

# Fletcher ABC Board

## Performance Audit Report



Alcoholic Beverage Control Commission  
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**ABC**  
COMMISSION  
NORTH CAROLINA

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## Alcoholic Beverage Control

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May 28, 2025

Fletcher ABC Board  
Samantha Todd, Chair  
37 Rockwood Rd.  
Fletcher, NC 28732

Chairperson Todd,

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

Fletcher, located in Henderson County, is a town in southwestern North Carolina. The town is near the Asheville Regional Airport between the larger populated cities of Asheville and Hendersonville. The town's population per the 2020 census was 7,987 residents, a more than 11% increase from 2010.

G.S. 18B-601 authorized the Town of Fletcher to hold an election for an ABC store. The referendum was held on April 16, 1991, and passed 431 to 235. A mixed beverage election occurred on the same date and passed with the same votes. The first retail sale occurred on May 1, 1993. Upon election of an ABC store, the town was authorized to create an ABC board consisting of a chairman and two board members to serve three-year staggered terms. Current board members are Samantha Todd, board chair, John Brandon Olsen, and Louis Linn. The Fletcher ABC Board operates one (1) retail store and is one of two (2) boards with stores in the county.

*The last performance audit for the Fletcher ABC Board concluded in 2015.* 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 Wednesday, March 19, 2025, ABC Commission Program Analyst Edwin Strickland visited the Fletcher ABC Board and interviewed the General Manager, Brently Sproles, Assistant Manager Taylor Estremera, and Finance Officer, Christine Cutshaw. Below is a financial analysis followed by operation observations, findings, and recommendations related to the performance audit.



