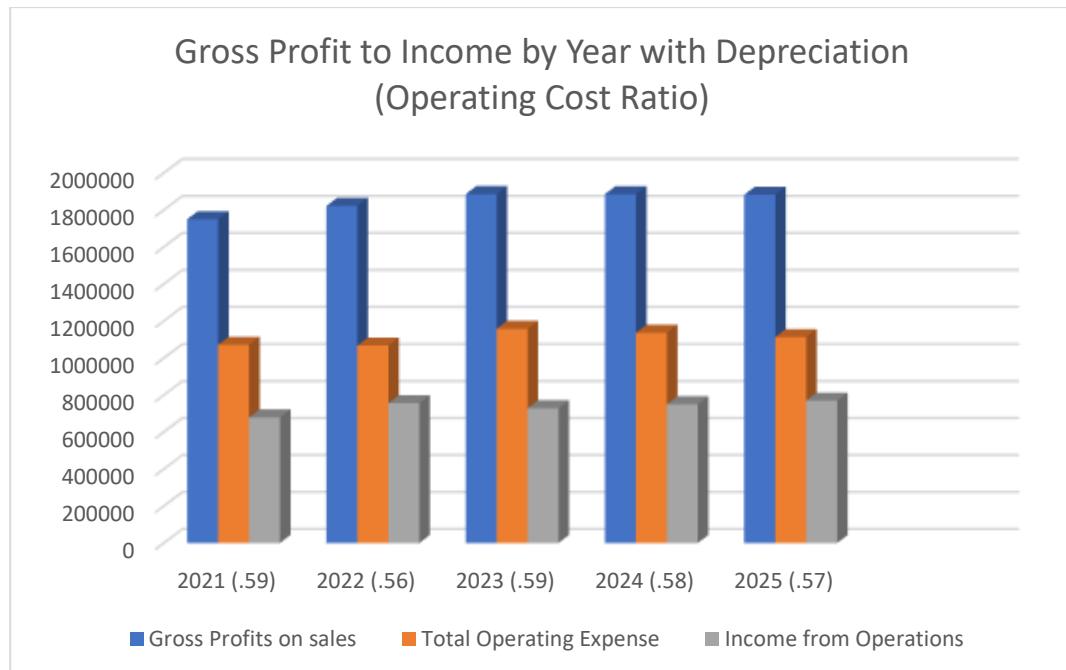
**101 Railroad St. Whitakers**

## FINANCIAL ANALYSIS

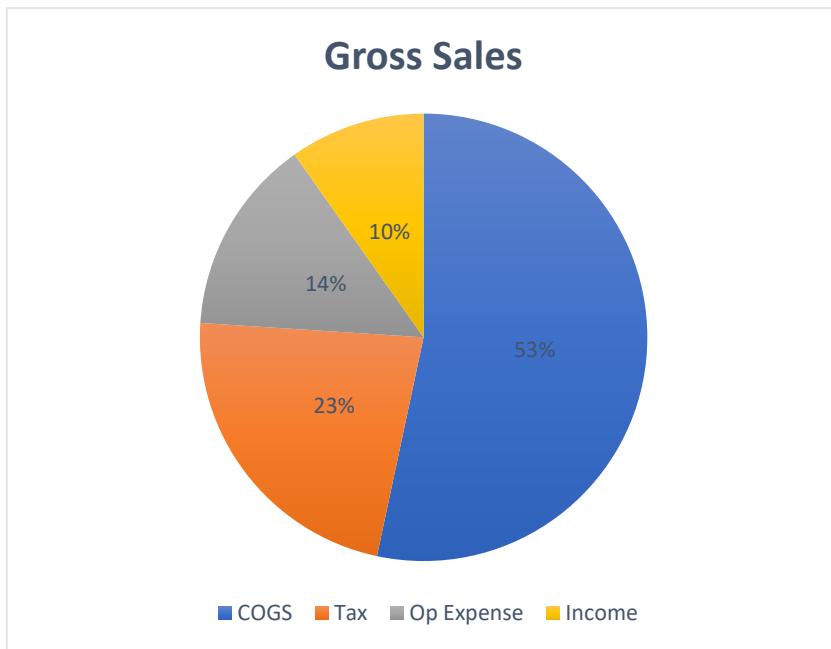
### PROFIT PERCENTAGE TO SALES & OPERATING COST RATIO

- In fiscal year FY 2024-2025, the Edgecombe County ABC Board had a profit percentage to sales ratio of 9.79%. The NC ABC Commission profit to sales standards for ABC Boards with gross sales greater than \$2M is 6.5%.
  - The Edgecombe County ABC Board's gross sales totaled \$7,857,836, which was an approximate .6% increase from the previous fiscal year.
  - The board's sales have grown almost 10% in the last five complete fiscal years.
- Edgecombe County ABC Board operates five retail stores with mixed beverage sales. The operating cost ratio for the board was .57 in FY 2024-2025. The NC ABC Commission standard for ABC Boards with three or more stores is .63 or less.
  - 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 Edgecombe County ABC Board meets both the profitability standard and the operating cost standard set by the NC ABC Commission. 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
