

# Wallace ABC Board

## Performance Audit Report



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**Alcoholic Beverage Control**

**CHAIRMAN:**

Hank Bauer

**COMMISSIONERS:**

La'Tanta (L.T.) McCrimmon  
Raleigh

David Sherlin

Raleigh

**DEPUTY COMMISSIONER:**

Mike DeSilva

**LOCATION:**

400 East Tryon Road  
Raleigh NC 27610

**MAILING:**

4307 Mail Service Center  
Raleigh NC 27699-4307

**PHONE: (919) 779-0700**

<http://abc.nc.gov/>

January 9, 2026

Wallace ABC Board

Chad Wilson, Chair

112 Strawberry Lane

Wallace, NC 28466

Chairperson Wilson,

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

Wallace is a town in eastern North Carolina and is part of both Duplin and Pender Counties. The town's population per the 2020 census was 3,413 residents, a decrease of 12% from 2010. The Wallace ABC Board operates one (1) retail store and is one of three (3) boards in Duplin County.

Chapter 1004 of the 1965 Session Law authorized the Town of Wallace to hold an election upon a written petition signed by at least twenty-five percent of voters. The referendum was held on January 18, 1966, and passed 291 to 217. The first retail sale was on March 1, 1966. A mixed beverage election was held on November 2, 1999, and passed 129 to 103. Upon election of an ABC store, the Town of Wallace was authorized to create an ABC Board consisting of a chairperson and two members to serve for three-year terms. On June 9, 2022, the town council voted to expand the board to include two additional members. Current board members include Chad Wilson, chair, Charles Farrior, Mills Bryant, Kema Mainor Boney, and Wayne Casteen, board members.

*The last performance audit for the Wallace ABC Board concluded in 2019.* 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 October 30, 2025, ABC Commission Program Analyst Edwin Strickland visited the Wallace ABC Board and interviewed the General Manager, Katherine Bunch, Finance Officer Elyse Lee, and other personnel. Below is a financial analysis followed by operation observations, findings, and recommendations related to the performance audit.