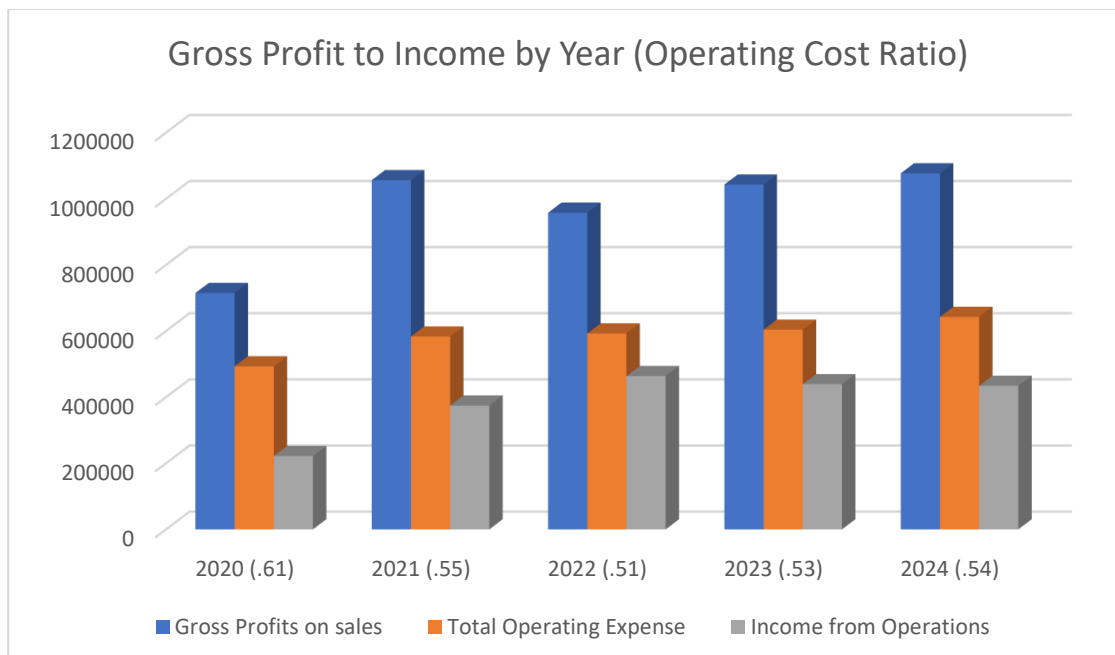
**37 Rockwood Rd. Fletcher, N.C.**

## FINANCIAL ANALYSIS

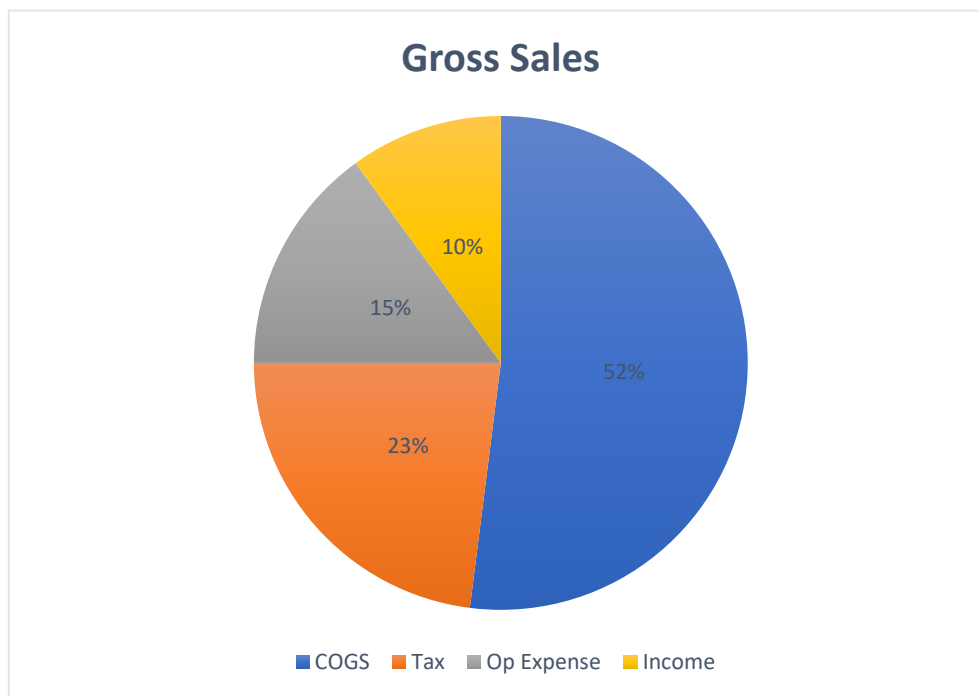
### PROFIT PERCENTAGE TO SALES & OPERATING COST RATIO

- In fiscal year (FY) 2023-2024, the Fletcher ABC Board had a profit percentage to sales ratio of 10.05%. The NC ABC Commission profit to sales standards for ABC Boards with gross sales greater than \$2M is 6.5%.
  - The Fletcher ABC Board's gross sales totaled \$4,319,931, which was an approximate 2.7% increase from the previous fiscal year.
  - The board's sales have grown almost 49% over the last five completed fiscal years.
- Fletcher ABC Board operates one retail store with mixed beverage sales. The operating cost ratio for the board was .54 in FY 2023-2024. The NC ABC Commission standard for ABC Boards with one or two stores and mixed beverage is .73 or less.
  - Operating cost ratio is calculated by dividing total operating expenses less depreciation by the gross profit on sales (Total operating expenses less depreciation/Gross Profit).
- Thus, the Fletcher ABC Board exceeds both the profitability and the operating cost standards set by the NC ABC Commission. Below are charts showing gross profit on sales, total operating expenses, and income from operations for recent years.

	FY 2023-2024	FY 2022-2023
<b>Gross Profit on Sales</b>	\$1,076,920	\$1,042,993
<b>Total Operating Expense</b>	(\$642,577)	(\$603,800)
<b>Income from Operations</b>	\$434,343	\$439,193



- *Factors affecting sales:*
  - Other ABC boards with stores within a 20-mile radius include Blue Ridge, Brevard, Asheville, and Woodfin.
  - A 3.4% unemployment rate in Henderson County in June of 2024 with a .4% increase from the previous year.
  - The board currently has approximately 9 active mixed beverage customers. *In FY 2023/2024 mixed beverage accounted for over 8% of gross sales.*
- 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, or as additional distributions beyond the minimum requirement.



## INVENTORY TURNOVER

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- 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 Fletcher ABC Board receives weekly shipments with a target inventory turnover rate of 6. The inventory rate in (FY) 2023-2024 was 4.1, which is somewhat below the goal.