<b>Gross Profit on Sales</b>	\$1,882,224	\$1,885,200
<b>Total Operating Expense</b>	(\$1,112,694)	(\$1,135,761)
<b>Income from Operations</b>	\$769,530	\$479,439



- 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.



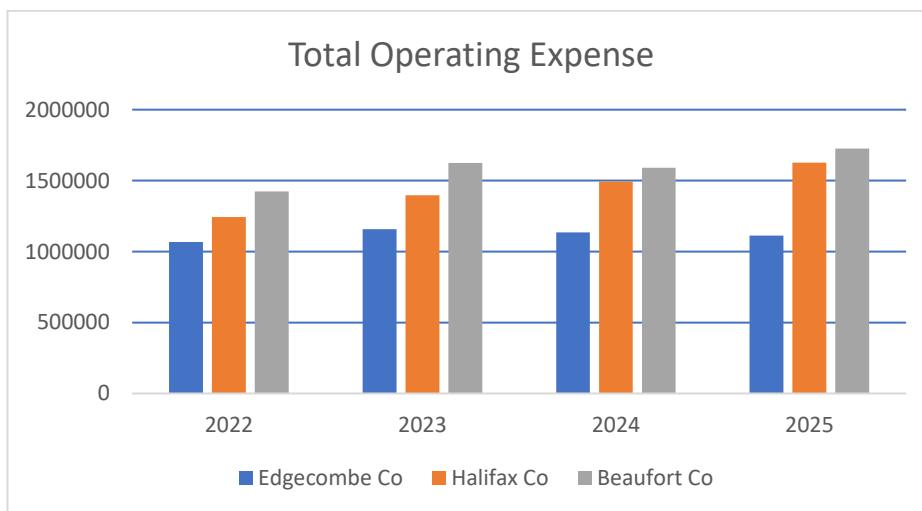
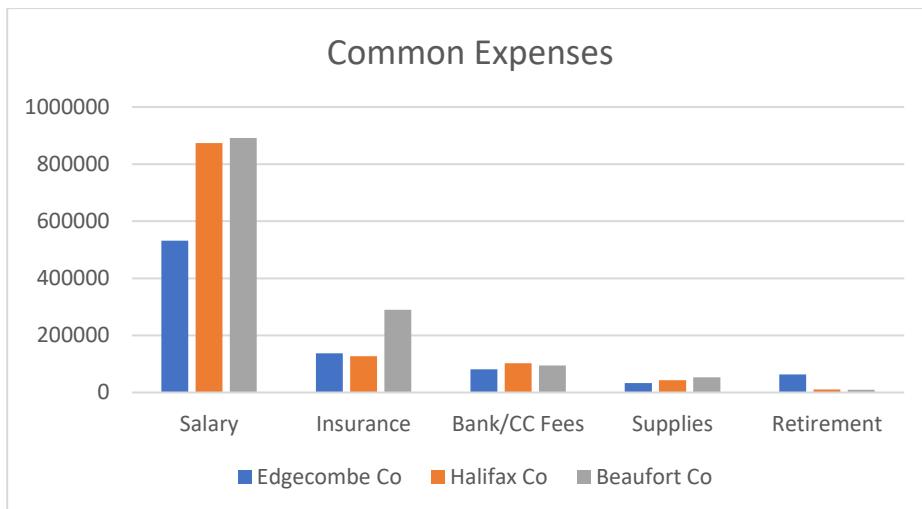
- *Factors affecting sales:*
  - The five counties surrounding Edgecombe County each have an ABC Board with a store within a 30-mile radius of an Edgecombe County ABC store.
  - A 5.8% unemployment rate in Edgecombe County in June of 2025 with a .3% increase from the previous year.
  - The board currently has approximately 16 active mixed beverage customers. *In FY 2024/2025 mixed beverage accounted for around 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 Edgecombe County ABC Board receives shipments weekly with a target inventory turnover rate of 6. The inventory turnover rate in (FY) 2024-2025 was 7.1, which is above the goal.