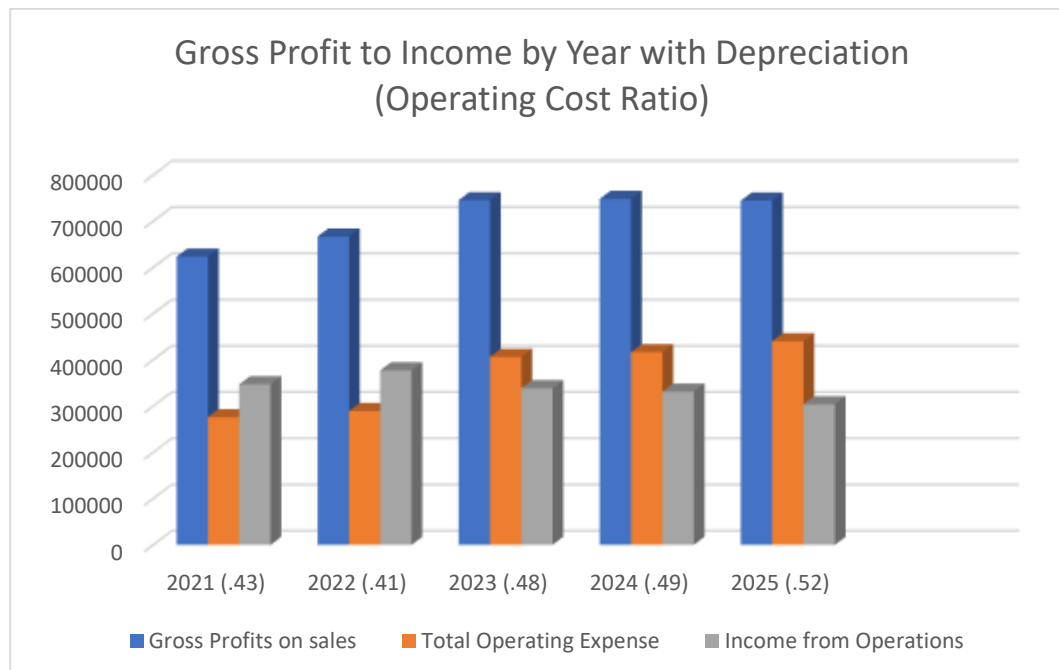
**112 Strawberry Lane, Wallace NCF**

## FINANCIAL ANALYSIS

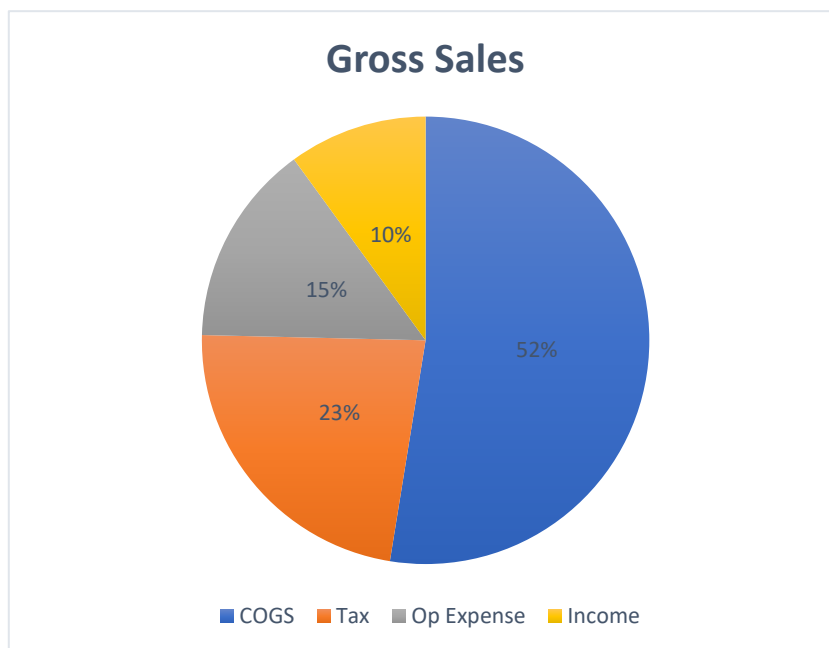
### PROFIT PERCENTAGE TO SALES & OPERATING COST RATIO

- In fiscal year FY 2024-2025, the Wallace ABC Board had a profit percentage to sales ratio of 10.06%. The NC ABC Commission profit to sales standards for ABC Boards with gross sales greater than \$2M is 6.5%.
  - The Wallace ABC Board's gross sales totaled \$3,022,442, which was an approximate .7% decrease from the previous fiscal year.
  - The board's sales have grown by over 20% in the last five complete fiscal years.
- Wallace ABC Board operates one retail store with mixed beverage sales. The operating cost ratio for the board was .52 in FY 2024-2025. The NC ABC Commission standard for ABC Boards with one store and mixed beverage sales is .73 or less.
  - Operating cost ratio is calculated by dividing total operating expense less depreciation by the gross profit on sales (Total operating expenses less depreciation/Gross Profit).
- Thus, the Wallace ABC Board meets both the profitability standard and the operating cost standard set by the NC ABC Commission. Below are charts showing gross profit on sales, total operating expenses including depreciation, and income from operations for recent years.

	FY 2024-2025	FY 2023-2024
<b>Gross Profit on Sales</b>	\$744,690	\$748,443
<b>Total Operating Expense</b>	(\$440,493)	(\$416,816)
<b>Income from Operations</b>	\$304,197	\$331,627



- 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 five ABC Boards with a store within a 35-mile radius of Wallace.
  - A 3.6% unemployment rate in Duplin County in June of 2025 with little change from the previous year.
  - The board currently has approximately 9 active mixed beverage customers. *In FY 2024/2025 mixed beverage accounted for around 8.5% of gross sales.*

