

# Warren County ABC Board

## Performance Audit Report



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

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## Alcoholic Beverage Control

June 24, 2025

**CHAIRMAN:**

Hank Bauer

**COMMISSIONERS:**

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Raleigh

David Sherlin

Raleigh

**DEPUTY COMMISSIONER:**

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Warren County ABC Board

Effie Adams, Chair

1230 US Hwy 58 Bus W.

Norlina, NC 27563

Chairperson Adams,

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

Warren County is in northcentral North Carolina and was created in 1779. The largest community and county seat is Warrenton. The area is best known for its history, rural and small-town charm, and its recreational lake areas. The county's population per the 2020 census was 18,642 residents, down over 11% from 2010. The Warren County ABC Board operates two (2) retail stores and is the only board with stores in the county.

Chapter 493 of the 1935 Pasquotank Act authorized Warren County to hold an election. The referendum was held on July 6, 1935, and passed 1,281 to 669. The first retail sales occurred on July 22, 1935. A mixed beverage election was held on July 20, 2004, and passed 2,008 to 1,327.

Upon election of an ABC store, Warren County was authorized to create an ABC Board consisting of a chairman and two members to serve for three-year terms. In 2021, the Warren County Board of Commissioners increased the number of members from three to five members. Current board members are Effie Adams, chair, Henry Durham Jr., Danylu Hundley, Corei Sommerville and Steve Pelfrey, board members.

*The last performance audit for the Warren County 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 Wednesday, May 14, 2025, ABC Commission Program Analyst Edwin Strickland visited the Warren County ABC Board and interviewed the General Manager, Jamie Vincent. Below is a financial analysis followed by operation observations, findings, and recommendations related to the performance audit.



**1230 US Hwy 158 Bus W. Norlina, N.C.**



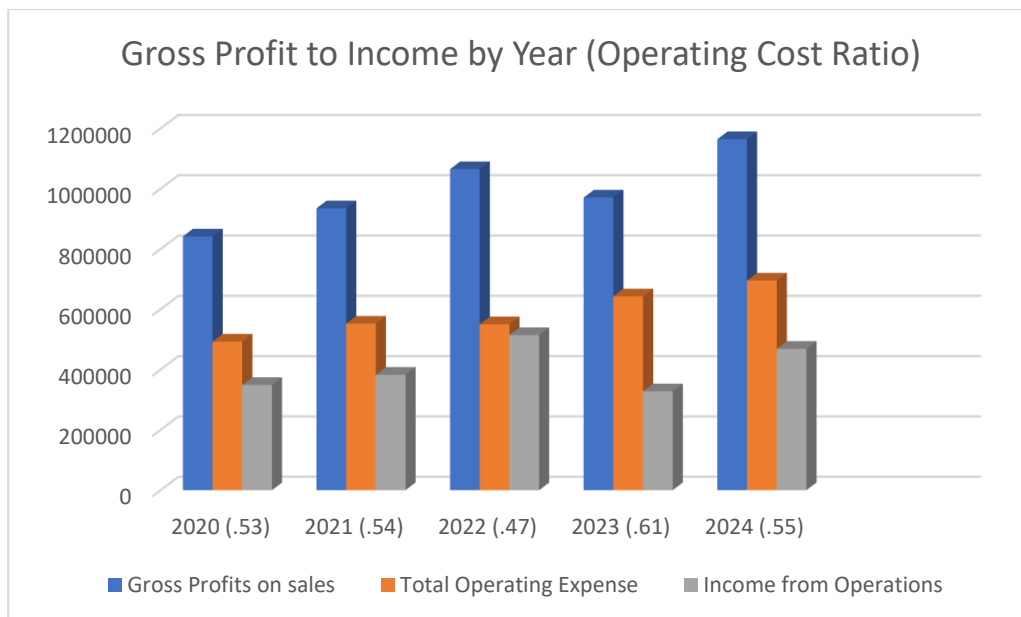
**101 Stillwater Creek Dr. Littleton, N.C.**