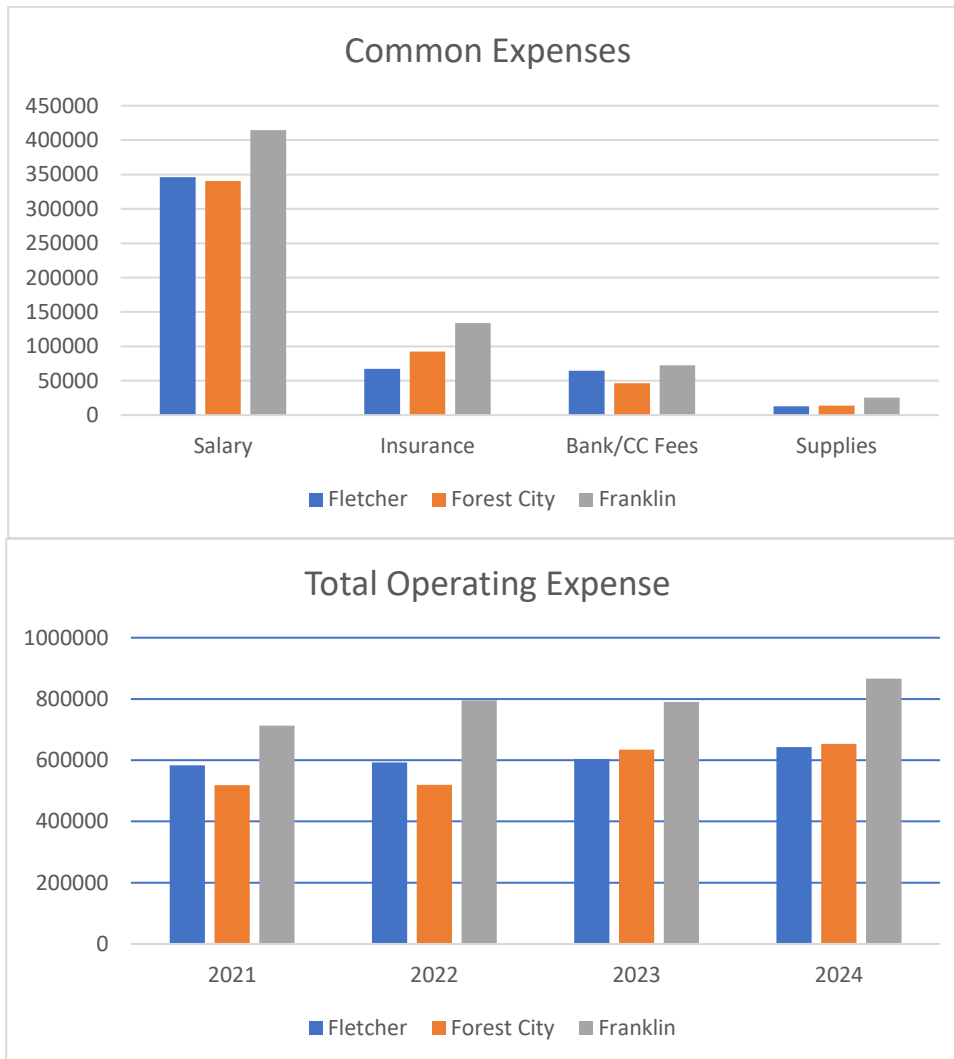


## FINANCIAL ANALYSIS (cont.)

➤ *Factors affecting expenses:*

- Total operating expenses increased around six percent (6%) from the last fiscal year and were roughly fifteen percent (15%) of total annual sales in FY-23/24.
- Board salaries and wages were approximately eight percent (8%) of total annual sales. Salaries and wages increased over twenty percent (20%) from the previous fiscal year.
- Cost of Goods Sold (COGS) was roughly 52.3% for the fiscal year with a normal range being 52% to 54%.