## **INVENTORY TURNOVER**

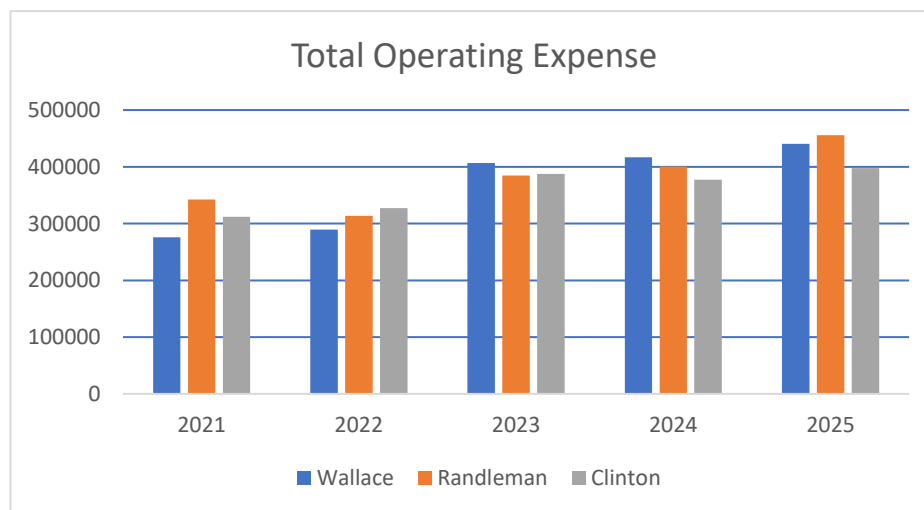
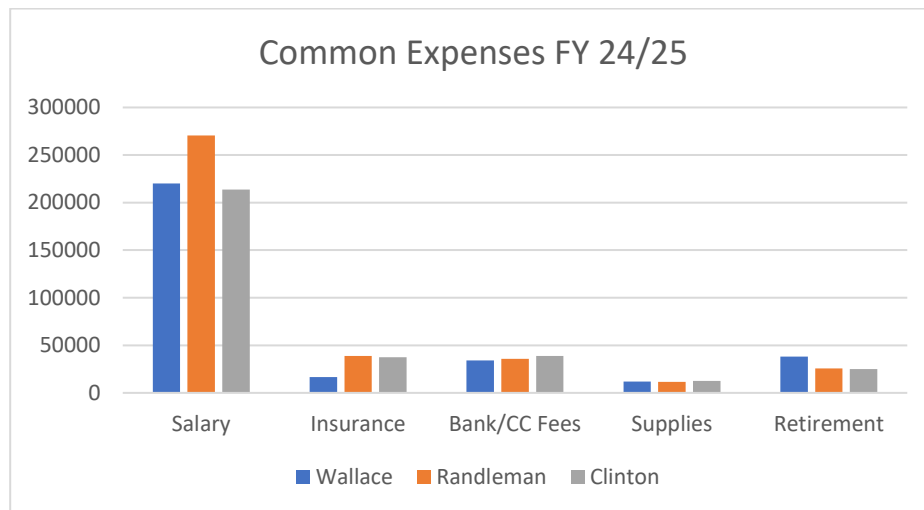
- The inventory turnover rate is calculated by dividing the cost of liquor by the average inventory in the system (Cost of Liquor/Average Inventory). The Commission has set these goals for determining an effective rate based on the frequency of deliveries.
  - Once a week deliveries target at 6 times 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 Wallace ABC Board receives shipments twice a month with a target inventory turnover rate of 5. The inventory turnover rate in (FY) 2024-2025 was 4.8, which is slightly below the goal. *The board had an inflated inventory on June 30, 2025, due to a modified delivery schedule.*



## FINANCIAL ANALYSIS (cont.)

➤ *Factors affecting expenses:*

- Total operating expenses increased by less than six percent (6%) from the last fiscal year and were around fifteen percent (15%) of total annual sales in FY-24/25.
  - Board salaries were just over seven percent (7%) of total annual sales and increased around seven percent (7%) from the previous fiscal year.
  - Cost of Goods Sold (COGS) was roughly 52.5% for the fiscal year with a normal range being 52% to 54%.
- A common expense report and a total operating expense report show the Wallace 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 2024-2025 <i>Budget Projections</i>	<i>FY2024-2025 Actual</i>	Variance	Variance %
<b>Total Revenues</b>	\$3,050,000	\$3,022,444	(\$27,556)	(.9%)
<b>Total Expenditures</b>	\$2,958,400	\$2,746,246	\$212,154	7%
<b>Distributions</b>	\$135,000	\$135,000		
<b>Revenue over/under Expenditures &amp; Finance</b>		\$141,198		
<b>After Reconciling Items</b>		\$149,523		

