

Scotland County ABC Board

Performance Audit Report



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Alcoholic Beverage Control

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Hank Bauer

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November 5, 2025

Scotland County ABC Board

Larry McGill, Chair

224 Lauchwood Circle

Laurinburg, NC 28353

Chairperson McGill,

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

Scotland County is located in south-central North Carolina and Laurinburg is the seat and largest community. The county's population per the 2020 census was 36,157 residents, a decrease of 5.8% from 2010. The Scotland County ABC Board operates one (1) retail store and is the only board in the county.

S.L. 1937-49 authorized Scotland County to hold an election for an ABC store. The referendum was held on February 1, 1969, and passed 2,584 to 1,580. The first retail sale occurred on October 9, 1969. A mixed beverage election occurred in Scotland County on May 8, 1984, and did not pass. A subsequent mixed beverage election occurred in the City of Laurinburg and passed 1,333 to 878. Upon election of an ABC store, the county was authorized to create an ABC board consisting of a chairman and two board members to serve for three staggered year terms. In 2021, the county increased membership for the board by adding two members. Current board members are Larry McGill, board chairperson, Tim Ivey, Joe Graves, and Leon Butler. The board has one current vacancy.

The last performance audit for the Scotland 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.

OPERATIONAL OBSERVATIONS, FINDINGS, REQUIRED ACTIONS, & RECOMMENDATIONS

On September 18, 2025, ABC Commission Program Analyst Edwin Strickland visited the Scotland County ABC Board and interviewed the General Manager, Allison Hutton, and Finance Officer, Winston Dwyer. Below is a financial analysis followed by operation observations, findings, and recommendations related to the performance audit.



