

EXAMINATION REPORT

Pennsylvania Liquor Control Board Fine Wine and Good Spirits Store 0206

136 Chartiers Avenue
McKees Rocks, Pennsylvania 15136
For the Period
October 30, 2024 to September 11, 2025

November 2025



Commonwealth of Pennsylvania
Department of the Auditor General

Timothy L. DeFoor • Auditor General



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**TIMOTHY L. DEFOOR
AUDITOR GENERAL**

The Honorable Darrell Clarke, Chairman
Pennsylvania Liquor Control Board
518 Northwest Office Building
Harrisburg, PA 17124

Dear Chairman Clarke:

We have performed an examination of Fine Wine and Good Spirits Store 0206, Allegheny County, District 3-04, operated by the Pennsylvania Liquor Control Board (PLCB). We examined store operations for the period October 30, 2024 to September 11, 2025.

This report presents the results of the Department of the Auditor General's examination of store operations under the jurisdiction of the Pennsylvania Liquor Control Board (PLCB). The examination was conducted under statutory authority provided under 47 P.S. § 3-306 of the Pennsylvania Liquor Code.

This examination was conducted only to the extent that we considered necessary to determine if the wine and spirits store operated in compliance with PLCB operating procedures. The examination was not conducted, nor was it required to be, in accordance with professional auditing or attestation standards.

Our examination included:

- Conducting a physical inventory count for a selection of liquor codes and comparing our results to the store's perpetual inventory records to determine whether inventory differences in excess of \$200 in value exists for these codes;
- Reviewing deposits, consisting of cash and checks deposited manually and credit and debit card receipts deposited electronically, to determine whether deposits were appropriately accounted for and agreed with PLCB financial records;
- Reviewing Clerk Performance Reports, Ad Hoc Reports, Shipment Invoices, and Transfer Reports to determine the store's compliance with PLCB internal controls;

- Performing a count of all cash on hand to determine whether the store's cash on hand agrees with supporting store documents and bank records, and verifying whether the total store operating fund charged to the store agrees with the amount provided by the PLCB;
- Performing tests of Licensee Sales, Tax-Exempt Sales, Minor Challenges, System Prices, Register Voids, Register Deposits, and Breakage/Adjustment Controls to determine whether store operations were in compliance with PLCB operating procedures;
- Selecting liquor codes and verifying that the sales price in the store system agrees to the PLCB's approved price list; and,
- Locating and verifying that all PLCB capital assets are present at the store and comparing our results to the PLCB fiscal year asset equipment list for accuracy.

The results of our examination found that Fine Wine and Good Spirits Store 0206 operated in compliance with all PLCB operating procedures falling within the scope of our examination, except as noted in the following findings and discussed later in this report. These matters were discussed with appropriate personnel and are intended to assist you in improving internal controls.

Finding No. 1 – Inventory Discrepancy Exceeding 1% of the Value Examined – Repeat Finding

Finding No. 2 – Instant Redeemable Coupon Used Along with Licensee Discount – Repeat Finding

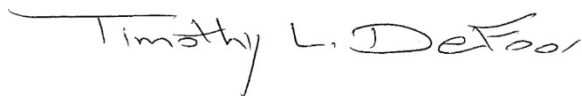
Finding No. 3 – Failure to Ensure Daily Receipts for Cash and Checks Equaled Deposits

Finding No. 4 – Failure to Ensure Daily Receipts for Cash and Checks Equaled Deposits – Change Order Deposit Procedures

We would like to thank store management for their cooperation extended to us during the conduct of the examination.

If you have any questions concerning this report, please contact the Bureau of Liquor Control Audits at (717) 783-1236.

Sincerely,



Timothy L. DeFoor
Auditor General
October 22, 2025

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BACKGROUND

The Pennsylvania Liquor Control Board (PLCB) operates a diverse network of retail and wholesale distribution facilities across the Commonwealth, including Premium Collection Stores, One-Stop/Supermarket Stores, Taste & Learn Stores, Lottery Locations, Wholesale Stores/Licensee Service Centers (LSCs) and an online E-Commerce Store. Each of these store types serves a distinct function – ranging from public retail and licensee fulfillment to education, special product releases, and bulk distribution.

