

EXAMINATION REPORT

Pennsylvania Liquor Control Board
Fine Wine and Good Spirits
Store 2103

109 South Conestoga Drive
Shippensburg, Pennsylvania 17257
For the Period
January 21, 2025 to December 8, 2025

February 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 2103, Cumberland County, District 2-09, operated by the Pennsylvania Liquor Control Board (PLCB). We examined store operations for the period January 21, 2025 to December 8, 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 2103 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 – Failure to Follow Change Order Procedures

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

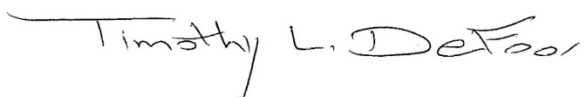
Finding No. 3 – Wholesale Purchases Made with Inactive (Expired) License

Finding No. 4 – Tax-Exempt Sales - Improper Documentation

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
February 5, 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 2103
FINDINGS AND RECOMMENDATIONS**

Finding No. 1 – Failure to Follow Change Order Procedures

Condition

Our examination of the store’s collection and deposit information disclosed that it did not comply with PLCB change ordering procedures. We tested 60 consecutive business days of bank deposits and discovered there were three instances when a change order was completed and the change received, but the store did not properly pay for the change purchase. This delay caused the store funds to be overstated for the three instances for 17 days.

Criteria

The PLCB Policies and Processes, BRO-0004.0, Smart Safe Policy, states that Smart Safes allow for immediate security and deposit of cash and eliminates the need for many stores to visit their local bank to obtain change. The Smart Safe counts the cash deposited into it, eliminating the possibility of human counting error and decreasing organizational exposure to the misappropriation of cash.

The PLCB Policies and Processes, BRO-0004.4, Armored Car Services, outlines the procedures which stores must follow to order and receive change as well as how to properly receive armored car service.

Additionally, the PLCB Smart Safe User Guide, Revision 05/12/21, 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.

Cause

Store management failed to ensure that PLCB change ordering procedures were properly followed.

Effect

The failure to document and deposit the correct amount of the change order received reduces the effectiveness of internal controls, the accuracy of financial records, and increases the risk of loss, theft, or misuse of PLCB funds.

**COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA LIQUOR CONTROL BOARD
FINE WINE AND GOOD SPIRITS STORE 2103
FINDINGS AND RECOMMENDATIONS**

Finding No. 1 – (Continued)

Recommendation

We recommend that store management comply with the provisions of BRO-0004.0 which requires an immediate deposit to pay for the store's change. We also recommend that PLCB improve monitoring of the receipt and payment of change so that late payments are detected in a timely manner, and corrective action is taken to ensure that the Change order is promptly paid for when received in accordance with policies and procedures

Management Response

The manager agreed with the 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 2103
FINDINGS AND RECOMMENDATIONS**

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

Condition

Our examinations of 40 sales records for licensee's disclosed the store was not in compliance with the PLCB Instant Redeemable Coupons (IRC) policy. We found one sale to a licensee that allowed both an IRC and the licensee discount, for a total loss to the Commonwealth of \$18.00.

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

Store management failed to establish adequate internal control procedures to ensure the IRC policy was properly followed.

Effect

As a result of the store not complying with this PLCB procedure, the PLCB lost \$18.00 in revenue.

Recommendation

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

Management Response

The manager agreed with the finding and will address this with the staff at the next employee 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 2103
FINDINGS AND RECOMMENDATIONS**

Finding No. 3 - Wholesale Purchases Made with Inactive (Expired) License

Condition

An examination of 40 licensee sales records disclosed that the store was not in compliance with PLCB Wholesale Liquor Purchase Permit Card (PLCB-24) procedures. Our examination determined that two sales were made to a licensee whose liquor license expired on 01/25/25, as illustrated in the table below:

<u>Date</u>	<u>Invoice</u>	<u>Amount</u>
01/25/25	02103002147320250125	\$190.78
03/13/25	180015998	\$1,222.79

Criteria

The PLCB Manual of Instructions, Chapter 750-02-02, Wholesale Purchase Permit Card and Attachments for Retail Liquor Licensees require that licensees submit their Wholesale Liquor Purchase Permit Cards (PLCB-24) to their Home Store yearly. Chapter 750-02-07, Temporary Authority Letters establishes procedures for making licensee sales with a temporary license.

POS Message #6137, PLCB+, states that on May 9, 2016, the entire licensing system was upgraded to allow for licensees to complete all license related activity online including: Applications, Officer Changes, and Renewals.

POS Message #8729, License Expirations, states that there is no longer an automatic extension of license authority due to the COVID-19 pandemic. Licensees are required to file their license renewals and bring their license up to date. The authority/purchasing code should be accurate in the point of sale system.

Advisory Notice 27, 3rd Revision, states all licensees have until December 31, 2020, to file all documents and fees necessary to bring their licenses up to date.

Cause

Store management failed to implement adequate internal control procedures to ensure that all licensee sales were made by authorized licensees in accordance with PLCB procedures.

**COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA LIQUOR CONTROL BOARD
FINE WINE AND GOOD SPIRITS STORE 2103
FINDINGS AND RECOMMENDATIONS**

Finding No. 3 – (Continued)

Effect

The store's failure to comply with PLCB procedures resulted in discounted sales to an establishment without a valid active retail liquor license.

Recommendation

We recommend that the store comply with the PLCB's procedures and bring all licenses up to date at the earliest opportunity to do so.

Management Response

The manager agreed with the finding and will address this with the staff at the next employee 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 2103
FINDINGS AND RECOMMENDATIONS**

Finding No. 4 - 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 6 invoices for tax-exempt sales and found the following documentation discrepancies:

<u>Date</u>	<u>Invoice Number</u>	<u>Total Price</u>	<u>Discrepancy</u>
04/22/25	02103001577620250422	\$723.54	• REV-1220 not dated at time of purchase.
05/03/25	02103001767420250503	\$74.94	• REV-1220 not dated at time of purchase.
05/08/25	02103001829920250508	\$485.45	• REV-1220 not dated at time of purchase.
05/20/25	02103001999120250520	\$85.96	• REV-1220 not dated at time of purchase.
06/06/25	02103002656720250606	\$115.13	• REV-1220 not dated at time of purchase.
08/18/25	02103002060420250818	\$921.44	• 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.

**COMMONWEALTH OF PENNSYLVANIA
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FINE WINE AND GOOD SPIRITS STORE 2103
FINDINGS AND RECOMMENDATIONS**

Finding No. 4 – (Continued)

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

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 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 manager agreed with the finding and will address this with the staff at the next employee 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 2103
REPORT DISTRIBUTION LIST**

This report was initially distributed to the following:

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PLCB Audit Services Division/Bureau of Audits
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