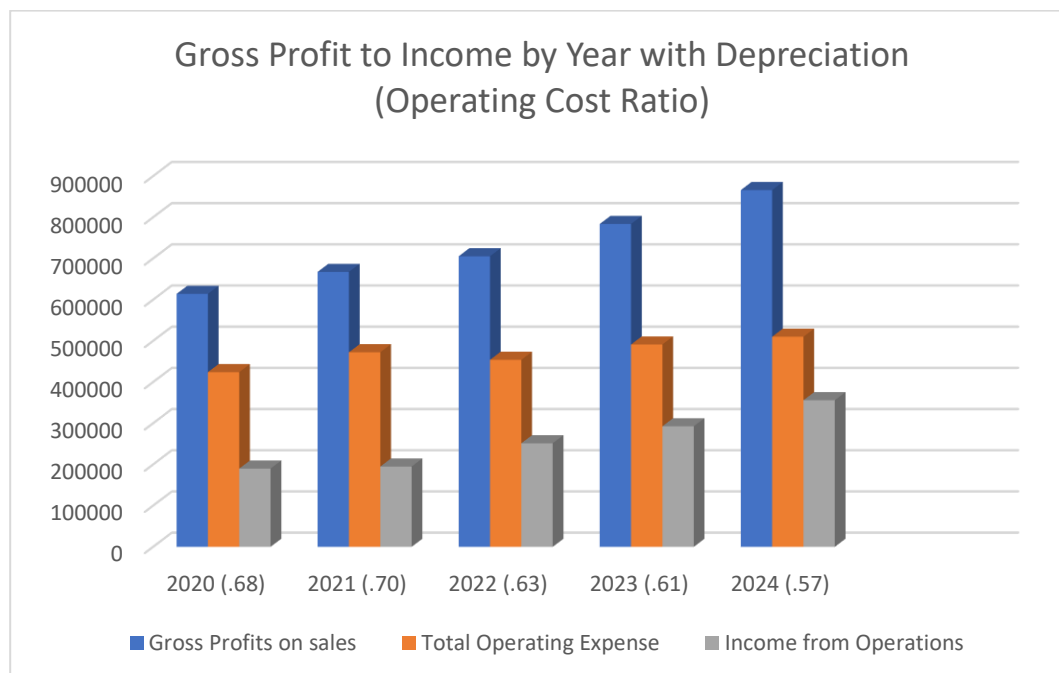
224 Lauchwood Circle. Laurinburg

FINANCIAL ANALYSIS

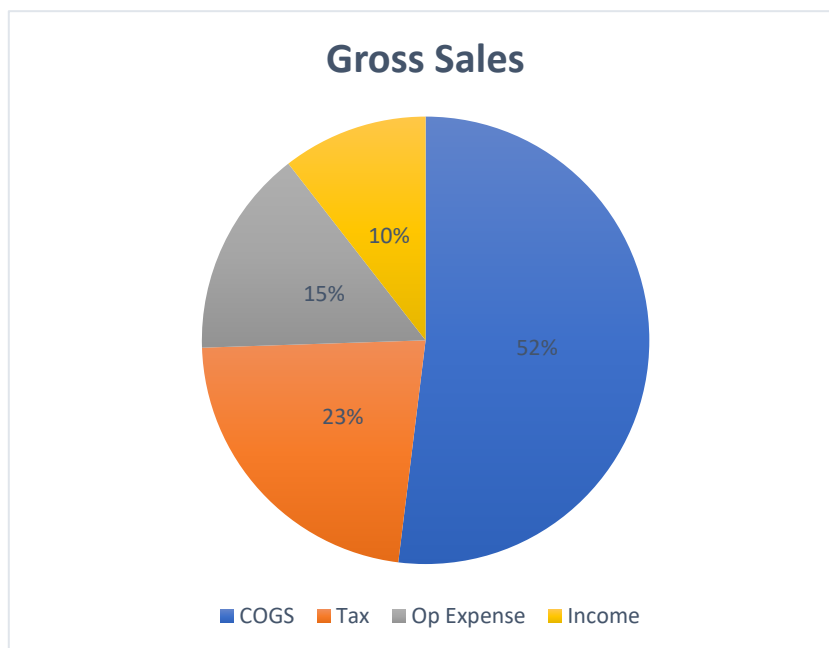
PROFIT PERCENTAGE TO SALES & OPERATING COST RATIO

- In fiscal year (FY) 2023-2024, the Scotland County ABC Board had a profit percentage to sales ratio of 10.46%. The NC ABC Commission profit to sales standards for ABC Boards with gross sales greater than \$2M is 6.5%.
 - The Scotland County ABC Board's gross sales totaled \$3,404,023, which was an approximate 4% increase from the previous fiscal year.
 - The board's sales have grown almost 33% in the last five complete fiscal years.
- Scotland County ABC Board operates one retail store with mixed beverage sales. The operating cost ratio for the board was .57 in FY 2023-2024. The NC ABC Commission standard for ABC Boards with one store 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 Scotland County ABC Board meets 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 2023-2024	FY 2022-2023
Gross Profit on Sales	\$866,040	\$783,880
Total Operating Expense	(\$510,127)	(\$491,237)
Income from Operations	\$355,917	\$292,643



