EXAMINATION REPORT

Pennsylvania Liquor Control Board

Fine Wine and Good Spirits

Store 2519

4058 Buffalo Road

Erie, Pennsylvania 16510

For the Period

June 25, 2025 to May 12, 2026

June 2026

Commonwealth of Pennsylvania
Department of the Auditor General

Timothy L. DeFoor • Auditor General

Commonwealth of Pennsylvania
Department of the Auditor General
Harrisburg, PA 17120-0018
Facebook: Pennsylvania Auditor General
Twitter: @PAAuditorGen
www.PaAuditor.gov

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 2519, Erie County, District 3-06, operated by the Pennsylvania Liquor Control Board (PLCB). We examined store operations for the period June 25, 2025 to May 12, 2026.

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 variances exceed 1% of the value examined;

- 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.

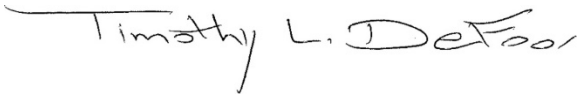
The results of our examination found that Fine Wine and Good Spirits Store 2519 operated in compliance with all PLCB operating procedures falling within the scope of our examination, except as noted in the following finding and discussed later in this report. This matter was discussed with appropriate personnel and is intended to assist you in improving internal controls.

Finding – 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,



Timothy L. DeFoor
Auditor General
June 18, 2026

CONTENTS

Background 1

Finding and Recommendation:

Finding – Tax-Exempt Sales – Improper Documentation – Repeat Finding 2

Prior Finding and Recommendation 4

Report Distribution List 5

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 2519
FINDING AND RECOMMENDATION

Finding – 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 24 invoices for tax-exempt sales and found the following documentation discrepancies on 15 of the tax-exempt transactions:

REV-1220 Form Discrepancies

- 6 missing date of purchase
- 8 with incorrect date
- 8 missing name and address of the seller/store
- 1 missing tax-exempt number

REV 1715 Form Discrepancies

- 1 not attached
- 5 missing Vendor Declaration information
- 1 missing tax-exempt number

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 stated the customers, and the clerks did not understand the proper procedures to process tax-exempt sales. Store management again failed to establish adequate internal control procedures to ensure that the store clerks followed the PLCB Tax-Exempt sales procedures.

Finding – (Continued)

Effect

As a result of the store not complying with PLCB tax-exempt sales procedures, the store may be providing tax exemptions to non-exempt customers, this 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 sales 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 and comply with the Revenue Code's documentation requirements.

Management Response

The general manager agreed with the finding and will ensure all invoices are double-checked to ensure the appropriate forms are attached to the invoices. The general manager will also ensure the accuracy of dates, vendor information and signatures going forward.

Examiner's Conclusion

Compliance may be subject to verification in the next examination.

COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA LIQUOR CONTROL BOARD
FINE WINE AND GOOD SPIRITS STORE 2519
PRIOR FINDING AND RECOMMENDATION

STATUS OF PRIOR FINDING AND RECOMMENDATION

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).

COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA LIQUOR CONTROL BOARD
FINE WINE AND GOOD SPIRITS STORE 2519
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Darrell Clarke
Chairman
Pennsylvania Liquor Control Board

Jeremy Snyder
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.