

# Halifax County ABC Board

## Performance Audit Report



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## Alcoholic Beverage Control

October 9, 2025

CHAIRMAN:  
Hank Bauer

Halifax County ABC Board  
Robert Sheilds, Chair  
411 Hwy 301 S  
Halifax, NC 27839

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

David Sherlin  
Raleigh

Chairperson Sheilds,

DEPUTY COMMISSIONER:  
Mike DeSilva

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

Halifax County is located in northeastern North Carolina and the seat is Halifax. The county is known for its waterways, railroads, and history including the famed Halifax Resolves of 1776. The county's population per the 2020 census was 48,622 residents, down 11% from 2010. The Halifax County ABC Board operates five (5) retail stores and one administrative building with a warehouse and is the only ABC Board in the county.

S.L. 1935-493 authorized Halifax County to hold an election for an ABC store. The referendum passed and the first retail sale occurred on July 19, 1935. A county wide mixed beverage election occurred on January 11, 2000, and passed 3,983 to 3,053.

Upon vote passage, the county commissioners were authorized to create an ABC board consisting of a chairperson and two members to serve for three staggered year terms. In 2019, the county board of commissioners increased the number of members from two to four and a chairperson. Current board members are Robert Sheilds, Chair, Nancy Sandoval, Tyrone Williams, Randall Lee, and Carl Ferebee.

*The last performance audit for the Halifax 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.*



**411 US-301 S. Halifax**



**15-17 W. 3<sup>rd</sup> St Weldon**

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

On August 20, 2025, ABC Commission Program Analyst Edwin Strickland visited the Halifax County ABC Board and interviewed the General Manager, Derian Caudle, and met with other board personnel and members. Below is a financial analysis followed by operation observations, findings, and recommendations related to the performance audit.



