

# EXAMINATION REPORT

---

Pennsylvania Liquor Control Board  
Fine Wine and Good Spirits  
Store 5156

4233 Chestnut Street  
Philadelphia, Pennsylvania 19104  
For the Period  
June 11, 2024 to June 23, 2025

---

September 2025



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 5156, Philadelphia County, District 1-03, operated by the Pennsylvania Liquor Control Board (PLCB). We examined store operations for the period June 11, 2024 to June 23, 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 5156 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

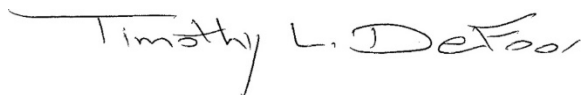
Finding No. 2 – Excessive Cash in Register Drawers

Finding No. 3 – Failure to Ensure Daily Receipts for Cash and Checks Equaled Deposits

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  
August 20, 2025

## CONTENTS

Background .....	1
Findings and Recommendations:	
Finding No. 1 – Inventory Discrepancy Exceeding \$200 in Value – Repeat Finding .....	2
Finding No. 2 – Excessive Cash in Register Drawers .....	5
Finding No. 3 – Failure to Ensure Daily Receipts for Cash and Checks Equaled Deposits .....	7
Prior Finding and Recommendation .....	10
Report Distribution List .....	11

## **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 5156  
FINDINGS AND RECOMMENDATIONS**

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

**Condition**

A random sample count of 56 liquor codes, comprised of 5,030 units valued at \$115,975.06, was performed on June 24, 2025. We compared PLCB perpetual inventory records for the 56 liquor codes to actual inventory on hand. The perpetual inventory records and the actual inventory count matched for 45 codes; however, for the remaining 11 codes, the actual inventory count did not agree with the perpetual inventory records. The discrepancies are noted below.

<b>Discrepant Code Item Number</b>	<b>Physical Count</b>	<b>Perpetual Inventory</b>	<b>Difference</b>	<b>Retail Cost Per Unit</b>	<b>Total Value</b>
1	59	72	(13)	\$21.99	(\$285.87)
<b>2*</b>	<b>26</b>	<b>35</b>	<b>(9)</b>	<b>\$49.99</b>	<b>(\$449.91)</b>
3	25	33	(8)	\$67.59	(\$540.72)
4	20	25	(5)	\$59.29	(\$296.45)
<b>5*</b>	<b>40</b>	<b>45</b>	<b>(5)</b>	<b>\$34.99</b>	<b>(\$174.95)</b>
6	16	21	(5)	\$31.99	(\$159.95)
7	16	18	(2)	\$159.99	(\$319.98)
8	5	6	(1)	\$249.99	(\$249.99)
<b>9*</b>	<b>108</b>	<b>106</b>	<b>2</b>	<b>\$13.99</b>	<b>\$27.98</b>
10	19	14	5	\$18.99	\$94.95
11	504	476	28	\$1.03	\$28.84

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

On June 24, 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 two prior examinations of this store; however, we have not received corrective action for the prior examinations 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 5156  
FINDINGS AND RECOMMENDATIONS**

**Finding No. 1 – (Continued)**

**Cause**

Contributing factors again include, but are not limited to, theft, malfunctions in the inventory management system, failure to properly adjust inventory records, errors made during ad hoc and/or daily counts, 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 discrepancies.

**Examiner's Conclusion**

As indicated in the above Condition, it was disclosed that three 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.

**COMMONWEALTH OF PENNSYLVANIA  
PENNSYLVANIA LIQUOR CONTROL BOARD  
FINE WINE AND GOOD SPIRITS STORE 5156  
FINDINGS AND RECOMMENDATIONS**

**Finding No. 1 – (Continued)**

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

<b>Discrepant Code Item Number</b>	<b>Reason Code</b>	<b>Description</b>	<b>Units</b>	<b>Date</b>
1	8180	(-) Physical Inventory Adjustment / Correction	-10	02/22/25
2	1801	(+) Physical Inventory Adjustment / Correction	5	03/18/25
2	8180	(-) Physical Inventory Adjustment / Correction	-1	04/16/25
3	110	Hidden Dry Breakage from DC – found after receipt	-1	02/02/25
3	8180	(-) Physical Inventory Adjustment / Correction	-4	03/14/25
3	8180	(-) Physical Inventory Adjustment / Correction	-3	04/23/25
4	8180	(-) Physical Inventory Adjustment / Correction	-9	03/28/25
4	8180	(-) Physical Inventory Adjustment / Correction	-1	04/21/25
5	8180	(-) Physical Inventory Adjustment / Correction	-3	02/22/25
5	8180	(-) Physical Inventory Adjustment / Correction	-4	03/24/25
5	101	Breakage by Employee	-1	04/06/25
5	8180	(-) Physical Inventory Adjustment / Correction	-1	04/19/25
5	371	(-) Shoplifting / Theft	-2	04/29/25
9	8180	(-) Physical Inventory Adjustment / Correction	-9	02/24/25
9	8180	(-) Physical Inventory Adjustment / Correction	-1	03/07/25
11	8180	(-) Physical Inventory Adjustment / Correction	-134	03/14/25
11	8180	(-) Physical Inventory Adjustment / Correction	-30	03/20/25
11	8180	(-) Physical Inventory Adjustment / Correction	-2	04/21/25
11	8180	(-) Physical Inventory Adjustment / Correction	-24	04/30/25

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 codes listed above did not disclose any issues during deliveries.