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



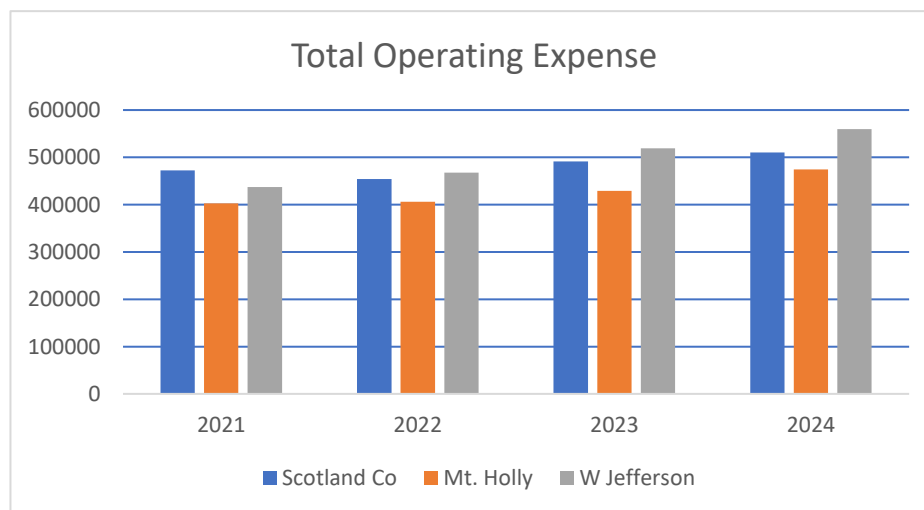
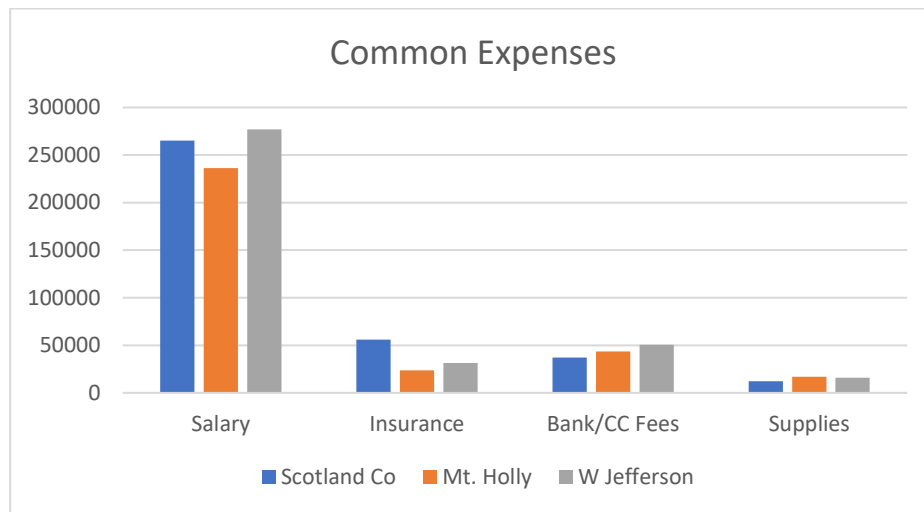
- *Factors affecting sales:*
 - There are around eight other ABC Boards with a store within a 30-mile radius of the Scotland County ABC store.
 - The county borders South Carolina with additional outlets.
 - A 5.5% unemployment rate in Scotland County in June of 2024.
 - The board currently has approximately 7 active mixed beverage customers. *In FY 2023/2024 mixed beverage accounted for less than 2% 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 Scotland County ABC Board receives shipments four times a month with a target inventory turnover rate of 5. The inventory turnover rate in (FY) 2023-2024 was 6.6, which is above the goal.

FINANCIAL ANALYSIS (cont.)

- *Factors affecting expenses:*
 - Total operating expenses increased by almost four percent (4%) from the last fiscal year and were just less than fifteen percent (15%) of total annual sales in FY-23/24.
 - Board salaries were less than eight percent (8%) of total annual sales and increased around fourteen percent (14%) from the previous fiscal year.
 - Cost of Goods Sold (COGS) was roughly 53.5% for the fiscal year with a normal range being 52% to 54%.
- A common expense report and a total operating expense report show the Scotland 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.*



BUDGET ANALYSIS

	FY 2023-2024 <i>Budget Projections</i>	<i>FY2023-2024 Actual</i>	Variance	Variance %
Total Revenues	\$3,354,500	\$3,404,104	\$49,604	1.5%
Total Expenditures	\$3,157,095	\$3,042,591	\$114,504	3.6%
Distributions	\$192,805	\$300,213		
Revenue over/under Expenditures & Finance		\$61,336		
After Reconciling Items		\$55,785		

- In reviewing the budget to actual analysis of the FY 2023-2024 financial audit, actual total revenues were 1.5% above budget and expenditures were 3.6% below the final budget amendment.
 - *There is a small variance in audited budget reconciliation of \$36.00.*
 - *The change in net position during the fiscal year was \$55,785. The board's collective net position on June 30, 2024, was \$262,865; the net position has increased by twenty-six percent (26%) over the last five (5) fiscal years.*
- Based on sales trajectory for the current fiscal year with two months (16%) of the budget year completed, the board is tracking at 16.7% 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 2023-2024, Scotland County ABC accrued funds for other statutory distributions totaling \$301,168 (Net profit distribution recipient received \$269,172).
- The amount of \$772,529 in primary distributions and other taxes were paid to the NC Department of Revenue (NCDOR), DHHS, and the county commissioners of Scotland County.
- *Per the local enabling act, the distribution formula for recipients of net profits is as follows:*
 - 100% to Scotland County General Fund

DISTRIBUTIONS (cont.)