- A common expense report and a total operating expense report show the Fletcher ABC Board has similar and/or slightly lower categorical and total operating expenses comparable to other ABC boards within a similar gross sales range and geographical area. *Common expense report categories can be unreliable as different CPAs may include different expenses in their line items.*



## BUDGET ANALYSIS

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	FY 2023-2024 <i>Budget Projections</i>	FY2023-2024 <i>Actual</i>	Variance	Variance %
<b>Total Revenues</b>	\$4,124,610	\$4,320,481	\$195,871	4.7%
<b>Total Expenditures</b>	\$3,902,609	\$3,825,750	\$76,859	2%
<b>Distributions</b>	\$329,000	\$339,365	(\$10,365)	
<b>Revenue over or (under) Expenditures</b>		\$155,366		
<b>After Reconciling Items</b>		\$95,528		

- In reviewing the budget to actual analysis of the FY 2023-2024 financial audit, actual sales revenues were 4.7% above final budget amendment. *No final budget was submitted to the Commission as required by G.S. 18B-702(h).*
  - In addition, the net income change during the fiscal year was \$95,528. *The board's collective net position on June 30, 2024, was \$1,504,307; the net position has increased approximately 32% in the last five (5) fiscal years.*
- Based on sales trajectory for the current fiscal year with eight months (66%) of the budget year completed, the board is tracking along very well at over 70% of annual budgeted sales.
  - *A comparison of the board's current P&L to their FY 2024-2025 budget indicates no significant variations in line-item expenditures through January 2025.*

## DISTRIBUTIONS

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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 2023-2024, Fletcher ABC made other statutory distributions totaling \$339,365 (Net profit distribution recipient received \$305,000).
- The amount of \$985,351 in primary distributions and other taxes were paid to the NC Department of Revenue (NCDOR), DHHS, and the county commissioners of Henderson County.
- *Per the local enabling act, the distribution formula for recipients of net profits is as follows:*
  - 100% to Fletcher General Fund

## DISTRIBUTIONS (cont.)

### ➤ STATUTORY DISTRIBUTIONS:

- Net Profit Distributions – The Fletcher ABC board has made robust net profit distributions the last five (5) fiscal years well above the minimum mandatory distribution in reference to NCGS 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 properly disbursed at or above the standard 5% statute amount over the last five (5) FYs.
- Alcohol Education Distributions: Have been disbursed at or above the standard 7% statute amount four (4) of the last five (5) FYs.
  - *FY 2023/2024 was 6%.*

NC GENERAL STATUTE: 18B-805 (c)(1)			
Calculation of Minimum Mandatory Distribution for Net Profit to Designated Recipients		Fletcher 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-2024	\$120,147	FY-2024	\$305,000
FY-2023	\$117,731	FY-2023	\$300,000
FY-2022	\$118,004	FY-2022	\$270,000
FY-2021	\$109,262	FY-2021	\$320,000
FY-2020	\$80,193	FY-2020	\$200,000

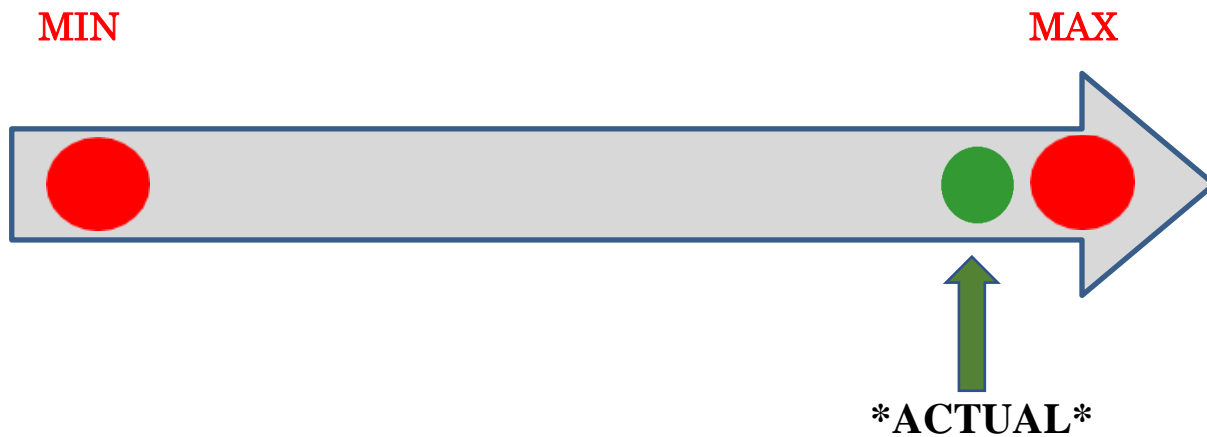
- Since inception, the Fletcher ABC Board has made net profit distributions to the Fletcher General Fund in the amount of \$2,673,914.