- In reviewing the budget to actual analysis of the FY 2024-2025 financial audit, actual total revenues were .9% below budget and expenditures were 7% below the final budget amendment.
  - The change in net position during the fiscal year was \$149,523. *The board's collective net position on June 30, 2025, was \$1,736,008; the net position has increased by over one hundred and forty-two percent (142%) over the last five (5) fiscal years.*
- Based on sales trajectory for the current fiscal year with three months (25%) of the budget year completed, the board is tracking at around 23% of annual budgeted sales.

## DISTRIBUTIONS

G.S. 18B-805 (b) requires the board to pay from gross receipts, all expenses, excise, and rehabilitation taxes. G.S. 18B-805(c)(2) requires the board to *typically* distribute at least five percent (5%) of applicable gross receipts to law enforcement and *typically* at least seven percent (7%) for alcohol education. *Before assigning these percentage distributions, G.S. 18B-805(c)(1) requires the board to first make a minimum quarterly distribution of the 3.5% markup & relevant bottle charges to certain county/municipal recipients. Some of these distribution percentages are designated by an official local enabling act (and thus distribution requirements and recipients are subject to vary).*

- In FY 2024-2025, Wallace ABC accrued funds for other statutory distributions totaling \$135,000 (Net profit distribution recipient(s) received \$92,100).
- The amount of \$691,452 in primary distributions and other taxes were paid to the NC Department of Revenue (NCDOR), DHHS, and the county commissioners of Duplin County.
- Per the local enabling act, the distribution formula for recipients of net profits is as follows:
  - 55% to Wallace General Fund
  - 35% to Duplin County General Fund
  - 10% to Duplin County for Drainage Control

## DISTRIBUTIONS (cont.)

### ➤ STATUTORY DISTRIBUTIONS:

- Net Profit Distributions – The Wallace ABC board has made net profit distributions for two (2) of the last five (5) fiscal years at or above the minimum mandatory distribution in reference to G.S. 18B-805(c)(1). **The table below references distributions calculated on the left and total distributions made by the ABC Board for the last five (5) years on the right.**
- Law Enforcement Distributions: Have been disbursed at or above the standard 5% statute amount for the last five (5) FYs.
- Alcohol Education Distributions: Have been disbursed at or above the standard 7% statute amount for the last five (5) FYs.

NC GENERAL STATUTE: 18B-805 (c)(1)			
Calculation of Minimum Mandatory Distribution for Net Profit to Designated Recipients		Wallace ABC Board Net profit distribution made annually by fiscal year	
<i>Note: Referencing CPA Audit Reports</i>			
Calculated Amount		Total paid to recipient(s)	
FY-2025	\$84,745	FY-2025	<b>\$92,100</b>
FY-2024	\$85,527	FY-2024	<b>\$87,000</b>
FY-2023	\$84,001	FY-2023	<b>\$27,000</b>
FY-2022	\$75,262	FY-2022	<b>\$7,500</b>
FY-2021	\$71,545	FY-2021	<b>\$65,211</b>