The Department of the Auditor General’s authority to examine PLCB store operations is derived from Section 306 of the Pennsylvania Liquor Code (47 P.S. § 3-306).

**COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA LIQUOR CONTROL BOARD
FINE WINE AND GOOD SPIRITS STORE 0206
FINDINGS AND RECOMMENDATIONS**

Finding No. 1 – Inventory Discrepancy Exceeding 1% of the Value Examined – Repeat Finding

Condition

A random sample count of 61 liquor codes, comprised of 1,630 units valued at \$50,966.10, was performed on September 12, 2025. We compared PLCB perpetual inventory records for the 61 liquor codes to actual inventory on hand and found discrepancies with an error rate greater than 1% of the value examined or \$509.66. The perpetual inventory records and the actual inventory count matched 45 codes; however, the following 16 codes had discrepancies between the actual inventory and the perpetual inventory records:

Discrepant Code Item Number	Physical Count	Perpetual Inventory	Difference	Retail Cost Per Unit	Total Value
1	27	51	(24)	\$13.49	(\$323.76)
*2	17	19	(2)	\$61.99	(\$123.98)
3	55	57	(2)	\$25.99	(\$51.98)
4	15	16	(1)	\$59.99	(\$59.99)
5	56	57	(1)	\$27.99	(\$27.99)
6	33	32	1	\$31.99	\$31.99
7	28	27	1	\$41.99	\$41.99
8	28	27	1	\$25.99	\$25.99
9	91	90	1	\$1.19	\$1.19
*10	68	58	10	\$26.99	\$269.90
11	58	47	11	\$37.99	\$417.89
12	132	121	11	\$19.99	\$219.89
*13	66	53	13	\$17.99	\$233.87
14	27	14	13	\$47.99	\$623.87
15	54	30	24	\$29.99	\$719.76
*16	122	77	45	\$17.99	\$809.55

**** These codes were also noted as discrepancies in the prior examination report.***

**COMMONWEALTH OF PENNSYLVANIA
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FINE WINE AND GOOD SPIRITS STORE 0206
FINDINGS AND RECOMMENDATIONS**

Finding No. 1 – (Continued)

During examination of breakage and adjustments reports, it was noted that 10 of the discrepant items noted above, found during this random inventory count were the same items adjusted between April 1, 2025, through June 30, 2025, as illustrated below:

Discrepant Code Item Number	Reason Code	Description	Units	Date
2	87	Stock In	26	6/9/25
2	88	Stock Out	-28	5/14/25
3	112	Wet breakage – transit damage – from DC	-1	6/6/25
3	87	Stock In	1	6/9/25
4	87	Stock In	37	6/9/25
4	88	Stock Out	-37	5/14/25
6	88	Stock Out	-13	6/9/25
7	87	Stock In	25	6/9/25
7	88	Stock Out	-26	5/14/25
9	88	Stock Out	-1	6/9/25
10	88	Stock Out	-1	6/9/25
12	87	Stock In	102	6/9/25
12	88	Stock Out	-99	5/14/25
12	88	Stock Out	-4	5/14/25
14	88	Stock Out	-13	5/14/25
15	88	Stock Out	-1	5/14/25
15	88	Stock Out	-23	5/14/25

Errors or inaccuracies with these adjustments could have contributed to the discrepancies noted above.

Based on an examination of the 20 most recent shipment invoices, the items listed above did not disclose any issues during deliveries.

On September 12, 2025, PLCB management was notified of the differences between actual inventory and the PLCB's perpetual inventory records so that the PLCB could investigate the differences and make appropriate adjustments to its inventory records.

**COMMONWEALTH OF PENNSYLVANIA
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FINE WINE AND GOOD SPIRITS STORE 0206
FINDINGS AND RECOMMENDATIONS**

Finding No. 1 – (Continued)

A similar condition was noted in the three most recent examinations of this store; however, we have not received corrective action for the two prior examinations which may have contributed to the noncompliance.

Criteria

The PLCB Manual of Instructions, Chapter 710-14, Random/Complete Physical Inventory Comparison establishes procedures that require stores management to maintain accurate perpetual inventory records.

