

EXAMINATION REPORT

Pennsylvania Liquor Control Board
Fine Wine and Good Spirits
Store 2324

2143 Macdade Boulevard
Holmes, PA 19043
For the Period
June 12, 2024 to June 24, 2025

September 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 2324, Delaware County, District 1-05, operated by the Pennsylvania Liquor Control Board (PLCB). We examined store operations for the period June 12, 2024 to June 24, 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 2324 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 \$200 in Value – Repeat Finding

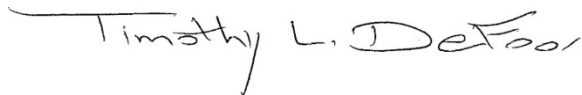
Finding No. 2 – Excessive Cash in Register Drawers – Repeat Finding

Finding No. 3 – Instant Redeemable Coupon Used Along with Licensee Discount – 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,



Timothy L. DeFoor
Auditor General
August 18, 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 2324
FINDINGS AND RECOMMENDATIONS**

Finding No. 1 – Inventory Discrepancy Exceeding \$200 in Value – Repeat Finding

Condition

A random sample count of 60 liquor codes, comprised of 5,695 units valued at \$137,918.15, was performed on June 25, 2025. We compared PLCB perpetual inventory records for the 60 liquor codes to actual inventory on hand. The perpetual inventory records and the actual inventory count matched 55 codes; however, for the remaining 5 codes, the actual inventory count did not agree with the perpetual inventory records.

<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>
<i>*1</i>	70	76	(6)	\$27.99	(\$167.94)
2	109	114	(5)	\$34.99	(\$174.95)
3	72	68	4	\$31.99	\$127.96
4	305	299	6	\$47.99	\$287.94
5	111	104	7	\$30.99	\$216.93

** This code was also noted as a discrepancy in the prior examination report.*

On June 25, 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.

**COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA LIQUOR CONTROL BOARD
FINE WINE AND GOOD SPIRITS STORE 2324
FINDINGS AND RECOMMENDATIONS**

Finding No. 1 – (Continued)

Cause

Contributing factors include, but are not limited to, theft, malfunctions in the inventory management system, clerk errors executing licensee orders, errors made at register to similar items that look the same, and 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 agreed with the finding.

Examiner's Conclusion

As indicated in the above Condition, it was disclosed that one of the discrepant inventory codes was also noted as a discrepancy 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.

**COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA LIQUOR CONTROL BOARD
FINE WINE AND GOOD SPIRITS STORE 2324
FINDINGS AND RECOMMENDATIONS**

Finding No. 1 – (Continued)

During examination of breakage and adjustments reports, it was noted that two of the discrepant codes noted above, found during this random inventory count were the same codes adjusted between March 01, 2025, through May 31, 2025, as illustrated below:

<u>Discrepant Code Item Number</u>	<u>Reason Code</u>	<u>Description</u>	<u>Units</u>	<u>Date</u>
1	88	Stock Out	-1	03/15/25
3	123	Pushed cork, loose or leaky cap, broken closure or spout	-1	04/16/25

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

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
FINE WINE AND GOOD SPIRITS STORE 2324
FINDINGS AND RECOMMENDATIONS**

Finding No. 2 – Excessive Cash in Register Drawers – Repeat Finding

Condition

During our examination of 63 cash deposits made, as detailed on register slips, we discovered six instances of excessive cash in the registers that exceeded the allowable amount. We examined the store's electronic journal and noted that the excessive cash amounts were not the result of large cash sales.

A similar condition was noted in the prior examination of this store.

Criteria

The PLCB Manual of Instructions, Chapter 710-04-02-B, states that money kept in the registers must be maintained at the lowest level possible, consistent with sound operation. The Person-in-Charge must ensure that employees do not accumulate large sums. The employees are required to periodically deposit excess monies from their registers with the Person-in-Charge.

Cause

Store management again failed to establish adequate internal control procedures to ensure that the store clerks followed the PLCB Manual of Instructions pertaining to the removal of excessive cash from the store register drawers.

Effect

The failure to remove excess cash from the register drawers increases the risk of loss, theft, or misuse of these funds.

Recommendation

We again recommend that PLCB management consider installing Drop Safes under the counters of busy stores. This would allow the clerk to secure excessive cash until the store manager is available to transfer the cash to the store's main safe. In addition, the PLCB should reevaluate the amount of cash permitted to be retained in cash register drawers.

Management Response

The General Manager acknowledged the finding and will address this with her staff at the post audit employee meeting.

**COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA LIQUOR CONTROL BOARD
FINE WINE AND GOOD SPIRITS STORE 2324
FINDINGS AND RECOMMENDATIONS**

Finding No. 2 – (Continued)

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 2324
FINDINGS AND RECOMMENDATIONS**

Finding No. 3 – Instant Redeemable Coupons Used Along with Licensee Discount – Repeat Finding

Condition

Our examinations of 36 licensee sales records disclosed the store was not in compliance with the PLCB Instant Redeemable Coupons (IRC) policy. We found three licensee sales in which the licensees used IRC's, totaling \$15.00, in combination with their licensee discount for a purchase.

Criteria

PLCB Memo from Chief Counsel, 6/15/2015, states that based on the State and Federal laws governing inducements, it would not be permissible for retail licensees to redeem instant rebate or mail-in rebate coupons, offered by manufacturers or suppliers on purchases of wine or spirits from the Boards's Fine Wine & Good Spirits stores under any circumstances, regardless of whether they are attempting to make the purchase at wholesale using their ten percent licensee discount.

In addition, the Liquor Code and the Board's Regulations also contain interlocking business prohibitions that would preclude retail licenses from redeeming instant rebate or mail-in rebate coupons offered by manufacturers or suppliers on purchases of wine or spirits from the PLCB's Fine Wine & Good Spirits store per Section 411 (c) of the Liquor Code.

Further, POS Message 5638 instructs store personnel that licensees are not permitted to use IRCs in conjunction with either walk-in or portal orders. These regulations fall under both the Federal and State Code.

Finally, PLCB PROCEDURE BULLETIN # 32 states 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 General Manager indicated that not all employees may be aware of the policy regarding IRC's.

Effect

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

**COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA LIQUOR CONTROL BOARD
FINE WINE AND GOOD SPIRITS STORE 2324
FINDINGS AND RECOMMENDATIONS**

Finding No. 3 – (Continued)

Recommendation

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

Management Response

The General Manager agreed with the finding and mentioned moving forward that she will make sure that the cashiers are aware of this procedure.

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 2324
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).

Handling of Cash and Checks

Our prior examination reported noncompliance with PLCB Handling of Cash and Checks procedures – Excessive Cash in Register Drawers. Store management failed to comply with our recommendation (see Finding No. 2).

Our prior examination reported noncompliance with PLCB Handling of Cash and Checks procedures – Untimely Bank Deposits. Store management complied with our recommendation.

IRC Policy

Our prior examination reported noncompliance with PLCB Instant Redeemable Coupons (IRC) policy. Store management failed to comply with our recommendation (see Finding No. 3).

**COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA LIQUOR CONTROL BOARD
FINE WINE AND GOOD SPIRITS STORE 2324
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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