➤ STATUTORY DISTRIBUTIONS:

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

NC GENERAL STATUTE: 18B-805 (c)(1)			
Calculation of Minimum Mandatory Distribution for Net Profit to Designated Recipients		Scotland 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	\$97,321	FY-2024	\$269,127
FY-2023	\$93,664	FY-2023	\$268,828
FY-2022	\$82,701	FY-2022	\$231,324
FY-2021	\$83,160	FY-2021	\$181,553
FY-2020	\$77,320	FY-2020	\$176,531

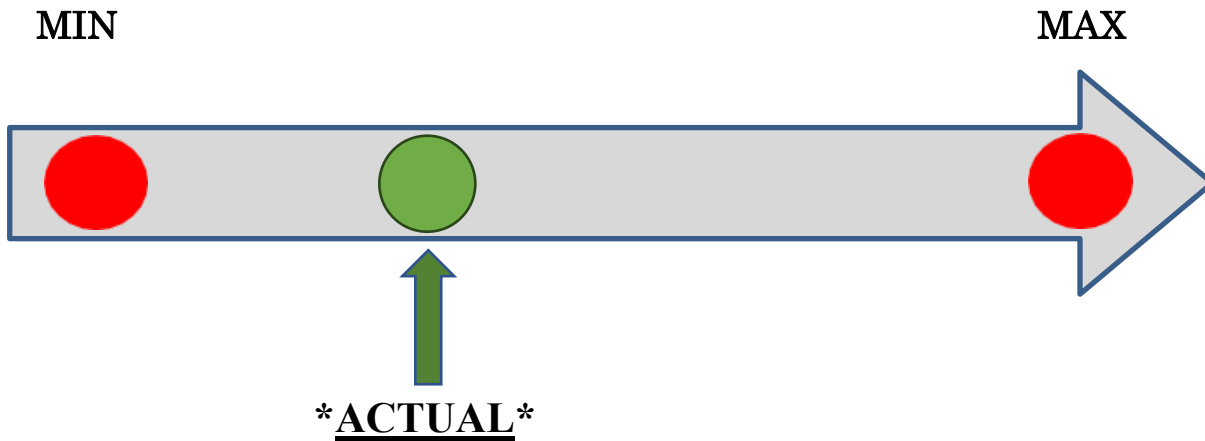
- Since inception, the board has made net profit distributions to the Scotland County General Fund in the amount of \$5,967,850.

WORKING CAPITAL

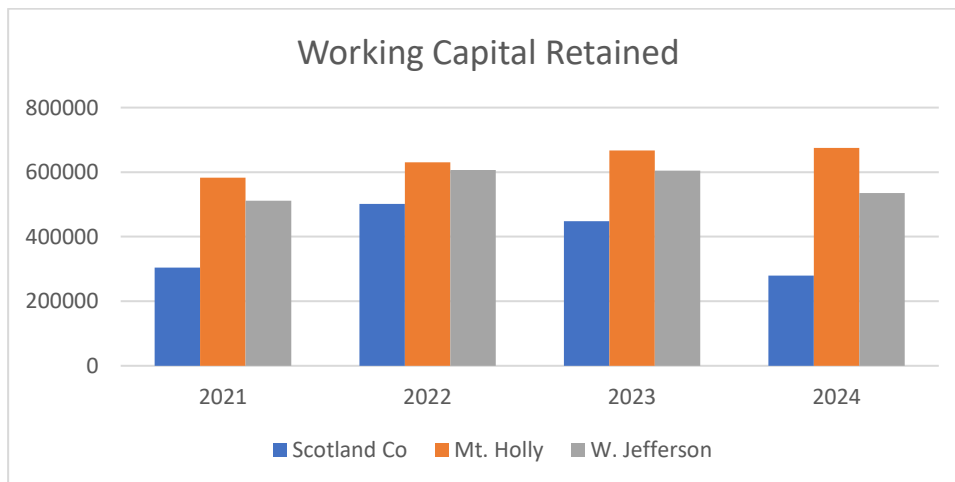
- G.S. 18B-805(d) allows the board to set aside a portion of the remaining gross receipts, within the limits set by the rules of the Commission, as cash to operate the ABC system.
- NCAC 15A .0902 sets a working capital maximum standard for boards with annual gross sales greater than \$1.5M as an amount 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, 2024, the Scotland County ABC Board is required to maintain a minimum working capital of \$101,213 with a maximum working capital amount of \$657,882.
 - The Scotland County ABC Board had a working capital balance of \$279,577, which is more than the minimum 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.
- The chart below showing working capital year end amounts for similar boards over the last four years indicates Scotland County ABC Board maintains less working capital than other boards with comparable sales and other variables.