## FINANCIAL ANALYSIS

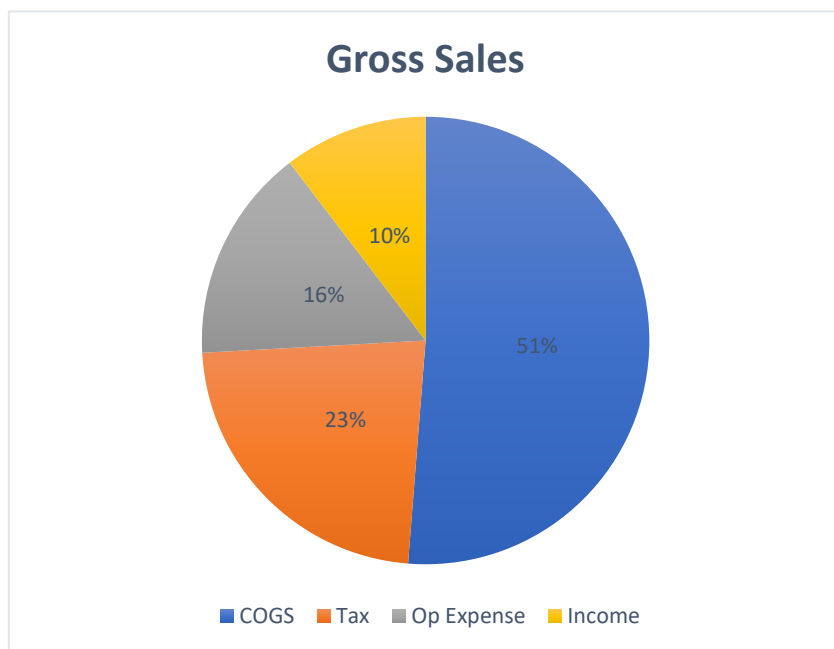
### PROFIT PERCENTAGE TO SALES & OPERATING COST RATIO

- In fiscal year (FY) 2023-2024, the Warren County ABC Board had a profit percentage to sales ratio of 10.42%. The NC ABC Commission profit to sales standards for ABC Boards with gross sales greater than \$2M is 6.5%.
  - The Warren County ABC Board's gross sales totaled \$4,499,158 which was an approximate 5.3% increase from the previous fiscal year.
  - The board's sales have grown over 36% over the last five completed fiscal years.
- Warren County ABC Board operates one retail store with mixed beverage sales. The operating cost ratio for the board was .55 in FY 2023-2024. The NC ABC Commission standard for ABC Boards with one or two stores and mixed beverage is .73 or less.
  - Operating cost ratio is calculated by dividing total operating expenses less depreciation by the gross profit on sales (Total operating expenses less depreciation/Gross Profit).
- Thus, the Warren County ABC Board meets both the profitability and the operating cost standards set by the NC ABC Commission. Below are charts showing gross profit on sales, total operating expenses, and income from operations for recent years.

	FY 2023-2024	FY 2022-2023
<b>Gross Profit on Sales</b>	\$1,163,924	\$970,431
<b>Total Operating Expense</b>	(\$695,213)	(\$642,510)
<b>Income from Operations</b>	\$468,711	\$327,921



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



- *Factors affecting sales:*
  - Other ABC boards with stores within a 30-mile radius include Vance County, Granville County, Halifax County, and Louisburg. Warren County also borders Virginia with additional possible ABC outlets.
  - A 4.9% unemployment rate in Warren County in June of 2024 with a .3% increase from the previous year.
  - The board currently has 13 active mixed beverage customers. *In FY 2023/2024 mixed beverage accounted for over 9% of gross sales.*