## WORKING CAPITAL

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- 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, 2024, the Fletcher ABC Board is required to maintain a minimum working capital of \$127,974 with a maximum working capital amount of \$831,832.
  - The Fletcher ABC Board had a working capital balance of \$787,090 which is more than the minimum and less than the maximum Commission requirements for this section (\*).

### **\* FY 2023-2024: *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 at the maximum \$150.00 per meeting.
  - Board members are compliant on ethics training.
  - Terms are not properly staggered with two members term end dates in the same calendar year. Board should consult their appointing authority to realign term end dates in compliance with G.S. 18B-702(a).
    - *Board could also consider requesting approval to align board member terms, so they all end the same month.*
  - The board consists of one two first term appointees and one who has served many consecutive terms.
  - Members have professional experience in accounting, business, and other non-profit areas.
- Members may have taken an oath of office per G.S. 11-7, but copies of oaths are not available at the board's administrative office.
- Meetings are generally held the last Thursday of each month and public notices are posted via a flyer in an in-store vestibule.
- Meeting minutes are well organized and available and follow the order of proceedings, providing detail of business discussed in a transparent and easily comprehensible manner.
  - Minutes reviewed contained most required notations including time and date, approval of previous meetings minutes, and distinguished between new and old minutes. *Meeting minutes reviewed did not include a no conflicts of interest statement and were not signed by the chairperson.*
  - Full financial reports prepared by the board's accounting firm are presented including sales for mixed beverages, comparisons for previous year, P&L and balance sheet.
  - Board members are heavily encouraged by the Commission to use checks and balances to ensure that cash management practices are upheld especially on payroll. 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 location.
  - *The expectation going forward is that ABC boards will routinely manage this information online, and work to communicate with the Commission particularly when new members are added, or whenever any current serving members resign before a term has ended.*

## **Law Enforcement**

- The board has a law enforcement contract with the Town of Fletcher Police Department from 2011 and a copy is on file in Commission records. *The board could consider updating their law enforcement contract since both the town official and board member who signed the 2011 contract are no longer in their respective positions.*
- Law enforcement reports are submitted regularly by Detective Sgt. Ron Diaz and are current to date.
  - Reports often provide details of activities for accountability per G.S. 18B-501(f1). *The board could consider discussing activities related to law enforcement at board meetings.*

## **Board Personnel**

- The board currently staffs fifteen (15) total employees, with three (3) full time, and twelve (12) part time.
- General Manager has served in this role with the board for approximately one- and one-half years and has over five additional years working with another ABC Board in sales and management.
  - General manager is full time, their salary is below the maximum allowable compensation per G.S. 18B-700(g1), and they are compliant on ethics training.
  - Their responsibilities include full oversight of all daily store operations, human resources, ordering, inventory, and other operational tasks.
- The assistant manager is full time and supports the manager with many responsibilities including inventory and deliveries. They are cross trained on some of both the general manager's and finance officer's key responsibilities and have recently completed an ethics training course.
- The Finance Officer is part time and has served the board for around seventeen years. Their responsibilities include billing and other invoices, many other things financial and administrative, and additional operational activities.
- The board uses a third-party firm for some accounting related duties.
  - Their main responsibilities include processing much of the information provided by personnel, providing financial reports for member review and the annual CPA audit, and providing general financial oversight and guidance.
- The board has a full-time lead store clerk who assists management with scheduling and other operational duties.
- All other store employees are part time sales associates and primarily responsible for providing friendly customer service, general store cleaning and upkeep, and stock maintenance.
- Training is provided to new employees from management and other personnel and is on the job and mentorship styled.
  - RASP training has not been completed in recent years and management is receptive to the idea and benefit.
  - Product knowledge training is handled informally between management and team members.
    - The general manager is a World Spirits Education Trust Level II, and an executive bourbon steward with Stave and Thief Society.
- Employee files are kept in the administrative office and include tax and other applicable information and personnel manual acknowledgment form.
- Full time and one part-time employees are enrolled in LGERS.
- No conflicts pertaining to nepotism found and per discussion with general manager.