Cause

Contributing factors include, but are not limited to, failure to adequately complete store ad hoc counts caused multiple errors in inventory counts, failure to conduct adjustment ad hoc counts after receiving weekly shipment orders, and failure to review clerk discrepancies when daily recheck counts were performed.

Effect

Unacceptable inventory discrepancies demonstrate an inability to properly manage PLCB merchandise, reduce the ability of the Board to accurately maintain records of profit and loss, and may result in a reduction in PLCB revenue.

Recommendation

We again recommend that the Board investigate this situation and take whatever action it deems necessary to bring inventory discrepancies within the parameters established by the Board. Furthermore, the Board should monitor inventory levels and work with store employees to detect and correct inventory discrepancies in a timely manner.

Management Response

The assistant manager agreed with the findings and stated that he will discuss the discrepancies with the general manager and complete adjustments to show accurate inventory. He also indicated that additional ad hoc counts and adjustments will be completed for the entire store's inventory within the next two months. We spoke with the general manager on 9/18/25 and he stated that he had problems with ad hoc counts for the store. He attempted to correct the inventory on May 14, 2025; however, it was completed inaccurately. After asking for assistance from the district manager, the general manager completed a full ad hoc count with store associates from another store on June 9, 2025.

**COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA LIQUOR CONTROL BOARD
FINE WINE AND GOOD SPIRITS STORE 0206
FINDINGS AND RECOMMENDATIONS**

Finding No. 1 – (Continued)

Examiner's Conclusion

As indicated in the above Condition, it was disclosed that 6 of the discrepant inventory items were also noted as discrepancies in the prior examination count and reported to PLCB. Although corrective action was received from management addressing similar areas for improvement, procedures were not implemented or operating effectively to prevent their recurrence, we again recommend that management strengthen overall controls relative to monitoring store inventory and remain proactive in the area of asset protection to avoid continued variances/losses in store inventory. We still note discrepancies with the store's inventory even after the full ad hoc count.

We are concerned by the failure to comply with the three prior findings and encourage compliance at the earliest opportunity to do so. Compliance along with any subsequent corrective action taken will be subject to verification in the subsequent examination.

**COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA LIQUOR CONTROL BOARD
FINE WINE AND GOOD SPIRITS STORE 0206
FINDINGS AND RECOMMENDATIONS**

Finding No. 2 – Instant Redeemable Coupon Used Along with Licensee Discount - Repeat Finding

Condition

Our examinations of 36 licensee sales records disclosed the store was not in compliance with the PLCB Instant Redeemable Coupons (IRC) policy. We found two licensee sales in which the licensees used three IRCs, totaling \$11.00, in combination with their licensee discount for a purchase.

Criteria

PLCB Memo from Chief Counsel, 6/15/2015, states that based on the State and Federal laws governing inducements, it would not be permissible for retail licensees to redeem instant rebate or mail-in rebate coupons, offered by manufacturers or suppliers on purchases of wine or spirits from the Boards's Fine Wine & Good Spirits stores under any circumstances, regardless of whether they are attempting to make the purchase at wholesale using their ten percent licensee discount.

In addition, the Liquor Code and the Board's Regulations also contain interlocking business prohibitions that would preclude retail licensees from redeeming instant rebate or mail-in rebate coupons offered by manufacturers or suppliers on purchases of wine or spirits from the PLCB's Fine Wine & Good Spirits store per Section 411 (c) of the Liquor Code.

Further, POS Message 5638 instructs store personnel that licensees are not permitted to use IRCs in conjunction with either walk-in or portal orders. These regulations fall under both Federal and State Code.

Finally, PLCB PROCEDURE BULLETIN #32, states IRCs are for retail sale transactions. No IRCs will be honored on Special Liquor Orders, Licensee Orders, Tax-Exempt Sales or Retail Invoices.

Cause

Store management failed to establish adequate internal control procedures to ensure the IRC policy was properly followed. Store management failed to adequately train store clerks regarding the policies and procedures for licensee sales. Store management failed to keep coupons for one invoice that should be attached to clerk end of the day till summaries which are needed for audit review as per policy procedures.