## FINANCIAL ANALYSIS (cont.)

- *Factors affecting expenses:*
  - Total operating expenses decreased by around two percent (-2%) from the last fiscal year and were around fourteen percent (14%) of total annual sales in FY-24/25.
  - Board salaries were just under seven percent (7%) of total annual sales and decreased around five percent (-5%) 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 Edgecombe County ABC Board has mostly lower categorical and lower 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.*
  - Both Halifax County and Beaufort County ABC Boards have higher sales but similar number of stores and geographical comparisons to Edgecombe County ABC.



## BUDGET ANALYSIS

---

	FY 2024-2025 <i>Budget Projections</i>	FY2024-2025 <i>Actual</i>	Variance	Variance %
<b>Total Revenues</b>	\$8,450,000	\$7,861,304	(\$590,164)	(7%)
<b>Total Expenditures</b>	\$7,677,500	\$7,043,103	\$460,009	6%
<b>Distributions</b>	\$672,500	\$672,998		
<b>Revenue over/under Expenditures &amp; Finance</b>		\$145,203		
<b>After Reconciling Items</b>		\$100,000		

- In reviewing the budget to actual analysis of the FY 2024-2025 financial audit, actual total revenues were 7% below budget and expenditures were 6% below the final budget amendment.
  - The change in net position during the fiscal year was \$100,000. *The board's collective net position on June 30, 2025, was \$2,226,944; the net position has increased by almost twenty-three percent (23%) over the last five (5) fiscal years.*
- Based on sales trajectory for the current fiscal year with three months (25%) of the budget year completed, the board is tracking at over 23% 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, Edgecombe County ABC accrued funds for other statutory distributions totaling \$672,998 (Net profit distribution recipient(s) received \$645,663).
- The amount of \$1,780,135 in primary distributions and other taxes were paid to the NC Department of Revenue (NCDOR), DHHS, and the county commissioners of Edgecombe County.
- Per the local enabling act, the distribution formula for recipients of net profits is as follows:
  - \$15,000 per annum - Tarboro Public Libraries
  - \$5,000 per annum - Rocky Mount Public Libraries
  - (\$625 where stores located quarterly - remainder divided proportionately according to profits)
  - Remainder to Edgecombe County Board of County Commissioners

## DISTRIBUTIONS (cont.)

---

### ➤ STATUTORY DISTRIBUTIONS:

- Net Profit Distributions – The Edgecombe County ABC board has made net profit distributions for the last five (5) fiscal years at or 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 four (4) of the last five (5) FYs.
- Alcohol Education Distributions: Have not been disbursed at or above the standard 7% statute amount the last five (5) FYs

Year	Amount Distributed	Percentage of Gross Profits
FY 2025:	\$0	0%
FY 2024:	\$7,000	1.3%
FY 2023:	\$1,000	.2%
FY 2022:	\$1,000	.2%
FY 2021:	\$2,000	.4%

NC GENERAL STATUTE: 18B-805 (c)(1)	
<b>Calculation of Minimum Mandatory Distribution for Net Profit to Designated Recipients</b>	<b>Edgecombe County ABC Board Net profit distribution made annually by fiscal year</b>
<b><i>Note: Referencing CPA Audit Reports</i></b>	
<b>Calculated Amount</b>	<b>Total paid to recipient(s)</b>
FY-2025	\$226,298
FY-2024	\$224,561
FY-2023	\$222,695
FY-2022	\$214,009
FY-2021	\$209,267