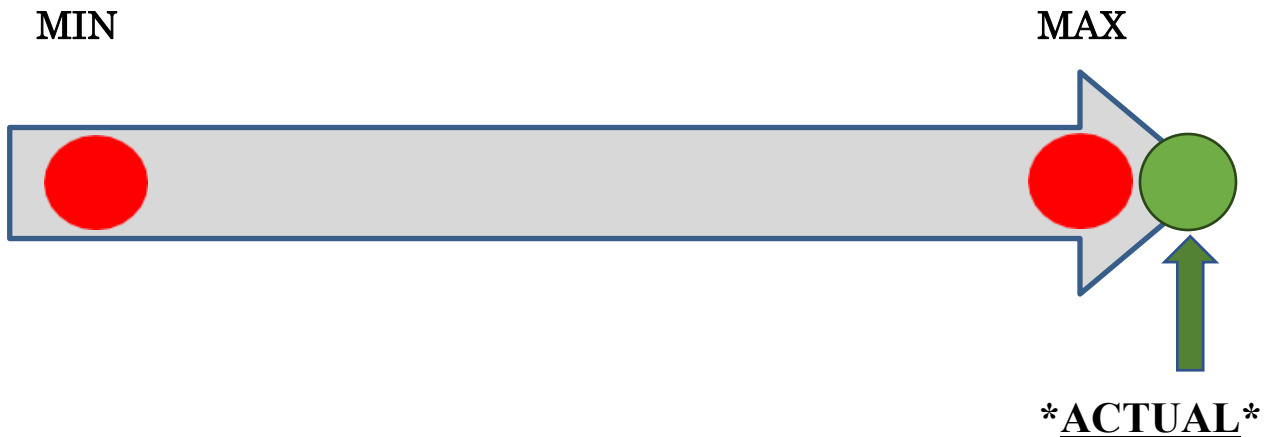
- The board received approval from their appointing authority to limit distributions for some of the years covered in this chart.

## 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, 2025, the Wallace ABC Board is required to maintain a minimum working capital of \$89,724 with a maximum working capital amount of \$583,207.
  - The Wallace ABC Board had a working capital balance of \$840,281, which is more than the maximum allowed per Commission requirement for this section (\*).

### **\* FY 2024-2025: Working Capital (WC) Graphic**



- Under G.S. 18B-805(d), with approval of the appointing authority for the board, the local board may set aside a portion of the remaining gross receipts as a fund for specific capital improvements whenever working capital is exceeded.
- The board has received approval from their appointing authority to maintain additional funds in a capital improvement with a working capital threshold of \$1,000,000.

## **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 below the maximum \$150.00 per meeting and in compliance with G.S. 18B-700(g).
  - Current board members' terms are staggered to comply with G.S. 18B-700(a).
  - All board members are compliant with ethics training requirements.
  - The board has a mixture of initial and multi-term members.
  - Members have professional experience in a variety of business sectors, finance, hospitality, and local government.
- Members may have taken an oath of office per G.S. 11-7 but copies of the oaths were not available at the board's administrative office.
- Meetings are generally held on the third Tuesday of each month, and meeting dates are posted in the board's store.
- Meeting minutes are organized, available, and follow all the order of proceedings including the no conflict of interest statement.
  - Financial data is provided and discussed at meetings to include sales view, comparisons with local and other ABC boards, and statement of revenues and expenses.
  - 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 Wallace Police Department from 2020.
- Law enforcement reports are provided by Captain David Morgan and submitted routinely by board personnel.
  - The law enforcement reports contain applicable data for accountability as required by G.S. 18B-501(f1).
  - Reports on activities are included and discussed in board meetings.

## **Board Personnel**

- The board currently staffs eight total employees with five working full-time.
- The General Manager has been with the board for eleven years and has held this position since 2019.
  - She is responsible for all board operations, her salary is below the maximum allowable compensation per G.S. 18B-700(g1), and she is compliant with the ethics training requirement.
- The Finance Officer is full-time and has been with the board since 2023.
  - Their responsibilities include most accounting-related activities.
  - The board has a designated deputy finance officer to assist with the position's statutory obligations and for general cross training.
- The board has a full-time assistant manager responsible for scheduling, delivery receipts, and for managerial support and cross training.
- The board utilizes a third-party payroll service and has casual labor for truck deliveries.
- All other store employees are sales associates and primarily responsible for providing friendly customer service, general store cleaning and upkeep, and stock maintenance.
- Training is provided for new employees from management and seasoned employees and is on-the-job mentorship styled.
  - The board has a thorough customer service manual which covers many behavioral examples and has a section for product knowledge. The general manager facilitates expectations during onboarding.
  - Cross training opportunities have been extended for administrative coverage.
  - All employees have attended RASP training.
  - All special-order requests for new items are considered.
- A file for each employee is kept in the administrative office and includes application, banking and tax information, RASP training certificates, and policy acknowledgment forms.
- Full-time employees are enrolled in LGERS.
- No conflicts pertaining to nepotism found and per discussion with the general manager.