## INVENTORY TURNOVER

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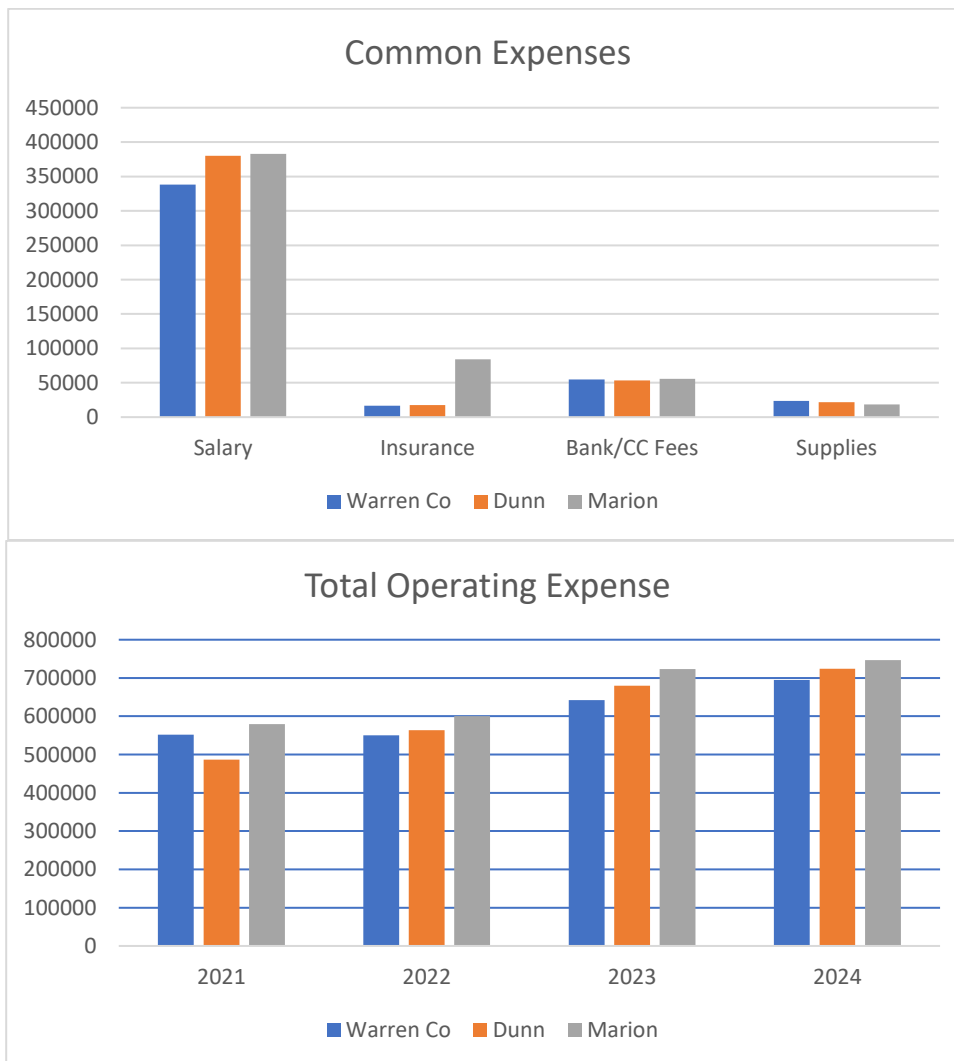
- The inventory turnover rate is calculated by dividing the cost of liquor by the average inventory in the system (Cost of Liquor/Average Inventory). The Commission has set these goals for determining an effective rate based on the frequency of deliveries.
  - Once a week deliveries target at 6 times or more per year
  - Twice a month deliveries target at 5 times or more per year
  - Monthly deliveries target at 4.5 times or more per year
- The Warren County ABC Board receives shipments twice monthly with a target inventory turnover rate of 5. The inventory rate in (FY) 2023-2024 was 3, which is somewhat below the goal.



## FINANCIAL ANALYSIS (cont.)

➤ *Factors affecting expenses:*

- Total operating expenses increased approximately eight percent (8%) from the last fiscal year and were roughly fifteen- and one-half percent (15.5%) of total annual sales in FY-23/24.
  - Board salaries and wages were about seven- and one-half percent (7.5%) of total annual sales. Salaries and wages increased almost two- and one-half percent (2.5%) from the previous fiscal year.
  - Cost of Goods Sold (COGS) was roughly 51.3% for the fiscal year with a normal range being 52% to 54%.
- A common expense report and a total operating expense report show the Warren County ABC Board has mostly lower categorical and total operating expenses comparable to other ABC boards within a similar 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>	FY2023-2024 <i>Actual</i>	Variance	Variance %
<b>Total Revenues</b>	\$4,553,000	\$4,510,312	(\$42,688)	(.9%)
<b>Total Expenditures</b>	\$4,430,247	\$4,180,191	\$250,056	5.6%
<b>Distributions</b>	\$122,286	\$141,279		
<b>Revenue over or (under) Expenditures</b>		\$188,842		
<b>After Reconciling Items</b>		\$319,716		

