

EXAMINATION REPORT

Pennsylvania Liquor Control Board Licensee Service Center 2301

629 Park Way
Broomall, Pennsylvania 19008
For the Period
March 29, 2024 to June 12, 2025

August 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 Licensee Service Center 2301, Delaware County, District 1-05, operated by the Pennsylvania Liquor Control Board (PLCB). The general public may not purchase products from this wholesale licensee service center which caters exclusively to carriers of the Liquor Control Board's wholesale purchase permits. We examined center operations for the period March 29, 2024 to June 12, 2025.

This report presents the results of the Department of the Auditor General's examination of the service center's 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 service center 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 service center'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 service center's compliance with PLCB internal controls;

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

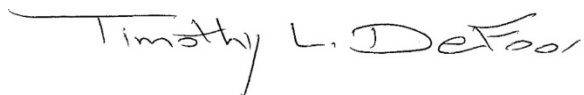
The results of our examination found that Licensee Service Center 2301 operated in compliance with all PLCB operating procedures falling within the scope of our examination, except as noted in the following finding and discussed later in this report. This matter was discussed with appropriate personnel and is intended to assist you in improving internal controls.

Finding – Inventory Discrepancy Exceeding \$200 in Value – Repeat Finding

We would like to thank 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
August 13, 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
LICENSEE SERVICE CENTER 2301
FINDING AND RECOMMENDATION**

Finding – Inventory Discrepancy Exceeding \$200 in Value – Repeat Finding

Condition

A random sample count of 90 liquor codes, comprised of 28,904 units valued at \$839,166.56 was performed on June 13, 2025. We compared PLCB perpetual inventory records for the 90 liquor codes to actual inventory on hand. The perpetual inventory records and the actual inventory count matched 87 codes; however, for the remaining 3 codes, the actual inventory count did not agree with the perpetual inventory records. The discrepancies are noted below.

<u>Discrepant Code Item Number</u>	<u>Physical Count</u>	<u>Perpetual Inventory</u>	<u>Difference</u>	<u>Retail Cost Per Unit</u>	<u>Total Value</u>
1*	460	532	(72)	\$54.99	(\$3,959.28)
2	1,122	1,120	2	\$25.99	\$51.98
3*	691	689	2	\$20.99	\$41.98

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

On June 13, 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; however, we have not received corrective action for the prior examination 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 store management to maintain accurate perpetual inventory records.

Cause

Contributing factors include, but are not limited to, theft, malfunctions in the inventory management system, failure to properly adjust inventory records and WIS count errors.

**COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA LIQUOR CONTROL BOARD
LICENSEE SERVICE CENTER 2301
FINDING AND RECOMMENDATION**

Finding – (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 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 manager agreed with the discrepancies.

Examiner's Conclusion

As indicated in the above Condition, it was disclosed that two of the discrepant inventory codes were also noted as discrepancies in the prior examination count and reported to PLCB. Since corrective action was not received from management addressing similar areas for improvement and 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 asset protection to avoid continued variances/losses in store inventory.

During examination of breakage and adjustments reports, it was noted that one of the discrepant codes noted above, found during this random inventory count was the same code adjusted between February 01, 2025, through April 30, 2025, as illustrated below:

<u>Discrepant Code Item Number</u>	<u>Description</u>	<u>Units</u>	<u>Date</u>
1	2301 WIS 2025	72	03/23/2025

An error or inaccuracy with this adjustment could have contributed to the discrepancy noted above.

**COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA LIQUOR CONTROL BOARD
LICENSEE SERVICE CENTER 2301
FINDING AND RECOMMENDATION**

Finding – (Continued)

Based on an examination of the 30 most recent shipment invoices, the codes listed above did not disclose any issues during deliveries.

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
LICENSEE SERVICE CENTER 2301
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).

Wholesale Discount Sales

Our prior examination reported noncompliance with PLCB Wholesale Discount Sales procedures – Wholesale Merchandise Purchased by Unauthorized Individual. Store management complied with our recommendation.

Our prior examination reported noncompliance with PLCB Wholesale Discount Sales procedures – Wholesale Merchandise Sold Without Proper Employee Signatures. Store management complied with our recommendation.

Wholesale Purchase Permit Card

Our prior examination reported noncompliance with PLCB Wholesale Purchase Permit Card procedures – Wholesale Permit Card Not Signed. Store management complied with our recommendation.

**COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA LIQUOR CONTROL BOARD
LICENSEE SERVICE CENTER 2301
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

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