## **Policies**

- The board has a comprehensive personnel manual that details various policies, behavioral standards, and aspects of employee benefits. *An updated copy is in Commission records retention.* Some of the headlines included in the manual are as follows:
  - Ethics standards and customer, employee, and personnel relationship.
  - Media, internet, equipment usage and cell phones.
  - Alcohol sales for identification of age, intoxication, employee, or families.
  - Cash handling including deposits and register balancing.
  - Pay, leave and benefits including holidays, timekeeping, scheduling, overtime, insurance, illness, medical, military, pregnancy, and employment categories.
  - Conduct standards including appearance, attendance, etiquette, drug or alcohol use, smoking, discipline, and harassment.
  - Employee evaluations, discipline, and problem resolution.
- Additional policies that have been submitted and approved include shelf management, breakage, price discrepancy, refund, mixed beverage, and a code of ethics.
- For travel, the board chooses to adhere to the state's travel policy in compliance with G.S. 18B-700(g2) and has provided documentation for Commission records.
- The board could consider adopting written policies for credit/bank card usage, lottery, tastings, and employee tastings.

## **Operations**

- Full inventory is conducted once a year with code-based inventories and other random counts conducted more frequently.
  - Both managers and other team members participate.
  - Scanners are used and discrepancies are investigated.
  - Adjustments are made by the general manager and sheets are retained.
  - A sample of items were selected to verify accurate current inventory. Of those selected two items actual inventory did not match the theoretical.
  - Strategies for slow moving products include a discontinued section, offering to other boards, and focused sales directing customers to the area.
- Board receives deliveries for goods weekly on Tuesdays.
  - Offload is conducted using a purchase order receipt list checking off cases by code.
  - Variances are reviewed and recounted before sending notification to LB&B.
- The board currently has nine mixed beverage customer accounts.
  - Invoices are provided to permittees at the time of the transaction and copies are retained for each account.
  - Mixed beverage customers use the warehouse entrance for purchases and staff assist in verifying order accuracy and help the customers with loading.
- General manager makes liquor order by first reviewing a thirty-day sales history and comparing to current inventory code by code. Next quarterly and SPA pricing is reviewed, and adjustments are made. Lastly, special orders are submitted and limited and allocated products are considered and ordered at midnight on the first of each month.
- Allocated products are reserved for mixed beverage accounts, included in an on-going lottery program, or occasionally shelved.

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

- Invoices for liquor are usually processed monthly for all deliveries and many payments are processed via ACH.
  - *A sample of payment dates was reviewed and indicated invoices were paid within the thirty-day requirement.*
- Board's checks have the required disbursement certificate in compliance with G.S. 18B-702(q).
  - The finance officer and assistant manager sign checks.
- Although the finance officer does regularly review liquor orders, the pre-audit stamp required by G.S. 18B-702(m) is not being properly affixed to purchase orders. *This could most reasonably be accomplished by stamping and signing the order edit list or other purchase orders.*
- The general manager and assistant manager each have a credit card, and the finance officer has the information for one of the cards to make on-line payments.
  - Itemized receipts for purchases are provided to the finance officer for review before the account is balanced.
  - *The board does not have a written credit card policy but should consider.*
- Deposits are made daily for the previous business day except Saturday. Deposit slips and other banking information are retained at the board's office and the finance officer conducts month end reconciliation and provides documentation to their accounting firm.
  - *A review of one month's deposit information was conducted, and no discrepancies were found between deposits and register receipts.*
- The board uses one or two registers in their showroom with tills beginning with \$150.00.
  - The board has a register without cash for mixed beverage sales in the warehouse area.
  - Drawers are counted at the beginning and end of each shift and a slip for each till is signed by the applicable employee.
  - The opening manager recounts all tills and combines the individual's employees bank bags to build the deposit.
  - There is a change fund but not used as petty cash.
- Funds are kept in a pooling bank approved by the North Carolina Treasury Office.
- Payroll is weekly and processed by board personnel with the accounting firm handling tax and other reductions.
  - Employees use the computer system to clock in and out and hours are reviewed by all administrative employees.
  - *A review of recent payroll records indicates accurate pay rates for the board website for board members and the general manager.*
- Board keeps thorough records for unsaleable merchandise reports and emails copies of the claims to the Commission regularly in compliance with NCAC 15A .1701(c).
- The board has not received a report describing expenditures of funds from their alcohol education and rehabilitation recipient or the county for their distribution in compliance with G.S. 18B-805(h).
- The annual CPA audit was received by the Commission on September 19, 2024.
- All board members and the general manager and finance officer are each bonded for \$50,000 per G.S. 18B-700(i).



