

EXAMINATION REPORT

Pennsylvania Liquor Control Board
Fine Wine and Good Spirits
Store 0263

418 East Ohio Street
Pittsburgh, Pennsylvania 15212
For the Period
August 19, 2024 to June 4, 2025

August 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 0263, Allegheny County, District 3-04, operated by the Pennsylvania Liquor Control Board (PLCB). We examined store operations for the period August 19, 2024 to June 4, 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.

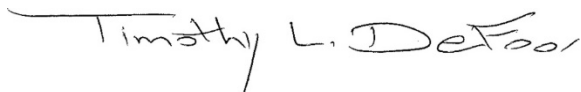
The results of our examination found that Fine Wine and Good Spirits Store 0263 operated in compliance with all PLCB operating procedures falling within the scope of our examination, except as noted in the following finding and discussed later in this report. This matter was discussed with appropriate personnel and is intended to assist you in improving internal controls.

Finding – 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
August 11, 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 0263
FINDING AND RECOMMENDATION**

Finding – Inventory Discrepancy Exceeding \$200 in Value

Condition

A random sample count of 58 liquor codes, comprised of 2,700 units valued at \$70,045.90, was performed on June 05, 2025. We compared PLCB perpetual inventory records for the 58 liquor codes to actual inventory on hand. The perpetual inventory records and the actual inventory count matched 55 codes; however, for the remaining 3 codes, the actual inventory count did not agree with the perpetual inventory records. The discrepancies are noted below.

<u>Discrepant Code Item Number</u>	<u>Physical Count</u>	<u>Perpetual Inventory</u>	<u>Difference</u>	<u>Retail Cost Per Unit</u>	<u>Total Value</u>
1	15	33	(18)	\$39.99	(\$719.82)
2	99	111	(12)	\$9.99	(\$119.88)
3	43	45	(2)	\$63.99	(\$127.98)

On June 05, 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 General Manager indicated that the discrepancies could be clerks scanning errors at the register and possibly shipment errors receiving different codes from codes that were expected for delivery.

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.

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PENNSYLVANIA LIQUOR CONTROL BOARD
FINE WINE AND GOOD SPIRITS STORE 0263
FINDING AND RECOMMENDATION**

Finding – (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 General Manager agreed with this finding and stated he will train the clerks to ensure they are scanning each bottle going forward.

Examiner's Conclusion

During examination of breakage and adjustments reports, it was noted that one of the discrepant codes noted above, found during this random inventory count was the same code adjusted between February 1st, 2025, and April 30th, 2025, as illustrated below:

<u>Discrepant Code Item Number</u>	<u>Reason Code</u>	<u>Description</u>	<u>Units</u>	<u>Date</u>
2	123	Pushed cork, loose or leaky cap, broken closure or spout	-1	3/4/25
2	76	Unit Late Sales Increase SOH	1	2/20/25

An error or inaccuracy with these adjustments could have contributed to the discrepancy noted above.

Based on an 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 0263
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
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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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