

# EXAMINATION REPORT

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Pennsylvania Liquor Control Board  
Fine Wine and Good Spirits  
Store 0260

1955 Wharton Street  
Pittsburgh, Pennsylvania 15203  
For the Period  
March 20, 2025 to March 11, 2026

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April 2026



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 0260, Allegheny County, District 3-02, operated by the Pennsylvania Liquor Control Board (PLCB). We examined store operations for the period March 20, 2025 to March 11, 2026.

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 0260 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

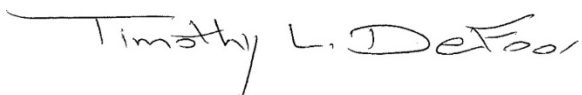
Finding No. 2 – Tax-Exempt Sales - Improper Documentation

Finding No. 3 – Instant Redeemable Coupon Used Along with Tax Exempt Discount

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  
April 15, 2026

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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 0260  
FINDINGS AND RECOMMENDATIONS**

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

**Condition**

A random sample count of 60 liquor codes, comprised of 6,507 units valued at \$222,402.03, was performed on March 12, 2026. We compared PLCB perpetual inventory records for the 60 liquor codes to actual inventory on hand and found a unit difference of 79 with a retail value difference of \$2,788.91. These discrepancies had an error rate of 1.26%, which was greater than our threshold of 1% of the value examined. The perpetual inventory records and the actual inventory count matched 50 codes; however, the following 10 codes had discrepancies between the actual inventory and the perpetual inventory records:

| <b>Discrepant Code Item Number</b> | <b>Physical Count</b> | <b>Perpetual Inventory</b> | <b>Difference</b> | <b>Retail Cost Per Unit</b> | <b>Total Value</b> |
|------------------------------------|-----------------------|----------------------------|-------------------|-----------------------------|--------------------|
| <b>1*</b>                          | <b>60</b>             | <b>84</b>                  | <b>(24)</b>       | <b>\$30.99</b>              | <b>(\$743.76)</b>  |
| <b>2*</b>                          | <b>423</b>            | <b>435</b>                 | <b>(12)</b>       | <b>\$26.99</b>              | <b>(\$323.88)</b>  |
| 3                                  | 294                   | 306                        | (12)              | \$9.39                      | (\$112.68)         |
| 4                                  | 13                    | 19                         | (6)               | \$179.99                    | (\$1,079.94)       |
| 5                                  | 114                   | 115                        | (1)               | \$29.99                     | (\$29.99)          |
| 6                                  | 2                     | 3                          | (1)               | \$45.89                     | (\$45.89)          |
| 7                                  | 376                   | 375                        | 1                 | \$12.99                     | \$12.99            |
| 8                                  | 7                     | 6                          | 1                 | \$19.99                     | \$19.99            |
| <b>9*</b>                          | <b>529</b>            | <b>523</b>                 | <b>6</b>          | <b>\$19.99</b>              | <b>\$119.94</b>    |
| 10                                 | 297                   | 282                        | 15                | \$19.99                     | \$299.85           |

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

As indicated in the table above, three of the ten discrepant inventory codes were also noted as discrepancies in the prior examination count and reported to PLCB.

**COMMONWEALTH OF PENNSYLVANIA  
PENNSYLVANIA LIQUOR CONTROL BOARD  
FINE WINE AND GOOD SPIRITS STORE 0260  
FINDINGS AND RECOMMENDATIONS**

**Finding No. 1 – (Continued)**

During examination of breakage and adjustments reports, we found five of the discrepant inventory items noted above were the same codes adjusted between November 1, 2025, and January 31, 2026, as illustrated below:

| Discrepant Code Item Number | Description   | Units | Date     |
|-----------------------------|---|-------|----------|
| 1                           | Stock Out   | -1    | 12/27/25 |
| 1                           | (+) Physical inventory adjustment/correction                      | 2     | 1/13/26  |
| 2                           | Stock Out   | -34   | 12/27/25 |
| 2                           | (+) Physical inventory adjustment/correction                      | 2     | 1/13/26  |
| 3                           | Defective container with content intact or unsaleable accessories | -1    | 1/9/26   |
| 9                           | Stock Out   | -18   | 1/7/26   |
| 10                          | Stock In  | 2     | 11/8/25  |

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

Our examination of 30 shipment invoices did not disclose any issues for the discrepant codes above during deliveries.

On March 12, 2026, PLCB management was notified of the differences between actual inventory and the PLCB’s perpetual inventory records so that PLCB could investigate the differences and make appropriate adjustments to its inventory records.

**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**

The manager stated discrepancies with items 1, 2, 3, 4, and 10 could be related to truck shipment errors due to discrepancies being whole cases. The rest of the discrepancies could be related to clerk scanning errors at the register or on licensee orders.

**COMMONWEALTH OF PENNSYLVANIA  
PENNSYLVANIA LIQUOR CONTROL BOARD  
FINE WINE AND GOOD SPIRITS STORE 0260  
FINDINGS AND RECOMMENDATIONS**

**Finding No. 1 – (Continued)**

**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 store management investigate this situation and take whatever action it deems necessary to bring inventory discrepancies within the parameters established by the Board.

**Management Response**

The manager agreed with the finding and adjustments to correct the inventory were made on March 3, 2026.