**1520 Julian R. Allsbrook Hwy. Roanoke Rapids**



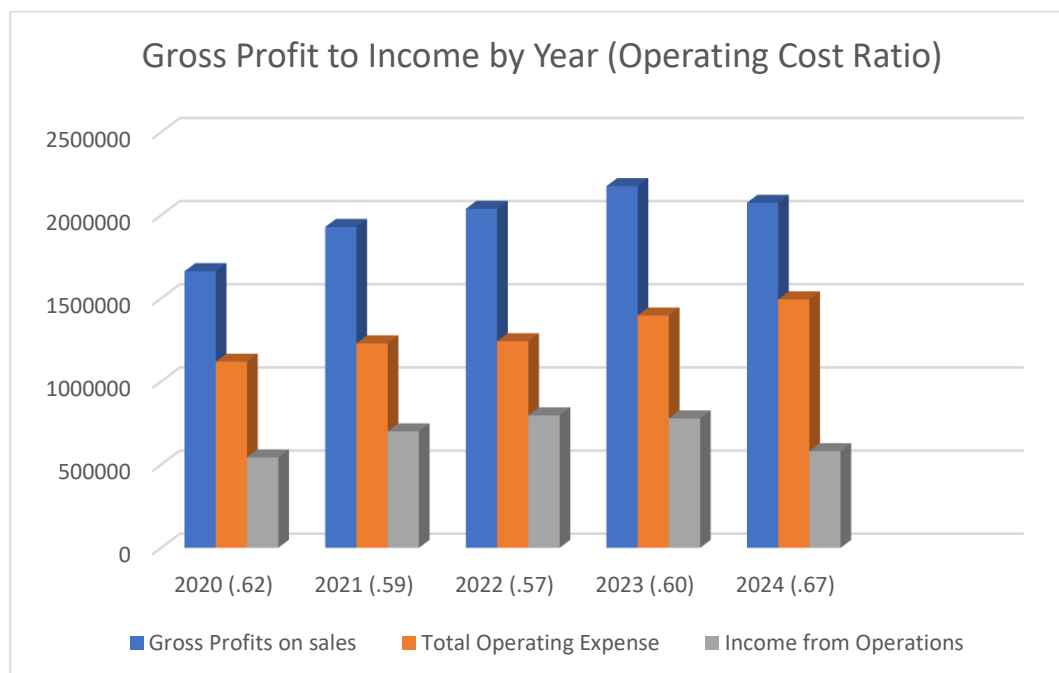
**697 S. McDaniel St. Enfield**

## FINANCIAL ANALYSIS

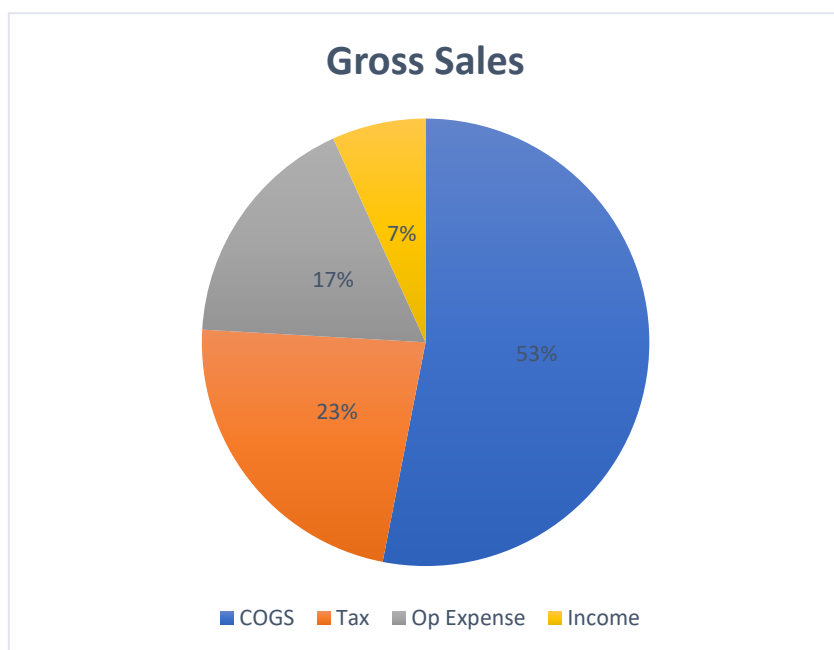
### PROFIT PERCENTAGE TO SALES & OPERATING COST RATIO

- In fiscal year (FY) 2023-2024, the Halifax County ABC Board had a profit percentage to sales ratio of 6.76%. The NC ABC Commission profit to sales standards for ABC Boards with gross sales greater than \$2M is 6.5%.
  - The Halifax County ABC Board's gross sales totaled \$8,597,272, which was an approximate 2.2% increase from the previous fiscal year.
  - The board's sales have grown over 26% in the last five complete fiscal years.
- Halifax County ABC Board operates five retail stores with mixed beverage sales. The operating cost ratio for the board was .67 in FY 2023-2024. 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 expenses less depreciation by the gross profit on sales (Total operating expenses less depreciation/Gross Profit).
- Thus, the Halifax County ABC Board met the profitability standard but not the operating cost standard 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>	\$2,074,741	\$2,174,798
<b>Total Operating Expense</b>	(\$1,493,686)	(\$1,396,758)
<b>Income from Operations</b>	\$581,055	\$778,040



- 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.



