EXAMINATION REPORT

Pennsylvania Liquor Control Board

Fine Wine and Good Spirits Store 0286

1130 Perry Highway
Pittsburgh, Pennsylvania 15237
For the Period
January 14, 2025 to October 1, 2025

November 2025

TIMOTHY L. DeFOOR • AUDITOR GENERAL

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 0286, Allegheny County, District 3-10, operated by the Pennsylvania Liquor Control Board (PLCB). We examined store operations for the period January 14, 2025 to October 1, 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 0286 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 – Tax-Exempt Sales - Improper Documentation - Repeat Finding

Finding No. 2 – Failure to Ensure Daily Receipts for Cash and Checks Equaled Deposits - Cash Deposit Preparation

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

Timothy L. DeFoor
Auditor General
October 31, 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 0286
FINDINGS AND RECOMMENDATIONS

Finding No. 1 – Tax-Exempt Sales - Improper Documentation - Repeat Finding

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 14 invoices for tax-exempt sales and found the following documentation discrepancies:

Date	Invoice Number	Total Price	Discrepancy
07-12-25	*00286004439520250712	$49.77	EIN number was entered into the POS system instead of the tax exemption certificate number. The vendor's name and address were not completed on REV-1220.
07-01-25	*00286003182120250701	$17.59	EIN number was entered into the POS system instead of the tax exemption certificate number. The vendor's name and address were not completed on REV-1220.

Finding No. 1 – (Continued)

Date	Invoice Number	Total Price	Discrepancy
05-09-25	*00286003707720250509	$17.59	EIN number was entered into the POS system instead of the tax exemption certificate number. The vendor's name and address was completed incorrectly on REV-1220.
04-07-25	*00286001873420250407	$16.59	EIN number was entered into the POS system instead of the tax exemption certificate number. The vendor's name and address were not completed on REV-1220.
02-27-25	*00286003103620250227	$70.36	EIN number was entered into the POS system instead of the tax exemption certificate number. The vendor's name and address were not completed on REV-1220.

*Tax-Exempt number not listed correctly on the invoice because the EIN was listed as the tax-exempt number in the POS.

Finding No. 1 – (Continued)

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 and a signed, original REV-1220 and REV-1715 is to be retained by the store.

Cause

The general manager mentioned that the EIN number was entered into the POS system for these two tax-exempt customers and not the tax exemption number provided on the REV-1220 forms provided for the purchases. The general manager also indicated that she was not aware of the REV-1220's name of the vendor and address not being completed for four of the five sales noted above and was completed incorrectly for one remaining sale.

Effect

As a result of the store not complying with PLCB tax-exempt sales procedures, the store may be providing tax exemptions to customers that should not be receiving them, which 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 tax that was exempted.

Recommendation

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

Finding No. 1 – (Continued)

Management Response

The general manager agreed with the finding and will have a meeting to make all employees and managers and inform them of the proper tax-exempt sale procedures. The general manager also will correct the POS system and enter in the correct tax exemption numbers for the two tax exempt customers identified in this finding.

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 0286
FINDINGS AND RECOMMENDATIONS

Finding No. 2 – Failure to Ensure Daily Receipts for Cash and Checks Equaled Deposits Cash Deposit Preparation

Condition

Our examination of daily collection and deposit data disclosed two 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 two instances where a variance of $20 or more existed between store records and the corresponding bank deposits. See table below.

Date	Variance
8-28-25	($40)
9-5-25	$40

On October 9, 2025, auditors notified PLCB management of the cash variance between the deposit amount calculated from the Store Till Summary and the actual deposit so they could investigate the deposit variance and take whatever appropriate action is deemed necessary.

Criteria

The PLCB Smart Safe User Guide, Revision 06/26/20, Weekly Cash Deposit Preparations, details the steps necessary to accurately complete deposit slips for the amounts contained in the Weekly Deposit Bag, which excludes monies deposited into the bill acceptors. A copy of the deposit slip is to be kept with the daily paperwork, and the Brinks Customer Receipt book is to be filled out with the amount of money contained in the Weekly Deposit Bag.

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. Chapter 710-03-01 states that responsibility for compliance with this procedure rests with the store General Manager.

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.

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.

Finding No. 2 – (Continued)

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

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

Cause

The general manager stated that on August 28, 2025, they did not reconcile the deposit properly at the end of the day. The general manager also indicated that they were not aware of the deposit being short $40 on August 28, 2025, until an e-mail was received from cash management on September 4, 2025, letting the store know about the shortage. Furthermore, store management failed to realize the Store Operating Fund had a $40 overage from August 28, 2025 through September 4, 2025.

Effect

The failure to document and provide proper supervisory oversight reduces the effectiveness of internal controls, the accuracy of financial records, and increases the risk of loss, theft, or misuse of PLCB funds. Management was unaware that the Store Operating Fund was over by the $40 for a week.

Recommendation

We recommend that store management comply with the provisions of The PLCB Smart Safe User Guide, Revision 06/26/20, Weekly Cash Deposit Preparations, the PLCB Manual of Instructions, Chapters 710-04-12, 710-06-03, and 710-03-02, to ensure that daily receipts for cash and checks equal the bank deposit or armored car deposit by providing proper supervisory oversight during clerk turn-ins.

Furthermore, we recommend re-training for managers who consistently fail to provide proper supervisory oversight during clerk turn-ins. The Store Operating Fund and register drawers need to be counted at the end of each day for accuracy and if variances are noted, report the variances to cash management.

Finding No. 2 – (Continued)

Management Response

The general manager agreed with the finding and that the deposit had a shortage of $40 on August 28, 2025. The general manager also stated that they will be more careful when reconciling the store funds at the end of the business day.

Examiner’s Conclusion

We are concerned that management did not identify a drawer in the smart safe that had a $40 overage for more than a week until cash management notified them of a $40 shortage for a prior deposit.

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 0286
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 complied with our recommendation.

Cash Security

Our prior examination reported noncompliance with PLCB Cash Security procedures. Store management complied with our recommendation.

IRC Policy

Our prior examination reported noncompliance with PLCB Instant Redeemable Coupons (IRC) policy. Store management complied with our recommendation.

Tax-Exempt Sales

Our prior examination reported noncompliance with PLCB Tax-Exempt Sales – Improper Documentation. 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 0286
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Darrell Clarke
Chairman
Pennsylvania Liquor Control Board

Faith Deitrich
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

This report is a matter of public record and is available online at www.PaAuditor.gov. Media questions about the report can be directed to the Pennsylvania Department of the Auditor General, Office of Communications, 229 Finance Building, Harrisburg, PA 17120; via email to: news@PaAuditor.gov.