

EXAMINATION REPORT

Pennsylvania Liquor Control Board
Fine Wine and Good Spirits
Store 4819

4817 Freemansburg Avenue
Easton, Pennsylvania 18045

For the Period
September 25, 2024 to September 8, 2025

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 4819, Northampton County, District 2-08, operated by the Pennsylvania Liquor Control Board (PLCB). We examined store operations for the period September 25, 2024 to September 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 4819 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 – Tax-Exempt Sales – Improper Documentation

Finding No. 2 – Tax-Exempt Sales – Incorrect Classification

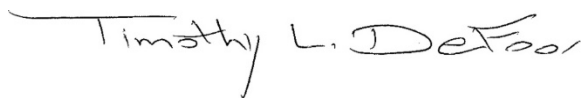
Finding No. 3 – Tax-Exempt Sales – Improper Exemption

Finding No. 4 – Instant Redeemable Coupon Used Along with Licensee Discount

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
October 17, 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 4819
FINDINGS AND RECOMMENDATIONS**

Finding No. 1 – 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 17 invoices for tax-exempt sales and found the following documentation discrepancies:

Date	Invoice Number	Total Price	Discrepancy
08/07/25	04819001020420250807	\$17,483.44	REV-1220 not attached REV-1715 not attached
08/07/25	182679150	\$856.52	REV-1220 not attached
08/05/25	182679144	\$183.49	REV-1220 not attached
06/09/25	04819001182120250609	\$774.98	REV-1220 not dated at time of purchase
07/31/25	04819003916920250731	\$1,438.20	REV-1220 not dated at time of purchase
07/24/25	04819002165420250724	\$4,314.60	REV-1220 not dated at time of purchase
07/17/25	04819001720420250717	\$18,779.10	REV-1220 not dated at time of purchase
06/30/25	04819001480520250630	\$11,720.04	REV-1220 not dated at time of purchase

**COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA LIQUOR CONTROL BOARD
FINE WINE AND GOOD SPIRITS STORE 4819
FINDINGS AND RECOMMENDATIONS**

Finding No. 1 – (Continued)

Date	Invoice Number	Total Price	Discrepancy
06/23/25	04819002674420250623	\$18,833.76	REV-1220 not dated at time of purchase
05/18/25	04819001806620250518	\$272.83	REV-1220 not attached REV-1715 not attached
04/16/25	04819003831420250416	\$51.96	REV-1220 not attached
02/12/25	04819002749020250212	\$179.76	REV-1220 not attached
02/07/25	*04819003531920250207	\$292.36	Incorrect Tax-Exempt Number Listed on Invoice REV-1220 not attached REV-1715 not attached
12/04/24	04819003170620241204	\$140.85	REV-1220 not attached
11/17/24	04819003811120241117	\$27.98	REV-1220 not attached
11/15/24	04819002097820241115	\$6,637.50	REV-1220 not attached
10/21/24	04819001489920241021	\$2,877.60	REV-1220 not attached REV-1715 not properly completed

****Tax-Exempt number not listed correctly***

**COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA LIQUOR CONTROL BOARD
FINE WINE AND GOOD SPIRITS STORE 4819
FINDINGS AND RECOMMENDATIONS**

Finding No. 1 – (Continued)

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 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 General Manager agreed to all points in this finding and will address the tax-exempt policies with the rest of the staff during the daily meetings. Management will take corrective action to prevent this occurrence in the future.

**COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA LIQUOR CONTROL BOARD
FINE WINE AND GOOD SPIRITS STORE 4819
FINDINGS AND RECOMMENDATIONS**

Finding No. 1 – (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 4819
FINDINGS AND RECOMMENDATIONS**

Finding No. 2 – Tax-Exempt Sales – Incorrect Classification

Condition

Our examination of the store's tax-exempt sales records disclosed it was not in compliance with PLCB Tax-Exempt Sales procedures. We examined 17 tax-exempt sales invoices during the examination period and found the tax-exempt customer, a charitable organization, was classified incorrectly as Type D, rather than Type B, in the PLCB Point of Sale (POS) system. Since the customer is not a PLCB licensee and the PLCB POS incorrectly classified the customer as a Type D classification, the customer received an unallowable 10% licensee wholesale discount totaling \$87.94 and the allowable tax-exemption, as illustrated in the table below:

<u>Date</u>	<u>Invoice</u>	<u>Unallowable Discount</u>
06/09/25	04819001182120250609	\$87.94

Criteria

PLCB's BRO-0052.1 Section III A, Store Process and Procedures, indicates that employees at the store are to receive and review the REV-1220 to determine if the customer is classified as a Type B or D exemption, defined as follows:

Exemption Type B without a Liquor License, issued to religious organizations, volunteer fire fighter organizations, non-profit education institutions, and charitable organizations.

Exemption Type D with a Purchase Permit issued to United States government areas subject to the jurisdiction of the Federal Government, Pennsylvania government, political subdivisions and foreign governments including ambassadors, ministers, and consular officers.

If the customer does not hold a PLCB license or permit, the customer is permitted to receive a sales tax exemption. If the classification in the PLCB POS is incorrectly listed as a Type D, the store employee should correct the improper classification, so the licensee does not receive or continue to receive an improper discount.

**COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA LIQUOR CONTROL BOARD
FINE WINE AND GOOD SPIRITS STORE 4819
FINDINGS AND RECOMMENDATIONS**

Finding No. 2 – (Continued)

Cause

Store management failed to establish adequate internal control procedures to ensure that store employees follow procedures and make corrections to the POS when needed so only allowable discounts are provided.

Effect

As a result of the store not complying with PLCB procedures and ensuring the tax-exempt organization is correctly classified in the POS, the store improperly provided a licensee's wholesale discount which resulted in loss of revenue to the PLCB.

Recommendation

We recommend that store management take appropriate action to ensure that its employees follow the PLCB procedures for customers that are not licensees but are tax-exempt customers and correct the PLCB POS when necessary, so customers are not receiving a licensee's 10% wholesale discount.

Management Response

The General Manager agreed with this finding and will address the tax-exempt policies with the rest of the staff during the daily meetings. Management will take corrective action to prevent this occurrence in the future.

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 4819
FINDINGS AND RECOMMENDATIONS**

Finding No. 3 – Tax-Exempt Sales – Improper Exemption

Condition

Our examination of the store’s tax-exempt sales records disclosed the store is not in compliance with PLCB procedures for sales tax-exemption and the Pennsylvania Revenue Code. We examined 17 tax-exempt invoices in which 3 were a PLCB licensee which is a 501(c)(3) non-profit tax-exempt organization. Although the Pennsylvania Department of Revenue, Rev-1220 forms provided by the licensee to the store indicated the licensee was a “Tax Exempt Organization” and classification Type B, this Licensee was incorrectly classified in the PLCB Point-of-Sale (POS) system as Type D which allowed the licensee to receive an improper sales tax exemption and the allowable 10% licensee wholesale discount. The improper exemption resulted in \$1,111.41 in uncollected sales tax by the store, as illustrated below:

<u>Date</u>	<u>Invoice</u>	<u>Uncollected Tax</u>
08/07/25	04819001020420250807	\$1,049.01
08/07/25	182679150	\$51.39
08/05/25	182679144	\$11.01

Criteria

The Revenue Code, 61 Pa. Code § 32.21(a), states, in part, that a tax-exempt organization licensed by the PLCB must pay sales tax on the purchase of alcohol. Although the PLCB licensed tax-exempt organization must pay the sales tax, the licensee is allowed a 10% licensee wholesale discount.

PLCB’s BRO-0052.1 Section III A, Store Process and Procedures, indicates that employees at the store are to receive and review the REV-1220 to determine if the customer is classified as a Type B or D exemption, defined as follows:

Exemption Type B without a Liquor License, issued to religious organizations, volunteer fire fighter organizations, non-profit education institutions, and charitable organizations.

Exemption Type D with a Purchase Permit issued to United States government areas subject to the jurisdiction of the Federal Government, Pennsylvania government, political subdivisions and foreign governments including ambassadors, ministers, and consular officers.

**COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA LIQUOR CONTROL BOARD
FINE WINE AND GOOD SPIRITS STORE 4819
FINDINGS AND RECOMMENDATIONS**

Finding No. 3 – Continued)

If the licensee's exemption type is Type B, the licensee is permitted to receive a 10% licensee wholesale discount. If the licensee's exemption type is Type D, which are given to Local, State and Federal Government entities, the licensee is permitted to receive both a 10% wholesale discount and the sales tax exemption. If the classification in the PLCB POS is incorrectly listed as a Type D, the store employee should correct the improper classification, so the licensee does not receive or continue to receive an improper sales tax exemption.

Cause

Store management failed to establish adequate internal control procedures to ensure that store employees follow procedures and make corrections to the POS when needed so only allowable sales tax exemptions are provided.

Effect

As a result of the store not complying with PLCB procedures and ensuring the tax-exempt organization is correctly classified in the POS, the store improperly provided a sales tax-exemption which resulted in loss of tax revenue to the Commonwealth.

Recommendation

We recommend that store management take appropriate action to ensure that its employees follow the PLCB procedures for tax-exempt licensees, correct the PLCB POS when necessary, and comply with the Revenue Code for tax-exempt sales.

Management Response

The General Manager agreed with this finding and will address the tax-exempt policies with the rest of the staff during the daily meetings. Management will take corrective action to prevent this occurrence in the future.

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 4819
FINDINGS AND RECOMMENDATIONS**

Finding No. 4 – Instant Redeemable Coupon Used Along with Licensee Discount

Condition

Our examinations of 17 tax-exempt sales records disclosed the store was not in compliance with the PLCB Instant Redeemable Coupons (IRC) policy. We found one tax-exempt sale in which the customer used an IRC, totaling \$16.00, in combination with their tax exemption 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 licensees 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 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

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 \$16.00 in revenue.

**COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA LIQUOR CONTROL BOARD
FINE WINE AND GOOD SPIRITS STORE 4819
FINDINGS AND RECOMMENDATIONS**

Finding No. 4 – (Continued)

Recommendation

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

Management Response

The General Manager agreed with this finding and will address the use of coupons with a licensee or tax-exempt sale with the rest of the staff during their meetings. Management will take corrective action to prevent this issue from occurring in the future.

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 4819
PRIOR FINDING AND RECOMMENDATION**

STATUS OF PRIOR FINDING AND RECOMMENDATION

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 complied with our recommendation.

**COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA LIQUOR CONTROL BOARD
FINE WINE AND GOOD SPIRITS STORE 4819
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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