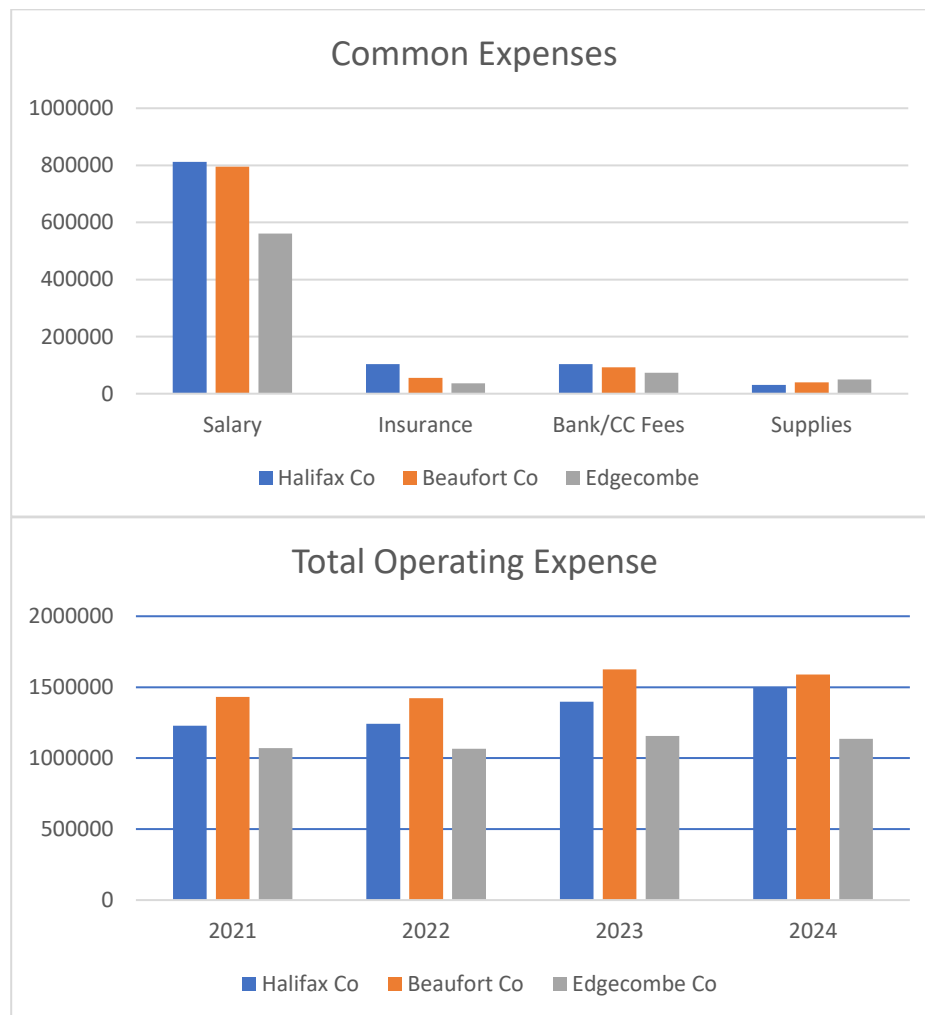
- *Factors affecting sales:*
  - Other ABC boards with stores within a 30-mile radius include Martin, Edgecombe, Warren, Northampton, and Nash Counties' ABC Boards.
  - Halifax County is near Virginia with additional possible outlets.
  - A 5.5% unemployment rate in Halifax County in June of 2024 with a .1% decrease from the previous year.
  - The board currently has 24 active mixed beverage customers. *In FY 2023/2024 mixed beverage accounted for over 7% 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 Halifax County ABC Board receives shipments weekly with a target inventory turnover rate of 6. The inventory turnover rate in (FY) 2023-2024 was 5.7, which is near the goal.

## FINANCIAL ANALYSIS (cont.)

- *Factors affecting expenses:*
  - Total operating expenses increased by almost seven percent (7%) from the last fiscal year and were around seventeen percent (17%) of total annual sales in FY-23/24.
  - Board salaries and were around nine- and one-half percent (9.5%) of total annual sales. Salaries and wages increased approximately nine percent (9%) from the previous fiscal year.
  - Cost of Goods Sold (COGS) was roughly 53% for the fiscal year with a normal range being 52% to 54%.
- A common expense report and a total operating expense report show the Halifax County ABC Board has similar categorical and total operating expenses comparable to other ABC boards within a relatable gross sales range and other variables. *Common expense report categories can, sometimes, be unreliable as different CPAs may include different expenses in their line items. Total operating expense reports include the depreciation expense.*



## BUDGET ANALYSIS

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	FY 2023-2024 <i>Budget Projections</i>	<i>FY2023-2024 Actual</i>	Variance	Variance %
<b>Total Revenues</b>	\$9,235,665	\$8,612,052	(\$623,613)	(6.8%)
<b>Total Expenditures</b>	\$8,603,252	\$8,006,531	\$596,721	6.9%
<b>Distributions</b>	\$532,413	\$424,630		
<b>Revenue over/under Expenditures &amp; Finance</b>		\$180,891		
<b>After Reconciling Items</b>		\$171,205		

- In reviewing the budget to actual analysis of the FY 2023-2024 financial audit, actual total revenues were 6.8% below budget and taxes/costs/operating expenses were below the final budget amendment by 6.9%.
  - The net income change during the fiscal year was \$171,205. *The board's collective net position on June 30, 2024, was \$3,047,109; the net position has increased by over fourteen percent (14%) over the last three (3) fiscal years.*