## 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 Edgecombe County ABC Board is required to maintain a minimum working capital of \$233,758 with a maximum working capital amount of \$1,519,425.
  - The Edgecombe County ABC Board had a working capital balance of \$1,651,846, which is more than the maximum allowed per 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.
- The board received approval from their appointing authority to maintain additional funds in a capital improvement plan in 2018. *With the board's plan to spend this fund on a new warehouse in the current fiscal year, the board should be below maximum working capital by the end of FY 2025-2026.*

## **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. Each regular member receives compensation for their services below the maximum \$150.00 per meeting and in compliance with G.S. 18B-700(g). The chairperson's salary currently exceeds the maximum allotment with twelve monthly payments in the amount of \$228.69. In 2018 the Edgecombe County Board of Commissioner's voted to allow the chairperson's salary to exceed the \$150.00 maximum. *The Commission requests approvals for members' salaries exceeding the maximum requirement.*
  - Current board members' terms are staggered to comply with G.S. 18B-700(a), but term end dates are in three different months. *For ease with appointments and general record keeping, the Commission requests the board seek realignment for term end dates to expire in the same months for all members.*
  - All board members are currently compliant with ethics training requirements.
  - All members have served multiple terms for the board.
  - Members have professional experience in a variety business sectors, finance, education administration, law enforcement, and two are state or county elected officials.
- Members have taken an oath of office per G.S. 11-7 and copies are available at the board's administrative office.
- Meetings are generally held on the second Monday of each month, and meeting dates are posted at the board's administrative office.
- Meeting minutes are organized, available, and follow all the order of proceeding. At the beginning of each meeting the members sign a document indicating they have no conflicts of interest with the agenda. *The Commission would prefer this be acknowledged and included in the board's official minutes also.*
  - Financial data is provided and discussed at meetings to include sales for each store, mixed beverage, and comparisons to the previous year.
  - 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 Edgecombe County Sheriff's Department from 2017.
- Law enforcement reports are submitted regularly by the county's ABC Officer, Sgt. Troy Hill.
  - The law enforcement reports contain applicable data for accountability as required by G.S. 18B-501(f1).
  - Reports on activities are sometimes included and discussed in board meetings.

## **Board Personnel**

- The board currently staffs twenty-one total employees with eight working full-time.
- The General Manager has been with the board for eleven years and was previously the general manager for another board.
  - He is responsible for all board operations, his salary is below the maximum allowable compensation per G.S. 18B-700(g1), and he is compliant with the ethics training requirement.
- The Finance Officer is full-time and has been with the board for around nine years. She has been in this position since 2023, having previously been a store manager.
  - Their responsibilities include most accounting-related activities, and they serve as the Assistant General Manager.
- The board has a full-time operations manager responsible for ordering, the warehouse, and store deliveries.
- The board has officially designated store managers for two of their five stores responsible for their stores' scheduling, upkeep, and general operations. *Per G.S. 18B-803(a), the board should designate a manager for each store to operate pursuant to the directions of the board.*
- All other store employees are sales associates and primarily responsible for providing friendly customer service, general store cleaning and upkeep, and stock maintenance.
- Training is provided for new employees from management and seasoned employees and is on-the-job mentorship styled.
  - All employees initially work in Store #1.
  - The board has an operations manual which lists methods for performing various tasks for training and reference.
  - Some cross-training opportunities are extended with all employees learning about the warehouse and truck deliveries. The administrative staff also learn how to perform some of each other's duties.
  - All employees have attended RASP training and have received other training from ALE and the county's ABC Officer.
  - All special-order requests for new items are considered.
- A file for each employee is kept in the administrative office and includes application, tax information, some disciplinary or performance related documents, RASP training certificates, and policy acknowledgment forms.
- Full-time employees are enrolled in LGERS.
- 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 and job descriptions.
  - The manual includes policies for gift acceptance, alcohol sales, register shortages, bank deposits, price discrepancies, and others.
  - Additional policies on file with the commission include a code of ethics, vehicle usage, mixed beverage sales and delivery, and credit card usage.
- For travel, the board follows their appointing authority's policy and has obtained the required written approval for the current year in compliance with G.S. 18B-702(g2).

