

EXAMINATION REPORT

Pennsylvania Liquor Control Board
Fine Wine and Good Spirits
Store 5154

1112 Chestnut Street
Philadelphia, Pennsylvania 19107
For the Period
August 20, 2024 to September 9, 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 5154, Philadelphia County, District 1-01, operated by the Pennsylvania Liquor Control Board (PLCB). We examined store operations for the period August 20, 2024 to September 9, 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 5154 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.

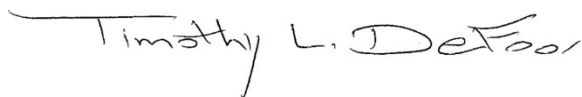
Finding No. 1 – Inventory Discrepancy Exceeding 1% of the Value Examined – Repeat Finding

Finding No. 2 – Prevention of Sales to Minors – 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,

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
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 5154
FINDINGS AND RECOMMENDATIONS**

Finding No. 1 – Inventory Discrepancy Exceeding 1% of the Value Examined – Repeat Finding

Condition

A random sample count of 60 liquor codes, comprised of 3,641 units valued at \$190,688.26, was performed on September 10, 2025. We compared PLCB perpetual inventory records for the 60 liquor codes to actual inventory on hand and found discrepancies with an error rate greater than 1% of the value examined or \$1,906.88. The perpetual inventory records and the actual inventory count matched 50 codes; however, the following 10 codes had discrepancies between the actual inventory and the perpetual inventory records:

Discrepant Code Item Number	Physical Count	Perpetual Inventory	Difference	Retail Cost Per Unit	Total Value
<i>*1</i>	535	581	(46)	\$31.99	(\$1,471.54)
<i>*2</i>	203	236	(33)	\$26.99	(\$890.67)
<i>*3</i>	72	85	(13)	\$37.99	(\$493.87)
4	0	12	(12)	\$44.99	(\$539.88)
5	47	53	(6)	\$36.99	(\$221.94)
6	146	152	(6)	\$17.99	(\$107.94)
7	28	30	(2)	\$79.99	(\$159.98)
8	9	8	1	\$274.99	\$274.99
9	37	30	7	\$79.99	\$559.93
<i>*10</i>	275	257	18	\$19.99	\$359.82

** These codes were also noted as discrepancies in the 2024 examination report.*

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

Discrepant Code Item Number	Reason Code	Description	Units	Date
1	122	Defective container with contents intact or unsaleable accessories	-1	05/08/25
1	87	Stock In	4	05/23/25
1	371	(-) Shoplifting / Theft	-3	05/24/25
1	371	(-) Shoplifting / Theft	-3	06/07/25
1	371	(-) Shoplifting / Theft	-3	06/12/25

**COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA LIQUOR CONTROL BOARD
FINE WINE AND GOOD SPIRITS STORE 5154
FINDINGS AND RECOMMENDATIONS**

Finding No. 1 – (Continued)

Discrepant Code Item Number	Reason Code	Description	Units	Date
1	371	(-) Shoplifting / Theft	-4	06/16/25
1	371	(-) Shoplifting / Theft	-2	06/17/25
1	371	(-) Shoplifting / Theft	-1	06/26/25
1	371	(-) Shoplifting / Theft	-5	07/02/25
1	371	(-) Shoplifting / Theft	-4	07/02/25
1	371	(-) Shoplifting / Theft	-3	07/14/25
1	371	(-) Shoplifting / Theft	-2	07/17/25
1	3711	(+) Correction - Shoplifting / Theft	2	07/17/25
1	371	(-) Shoplifting / Theft	-1	07/18/25
2	88	Stock Out	-27	05/20/25
3	88	Stock Out	-1	05/20/25
3	87	Stock In	1	05/25/25
6	87	Stock In	12	05/17/25
8	88	Stock Out	-2	05/27/25
9	88	Stock Out	-9	05/20/25
10	88	Stock Out	-13	05/20/25

Errors or inaccuracies with these adjustments could have contributed to the discrepancies noted above.