## 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, Halifax County ABC accrued funds for other statutory distributions totaling \$424,630 (Net profit distribution recipient received \$364,991).
- The amount of \$1,964,242 in primary distributions and other taxes were paid to the NC Department of Revenue (NCDOR), DHHS, and the county commissioners of Halifax County.
- *Per the local enabling act, the distribution formula for recipients of net profits is as follows:*
  - 75% to Halifax County General Fund
  - 25% to municipalities with stores

## DISTRIBUTIONS (cont.)

### ➤ STATUTORY DISTRIBUTIONS:

- Net Profit Distributions – The Halifax County ABC board has made net profit distributions for the last four (4) 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 four (4) years on the right.**
- Law Enforcement Distributions: Have been disbursed at or above the standard 5% statute amount over the last four (4) FYs.
- Alcohol Education Distributions: Have been disbursed at or above the standard 7% statute amount the last four (4) FYs.

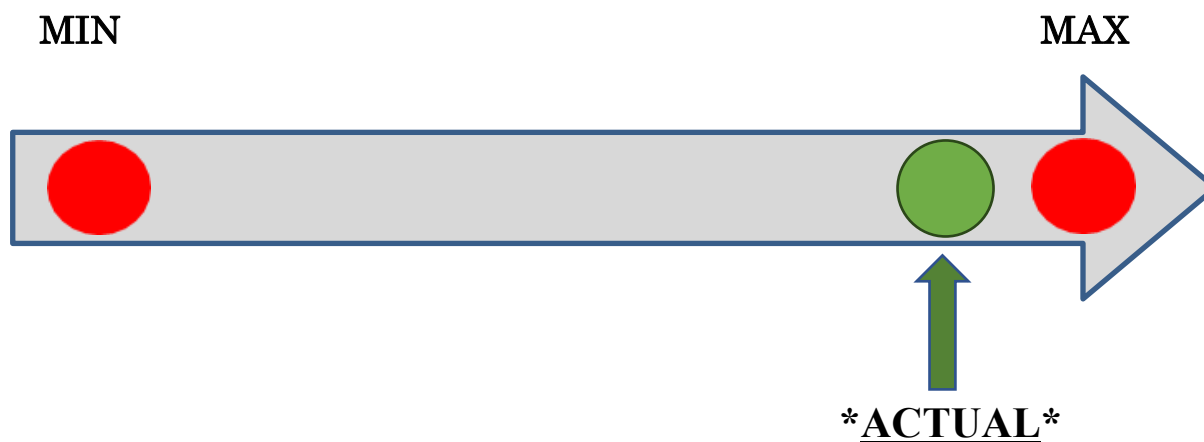
NC GENERAL STATUTE: 18B-805 (c)(1)			
Calculation of Minimum Mandatory Distribution for Net Profit to Designated Recipients		Halifax County ABC Board Net profit distribution made annually by fiscal year	
<i>Note: Referencing CPA Audit Reports</i>			
Calculated Amount		Total paid to recipient(s)	
FY-2024	\$243,847	FY-2024	\$364,991
FY-2023	\$238,738	FY-2023	\$495,778
FY-2022	\$232,225	FY-2022	\$507,514
FY-2021	\$227,751	FY-2021	\$444,688