- In reviewing the budget to actual analysis of the FY 2023-2024 financial audit, actual total revenues were .9% below final budget amendment.
  - The net income change during the fiscal year was \$319,716. *The board's collective net position on June 30, 2024, was \$2,240,749; the net position has increased almost 92% over the last five (5) fiscal years.*
- Based on sales trajectory for the current fiscal year with ten months (83%) of the budget year completed, the board is tracking at around 104% of annual budgeted sales.
  - *A review of a recent P&L at Commission visit indicates a few line-item expenditures have exceeded their budgeted amount.*

## 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, Warren County ABC made other statutory distributions totaling \$141,279 (Net profit distribution recipient received \$100,000).
- The amount of \$1,029,381 in primary distributions and other taxes were paid to the NC Department of Revenue (NCDOR), DHHS, and the county commissioners of Warren County.
- *Per the local enabling act, the distribution formula for recipients of net profits is as follows:*
  - 85% to Warren County General Fund
  - 15% to towns in which stores are located

## DISTRIBUTIONS (cont.)

### ➤ STATUTORY DISTRIBUTIONS:

- Net Profit Distributions – The Warren County ABC board has made net profit distributions for four (4) of the last five (5) fiscal years below the minimum mandatory distribution in reference to NCGS 18B-805(c)(1). **The table below references distributions calculated on the left and total distributions made by the ABC Board for the last five (5) years on the right.**
- Law Enforcement Distributions: Have been properly disbursed at or above the standard 5% statute amount over the last five (5) FYs.
- Alcohol Education Distributions: Have been disbursed at or above the standard 7% statute amount the last five (5) FYs.

NC GENERAL STATUTE: 18B-805 (c)(1)			
Calculation of Minimum Mandatory Distribution for Net Profit to Designated Recipients		Warren 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	\$125,340	FY-2024	\$100,000
FY-2023	\$127,365	FY-2023	\$100,000
FY-2022	\$117,737	FY-2022	\$100,000
FY-2021	\$111,977	FY-2021	\$100,000
FY-2020	\$94,136	FY-2020	\$100,000

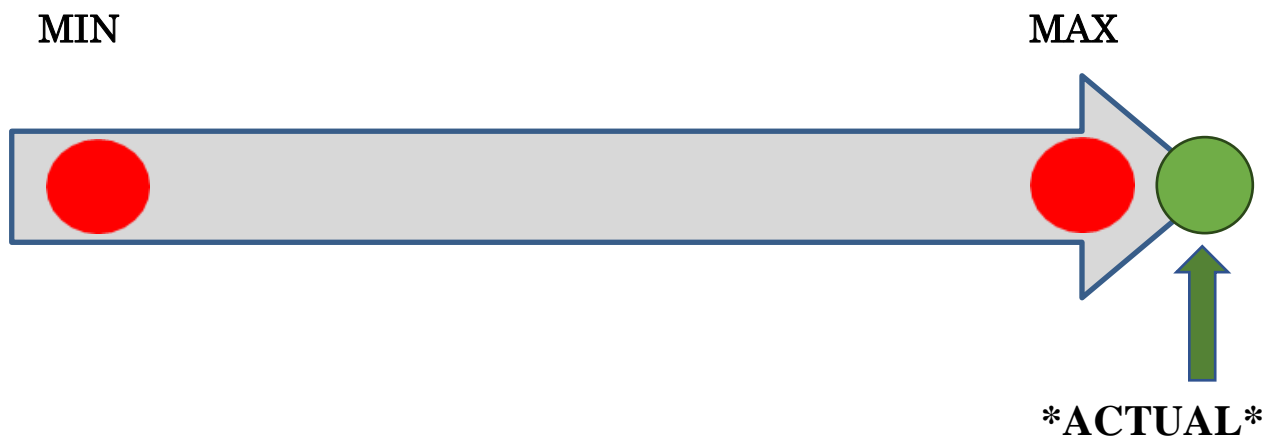
- The board has an approval from their appointing authority to make annual distributions for law enforcement and alcohol education.

## 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 Warren County ABC Board is required to maintain a minimum working capital of \$133,452 with a maximum working capital amount of \$867,444.
  - The Warren County ABC Board had a working capital balance of \$1,370,057 which is more 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.
- The board has previously received approval(s) from their appointing authority to retain profits by limiting distributions. This approval expired in 2018 and, as stated in minutes provided from the board of county commissioners, was pertaining to space limitations and rising rent at a leased store near their current lake store.