## **Operations**

- Board personnel conduct full inventory monthly at all stores.
  - Counts are made using paper check lists.
  - Variance reports are re-checked and sent to the administrative office.
  - Administrative team reviews and verifies before the general manager makes system adjustments.
  - Strategies for slow-moving products include moving in the stores and an end cap for discontinued items.
- The board receives deliveries of liquor each Thursday at their main warehouse.
  - Each pallet is down stacked by hand trucks. *The board has immediate plans for a new central warehouse to accommodate pallet delivery.*
  - Off load is counted with the manifest and compared to the order edit list.
  - The administrative team and others participate.
  - Any variances are recounted and balanced against store and warehouse stock before discrepancy reports are sent to LB&B.
- Liquor orders are made by the warehouse manager or general manager.
  - The min and max suggested order is run for each store and edited to complement a 75% monthly sales supply.
  - Investments in specially priced items are considered.
  - *With the plan for a new warehouse underway, the board will have more potential for investments in buy ins. The stores will be able to order from the warehouse and have LB&B deliveries replenish warehouse needs.*
- Allocated products are generally shelved at one of the two top performing stores but sometimes taken to the others. Mixed beverage accounts are offered these products as well.
- 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.
- The board currently has around sixteen mixed beverage customer accounts.
  - Store #1 and Store #6 are the designated mixed beverage outlets.
  - Orders are pulled, stamped, and rechecked when entered into the point of sale system.
  - 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, except the stamps do not identify the local board's system of sale.
  - A mixed-beverage sales policy is available for permittees.
- The board does not hold tastings.

## **Financial, Administrative, and Internal Controls**

- Invoices for liquor are processed monthly by the finance officer through Traverse.
- 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, and counter-signed by the general manager.
  - The finance officer does pay one supplier and their bailment and surcharge via ACH disbursements.
  - *A small sample of invoices were reviewed and indicated they were paid within the thirty-day requirement.*
- Purchase orders are utilized for supplies and other purchases and include the preaudit certificate signed by the finance officer. For full compliance with G.S. 18B-702(m), the board should reestablish having the finance officer administer the preaudit certificate on liquor orders, usually on the order edit list.
- The board maintains petty cash and itemized receipts are retained until the cash is reconciled.
- The board has two credit cards issued to the administrative office.
  - The board's credit card policy defines usage and clarifies the process for maintaining invoices and receipts.
- Cash-handling procedures are in place and covered in the board's operations manual.
  - At the end of a shift the employees initial their calculator tally tape which covers denominations of bills and coins.
  - Deposits are built by the opener and deposited the next business day when banks are open.
  - Since Whitaker no longer has a bank, deposits for Store #5 are picked up twice weekly by the County's ABC Officer and delivered to the administrative office to be deposited. *The board could request the Commission waive the daily deposit requirements for compliance with Rule 15A .0905 referencing (d).*
  - The general manager and finance officer conduct month end reconciliation.
  - *A sample of recent deposits were reviewed and matched with cash register tapes with no significant variances.*
- Funds are kept in a pooling bank(s) approved by the North Carolina Treasury Office.
- In FY 24/25, the board did not make an alcohol education distribution but have made some in previous years. If this distribution is made in the future, for general accountability and compliance with G.S. 18B-805(h), the board should ensure their meeting minutes describe the activity for which these funds are to be spent, and any agency or person receiving funds submits an annual report describing how the funds were spent.
- Payroll is processed twice monthly by the finance officer through Traverse.
  - Store managers send timesheets which are reviewed by the administrative team before processing.
  - *A review of recent payroll records indicates accurate pay rates as entered on the board website for board members and the general manager.*
- The annual CPA audit was received by the Commission on September 18, 2025.
- All board members and applicable personnel are bonded for at least \$50,000 per G.S. 18B-700(i) and G.S. 18B-803(b).