## 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 Halifax County ABC Board is required to maintain a minimum working capital of \$255,117 with a maximum working capital amount of \$1,658,258.
  - The Halifax County ABC Board had a working capital balance of \$1,520,008 which is more than the minimum and less than the maximum Commission requirement 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 four members and a chairperson.
  - Members and the chairperson have received approval from their appointing authority to receive compensation monthly in the amount of \$175 and \$225 respectively.
  - Current board members' terms are staggered to comply with G.S. 18B-700(a).
  - Board members are currently compliant with ethics training with one recently appointed member needing to satisfy the training requirement in the coming months.
  - Membership has a mixture of recent appointees and long-term members.
  - Members have professional experience in local and state government, finance, the non-profit sector, and other experience relatable to local boards.
- Members may not have taken an oath of office per G.S. 11-7. *Copies of oaths should be available at the board's administrative office.*
- Meetings are generally held the first Wednesday of each month and public awareness is posted at the administrative office, provided to the county clerk's office, and, sometimes, announced in the newspaper. *The board may want to verify if the county clerk's office is notified when meeting dates change.*
- Meeting minutes are available and follow the order of proceedings and include the no conflict of interest statement.
  - Financial reports are provided by the general manager and are discussed at meetings to include monthly sales per store and comparisons to previous year, and budget, employment, and law enforcement updates.
  - 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 Alcohol Law Enforcement (ALE) from 2025, and a copy is now in Commission records.
- Law enforcement reports are submitted regularly by the general manager with data supplied from Special Agent Meekins of ALE.
  - Law enforcement reports contain applicable data for accountability as required by G.S. 18B-501(f1).
  - Law enforcement activities are reported and discussed at board meetings with some attendance from the agent(s).

## **Board Personnel**

- The board currently staffs fifty total employees with six working full-time.
- The General Manager has been with the board for over seventeen years. He has been the general manager since 2018 and was previously the warehouse manager.
  - He is full-time, his salary is below the maximum allowable compensation per G.S. 18B-700(g1), and he is compliant with ethics training.
  - He is responsible for oversight of all board operations, human resources, and ordering.
- The Finance Officer is full-time, has been with the board for around five years, and is compliant with ethics training.
  - Their responsibilities include all accounting activities, payroll, and reconciliations.
- The board has a warehouse manager who oversees a team responsible for warehouse, inventory control, and deliveries.
- All stores have a designated store manager responsible for their stores inventory, scheduling, and general store upkeep. Some stores have a designated assistant manager.
- 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 by new employees from store managers and seasoned employees and is on-the-job mentorship style.
  - New employees meet with the administrative office at the beginning of their employment.
  - RASP training has been extended to all employees, with annual events.
  - Product knowledge training is provided by conversations with the staff, broker reps, and management.
  - The board has a process in place for special orders and all are considered.
- Employee files are kept in the administrative office and include tax and banking information, and disciplinary documents. *The board could consider including a signed personnel manual acknowledgment form with the files.*
- Full-time employees are enrolled in LGERS and have a supplemental retirement plan.
- No conflicts pertaining to nepotism found and per discussion with general manager.

## **Policies**

- The board has a thorough personnel manual that details various work requirements, behavioral standards, leave and other benefits, scheduling and holidays, and all additional requirements of Rule 15A .1006. *While the manual does cover a grievance policy for harassment, it may not fully cover a policy for other employee grievances.*
  - The personnel manual covers other policies including price discrepancies, shelf management, mixed beverage, credit and gas card, sales to underage, harassment, signature stamps, board member gas reimbursements, and additional travel.
- For travel, the board chooses to adhere to their appointing authority's travel policy. *To comply with G.S. 18B-700(g2), the board should obtain and provide the Commission an annual approval for the current year from their appointing authority to continue following the county policy.*

## **Operations**

- Board personnel conduct full inventory bi-weekly at all stores and weekly at their warehouse.
  - Counts are made using scanners or check lists and all team members participate. In the stores, managers generally do a separate independent inventory from regular staff.
  - Investigations are conducted for discrepancies and can include the general manager visiting the stores for their own investigation and camera footage review.
  - Adjustments and transfers are made only by the general manager.
  - Strategies for slow moving products include moving to the front of the store, moving products between stores, and price reductions.
- The board receives deliveries of goods each Friday at their central warehouse.
  - Pallets are dropped and cases are down stacked using scanners.
  - Self-distribution from the warehouse is weekly either on Friday or Monday.
  - Any variances are recounted by multiple team members before reports are sent to LB&B.
- Liquor orders are made by the general manager for all stores. Orders are made by reviewing a 30-day sales history and comparing stock status. SPAs are considered and buy ins may be conducted more frequently if the warehouse is expanded.
- Some allocated products are reserved for mixed beverage accounts with other methods for distributing the rest.
- The board has a website with general information about the board, contact, employment, pricing, frequent questions, and other helpful links.
- The board keeps thorough records for the destruction of unsaleable merchandise reports and unprocessed and historical records for these reports are available.
  - For compliance with NCAC 15A .1701(c), the board should email copies of the reports to the Commission at least quarterly.
- The board currently has around twenty-four mixed beverage customer accounts.
  - All stores are designated mixed beverage outlets.
  - Permittees are responsible for designating and providing driver's license numbers and signatures for the person(s) who will be picking up orders.
  - The board's scanners allow the order to be viewed, and bottles scanned to delete any picked bottles to help with order accuracy.
  - Orders are checked and verified at least twice before being sold.
  - Invoices are provided to permittees at the time of the transaction and signed copies are retained.
  - The board stamps bottles in the manner required by NCAC 15A .1901.
  - The board has not had any deliveries to date.
- The board has recently held one tasting and may consider more for the future.