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 receiving compensation for their services quarterly and below the maximum \$150.00 per meeting in compliance with G.S. 18B-700(g).
 - Current board members' terms are not staggered to comply with G.S. 18B-700(a). *The board should work to realign term end dates to have at least one end date each year.*
 - Board members are currently compliant with the ethics training requirements.
 - There is a mixture of initial term and multi-term members.
 - Members have professional experience in the fields of business and education, and one member serves on the board of county commissioners.
- Members have taken an oath of office per G.S. 11-7, and copies are retained at the board's administrative office.
- Meetings are generally held on the first Monday of each month, and public awareness is provided to the county clerk's office.
- Meeting minutes are organized, available, and follow the order of proceedings to include the no-conflict-of-interest statement.
 - Financial data reports are provided and discussed at meetings to include sales comparisons, balance sheets, and other applicable items for consideration.
 - 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 Scotland County Sheriff's Department signed in 2015.
- Law enforcement reports are submitted regularly by an administrative assistant within the sheriff's department and contain applicable data for accountability as required by G.S. 18B-501(f1).
 - *Reports are provided, discussed, and included in the minutes of regular board meetings.*

Board Personnel

- The board currently staffs eight total employees with three working full-time.
- The General Manager has been with the board for around five months and has previous management experience in the retail and mixed beverage industry.
 - She is full-time, her salary is below the maximum allowable compensation per G.S. 18B-700(g1), and she is compliant with ethics training.
 - She is responsible for oversight of all board operations including human resources.
- The Finance Officer is part-time and has been in this role for around three years.
 - Their responsibilities include billing, payroll, and taxes.
- The board has an assistant manager and one full-time sales associate who work directly with the general manager with a focus on ordering and inventory.
- All other store employees are sales associates and primarily responsible for providing friendly customer service, general store cleaning and upkeep, and stock maintenance.
- The board has not had any new employees in the current general manager's tenure. Training will be provided for new employees from management and seasoned employees and will be on-the-job mentorship styled.
 - Some cross-training opportunities are extended.
 - The general manager and some other employees have attended RASP training, and the manager plans to extend this training to other team members.
 - Product knowledge training is provided through casual conversations between team members.
 - Special order requests are handled and considered by the general manager.
- A file for each employee is kept in the general manager's office and include application, tax information, and personnel 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 that details various work requirements, behavioral standards, leave and other benefits, scheduling and holidays, and all additional requirements of Rule 15A .1006.
 - Additional policies provided to the Commission include a code of ethics, mixed beverage sales, safety procedures, shelf management, and media policy.
 - Written policies that should be considered include price discrepancy, allocated products, and overages- shortages and other cash-handling procedures.
- For travel, the board follows the reimbursement schedule for state employees in G.S. 138-6.

Operations

- Board personnel have been conducting cycle counts routinely, but with only one annual full inventory.
 - Management is working to implement full monthly inventory.
 - Counts are made using scanners and variances are re-checked multiple times by the assistant manager and full-time clerk.
 - Adjustments are typically made by the general manager after investigation.
 - Some products are moved behind the counter for security when needed.
 - *A small sample of products were inventoried at Commission visit with only one small discrepancy noted.*
 - Strategies for slow-moving products include moving to endcaps and other areas in the store and may introduce recipe cards in the future.
- The board receives deliveries for liquor on the second and fourth Monday of each month.
 - Offload is conducted using a roller belt.
 - The board has a unique check system for case boxes with unchecked boxes being scanned and compared to receiving list for accuracy.
 - Any variances are recounted and balanced against warehouse stock before reports are sent to LB&B.
- Liquor orders are made by the managers. Stock status is compared to recent sales item by item after first identifying what is out of stock.
 - Management is not currently considering special priced items when ordering. *This is an excellent opportunity to lower costs and retain additional funds as income.*
- The board does not currently have an allocated product policy with products being sold by different methods. *The board should ensure a portion of these products are available to mixed beverage accounts.*
- The board retains breakage reports and regularly includes the reports for credit with their suppliers. For compliance with Rule 15A 1701(c), the board should email copies of the reports to the Commission at least quarterly.
- The board currently has around seven mixed beverage customer accounts.
 - Picked orders are rechecked at the transaction.
 - Invoices are provided to permittees and signed copies are retained in a file for each account.
 - The board stamps bottles in the manner required by NCAC 15A .1901.
- The board does not currently hold tastings but may consider it in the future.