## **Policies**

- The board has a thorough personnel manual which covers all requirements of Rule 15A .1006 and additional behavioral expectations and job descriptions.
  - The manual includes policies for gift acceptance, alcohol sales, register shortages, bank deposits, price discrepancies, and others.
  - Additional policies on file with the commission include a code of ethics, mixed beverage sales, shelf management, board member policy, and customer service and education manual.
  - Policies not on file that should be considered include credit card or petty cash usage, and allocated product sales.
- For travel, the board follows their appointing authority's policy and has obtained the required written approval for the current year in compliance with G.S. 18B-702(g2).

## **Operations**

- Board personnel conduct perpetual cycle inventory with one full inventory in June.
  - Counts are made using scanners and all team members participate.
  - An adjustment list is kept and reviewed by the administrative team with the general manager making most adjustments.
  - Strategies for slow-moving products include moving in the store to eye-level and price reductions. Signs indicating reduced prices are used and the products are often placed near something comparable.
  - *A small sample of products were inventoried at Commission visit with no unexpected variances found.*
- The board receives deliveries of liquor on the first and third Mondays of each month.
  - Pallets are dropped and down stacked using scanners.
  - The administrative team and other team members, including contract workers, participate.
  - Any variances are recounted and balanced against stock before discrepancy reports are sent to LB&B.
- Liquor orders are made by the general manager.
  - Each item is reviewed and ordered to accommodate thirty days of sales.
  - SPA's lists are reviewed for the current and incoming months, and many are ordered to meet sixty-day's worth of sales.
- Allocated products are available for mixed beverage customers and others are dropped at staggered times. *The board has an annual holiday lottery.*
- The board retains breakage reports and regularly includes the reports for credit with their suppliers. For compliance with Rule 15A 1701(c), the board regularly emails copies of the reports to the Commission quarterly.
- The board currently has nine active mixed beverage customer accounts.
  - Orders are emailed or phoned into the store.
  - Pulled and stamped orders are rechecked and signed by a second employee.
  - Invoices are provided to permittees and signed copies are retained in a file for each account.
  - The board stamps bottles as required by NCAC 15A .1901, except the stamps do not identify the customer's order number, but instead, have the date.
  - A mixed-beverage sales policy is available for permittees.
- The board frequently holds tastings.
- Board personnel administer a Facebook account but do not currently have a website.

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

- Invoices for liquor are processed per truck by the finance officer.
- The board's checks are stamped with the required disbursement certificate in compliance with G.S. 18B-702(q).
  - Checks are cut and signed by the finance officer or deputy finance officer, and counter-signed by the general manager.
  - *A small sample of invoices were reviewed and indicated they were paid within the thirty-day requirement.*
- All invoices and recurring purchase orders are stamped with the disbursement certificate and signed by the finance officer. The general manager signs the liquor order edit list and provides a copy to the finance officer for budgeting. *While board personnel meet and exceed the appropriate expectation for oversight of purchases, the board should reestablish full compliance with G.S. 18B-702(m) and have the finance officer preaudit stamp and sign the order edit list or other purchase orders.*
- The board maintains petty cash and has a credit card. Itemized receipts are retained until the accounts are reconciled in the administrative office.
- Cash-handling procedures are in place and covered in the board's personnel manual.
  - Clerks are responsible for their funds, and they bag their deposit portion at the end of each shift.
  - The finance officer counts all funds daily and compiles the deposit which is made the following bank business day.
  - Both the general manager and finance officer complete a separate month end reconciliation, and their account is routinely monitored for deposit accuracy.
  - *A sample of recent deposits were reviewed and matched with cash register tapes with no significant variances noted.*
- Funds are kept in a pooling bank(s) approved by the North Carolina Treasury Office.
- Payroll is processed biweekly through a third-party company.
  - Employees punch timecards and all times are reviewed before being sent for processing. The vendor supplies the general manager with scheduled payments for review, again, before final submission.
  - *A review of recent payroll records indicates accurate pay rates as entered on the board website the general manager.*
- The annual CPA audit was received by the Commission on September 10, 2025.
- All board members and applicable personnel are bonded for at least \$50,000 per G.S. 18B-700(i).

