

# EXAMINATION REPORT

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Pennsylvania Liquor Control Board  
Fine Wine and Good Spirits  
Store 0603

4880 Penn Avenue  
Sinking Spring, Pennsylvania 19608  
For the Period  
August 16, 2024 to August 19, 2025

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October 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 0603, Berks County, District 2-06, operated by the Pennsylvania Liquor Control Board (PLCB). We examined store operations for the period August 16, 2024 to August 19, 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 0603 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.

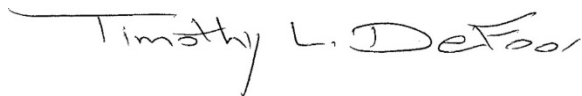
Finding No. 1 – Inventory Discrepancy Exceeding 1% of the Value Examined - Repeat Finding

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

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,

A handwritten signature in black ink that reads "Timothy L. DeFoor". The signature is written in a cursive, flowing style.

Timothy L. DeFoor  
Auditor General  
October 1, 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 0603  
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 2,866 units valued at \$72,422.44, was performed on August 20, 2025. We compared PLCB perpetual inventory records for the 60 liquor codes to actual inventory on hand and found discrepancies with an error rate greater than 1% of the value examined or \$724.22. The perpetual inventory records and the actual inventory count matched 58 codes; however, the following 2 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>
1	0	13	(13)	\$70.99	(\$922.87)
2	0	9	(9)	\$31.19	(\$280.71)

During examination of breakage and adjustments reports, it was noted that none of the discrepant items noted above, found during this random inventory count, were the same items adjusted between April 01, 2025, through June 30, 2025, as illustrated below:

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

On August 21, 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.

A similar condition was noted in the three most recent examinations of this store. Although we received corrective action for the three prior examination reports addressing similar inventory concerns, procedures were either not implemented or not operatively effective to prevent their re-occurrence.

**Criteria**

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

**COMMONWEALTH OF PENNSYLVANIA  
PENNSYLVANIA LIQUOR CONTROL BOARD  
FINE WINE AND GOOD SPIRITS STORE 0603  
FINDINGS AND RECOMMENDATIONS**

**Finding No. 1 – (Continued)**

**Cause**

Contributing factors include, but are not limited to, theft, malfunctions in the inventory management system, failure to properly adjust inventory records and failure by store employees to properly accept or dispatch inventory transfers and shipments.

**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 general manager did not agree with the finding and indicated the discrepant inventory was found the next day when she returned to work.

**Examiner's Conclusion**

On August 20<sup>th</sup>, the day of the inventory count, it was determined that discrepant item code 1 was missing 13 units and discrepant code item 2 was missing 9 units. The auditor and two other store members, assistant manager and one clerk, could not locate the missing inventory. The next day the general manager (GM) called the auditor to inform him that the missing inventory was found. During the day of the exit conference the GM showed the auditor where the inventory was found in the store. The Auditor General's office cannot account for inventory found after the final inventory count is agreed and once the auditor leaves the store. All inventory findings must be documented and reconciled during the official count to maintain the integrity and accuracy of the audit process. Therefore, the inventory finding remains as reported.

As indicated in the above Condition, 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 the store inventory and remain proactive in asset protection to avoid continued variances/losses in store inventory.

**COMMONWEALTH OF PENNSYLVANIA  
PENNSYLVANIA LIQUOR CONTROL BOARD  
FINE WINE AND GOOD SPIRITS STORE 0603  
FINDINGS AND RECOMMENDATIONS**

**Finding No. 1 – (Continued)**

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 0603  
FINDINGS AND RECOMMENDATIONS**

**Finding No. 2 – 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 five invoices for tax-exempt sales and found the following documentation discrepancies:

<b><u>Date</u></b>	<b><u>Invoice Number</u></b>	<b><u>Total Price</u></b>	<b><u>Discrepancy</u></b>
11/08/24	00603002198120241108	\$159.92	REV-1220 not dated at time of purchase
09/18/24	00603001625020240918	\$39.98	REV-1220 not dated at 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 and a signed, original REV-1220 and REV-1715 is to be retained by the store.

**Cause**

Store management again failed to establish adequate internal control procedures to ensure that the store clerks followed the PLCB Tax-Exempt sales procedures.

**COMMONWEALTH OF PENNSYLVANIA  
PENNSYLVANIA LIQUOR CONTROL BOARD  
FINE WINE AND GOOD SPIRITS STORE 0603  
FINDINGS AND RECOMMENDATIONS**

**Finding No. 2 – (Continued)**

**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.

**Management Response**

The assistant manager agreed with the finding and indicated that he will discuss this finding with the manager and all employees at the next manager/clerk meeting.

**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 0603  
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).

**Tax-Exempt Sales**

Our prior examination reported noncompliance with PLCB Tax-Exempt Sales procedures – Improper Documentation. 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 0603  
REPORT DISTRIBUTION LIST**

This report was initially distributed to the following:

**The Honorable Darrell Clarke**  
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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

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