## STORE INSIGHT & OVERVIEW

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- The board's store and administrative office is located on a side street off a major commercial thoroughfare and near an interstate.
  - There is a sign attached to the freestanding building and another very tall sign which can be visible from the main strip.
  - Outside area surrounding the store is well-maintained and free of debris or trash.
  - The television is tuned to news and weather.
  - There is ample parking and easy access for deliveries.
- The showroom-retail area is very large and shelving, endcaps, and other displays are well organized.
  - Show room space is aesthetically pleasant, well-lit, and allows for easy flow for patrons and staff.
  - The television is tuned to news and weather, and floors are clean.
  - There is a lottery board near the entrance with updated information.
  - The Fetal Alcohol Syndrome poster required by G.S. 18B-808 is displayed, and the quarterly price book is available should customers request.
  - Listings for specially priced items are printed and available for customers to review.
- The warehouse and administrative areas form a full horseshoe around the retail spaced.
  - The area is well lit and organized and can accommodate a large number of cases.
  - Staff can restock the exterior walls from the back of the shelves.
- Shelf management practices are fully implemented, and a written plan is available for store personnel which corresponds with NCAC 15A .1708.
  - Products are fronted and dusted, and most are placed in categorized areas.
  - 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.
- Sales associate interactions with customers are attentive, courteous, and the staff is very familiar with many of their patrons.
- A sample of approximately 100 items were selected to determine if uniform pricing is displayed. Of those selected, two item's prices were inaccurately posted.
  - *Both items were monthly SPA, and no special tag was supplied by the vendor.*
  - Price discrepancies are handled in the customers favor if the shelf tag were to be lower than the current price mandate.
- Store is generally open from 9:00 am until 9:00 pm daily. They are currently closed every Sunday, the five (5) previously required annual holidays, and Memorial Day.
- Security systems are in place and functional in all designated areas.
  - *The store has eighteen (18) cameras and panic buttons.*
  - *Management has an informal agreement with the police department to have a visible presence in their parking area or road near the store as their time permits.*

## **RECOMMENDED ACTIONS (STATUTES OR COMMISSION RULES)**

- In accordance with G.S. 18B-700(a) the board should request their appointing authority stagger member terms to have at least one term end date each year and on the same month. *If a member should leave the board before their term is concluded, appoint a new member for the duration of the previous member's term.* Member terms were realigned in April 2025.
- Board meeting minutes must have a conflict-of-interest disclosure statement, for proper adherence to G.S. 18B-201 (f)(k) and referencing G.S. 18B-700(h). Additionally, the chairperson or alternat board member in their absence, should sign the approved board meeting minutes for record retention.
- Board members should take an oath before taking office or before the execution of the office per G.S. 11-7. *A written account of the oaths should be available at board administration.*
- ABC Boards are required to operate within a balanced budget each fiscal year. Budget amendments must be approved by the board before any funds are transferred between accounts and utilized, occurring at the actual point of time an adjustment of funds is necessary. This would include the point in time during the fiscal year when annual forecasted sales or expenditures will differ significantly from budgeted. Ensure budget amendment copies are submitted to the ABC Commission and the board's appointing authority as required per G.S. 18B-702(h), to include a final reconciliation budget amendment for the fiscal year end.
- While already providing sufficient procedural oversight, the board should craft a credit card policy that clearly defines the purposes for usage of the card(s), people that may use the card(s), and the method for retaining records of usage. In accordance with Rule 15A .1102, the board should send the Commission all rules for approval and record retention.
- While the board does provide appropriate oversight with the finance officer reviewing purchase orders, the board should re-establish compliance with GS 18B-702(m) preaudit approval certificate to take substantially the following form on checks, "This instrument has been preaudited in the manner required by GS 18B-702".
- The recipient(s) of alcoholism fund or education distributions should provide annual documentation to the board describing the activity for which these awarded funds are spent per G.S. 18B-805(h). *The board may want to consider obtaining documentation before the funds are officially awarded / transmitted to any recipients.*
- 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.