## **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 at or below the maximum \$150.00 per meeting. *Members receive quarterly checks of fixed amounts that do not exceed \$1,800.00 annually.*
  - Three board members are currently compliant on ethics training with one recently appointed and one reappointed member needing to satisfy the requirement as soon as possible.
  - Current member term end dates are not staggered appropriately with four different months for term end dates.
    - *Board should consult their appointing authority for member realignment for compliance with G.S. 18B-700(a).*
  - The board has a mixture of first and second term appointees.
  - Members have a variety of professional experience in applicable areas such as auditing, human resources, business, and other areas that work closely with local governments.
- Members may have not taken an oath of office per G.S. 11-7. *Copies of oaths should be kept available at the board's administrative office.*
- Meetings are generally held the first Thursday every other month with additional supplemental meetings. Public awareness for meetings is listed in the local newspaper.
- Meeting minutes are well organized and follow the order of proceedings, providing detail of business discussed in a transparent and easily comprehensible manner.
  - Full financial reports, including all account information, balance sheets, profit and loss statements, and variance reports, are provided and discussed at meetings.
  - Board members and personnel sign a certificate of accountability at each board meeting and copies are retained with meeting minutes.
  - 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 location.

### **Law Enforcement**

- The board has a law enforcement contract with the Warren County Sheriff's Department from 2013 in Commission records.
  - *The board could consider an updated contract between the current sheriff and board chairperson.*
- Law enforcement reports are submitted regularly by the general manager with data supplied from the Lt. Boyd with the sheriff's department.
  - Reports provide details of activities for accountability per G.S. 18B-501(f1).

## **Board Personnel**

- The board currently staffs fifteen total employees, with three full time, and twelve part time.
- General Manager has been with the board for approximately eight years, was previously the finance officer, and has been the general manager for over three years.
  - General manager is full time, their salary is below the maximum allowable compensation per G.S. 18B-700(g1), and they are compliant on ethics training.
  - They currently serve in the dual role position of general manager and finance officer.
  - They are responsible for oversight of all board operations including accounting and administrative functions, and they work directly with the store managers for front line operations.
- Both stores have a full-time manager whose responsibilities include ordering liquor and supplies, scheduling, reporting to the general manager, and general supervision of staff and store operations.
- The board utilizes a third-party bookkeeping service for general accounting oversight and quarterly report compilation.
- They use some contracted employees 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 to new employees from management and seasoned personnel and is on the job and mentorship styled.
  - RASP training has been extended to most employees and the board will likely have future trainings.
  - Product knowledge training is discussed informally between management and team members especially pertaining to new products.
- Employee files are kept locked in the administrative office and include tax and other employment documents, and some job standard notes. *Management could consider utilizing the personnel acknowledgment form from their manual and retaining a signed copy in the staff files.*
- Full time employees are enrolled in LGERS.
- No conflicts pertaining to nepotism found and per discussion with general manager.

## **Policies**

- The board has a personnel manual that details various work requirements, behavioral standards, cash handling policies, price discrepancies, leave benefits, and job descriptions.
  - An updated copy of the manual is now in Commission records retention.
- For travel, the board chooses to follow their appointing authority's policy. For compliance with G.S. 18B-700(g2), the board must obtain annual written approval from the county and provide documentation to the Commission.
- The board has a code of ethics policy, but all signatures are from former members and personnel. *The board could consider an updated code of ethics for full awareness.*
- Additional policies in Commission records include a credit card usage policy, mixed beverage, bad check, overage and shortage, shelf management, and an employee responsibility document.
- Additional policies could be considered including lottery, tastings, and employee tastings.