## **STORE INSIGHT & OVERVIEW**

- Commission staff visited four stores and the board's administrative office.
  - All stores visited are free standing buildings with ample or adequate parking.
  - Easily viewable signs are displayed, and they are not worn or faded.
  - The exteriors of the buildings are professionally maintained, free of trash and debris, and landscaping is kempt at applicable stores.
- The interior of the stores and warehouses are well lit and organized.
  - Floors and shelves are clean, and counters are not overly cluttered.
  - The Fetal Alcohol Syndrome posters required by G.S. 18B-808 are displayed.
  - Quarterly price books are available.
  - The SPA price list and one bottle of some of the monthly specials are displayed on an endcap or similar area.
  - Category signs are prominently displayed.
  - There is a North Carolina product section, but these products are mostly found in their corresponding category. Shelf tags indicating NC products are used.
  - Shelf tags for specially priced items are used when provided by the brokers.
  - Showrooms are modern, aesthetically appealing, and displays are utilized.
- Shelf management practices are mostly implemented.
  - Products are fronted, dusted, and in their designated category.
  - Premium products are generally found at eye-level or top shelf.
  - Bottles are sometimes but not always arranged so they increase in size left to right of the same item.
- A sample of approximately 100 items were selected at all stores to determine if uniform pricing is displayed. While most of the tags reviewed were accurate, several instances of products on the monthly special list did not have accurate shelf tags and reflected the previous month's price. Additionally, at two stores, a popular vodka brand with many flavors displayed prices from a previous quarter.
  - 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.
- Hours for the two flagship stores are 10:00 am through 9:00 pm daily. The other three stores are open from 12:00 pm until 7:00 pm daily and until 9:00 pm on Fridays and Saturdays.
- All stores are closed every Sunday, the five previously required holidays, Martin Luther King Jr. Day, and Memorial Day.
- Security systems are in place and functional in all designated areas.
  - *All stores have cameras, and some have alarms.*
  - *All staff are aware that loitering is prohibited.*
  - *Stores have pens and lights to combat counterfeit bills.*

## **REQUIRED ACTIONS PER LAWS AND RULES**

---

- Item #1: G.S. 18B-700(g) requires the appointing authority for a board to notify the Commission in writing if a different compensation level (other than the \$150.00 statutory maximum) for any board member is approved. *While the board did receive an approval to give raises to members in 2018, the Commission will need written approval from the board of County Commissioners for the chairperson's current compensation schedule.*
- Item #2: For full compliance with G.S. 18B-803(a)(b), the board should employ a store manager for each store it operates, and ensure each manager is bonded in an amount not less than fifty thousand dollars (\$50,000). *The board could consider utilizing a member of their administrative team to manage a store, but one person cannot be the designated manager for more than one store.*
- Item #3: Daily cash bank deposits should be conducted or a waiver request from the Commission should be requested for compliance with NCAC 15A .0905 (a)(d). *Commission staff will be happy to assist should the board decide to seek a waiver request.*
- Item #4: Per Rule 15A .1901(a)(1), the board should indicate something that identifies the local board's system of sale on mixed beverage tax stamps.
- Item #5: Local boards shall maintain a shelf management plan per Rule 15A .1708. While often followed, the board could work to rearrange some liquor inventory on the shelves to follow shelf management requirements, in particular ensuring bottles increase in size from left to right where applicable.
- Item #6: Begin distributing toward alcohol education/rehabilitation programs as required by G.S. 18B. G.S. 18B-805 (c) (3) states that the local board shall spend, or pay to the county commissioners to spend, for the purposes stated an amount set by the board which shall be at least seven percent (7%) of the gross receipts remaining. This provision shall not be applicable to a local board which is subject to a local act setting a different distribution. G.S. 18B-805 (h) states that funds distributed shall be spent for the treatment of alcoholism or substance abuse, or for research or education on alcohol or substance abuse. Any agency or person receiving funds from the county commissioners or local board shall submit an annual report to the board of county commissioners or local board from which funds were received, describing how the funds were spent.
- Item #7: 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**

---

- While the statement of no conflict of interest is signed by all members at each board meeting, the board should reference this action in their official meeting's minutes.
- 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.
- The board could consider requesting their appointing authority realign members' term end dates to end in the same month for all members. This can help with general ease in record keeping and can serve to make appointments and reappointments easier to implement.
- The board could consider having a written policy for their sale of allocated products. *In addition to establishing guidelines, this policy can be informative to patrons who question your current distribution of these high demand products.*
- While the board does include the preaudit certificate on most purchase orders, the board should reestablish administering the preaudit certificate on liquor orders for full compliance with G.S. 18B-702(m). This is most commonly accomplished by stamping and signing the order edit list before the order is placed.
- With the enterprising addition of a new warehouse, the board should consider more investments in buy ins for high demand and other specially priced items to lower liquor costs.