## **Alcohol Education**

- The board makes their alcoholism fund distribution to the Wallace Police Department. The board accrued or distributed \$24,350 in FY 24/25 and \$107,406 over the past five fiscal years.
  - Some board meeting minutes reviewed included plans from the police representative on the activity for which the funds are to be spent.
  - *For full compliance with G.S. 18B-805(h), the board should receive a report, at least annually, describing how these funds are spent.*



## **STORE INSIGHT & OVERVIEW**

- The board's store, warehouse, and administrative office are located in an outparcel building in a commercial shopping center.
  - It is on a major throughfare, and in between Interstate 40 and the downtown area.
  - The building, opened in 2022, is free-standing and has ample parking to include specified areas for oversized vehicles.
  - Signs are easily viewable and not worn or faded.
  - The exterior of the building and landscaping are professionally maintained and free of trash and debris.
- The interior of the store and warehouse is well lit and organized.
  - Floors and shelves are clean, and the counter is not overly cluttered.
  - The Fetal Alcohol Syndrome poster required by G.S. 18B-808 is displayed.
  - Quarterly price books and SPA lists are available.
  - Category signs are prominently displayed.
  - Showroom is modern, aesthetically appealing, and displays are utilized to include several barrel picks.
  - There is a North Carolina product section, and these products are also found in their corresponding category. Shelf tags indicating NC products are used.
  - Shelf tags for specially priced items are not used for monthly specials, but starbursts are used to indicate price reductions.
- Shelf management practices are fully implemented, and the board has a written plan.
  - Products are fronted, dusted, and in their designated category.
  - Premium products are generally found at eye-level or top shelf.
  - Bottles are arranged so they increase in size left to right of the same item.
- A sample of more than 100 items were selected to determine if uniform pricing is displayed. Of those selected, all item's shelf tags matched current pricing.
  - Price discrepancies will be handled in the customers favor if the shelf tag were to be lower than the current price mandate and the customer objects.
- Sales associate interactions with customers are attentive, courteous, and the staff are eager to meet the needs of the customers.
- The store opens daily at 10:00 am and closes at 8:00 pm Monday through Thursday and 9:00 pm on Fridays and Saturdays.
- All stores are closed every Sunday and the five previously required holidays.
- Security systems are in place and functional in all designated areas.
  - The store has alarms, cameras, and panic buttons.
  - *Additional cameras have been installed recently with footage lasting for 10 days.*

## REQUIRED ACTIONS PER LAWS AND RULES

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- Item #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.*
- Item #2: The board should consult G.S. 18B-201(a) to verify a current member's compliance with this statute. The board could consult with Commission staff or Commission legal counsel for options or guidance to establish compliance.
- Item #3: While the board has included in some meeting minutes their recipients' plans for their Alcoholism Fund activities, the board should verify full compliance with G.S. 18B-805(h). *The board should request their recipient(s) submit an annual report describing how the funds were spent.*
- Item #4: In connection with the periodic audit, a Certificate of Accountability attestation form should be reviewed and signed by board members and applicable personnel. A signed copy would then only need to be emailed to Commission personnel for recordkeeping.

## RECOMMENDATIONS

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- While the board already has quality oversight and well-established procedures in place, the board could consider adopting in writing a policy for the use of petty cash and the board's credit card. *Written policies can serve to strengthen internal controls and as good guidelines if updates are made or are being considered to the procedures already in place.*
- Additionally, the board could consider having a written policy for their sale of allocated products. *In addition to establishing guidelines, this policy can be informative to patrons who question your current distribution of these high demand products.*
- For full compliance with G.S. 18B-702(m), the finance officer should be signing and administering the preaudit certificate on liquor orders instead of the general manager. *Board personnel already have appropriate oversight for these approvals, and the current practice was likely established when the general manager held the dual role titles of general manager and finance officer.*
- Rule 15A .1901(a)(1) requires the board's mixed beverage tax stamps to state the permittee's transaction (order) number. Currently the board's tax stamps state the date of the transaction but not the number. *If possible, the board should begin including the permittee's order number with their current equipment. If not, the board should consult this rule before upgrading or purchasing any new equipment for this task.*
- The board could consider utilizing special shelf tags or another means to provide awareness of specially priced items. *One method utilized by other boards is to insert a different colored shelf tag beside the price tag that either states or indicates the product is currently on sale.*
- The board could consider reviewing and resigning their code of ethics policy to reflect current board member's and applicable personnel's signatures.