## **Operations**

- Board personnel conduct full inventory quarterly with perpetual categorical spot checks.
  - Multiple team members and management participate.
  - Discrepancies are reviewed by store managers and adjustments are made only by the general manager.
  - Strategies for slow moving products include moving in store and to end caps and price reductions. *Stores have a last chance section.*
  - At Commission visit, a sample of items were selected to verify accurate current inventory. Of those selected only two small variations in actual inventory verses theoretical were found.
- Board receives deliveries for goods on the second and fourth Tuesday of each month at both stores.
  - Pallets are dropped and offload is checked against the manifest.
  - Variances are reviewed and recounted before sending notification to LB&B.
- The board currently has thirteen mixed beverage customer accounts and both stores are outlets.
  - Invoices are provided to permittees at the time of the transaction and one copy is retained in a separate file, and another in a file for each account.
- A milage log is kept for travel compensation.
- Each store manager makes the liquor order for their store. *The general manager is currently fulfilling this responsibility at the board's lake store while the store manager learns best practices.*
  - The managers have different methods for completing their orders, but both include evaluating sales history, seasonal trends, and current inventory.
  - Monthly and quarterly price changes are considered before final order.
- Allocated products are available for mixed beverage accounts, some are reserved for frequent customers, and others are shelved. The board holds one lottery yearly in the fall.

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

- Invoices for liquor are usually processed within ten days of delivery by the GM/FO.
  - *A small sample of invoices were checked and indicated payments submitted well within the thirty-day requirement.*
- Checks are stamped with the required disbursement certificate in compliance with G.S. 18B-702(q).
  - The GM/FO signs all paper checks with dual signature provided by a store manager or board member.
  - Most payments, including liquor invoices, are paid through the banks bill pay service.
- While the finance officer does pre-audit invoices after an order has been placed, the board should reestablish compliance with G.S. 18B-702(m) and preaudit purchases before they have been made. *For liquor purchases, this could most reasonably be accomplished by stamping and having the finance officer sign the order edit list or other purchase orders.*
- The board has a credit card in the possession of the general manager.
  - Itemized invoices and receipts for credit card purchases are retained in board records.
  - *Recent credit card purchases were reviewed with no abnormal purchases found.*
- The board uses one or two registers with tills beginning at \$200.00 or \$300.00.
  - Managers count all drawers and change fund at the beginning of each day.
  - Calculator tape is used to access what is in the drawers at shift change and end of day.
  - Deposits match cash register reports with any variances kept in the tills.
  - Deposits are made daily, except Saturday, on the following business day.
  - The GM/FO verifies cash deposits to bank account weekly and again at month end reconciliation. *A month's deposit slips and register cash reports were verified for one store with no discrepancies.*
  - There is a change fund but not used as petty cash.
- Funds are kept in a pooling bank(s) approved by the North Carolina Treasury Office.
- Payroll is processed twice a month for full time employees and once monthly for part time, by the GM/FO using QuickBooks.
  - Hours are determined from the schedule and provided by store managers and pay rates are reviewed.
  - *A review of recent payroll records indicates accurate pay rates for board members and the general manager.*
- The board keeps records for unsaleable merchandise reports but does not email copies of the reports quarterly to the Commission in compliance with NCAC 15A .1701(c).
  - The board has a limited amount of breakage.
- Reports for alcohol education and rehabilitation recipients describing the expenditures of funds, for compliance with G.S. 18B-805(h), are not reported to the board.
  - The board expends alcohol education recipient money on bags purchases and provided at no charge to customers which advertise the Talk it Out campaign.
- The annual CPA audit was received by the Commission on September 23, 2024.
- All board members and all staff members are each bonded for \$50,000 per G.S. 18B-700(i) and G.S. 18B-803(b) and (c), and the bond was reviewed as current at visit.



## **STORE INSIGHT & OVERVIEW**

- Both the board's stores are free standing buildings with a similar exterior appearance.
  - The Norlina store houses the administrative office and is adjacent to a commercial shopping center and busy intersection at the conversion of two highways.
  - The Lake store is also nearby a commercial shopping center on a thoroughfare and is in a high tourism and recreational area.
  - Outside areas surrounding the stores are free of trash or debris, have well maintained landscaping, and the general appearance of the buildings and properties are professional.
  - Both stores have ample parking for customers and easy access for deliveries.
- The retail areas are well-lit and shelving, endcaps, and other displays are well organized.
  - Show rooms are modern, have good categorical signage, and space is maximized but still allows for easy flow for patrons and staff.
  - The Fetal Alcohol Syndrome poster required by G.S. 18B-808 are displayed along with other education outreach posters.
  - Quarterly price books are kept at the counters for customers.
  - Floors are modern, clean, and signs are not faded or worn.
  - The Norlina store has a wall which displays current SPA products, and the lake store utilizes starbursts for specially priced items.
  - Stores have a last chance display.
  - North Carolina products have a section but are also mixed throughout the stores.
- The warehouse and administrative areas for both stores are well-lit and organized and accommodate pallet deliveries.
- Shelf management practices are fully implemented, and a written plan is now available for store personnel which corresponds with NCAC 15A .1708.
  - Products are fronted and dusted, and most are placed in categorized areas.
  - Premium products are generally found at eye-level or top shelf.
  - Bottles are arranged so they increase in size left to right of the same item.
  - Products are cross-merchandised.
- Sales associate interactions with customers are attentive, courteous, and the staff is eager to meet the needs of the customers.
- A sample of approximately 100 items were selected to determine if uniform pricing is displayed. Of those selected, all items shelf price tags, across both stores, 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.
- Tastings have been held and will be considered in the future.
- The stores are open from 9:00 am until 9:00 pm. They are currently closed every Sunday, the five (5) previously required annual holidays, 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.*