We are concerned about the failure to comply with the two 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 5156  
FINDINGS AND RECOMMENDATIONS**

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

**Condition**

During our examination of 77 cash deposits made, as detailed on register slips, we discovered 4 instances of excessive cash in the registers that exceeded the allowable amount by \$200 or more. We examined the store's electronic journal and noted that all of the excessive cash amounts were not the result of large cash sales.

**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**

Management attributed these excessive cash drawers not being completed in a timely manner to cashiers not informing the manager on duty when they are alerted at the POS.

**Effect**

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

**Recommendation**

We 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**

Management agreed with the finding and will address the cash drawer procedures at the post-audit staff meeting.

**COMMONWEALTH OF PENNSYLVANIA  
PENNSYLVANIA LIQUOR CONTROL BOARD  
FINE WINE AND GOOD SPIRITS STORE 5156  
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 5156  
FINDINGS AND RECOMMENDATIONS**

**Finding No. 3 – Failure to Ensure Daily Receipts for Cash and Checks Equalled Deposits**

**Condition**

Our examination of daily collection and deposit data disclosed instances where a variance existed between store records and corresponding bank deposits. We tested 60 consecutive business days of bank deposits and discovered there were nine instances where a variance of \$20.00 or more existed between store records and the corresponding bank deposits as noted in the table below.

<b><u>Date</u></b>	<b><u>Variance</u></b>
04/25/25	\$98.33
05/10/25	\$761.12
05/16/25	(\$29.60)
05/17/25	\$97.80
05/21/25	\$83.80
05/30/25	(\$98.95)
05/31/25	\$333.34
06/19/25	(\$96.90)
06/22/25	(\$20.09)

On 07/17/2025, PLCB management was notified of the cash variance between the deposit amount calculated from the Store Summary Report and the actual deposit so they could investigate the variance and take whatever appropriate action deemed necessary.

**Criteria**

The PLCB Manual of Instructions, Chapter 710-03, details the steps necessary to properly report daily business receipts to the office of the Comptroller in Central Office using the Point-of-Sale system. Responsibility for compliance with this procedure rests with the store General Manager.

The PLCB Manual of Instructions, Chapter 710-03-02, states that Daily Receipts for cash and checks must equal the bank deposit or armored car deposit.

**COMMONWEALTH OF PENNSYLVANIA  
PENNSYLVANIA LIQUOR CONTROL BOARD  
FINE WINE AND GOOD SPIRITS STORE 5156  
FINDINGS AND RECOMMENDATIONS**

**Finding No. 3 – (Continued)**

The PLCB Manual of Instructions, Chapter 710-04-02, states that the Person-in-Charge must immediately report to the Office of the Comptroller (Audits) District Office any time the store's receipts are over/short \$100.00 or more in one business day.

The PLCB Manual of Instructions, Chapter 710-04-12, states that deposit slip totals should be double-checked to ensure their accuracy.

The PLCB Manual of Instructions, Chapter 710-06-03, states that the Person-in-Charge must directly supervise all clerks' turn-ins. In addition, the Person-in-Charge must also verify the currency/coin turn-in and change fund amounts.

Bureau of Retail Operations (BRO-0004.2) - Smart Safe User Functions states that the Person-In-Charge (*the General Manager or the person in charge of the store when General Manager is not present*) compares the cash totals of the End of Day Report to the cash totals from the End of Shift Reports and emails Cash Management and Sales Audit the amount and reason for the discrepancy.

**Cause**

Store management failed to provide adequate oversight during daily reconciliation of cash and checks to ensure that daily receipts equaled daily bank deposits and Store Summary Reports. In addition, store management did not properly follow procedures by notifying LB Smart Safe when a variance occurs.

**Effect**

The failure to provide adequate oversight during daily reconciliation of deposits reduces the effectiveness of internal controls, the accuracy of financial records, and increases the risk of loss, theft, or misuse of PLCB funds.

**Recommendation**

We recommend that store management comply with the provisions of the PLCB Manual of Instructions, Chapters 710-03, 710-03-02, 710-04-02, 710-04-12, 710-06-03, and BRO-0004.2, to ensure that the Store Summary Reports for cash and checks equal the daily bank deposits or armored car deposits.

**COMMONWEALTH OF PENNSYLVANIA  
PENNSYLVANIA LIQUOR CONTROL BOARD  
FINE WINE AND GOOD SPIRITS STORE 5156  
FINDINGS AND RECOMMENDATIONS**

**Finding No. 3 – (Continued)**

**Management Response**

Management believes that emails could have been sent to LB Smart Safe informing them of the variance, but they were not included in any email thread. Management will address the issue and PLCB policy at the post-audit staff meeting.

**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 5156  
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 failed to comply with our recommendation (see Finding No. 1).

**COMMONWEALTH OF PENNSYLVANIA  
PENNSYLVANIA LIQUOR CONTROL BOARD  
FINE WINE AND GOOD SPIRITS STORE 5156  
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](http://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](mailto:news@PaAuditor.gov).