## **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 required to work within general minimum and maximum limits for working capital, as established per Commission Rule NCAC 15A .0902(a)(2). When ABC Boards exceed maximum working capital in any given FY due to planned capital improvements, please secure written approval from the applicable County or Municipal authorities per N.C.G.S. 18B-805(d) and forward to the Commission. As best measure, securing documentation prior to exceeding maximum working capital would be the most ideal approach.
- ABC boards are highly encouraged to find straightforward ways to lower any recurring expenses. Ways to try to improve expenses include requesting bids annually from various vendors to get the best rates possible on financial audits, various utilities, maintenance contracts, and credit card processing companies.
- Cross training opportunities for personnel should be maximized to ensure solid continuity of operations occurs for ABC boards. Also, training opportunities can work well to develop store employees for increased responsibility roles and serving to make both the routine operations and employee morale stronger.

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

## **PREVIOUS PERFORMANCE AUDIT ACTIONS (2019)**

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- Conduct a routine check of shelf prices along with the register to ensure accuracy. All prices must match what is in the register, the shelf, and in the NC Liquor Quarterly, and/or memorandums. Refer to the ABC Commission's website to verify product pricing.
- If a product is not selling using the last listed price set, ask for approval from the NC ABC Commission to reduce the price to below the uniform or last listed price. Once approved, establish a method to determine how many bottles were sold and pay the taxes based upon the last listed price and not the reduced price.
- Invoices are to be paid with thirty days (30) days of receipt of purchase. When boards have multiple shipment dates within one month, the boards will combine invoices for one payment. Oftentimes, the process could result in a late payment of one shipment/invoice. Boards who utilize this practice must adjust the payment process to ensure that payments are received by the supplier within thirty days.
- Update the board's portal to reflect current data related to board member appointment dates, contact information, if applicable, and other information as specified. ABC Boards are required to update the NC ABC Commission Board's portal as changes are made. The information is made available for the NC ABC Commission's website and for public viewing.
- Submit a written request to the NC ABC Commission allowing the general manager to serve as the finance officer.
- Affix the pre-audit certificate on all orders before the transaction occurs. The common practice of other ABC boards is to utilize the initial order edit list function as provided by the computer software. Most ABC board's edit list includes the quantity of cases ordered and an estimated total of the order. Affix the pre-audit certificate on the order edit list and have the finance officer sign verifying that the order is within the adopted budget line item. For office and store supplies, the pre-audit certificate can be placed on the invoice.

**While having addressed many considerations from the previous Commission review (2019), board should still monitor and strive to satisfy previously noted recommended actions.**

ABC Commission

400 E. Tryon Rd.

Raleigh, NC 27610

01/09/2026

Dear Mr. Strickland,

On behalf of the Wallace ABC Board, we would like to thank you for delivering your performance audit report at our December board meeting. We appreciate your support and recommendations from the audit recently performed. Please find below our responses to the findings and recommendations.

Item #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. *All current board members will take an oath in office. Going forward, signed copies of all oaths will be obtained, filed, and maintained in the board's administrative office.*

Item #2: The board should consult G.S. 18B-201(a) to verify a current member's compliance with this statute. *The board has reached out to Commission legal counsel for guidance to establish compliance and will follow the recommendations once received.*

Item #3: While the board has included in some meeting minutes their recipients' plans for their Alcoholism Fund activities, the board should verify full compliance with G.S. 18B-805(h). The board should request their recipient(s) submit an annual report describing how the funds were spent. *The board has requested this report.*

Item #4: 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. *A Certificate of Accountability has been signed and emailed to the Commission.*

Sincerely,

Katherine Bunch, General Manager

Wallace ABC Board

11 18 2025  
Month Day Year

Wallace  
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).

Katherine Blum  
General Manager

Cheryl Caplan  
Financial Officer

[Signature]  
Chairman

[Signature]  
Board Member

Kerna M. Boney  
Board Member

[Signature]  
Board Member

[Signature]  
Board Member