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

- The board's FY 2023/2024 audit indicates an excess in set working capital per NCAC 15A .0902(a)(2). The board should make additional distributions to comply with administrative code. *Alternately, with an approval from their appointing authority, the board may set aside a portion of the remaining gross receipts as a fund for specific capital improvements per G.S. 18B-805(d).*
- The board should reestablish quarterly net profit distributions, which follow the guidelines described in G.S. 18B-801(c)(1) and (g).
- 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. *If oaths were already administered, a written account of the oaths should, please, be available at the board's administrative office.*
- When applicable, ensure unsaleable merchandise (breakage) reports are submitted to the Commission quarterly. NCAC Rule 15A .1701(c) requires quarterly reports be submitted for any unsaleable merchandise and retain original copies for three (3) years. *The board has only a small amount of breakage reports and could consider emailing, "no breakage this quarter", if they have not experienced any breakage or accumulated any signed reports.*
- The board should consider alternative recipients for their alcoholism fund or education distributions as the current expenditure of funds is not deemed to be awarded to a qualified recipient. Once new recipients are established, the recipient(s) of alcoholism fund or education distributions should provide annual documentation to the board describing the activity for which these awarded funds are spent per G.S. 18B-805(h).
- The board must annually obtain approval from the appointing authority to adhere to their local government travel policy and annually provide the Commission a copy of this approval per G.S. 18B-700(g2). NOTE: *As another option the board can alternately adopt the official State of NC government travel policy referenced under G.S. 138-6. This would allow the board an option to eliminate the annual travel policy update requirement by instead formally adopting the state government travel policy at an official board meeting.*
- 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.
- In accordance with G.S. 18B-700(a) the board should request their appointing authority stagger member terms to have at least one term end date each year and on the same month. *If a member should leave the board before their term is concluded, appoint a new member for the duration of the previous member's term.*
- While the finance officer does currently preaudit invoices, the board should re-establish compliance with GS 18B-702(m) preaudit approval certificate to take substantially the following form on orders before they are placed, "This instrument has been preaudited in the manner required by GS 18B-702". *This could most reasonably be accomplished by the finance officer stamping and signing the order edit list or other purchase orders.*
- Board members and applicable personnel are encouraged to satisfy requirements of G.S. 18B-706(b) and Rule 14B 15A .2001 in a prompt manner and before the twelve (12) month mandate. *The board currently has one recently appointed member and one reappointed member and who should complete their ethics training requirement as soon as possible.*
- ABC Boards are required to operate within a balanced budget each fiscal year. Budget amendments must be approved by the board before any funds are transferred between accounts and utilized, occurring at the actual point of time an adjustment of funds is necessary. This would include the point in time during the fiscal year when annual forecasted sales or expenditures will differ significantly from budgeted. Ensure budget amendment copies are submitted to the ABC Commission and the board's appointing authority as required per G.S. 18B-702(h), to include a final reconciliation budget amendment for the fiscal year end.
- As a reminder, G.S. 18B-700(g) states members shall receive compensation in an amount not to exceed one hundred fifty dollars per board meeting unless a different level of monetary compensation is approved by the appointing authority. *With fixed quarterly pay for members, the board should be mindful of the current pay schedule divided by the number of meetings held during the year so that this does not exceed the maximum compensation amount without approval.*