Financial, Administrative, and Internal Controls

- Invoices for liquor are usually processed per truck, by the finance officer, and within the thirty-day requirement.
- 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 preaudits invoices for liquor purchases after the product has been received. For full compliance with G.S. 18B-702(m), the finance officer should be administering the preaudit certificate on purchase orders before the transaction is made. *For liquor, this could most easily be done on an order edit list or similar document.*
- The board does not have a credit card.
- The board maintains \$200.00 in petty cash and itemized receipts are retained and the cash is replenished via check monthly.
- The store uses two or three registers daily with tills starting at \$100.00.
 - Tills are not exchanged during shift changes. Cash matching the register's number is set for deposit at the end of the day, with the remainder kept in the till.
 - Deposits are combined each morning, to match a daily deposit worksheet, and taken to the bank most weekdays and some weekend days.
 - 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 bi-weekly through QuickBooks by the finance officer.
 - Timesheets are signed and reviewed for period by the manager and staff.
 - *A review of recent payroll records indicates accurate pay rates as entered on the board website for board members and the general manager.*
- The alcoholism fund recipient is Scotland County Alcohol Awareness and funds in the amount of \$18,107.00 were accrued or distributed in FY 23/24. *The recipient of the funds should provide a report describing how these funds were spent for compliance with G.S. 18B-805(h).*
- The annual CPA audit was received by the Commission on September 23, 2024.
- 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

- The board's store and administrative office is located on a service road beside a major thoroughfare and near an interstate highway intersection.
 - The building is free-standing, and in the vicinity of other commercial and retail businesses.
 - There are easily viewable building and road signage, and ample parking.
 - Landscaping is well maintained, and the exterior of the building is free of trash or debris.
- The interior of the store and warehouse is 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.
 - Category signs are prominently displayed.
- Shelf management practices are implemented in the store.
 - Products are fronted, dusted, and in their designated category.
 - Premium products are found at eye-level or top shelf.
 - Bottles were generally arranged so they increased in size left to right of the same item.
- Sales associate interactions with customers are attentive, courteous, and the staff are eager to meet the needs of the customers.
- A sample of approximately 100 items were selected to determine if uniform pricing is displayed. All of those selected, except one's, 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 are from 9:00 am until 8:00 pm daily.
- The store is closed every Sunday, the five previously required holidays, Easter Monday, and Martin Luther King Jr. Day.
- Security systems are in place and functional in all designated areas.
 - *The stores have cameras, alarms, and panic buttons.*
 - *All staff are aware that loitering is prohibited.*

REQUIRED ACTIONS

- Item #1: The board should request their appointing authority realign member's term end dates to comply with G.S. 18B-700(a). *With the recent resignation of one member, the board could consider requesting their appointing authority appoint a new member for a term to end in April of 2028 and would then have at least one member's end date each year.*
- Item #2: While already providing oversight with the finance officer stamping invoices, the board should re-establish full compliance with G.S. 18B-702(m) preaudit approval certificate to take substantially the following form on purchase orders, "This instrument has been preaudited in the manner required by GS 18B-702". *This could most reasonably be accomplished by stamping and signing the order edit list or other purchase orders.*
- Item #3: The board currently makes their alcohol education distribution as required by G.S. 18B-805(c)(3). To ensure compliance with G.S. 18B-805(h), the board should request a report at least annually of the activity(s) for which the funds are spent. This report should be included in the minutes of a board meeting.
- Item #4: 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.
- Item #5: 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.