## **ADDITIONAL CONSIDERATIONS & GUIDANCE ....**

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- 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 highly encouraged to find straightforward ways to lower any recurring expenses. *A very tangible way to lower operating costs is to fully maximize monthly special purchase allowance (SPA) liquor products that routinely sell well in the store to lower cost of goods sold (COGS).* Other 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*.
- With the anticipated construction of a new state warehouse in the foreseeable future, boards should evaluate the need for updates or expansions to efficiently accommodate the expected increase in products and their availability.
- 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 updating their law enforcement contract since both the town and board officials who signed the current contract are no longer in their respective positions.
- 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.
- ABC boards can explore additional training opportunities periodically available through the ABC Commission Education Outreach as well as partnering with other ABC boards or the Association of ABC Boards on specific areas such as best retail and marketing practices.

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

## **PREVIOUS PERFORMANCE AUDIT RECOMMENDATIONS (2015)**

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- Have all reappointed board members complete the ethics requirement within 12 months of reappointment.
- Consider additional training opportunities through the Commission and other Commission approved courses.
- Adopt a travel policy that conforms to either the appointing authority's or the State's policy. If the town's travel policy is adopted, submit a copy of the town's travel policy and a copy of the Town Board's minutes stating they have approved the ABC board to adopt the policy. If the State's travel policy is adopted, submit a copy of the ABC board's minutes stating the travel policy was adopted.
- 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.
- Have the board chairman read the conflict-of-interest statement to all board members at the start of each meeting.

**While having addressed most considerations from previous Commission review (2015), board should still monitor and strive to satisfy previously noted recommended actions.**

ABC Commission  
400 E. Tryon Rd.  
Raleigh, NC 27610

05/22/2025

We appreciate your support and recommendations from the audit recently performed. This performance audit will help us with the areas that need improvement. Please find below our responses to the findings and recommendations.

**Item 1: Board Member Terms**

Our board member terms have been staggered and are fixed.

**Item 2: Conflict of Interest disclosure statement.**

The following statement has been added to our meeting agenda and is read and confirmed verbally before the meeting starts: *In accordance with G.S. 18B-201, it is the duty of every board member to avoid both conflicts of interest and appearance of conflicts. Does any member have any known conflict of interest with respect to matters coming before the board today? If so, please identify the conflict or appearance of conflict and refrain from any undue participation in the particular matter involved.*

**Item 3: Board members oath of office**

Board members' oaths of office have been added to our personnel files at the store.

**Item 4: Budget Amendments**

All recommendations will be followed. Were a budget amendment needed we will follow proper procedure.

**Item 5: Credit card policy**

A credit card policy has been established and will be provided to the ABC Commission for approval. The policy reads as follows: *The only persons allowed to have a major credit card assigned to the Fletcher abc board is the general manager and the assistant general manager with a five hundred dollar (\$500.00) limit. The CFO may use one of the cards for online purchases. This card is only to be used where there is not an established line of credit for the board. A receipt reflecting the purchase must be turned in to the CFO showing what was purchased and the location it was purchased for.*

*All itemized receipts will be attached to the credit card statement and will be reconciled by the Chief Finance Officer*

*The credit card assigned to the Fletcher ABC Board is not allowed for personal use.*

**Item 6: Order Pre-Audit**

While orders were previously audited already, we have found the stamp and have been using it to archive that the order has been pre-audited.

**Item 7: Distribution Information**

We will be following up and archiving documentation of how funds are spent. We will notify and work with our education distribution recipient to ensure we receive our annual update on how the funds are spent.

**Item 8: Certificate of Accountability attestation form**

We will be sending the Certificate of Accountability attestation form when signed.

Sincerely,

Samantha Todd, Chairman / GM  
Fletcher ABC Board

