

# EXAMINATION REPORT

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## Pennsylvania Liquor Control Board Fine Wine and Good Spirits Store 6504

114 South Fifth Street  
Jeannette, Pennsylvania 15644  
For the Period  
October 15, 2024 to August 27, 2025

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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 6504, Westmoreland County, District 3-07, operated by the Pennsylvania Liquor Control Board (PLCB). We examined store operations for the period October 15, 2024 to August 27, 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 6504 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 - Repeat Finding

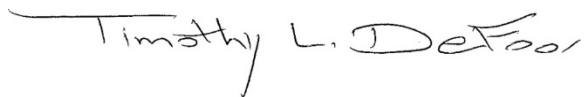
Finding No. 2 – Documents Not Maintained on File

Finding No. 3 – Inventory Discrepancy Exceeding \$200 in Value

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 2, 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 6504  
FINDINGS AND RECOMMENDATIONS**

**Finding No. 1 – 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 six invoices for tax-exempt sales and found the following documentation discrepancy:

<b>Date</b>	<b>Invoice Number</b>	<b>Total Price</b>	<b>Discrepancy</b>
04/09/25	06504001303220250409	\$287.64	REV-1220 not dated at time of purchase

**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 again failed to establish adequate internal control procedures to ensure that the store clerks followed the PLCB Tax-Exempt sales procedures. The manager indicated that this was due to clerk error at the register. The shift runner completing the transaction should have made sure that the REV-1220 form was signed and dated at time of purchase.

**COMMONWEALTH OF PENNSYLVANIA  
PENNSYLVANIA LIQUOR CONTROL BOARD  
FINE WINE AND GOOD SPIRITS STORE 6504  
FINDINGS AND RECOMMENDATIONS**

**Finding No. 1 – (Continued)**

**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 again 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 manager agreed with the discrepancy and will hold a meeting with her clerks to review tax-exempt procedures.

**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 6504  
FINDINGS AND RECOMMENDATIONS**

**Finding No. 2 – Documents Not Maintained on File**

**Condition**

Our examination of the store's records disclosed that it was not in compliance with PLCB Records Management procedures. We found that an invoice for a Tax-Exempt B purchase from April 9, 2025 could not be located by store personnel.

**Criteria**

The PLCB BRO-0016, Records Management procedures, establishes the guidelines for the management of store records and provides the format for a standard filing system to be used in all stores. Moreover, according to Section E (Records Retention Schedule), Tax-Exempt invoices have a retention period of three years or Auditor General Audit, whichever is older. The store's general manager is responsible for compliance with these procedures.

**Cause**

Store management failed to establish adequate internal control procedures to ensure PLCB Records Management procedures were followed. The manager indicated that the shift running clerk accidentally gave the invoice to the customer when the transaction was completed.

**Effect**

As a result of the store not complying with PLCB records management policy, there is a loss of internal control over purchase receipts, store reports, personnel correspondence, inventory documentation, as well as all other pertinent paperwork requiring retention.

**Recommendation**

We recommend that store management enforce the PLCB BRO-0016, Records Management procedures.

**Management Response**

The manager agreed with the discrepancy and will hold a meeting with store clerks to review tax-exempt procedures.



**COMMONWEALTH OF PENNSYLVANIA  
PENNSYLVANIA LIQUOR CONTROL BOARD  
FINE WINE AND GOOD SPIRITS STORE 6504  
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 6504  
FINDINGS AND RECOMMENDATIONS**

**Finding No. 3 – Inventory Discrepancy Exceeding \$200 in Value**

**Condition**

A random sample count of 50 liquor codes, comprised of 1,144 units valued at \$38,264.36, was performed on August 28, 2025. We compared PLCB perpetual inventory records for the 50 liquor codes to actual inventory on hand. The perpetual inventory records and the actual inventory count matched 47 codes; however, for the remaining 3 codes, the actual inventory count did not agree with the perpetual inventory records that are noted below.

<b><u>Discrepant Code Item Number</u></b>	<b><u>Physical Count</u></b>	<b><u>Perpetual Inventory</u></b>	<b><u>Difference</u></b>	<b><u>Retail Cost Per Unit</u></b>	<b><u>Total Value</u></b>
1	50	52	(2)	\$13.99	(\$27.98)
2	38	37	1	\$31.99	\$31.99
3	23	20	3	\$52.99	\$158.97

On September 15, 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.

**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.

**Cause**

The manager indicated that the discrepancies could have been caused by errors when processing licensee orders.

**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.

**COMMONWEALTH OF PENNSYLVANIA  
PENNSYLVANIA LIQUOR CONTROL BOARD  
FINE WINE AND GOOD SPIRITS STORE 6504  
FINDINGS AND RECOMMENDATIONS**

**Finding No. 3 – (Continued)**

**Recommendation**

We 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 manager agreed with these discrepancies and will make a correcting inventory adjustment.

**Examiner's Conclusion**

During examination of breakage and adjustments reports, it was noted that zero of the discrepant codes noted above, found during this random inventory count were the same codes adjusted between April 1, 2025, and June 30, 2025.

Based on examination of the 20 most recent shipment invoices, the codes listed above did not disclose any issues during deliveries.

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 6504  
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 No. 1).

**COMMONWEALTH OF PENNSYLVANIA  
PENNSYLVANIA LIQUOR CONTROL BOARD  
FINE WINE AND GOOD SPIRITS STORE 6504  
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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