RECOMMENDED ACTIONS

- The board should consider establishing the following written policies: Price discrepancy, allocated product sales, and cash maintenance to include how overage and shortages are handled. *A copy of any written policies should be forwarded to the Commission for approval.*
- While the board does maintain a working capital balance above the minimum requirement, the board could consider retaining some additional funds, otherwise distributed, as additional working capital. *Net profit distributions over the past five years have been well above the minimum requirement.*
- Board personnel could consider reviewing SPA offerings and ordering additional inventory while the product is on sale. SPAs are an excellent opportunity to lower costs and retain additional funds for the board.
- When staffing allows, the board could consider having an additional team member, other than the person who picked the order, recheck mixed beverage orders before the transaction.

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 30th of each year.
 - ABC boards are highly encouraged to keep term begin dates & term end dates updated on the Commission's board login website for all ABC board members and other information such as store hour changes, pictures, email updates, etc.
- 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.
- 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.
- As a reminder, remove all faded posters and replace them 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 ACTIONS (2016)

- Consider exploring more efficient ways of handling empty shelves. One common practice is to incorporate a shelf display when there is a limited brand category.
- Have all newly appointed board members complete the required ethics training within one year of appointment.
- Adopt a price discrepancy policy that incorporates customer friendly practices. Once adopted, communicate to all employees should the need arise.
- Submit breakage forms quarterly as required by the Commission rule.
- Post signage at the store and Town Hall notifying the public, when, where, and the time meetings are held.
- Update board insurance to include the finance officer as bonded for \$50,000.
- To save time, eliminate stamping and signing each invoice; place the pre-audit certificate on the order to LB&B. Authorization should occur before the transaction takes place.
- Monitor budget more closely, particularly towards the year end, to determine whether amendments are needed. Amendments are required when expenses are over budget or have not been budgeted for and when sales are not meeting or are exceeding budgeted amounts. Once amendments have been adopted, submit copies to the Commission, the appointing authority, and the CPA firm conducting the financial audit.

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

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

November 5, 2025

We appreciate 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: Have at least one board member's term end each year.

The Scotland County Board of County Commissioners appointed a new member on October 6, 2025. The new member term is ending in 2028 as suggested.

Item 2: Providing oversight with the finance officer.

The board has re-established full compliance with G.S. 18B-702 and the finance officer is currently stamping all invoices and approval of all future purchases.

Item 3: The board should request at least annually of the activities for which the funds are spent.

The board is currently reaching out to all alcohol education distributions. We can meet with the board annually for which the funds are spent.

Item 4: Requires quarterly reports to be submitted for unsaleable merchandise.

The general manager has already started submitting to the Commission quarterly for unsaleable merchandise (breakage) and keeping for 3 years.

Item 5: Certificate of Accountability

The board has forwarded a signed Certificate of Accountability to the Commission with this letter.

Allison Hutton General Manager Scotland County ABC
224 Lauchwood Circle
Laurinburg, NC 28352

October 6, 2025

SCOTLAND COUNTY

Month day year

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.

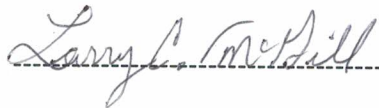
1. The system has complied with all State uniform pricing requirements pursuant requirements to NCGS 18B-804.
2. That all alcoholic beverages sold have been approved by the Commission for sale in this State pursuant to NCGS18B -800.
3. That all "gross receipts" pursuant to NCGS 18B-805(a) have been properly accounted for and are lawful.
4. That all taxes due have been properly and timely paid pursuant to NCGS 18B-805(b)(1)
5. That all distributions pursuant to NCGS 18B-805 have been properly and timely paid
6. That the General Manager has properly performed all duties as required pursuant to ABC Commission Rule NCAC 2R.0906.



General Manager



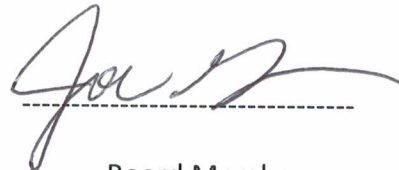
Finance Officer



Chairperson



Board Member



Board Member

Board Member

Board Member