**Examiner's Conclusion**

Compliance may be subject to verification in the next examination.

**COMMONWEALTH OF PENNSYLVANIA  
PENNSYLVANIA LIQUOR CONTROL BOARD  
FINE WINE AND GOOD SPIRITS STORE 0260  
FINDINGS AND RECOMMENDATIONS**

**Finding No. 2 – Tax-Exempt Sales - Improper Documentation**

**Condition**

Our examination of the store’s tax-exempt sales disclosed that it was not in compliance with PLCB Tax-Exempt Sales procedures and the Revenue Code regarding required documentation. We examined 24 invoices for tax-exempt sales and found the following documentation discrepancies:

- 1 REV-1220 form was not attached to the invoice.
- 21 REV-1220 forms were not dated at the time of purchase.

**Criteria**

The Revenue Code, 61 Pa. Code § 32.2(b) states, in part, a seller who accepts an exemption certificate in good faith is relieved of the sales tax liability. The seller is to retain physical possession of the certificate.

PLCB’s Tax Exempt Sales Policies, BRO-0052 and BRO-0052.1, effective January 18, 2021, state that a purchaser must present a valid Tax-Exempt certificate, REV-1220, for *each* purchase, the certificate must be signed and dated by the purchaser at the time of purchase, and the completed certificate must be attached to the store copy of the invoice and filed accordingly. For purchases exceeding \$200 or more, purchasers claiming exemption from sales tax shall also complete REV-1715 Declaration of Sales Tax Exemption. A signed original REV-1220 and REV-1715 is to be retained by the store.

**Cause**

The manager stated that clerks did not know that the REV-1220s needed to be dated at time of purchase.

**Effect**

As a result of the store not complying with PLCB tax-exempt sales procedures, the store may be providing tax exemptions to non-exempt customers, This results in a loss of revenue to the Commonwealth. Additionally, non-compliance with the Revenue Code could result in the PLCB being liable for the sales tax that was exempted.

**COMMONWEALTH OF PENNSYLVANIA  
PENNSYLVANIA LIQUOR CONTROL BOARD  
FINE WINE AND GOOD SPIRITS STORE 0260  
FINDINGS AND RECOMMENDATIONS**

**Finding No. 2 – (Continued)**

**Recommendation**

We recommend that store management take appropriate action to ensure that its employees follow the PLCB procedures for tax-exempt sales and comply with the Revenue Code's documentation requirements.

**Management Response**

The manager agreed with the finding and held a meeting with the store clerks and assistant managers to review tax exempt procedures.

**Examiner's Conclusion**

Compliance may be subject to verification in the next examination.

**COMMONWEALTH OF PENNSYLVANIA  
PENNSYLVANIA LIQUOR CONTROL BOARD  
FINE WINE AND GOOD SPIRITS STORE 0260  
FINDINGS AND RECOMMENDATIONS**

**Finding No. 3 – Instant Redeemable Coupon Used Along with Tax-Exempt Discount**

**Condition**

Our examinations of 24 sales records for tax-exempt sales disclosed the store was not in compliance with the PLCB Instant Redeemable Coupons (IRC) policy. We found 1 sale to a tax-exempt customer that allowed both an IRC and the tax-exempt discount, for a total loss to the Commonwealth of \$3.00.

**Criteria**

PLCB's POS (Point of Sale) User Guide PROCEDURE Bulletin #32, states in part:

IRCs are for retail sale transactions. No IRCs will be honored on Special Liquor Orders, Licensee Orders, Tax-Exempt Sales or Retail Invoices.

**Cause**

The manager stated that the clerk did not know that tax-exempt customers could not use an Instant Redeemable Coupon (IRC).

**Effect**

As a result of the store not complying with this PLCB procedure, the PLCB lost \$3.00 in revenue.

**Recommendation**

We recommend that store management establish adequate internal control policies to ensure compliance with PLCB IRC policy and procedures, which only permits a tax-exempt customer to use an IRC or the discount, but not both.

**Management Response**

The manager agreed with the finding and will hold a meeting with clerks to remind them of the Instant Redeemable Coupon (IRC) policy and procedures.

**Examiners' Conclusion**

Compliance may be subject to verification in the next examination.

**COMMONWEALTH OF PENNSYLVANIA  
PENNSYLVANIA LIQUOR CONTROL BOARD  
FINE WINE AND GOOD SPIRITS STORE 0260  
PRIOR FINDING AND RECOMMENDATION**

**STATUS OF PRIOR FINDING AND RECOMMENDATION**

**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).

**COMMONWEALTH OF PENNSYLVANIA  
PENNSYLVANIA LIQUOR CONTROL BOARD  
FINE WINE AND GOOD SPIRITS STORE 0260  
REPORT DISTRIBUTION LIST**

This report was initially distributed to the following:

**The Honorable Darrell Clarke**  
Chairman  
Pennsylvania Liquor Control Board

**Jeremy Snyder**  
Assistant Director  
PLCB Audit Services Division/Bureau of Audits  
Pennsylvania Office of the Budget

**Rodrigo Diaz**  
Executive Director  
Pennsylvania Liquor Control Board

**Angela Blecher**  
Chief Financial Officer  
Pennsylvania Liquor Control Board

**Angela Schaul**  
Director of Store Operations  
Pennsylvania Liquor Control Board

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