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

On September 12, 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. Although we received corrective action for the two prior examination reports addressing similar inventory concerns, procedures were either not implemented or not operatively effective to prevent their re-occurrence.

**COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA LIQUOR CONTROL BOARD
FINE WINE AND GOOD SPIRITS STORE 5154
FINDINGS AND RECOMMENDATIONS**

Finding No. 1 – (Continued)

Criteria

The PLCB Manual of Instructions, Chapter 710-14, Random/Complete Physical Inventory Comparison establishes procedures that require stores management to maintain accurate perpetual inventory records.

Cause

Contributing factors include but are not limited to; shipment errors, customer theft, employee inaccurate counts leading to incorrect adjustments, and the temporary pause by the PLCB on store ad hoc counts that did not allow for inventory adjustments at the store level.

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 and will address this issue with his employees at the next staff meeting.

Examiner's Conclusion

As indicated in the above Condition, it was disclosed that four of the discrepant inventory items were also noted as discrepancies in the prior examination count and reported to PLCB. Although corrective action was received from management addressing similar areas for improvement, 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 5154
FINDINGS AND RECOMMENDATIONS**

Finding No. 1 – (Continued)

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 corrective action taken will be subject to verification in subsequent examination.

**COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA LIQUOR CONTROL BOARD
FINE WINE AND GOOD SPIRITS STORE 5154
FINDINGS AND RECOMMENDATIONS**

Finding No. 2 - Prevention of Sales to Minors – Repeat Finding

Condition

Our examination of Minor Challenges disclosed that the store failed to perform an appropriate number of age verifications based on the volume of transactions completed between 09/01/2025 and 09/08/2025. The store performed age verifications at a rate less than 1.25% of transactions during that time frame.

Criteria

The PLCB Bureau of Retail Operations, BRO-0010, states that the cornerstone of the PLCB and the basic purpose of the agency's existence is to control the sale of alcohol. Preventing illegal sales cannot be overemphasized.

The PLCB Bureau of Retail Operations, BRO-0010, also states that an employee may be subject to disciplinary, as well as, legal action, including criminal prosecution for violations.

Prudent business practice dictates that for the effective control over the prevention of alcohol sales to minors, a certain percentage of age verifications should be performed based on the volume of transactions at a given Fine Wine & Good Spirits location to avoid sales to potential underage drinkers. All age verification should be documented.

Cause

Store management again failed to establish adequate internal control procedures to ensure that an appropriate number of age verifications are performed and documented in order to prevent sales to minors based on the volume of transactions at the store location.

Effect

Sales to individuals found to be under 21 years of age could result in disciplinary and legal action. Additionally, failure to follow applicable procedures and prudent practices weakens the PLCB's efforts toward responsible alcohol management and the prevention of sales to minors.

**COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA LIQUOR CONTROL BOARD
FINE WINE AND GOOD SPIRITS STORE 5154
FINDINGS AND RECOMMENDATIONS**

Finding No. 2 – (Continued)

Recommendation

We again recommend that store management implement adequate procedures to ensure that anyone who appears to be under the age of 35 is considered a potential underage drinker and be asked to provide proper identification in accordance with PLCB's Prevention of Sales to Minors Procedures.

Management Response

The General Manager acknowledged this finding and will address the issue with the staff members.

Examiner's Conclusion

We are concerned by the failure to comply with the prior finding and encourage compliance at the earliest opportunity to do so. Compliance along with any corrective action taken will be subject to verification in subsequent examination.

**COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA LIQUOR CONTROL BOARD
FINE WINE AND GOOD SPIRITS STORE 5154
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).

Prevention of Sales to Minors

Our prior examination reported noncompliance with PLCB Minor Challenge procedures - Prevention of Sales to Minors procedures. Store management failed to comply with our recommendation (see Finding No. 2).

Tax-Exempt Sales

Our prior examination reported noncompliance with PLCB Tax-Exempt Sales procedures – Improper Documentation. Store management complied with our recommendation.

**COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA LIQUOR CONTROL BOARD
FINE WINE AND GOOD SPIRITS STORE 5154
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

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.