**COMMONWEALTH OF PENNSYLVANIA
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FINE WINE AND GOOD SPIRITS STORE 0206
FINDINGS AND RECOMMENDATIONS**

Finding No. 2 – (Continued)

Effect

As a result of the store not complying with this PLCB procedure, the PLCB lost \$11.00 in revenue.

Recommendation

We again recommend that store management establish adequate internal control policies to ensure compliance with PLCB IRC policy and procedures, to ensure that licensees use an IRC or the licensee discount, but not both.

Management Response

The manager agreed with the finding and stated that a meeting will be held with all managers and clerks regarding the proper procedures in conducting licensee sales.

Examiner's Conclusion

Compliance along with any subsequent corrective action taken will be subject to verification in the subsequent examination.

**COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA LIQUOR CONTROL BOARD
FINE WINE AND GOOD SPIRITS STORE 0206
FINDINGS AND RECOMMENDATIONS**

Finding No. 3 – Failure to Ensure Daily Receipts for Cash and Checks Equaled Deposits

Condition

Our examination of daily collection and deposit data disclosed instances where a variance existed between store records and corresponding bank deposits. We tested 60 consecutive business days of bank deposits and discovered there was one instance where a variance of \$20.00 or more existed between store records and the corresponding bank deposits as noted in the table below.

<u>Date</u>	<u>Variance</u>
7/18/25	\$22.46

On September 18, 2025, we notified PLCB management of the cash variance between the deposit amount calculated from the Store Summary Report and the actual deposit so they could investigate the variance.

Criteria

The PLCB Manual of Instructions, Chapter 710-03, details the steps necessary to properly report daily business receipts to the office of the Comptroller in Central Office using the Point-of-Sale system. Responsibility for compliance with this procedure rests with the store's General Manager.

The PLCB Manual of Instructions, Chapter 710-03-02, states that Daily Receipts for cash and checks must equal the bank deposit or armored car deposit.

The PLCB Manual of Instructions, Chapter 710-04-02, states that the Person-in-Charge must immediately report to the Office of the Comptroller (Audits) District Office any time the store's receipts are over/short \$100.00 or more in one business day.

The PLCB Manual of Instructions, Chapter 710-04-12, states that deposit slip totals should be double-checked to ensure their accuracy.

**COMMONWEALTH OF PENNSYLVANIA
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FINE WINE AND GOOD SPIRITS STORE 0206
FINDINGS AND RECOMMENDATIONS**

Finding No. 3 – (Continued)

The PLCB Manual of Instructions, Chapter 710-06-03, states that the Person-in-Charge must directly supervise all clerks' turn-ins. In addition, the Person-in-Charge must also verify the currency/coin turn-in and change fund amounts.

Bureau of Retail Operations (BRO-0004.2) - Smart Safe User Functions states that the Person-In-Charge (*the General Manager or the person in charge of the store when General Manager is not present*) compares the cash totals of the End of Day Report to the cash totals from the End of Shift Reports and emails Cash Management and Sales Audit the amount and reason for the discrepancy.

Cause

Store management failed to provide adequate oversight during daily reconciliation of cash and checks to ensure that daily receipts equaled daily bank deposits and Store Summary Reports. The general manager indicated that he has no explanation for the deposit overage on 7/18/25.

Effect

The failure to provide adequate oversight during daily reconciliation of deposits reduces the effectiveness of internal controls, the accuracy of financial records, and increases the risk of loss, theft, or misuse of PLCB funds.

Recommendation

We recommend that store management comply with the provisions of the PLCB Manual of Instructions, Chapters 710-03, 710-03-02, 710-04-02, 710-04-12, 710-06-03, and BRO-0004.2, to ensure that the Store Summary Reports for cash and checks equal the daily bank deposits or armored car deposits.

Management Response

The general manager agreed with the finding and stated that he does not know what happened on this date. He believed that he was doing his best in reconciling daily reports and indicated that he will, in the future, ensure that daily reports balance at the end of the day.

Examiner's Conclusion

Compliance along with any subsequent corrective action taken will be subject to verification in the subsequent examination.

**COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA LIQUOR CONTROL BOARD
FINE WINE AND GOOD SPIRITS STORE 0206
FINDINGS AND RECOMMENDATIONS**

Finding No. 4 – Failure to Daily Receipts for Cash and Checks Equaled Deposits – Change Order Deposit Procedures

Condition

Our examination of daily collection and deposit data disclosed instances where a variance existed between store records and corresponding bank deposits. We tested 60 consecutive business days of bank deposits and discovered there were seven instances from 7/17/25 to 9/10/25 where a change order was not paid upon receipt creating an overage in deposits of \$4,425.41 between the store summary report records and the corresponding bank deposits.

<u>Date</u>	<u>Variance</u>
9/10/25	\$689.93
8/27/25	\$698.65
8/20/25	\$455.32
8/13/25	\$671.66
8/6/25	\$659.73
7/25/25	\$580.57
7/17/25	\$669.55

On September 18, 2025, PLCB management was notified of the cash variances between the expected deposit amount based on the Store Summary Report and the actual deposit so they could investigate the variance.

Criteria

The PLCB Smart Safe User Guide, Revision 06/26/20, Ordering Change, states that the change order must be entered into the PNC Bank system, and the amount removed from the Store Operating Fund, placed in the smart safe and logged as a change purchase. That receipt must be placed in the Store Operating Fund as a temporary marker until the change order is delivered.

The PLCB Manual of Instructions, Chapter 710-03-02, states that the Daily Receipts for cash and checks must equal the bank deposit or armored car deposit.

**COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA LIQUOR CONTROL BOARD
FINE WINE AND GOOD SPIRITS STORE 0206
FINDINGS AND RECOMMENDATIONS**

Finding No. 4 – (Continued)

The PLCB Manual of Instructions, Chapter 710-04-02, states that the Person-in-Charge must immediately report to the Office of the Comptroller (Audits) District Office any time the store's receipts are over/short \$100.00 or more in one business day.

The PLCB Manual of Instructions, Chapter 710-04-12, states that deposit slip totals should be double-checked to ensure their accuracy.

Cause

Store management failed to establish adequate internal control procedures to ensure that correct change order amounts are properly inserted into the smart safe as prescribed by the PLCB and that daily receipts equal the daily bank deposit.

Effect

The failure to provide adequate oversight of change order requests and amounts inserted into the Smart Safe reduces the effectiveness of internal controls, the accuracy of financial records, and increases the risk of loss, theft, or misuse of PLCB funds. The general manager and the assistant manager both mentioned that they did not know the proper procedures for paying for the change orders when received from Brinks.

Recommendation

We recommend that store management comply with the provisions of the Smart Safe User Guide, PLCB Manual of Instructions, Chapters 710-04-12, 710-06-03, and 710-03-02, to ensure the accuracy of change orders and related Smart Safe procedures and that daily receipts for cash and checks equal the daily bank or armored car deposits.

Furthermore, we recommend that all managers review and follow the Smart Safe procedures and implement appropriate oversight procedures to verify that Smart Safe deposits equal the daily receipts.

**COMMONWEALTH OF PENNSYLVANIA
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FINE WINE AND GOOD SPIRITS STORE 0206
FINDINGS AND RECOMMENDATIONS**

Finding No. 4 – (Continued)

Management Response

The general manager agreed with the finding and mentioned that he will have to reach out to someone to receive training on how to pay for the change orders properly.

Examiner's Conclusion

Compliance with the recommendation will be subject to verification in the subsequent examination.

**COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA LIQUOR CONTROL BOARD
FINE WINE AND GOOD SPIRITS STORE 0206
PRIOR FINDINGS AND RECOMMENDATIONS**

STATUS OF PRIOR FINDINGS AND RECOMMENDATIONS

Random Sample Shortages

Our prior examination of a random sample of the store's inventory reported an inventory discrepancy exceeding \$200 between actual and perpetual inventory. Store management failed to comply with our recommendation (see Finding No. 1).

IRC Policy

Our prior examination reported noncompliance with PLCB Instant Redeemable Coupons (IRC) policy. Store management failed to comply with our recommendation (see Finding No. 2).

**COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA LIQUOR CONTROL BOARD
FINE WINE AND GOOD SPIRITS STORE 0206
REPORT DISTRIBUTION LIST**

This report was initially distributed to the following:

The Honorable Darrell Clarke
Chairman
Pennsylvania Liquor Control Board

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Angela Schaul
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