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

- Invoices for liquor are processed twice monthly by the finance officer via checks.
  - *The board is currently considering ACH payments and/or the possibility of utilizing a bank “bill pay” service.*
- The board’s checks are stamped with the required disbursement certificate in compliance with G.S. 18B-702(q).
  - Checks are signature stamped by the finance officer and at least one of three board members.
- While the finance officer does review and track for budgetary monitoring orders and other purchase information before the order is placed, the preaudit certificate is not used on purchase orders or liquor orders in compliance with G.S. 18B-702(m). *For liquor orders, this could most reasonably be accomplished by stamping the order edit list before the final order is placed.*
- The board has a credit card and gas card that are maintained in their administrative office. Itemized receipts are kept and reviewed by the finance officer when the account is fully settled monthly.
- Each store manager is responsible for a change fund.
- Each store has petty cash. Itemized receipts are required for all usage and reviewed at reconciliation.
- Stores use different numbers of registers and have different beginning balances for tills.
  - Tills are compared to register report(s) at shift change but funds remain with the till.
  - An over/short tracking sheet is used per employee.
  - Till deposits are combined and verified nightly.
  - An opening employee re-verifies deposits before taking them to bank daily except Saturdays.
  - The finance officer verifies deposits match receipts routinely and again at 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.
- Payroll is processed monthly by the finance officer using Traverse.
  - Store managers send time sheets which are verified to a summary report.
  - *A review of recent payroll records indicates accurate pay rates as entered on the board website for board members and the general manager.*
- Travel reimbursements are made with a reimbursement request including itemized receipts. *Recent travel receipts reviewed indicate only utilized for one conference and follow the board’s travel policy.*
- In FY 23/24 the board made their alcohol education distribution to Halifax County.
  - For compliance with G.S. 18B-805(h), the board should verify the county board’s meeting minutes describe the activity(s) for which the funds are to be spent. *The board could also consider requesting this information or excerpt from the board of county commissioner’s minutes, to confirm the accountability of awarded funds.*
- The annual CPA audit was received by the Commission on September 27, 2024.
- All board members and 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 the board's administrative office, warehouse, and three retail stores.
- The board's warehouse, and administrative office are in the same building at a central location without a store.
  - The administrative office is spacious, professional, and welcoming.
  - The warehouse is well organized, allows for pallet delivery, and expansion is being considered.
  - The board's store #4 in Weldon is in a duplex strip of shops near the downtown area.
  - The board's store #10 in Roanoke Rapids is in a large free-standing out-parcel building of a large shopping center. The store is on a main thoroughfare with many other commercial and retail businesses.
  - The board's store #6 in Enfield is a free-standing building on a main road and adjacent to other shopping centers and retail businesses.
  - All stores have adequate to ample parking, have building signs and two of the stores visited have easily viewable road signs.
- All the facilities visited are well lit and organized.
  - Floors, counters, and shelves are clean.
  - The Fetal Alcohol Syndrome posters required by G.S. 18B-808 are displayed.
  - Quarterly price books are available at all stores, and a special priced items list is available at store #10.
  - North Carolina products are mixed throughout the stores or in a special section. *Some North Carolina shelf tags were provided at the visit.*
  - Outside areas around the buildings are free of trash and debris.
- Shelf management practices are not fully implemented in all areas.
  - Products are fronted and dusted, and most are placed in categorized areas. *Only store #6 had visible signage to indicate their category.*
  - Premium products are generally found at eye-level or top shelf.
  - Bottles are not always arranged so they increase in size left to right of the same item.
  - Special shelf tags provided by the suppliers are used to highlight some items on sale.
  - Store #6 uses a pink dot shelf tag to highlight all items on sale and a green dot to indicate new products.
- Sales associate interactions with customers are attentive, courteous, and the staff are eager to meet the needs of the customers. *All staff are aware that loitering is prohibited.*
- A sample of approximately 100 items were selected to determine if uniform pricing is displayed. Of those selected, all items across three stores' shelf price tags reflected 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.
- Store hours vary by location and day of the week with all stores staying open until 9:00 pm on Friday and Saturday.
- All stores are closed every Sunday, and the board is currently reconsidering their holiday schedule and did not close this past July fourth.
- Security systems are in place and functional in all designated areas.
  - *The stores have cameras, alarms, and panic buttons.*