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

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- All ABC Boards are required to operate within a balanced budget. When sales projections exceed actual amounts, amend the budget to adjust for the increase. If budgeted line items are not balanced, adopt budget amendments to correct specific items or add omitted line items.
- Since the space challenges and purchase of a building have been addressed, begin making distributions according to the distribution schedule.
- Utilizing resources that would provide effective practices, i.e. shelf management, customer service, and inventory management, using the board's sales history.
- Utilizing end caps and open areas to highlight new, seasonal, and sale products on a rotating basis.
- Either remove shelving or use empty shelf space for displays.
- Update the NC ABC Commission website to reflect current board member appointment terms. Information presented on the NC ABC Commission website is made available to the general public.
- All ABC Boards are required to adopt a travel policy that conforms to the appointing authority or the Office of State Budget and Management. Utilize a travel reimbursement form when traveling overnight on ABC Board business. Provide documentation of meals, lodging, parking etc. to the bookkeeper.
- Adopt a personnel manual and/or policies that incorporate board practices. The ABC Commission encourages ABC boards to model personnel policies and procedures after those of the appointing authority. However, certain ABC procedures must be clearly presented in the employee manual specific to duties and responsibilities of the general manager and other personnel. Once employee manual is adopted and approved by the NC ABC Commission, provide copies to all employees for review and acknowledgement of receipt.
- As a reminder, submit policies to the NC ABC Commission prior to adoption. NCAC 15A .1102 states, "A copy of all rules or amendments thereto that may be adopted by a local board to govern the operation of ABC stores, or the enforcement of the ABC laws shall be submitted to the Commission at least 15 days prior to the date on which it is proposed that those rules or amendments are to become effective."
- Place the pre-audit certificate with the finance officer's signature on the orders before the transaction occurs. G.S. 18B-702 (m) state, "...the contract, agreement, or purchase order shall include on its face a certificate stating that the instrument has been pre-audited to assure compliance."
- As previously recommended and addressed, all liquor purchases are to be paid within thirty days (30) of receipt. The NC ABC Commission has the authority to cease liquor shipments to boards who are not in compliance with the rule. NCAC 15A .1406 (c) states, "Local boards shall remit full payment of the distiller's invoice with 30 days of delivery of the liquor."
- Submit all omitted law enforcement reports to the appointing authority and to the NC ABC Commission.

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

Warren County ABC Board  
1230 US Hwy 158 Business West  
Norlina, NC 27563

June 24, 2025

Mr. Edwin Strickland  
ABC Broad Auditor  
4307 Mail Service Center  
Raleigh, NC 27699-4307

Dear Mr. Strickland,

We appreciate you making the trip to Warren County, as well as having the time to come to our board meeting. You were very helpful in answering questions and providing insight to our board. Warren County ABC prides ourselves on being able to have 2 nice stores with a wide variety of products for our patrons. Our customers come from surrounding counties and even from Virginia to shop at our stores, they enjoy our employees as well as our variety of products.

Attached is a response to the Performance Audit you performed in Warren County on May 14, 2025. It was so nice to meet you, thank you for your recommendations to improve our retail and financial operations.

Please let us know if you need any further information.

Sincerely,

Effie Adams  
Warren County ABC Board Chair

## **Response to Performance Audit from May 2025**

### **Operational and Administrative Compliance**

The board is making plans to make additional distributions to the county to be in compliance with our working capital.

The board does make quarterly net profit distributions & has done so for the past several years.

Board members will take an oath of office, a copy will be provided to you by General Manager, Jamie Vincent.

The Finance Officer will start emailing the commission quarterly even if they have no breakage to report for the quarter.

The board is working on new options for the recipients of alcoholism fund and education distributions.

The board has adopted the travel policy of Warren County & a Copy will be provided to you by General Manager, Jamie Vincent. We will continue to do this yearly.


16 23 2025  
Month Day Year

Warren County  
ABC Board

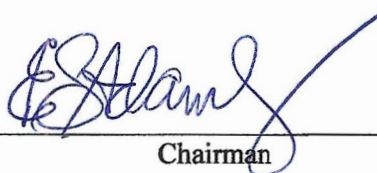
## Certificate of Accountability

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


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Financial Officer

  
Chairman

  
Board Member

  
Board Member

  
Board Member

  
Board Member