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

## **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 30<sup>th</sup> 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.

## **PREVIOUS PERFORMANCE AUDIT ACTIONS (2018)**

---

- Begin distributing toward alcohol education/rehabilitation programs as required by G.S. 18B. G.S. 18B-805 (c) (3) states that the local board shall spend, or pay to the county commissioners to spend, for the purposes stated an amount set by the board which shall be at least seven percent (7%) of the gross receipts remaining. G.S. 18B-805 (h) states that funds distributed shall be spent for the treatment of alcoholism or substance abuse, or for research or education on alcohol or substance abuse. Any agency or person receiving funds from the county commissioners or local board shall submit an annual report to the board of county commissioners or local board from which funds were received, describing how the funds were spent.
- All ABC Boards are required to operate within a balanced budget. ABC Boards cannot appropriate items not included in the budget. G.S. 18B-702(h) states, “Except as otherwise restricted by law, the local board may amend the budget at any time after adoption, in any manner, so long as the budget, as amended, continues to satisfy the requirements of this section...Amendments to the adopted budget shall also be provided to the appointing authority and the Commission.”
- Distribute the excess of working capital, \$122,550, to the county or ask for approval from the county allowing the board to set up a capital improvement fund account for a specific capital improvement purpose. Once the approval is received, forward to the NC ABC Commission.
- A capital improvement fund must be approved by the appointing authority. G.S. 18B-805 (d) states, “...With the approval of the appointing authority for the board, the local board may also set aside a portion of the remaining gross receipts as a fund for specific capital improvements.”
- As a reminder, submit policies to the NC ABC Commission prior to adoption. NCAC 15A .1102 states, “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.”

- Follow the closed session proceedings as indicated in the ABC Operations Manual. The procedure for entering into closed session is as follows:
  - When in open session, a motion to enter into closed session stating the specific reason is required.
  - A vote is taken and if approved, the board will enter the closed session to discuss the stated topic. No vote can be taken while in closed session.
  - To re-enter open session from closed session, a vote is taken and if approved, open session is resumed.
- All ABC Board meetings are required to be noticed to the public. Post signage at the administrative office complex or at the Edgecombe County Administrative building.
- When an ABC board member's term has expired, they no longer have authority to vote on ABC board business. Ask the appointing authority to appoint new board members or reappoint existing board members whose terms have expired. As a reminder, board members who have been newly appointed or reappointed must complete the required ethics training within one year of appointment status.
- Seek approval from the appointing authority if compensation of board members exceeds the maximum compensation. G.S. 18B-700 (g) states, “A local board member shall receive compensation in an amount not to exceed one hundred fifty dollars (\$150.00) per board meeting unless a different level of monetary compensation is approved by the appointing authority. If a different level is approved by the appointing authority, the appointing authority shall notify the Commission of the approved level of compensation in writing. Any change in compensation approved by the appointing authority shall be reported to the Commission in writing within 30 days of the effective date of the change.”
- Board members are not employees of the ABC system and are not to receive pay adjustments. G.S. 18B-700 (g) states “...No local board member shall receive any nonmonetary compensation or benefits unless specifically authorized in this section.” Refer to above recommendations for remaining text.
- Adopt a policy that specifically defines official board business and allowing board members to receive mileage reimbursement to and from board meetings. Submit copies of the policy to the NC ABC Commission at least 15 days prior to adoption.

**While having addressed many considerations from the previous Commission review (2018), 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 submitted to the Edgecombe County ABC Board on November 3, 2025. The board has received a waiver to stagger deposits at their Whitakers store, and remains committed to achieving excellence in customer service and profitability.