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

- Board members should take an oath before taking office or before the execution of the office per G.S. 160A-61 and G.S. 11-7. *A written account of the oaths should, please, be available at the board's administrative office.*
- While quality oversight on purchases is in place, the board should re-establish full compliance with G.S. 18B-702(m) preaudit approval certificate to take substantially the following form on checks, "This instrument has been preaudited in the manner required by GS 18B-702". *This could most reasonably be accomplished by stamping and signing the order edit list or other purchase orders.*
- *While the board has provided the Commission with an updated travel policy for the current year, for full compliance with G.S. 18B-700(g2), the board will need to provide the Commission with their appointing authority's written confirmation of their approval allowing the board to use this policy.*
- The board currently makes their alcohol education distribution, as required by G.S. 18B-805(c)(3), to the county. To ensure compliance with G.S. 18B-805(h), the board should verify the board of county commissioners includes in their meeting minutes the activity(s) for which the funds are spent and receives a report at least annually from any agency or person receiving funds under this subsection.
- When applicable, ensure unsaleable merchandise (breakage) reports are submitted to the Commission quarterly. Rule 15A .1701(c) requires quarterly reports to be submitted for any unsaleable merchandise and retain original copies for three (3) years.
- Local boards shall establish and maintain a shelf management plan per Rule 15A .1708 Shelf Management. While mostly followed, the board could work to rearrange liquor inventory on the shelves to follow shelf management requirements, in particular ensuring bottles increase in size from left to right where applicable.
- 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.

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

## 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.
- 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.
- Board members and applicable personnel are encouraged to satisfy the requirements of G.S. 18B-706(b) and Rule 15A .2001 in a prompt manner and before the twelve (12) month mandate. *The board has one recently appointed member who will need to satisfy the training in the coming months.*
- 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.
- The board should verify their personnel manual is perpetually updated and includes all the requirements of Rule 15A.1006. *The manual may not fully cover procedures for general employee grievances.* Per Rule 15A 1102, the board should forward any updates to the Commission for approval.
- As a reminder, remove all faded posters and replace with new ones when applicable. Reach out to the Commission to provide fetal alcohol syndrome posters, NC Dept of Labor can provide wage & hour posters, and OSHA can provide some applicable federal posters if any are needed.
- 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.

## **PREVIOUS PERFORMANCE AUDIT RECOMMENDATIONS (2016)**

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- Distribute the excess of working capital, \$122,550 to the county.
- 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 Commission.
- To ensure correct pricing on the store shelves and on the computer system, audit shelf tags on a regular basis by incorporating this practice during or in between the regularly scheduled inventory counts.
- Adopt an addition to the employee handbook/manual detailing what would occur in the event an employee was found to have sold to an underage person.
- Update the Commission website to reflect the current compensation of all board members.
- Adopt a vehicle usage policy that would specify the following:
  - Who is able to use the vehicle,
  - Requirement that all drivers must have a valid driver's license
  - What purposes vehicles may be used for
  - Requirement that a mileage and/or gas log be filled out for every trip, if applicable.
- Adopt a policy on the use of the signature stamp.
- Adopt an additional travel reimbursement policy for board members receiving travel to and from board meetings.

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

## RECOMMENDED ACTIONS (STATUTES OR COMMISSION RULES)

1. Board members should take an oath before taking office or before the execution of the office per G.S. 160A-61 and G.S. 11-7. A written account of the oaths should, please, be available at the board's administrative office.

The Halifax Co. ABC Board is currently in compliance with the above stated statutes. We have already given each board member the oath of office and sent it to the commission. If that has not been received, please let us know.

2. While quality oversight on purchases is in place, the board should re-establish full compliance with G.S. 18B-702(m) preaudit approval certificate to take substantially the following form on checks, "This instrument has been preaudited in the manner required by GS 18B-702". This could most reasonably be accomplished by stamping and signing the order edit list or other purchase orders.

The Halifax Co ABC Board is currently in compliance with the above stated statutes. This policy has been reviewed with the Finance Officer to ensure compliance.

3. While the board has provided the Commission with an updated travel policy for the current year, for full compliance with G.S. 18B-700(g2), the board will need to provide the Commission with their appointing authority's written confirmation of their approval allowing the board to use this policy.

The board has contacted the Halifax County Commission to provide written confirmation of their approval. The ABC board will provide this written confirmation upon receipt from the County Commission.

4. The board currently makes their alcohol education distribution, as required by G.S. 18B-805(c)(3), to the county. To ensure compliance with G.S. 18B-805(h), the board should verify the board of county commissioners includes in their meeting minutes the activity(s) for which the funds are spent and receives a report at least annually from any agency or person receiving funds under this subsection.

The board has contacted the county commissioner's office to request a report of activity for the alcohol education fund. We will send in this information as soon as it is received.

5. When applicable, ensure unsaleable merchandise (breakage) reports are submitted to the Commission quarterly. Rule 15A .1701(c) requires quarterly reports to be submitted for any unsaleable merchandise and retain original copies for three (3) years.

The board will submit breakage reports to the Commission quarterly.

6. Local boards shall establish and maintain a shelf management plan per Rule 15A-1708 Shelf Management. While mostly followed, the board could work to rearrange liquor inventory on the shelves to follow shelf management requirements, in particular ensuring bottles increase in size from left to right where applicable.

We will rearrange inventory on the shelves to follow shelf management where applicable as some of our stores don't have the size to fully comply.

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.

The board will forward a signed Certificate of Accountability to the Commission with this letter.


10 08 2025  
Month Day Year

Halifax 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).

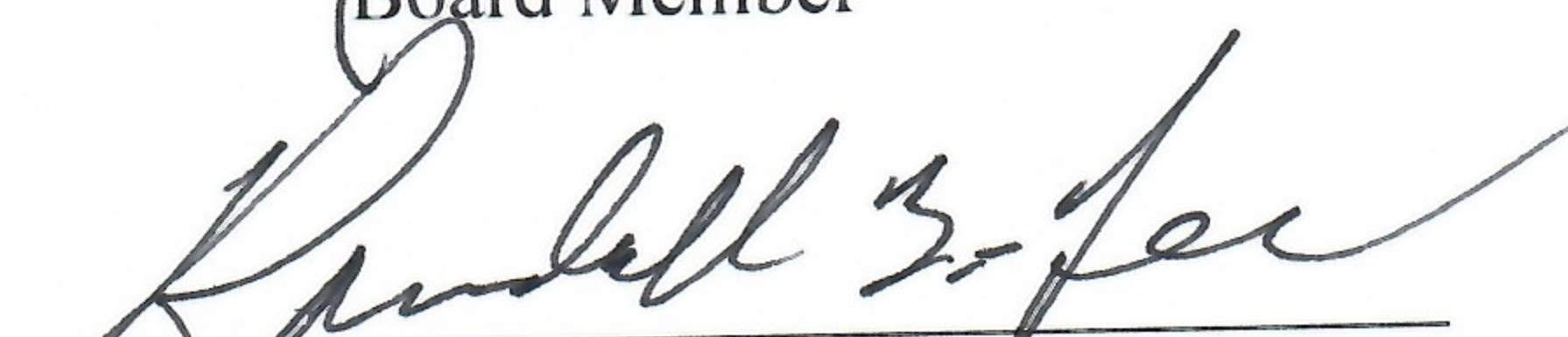
  
General Manager

  
Financial Officer

  
Board Member

  
Chairman

  
Board Member

  
Board Member

  
Board Member