

EXAMINATION REPORT

Pennsylvania Liquor Control Board
Fine Wine and Good Spirits
Store 1518

1502 West Chester Pike
West Chester, Pennsylvania 19382

For the Period
June 17, 2024 to June 8, 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 1518, Chester County, District 1-04, operated by the Pennsylvania Liquor Control Board (PLCB). We examined store operations for the period June 17, 2024 to June 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.

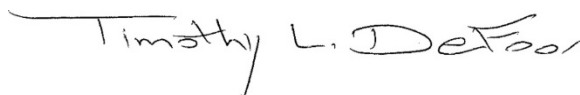
The results of our examination found that Fine Wine and Good Spirits Store 1518 operated in compliance with all PLCB operating procedures falling within the scope of our examination, except as noted in the following finding and discussed later in this report. This matter was discussed with appropriate personnel and is intended to assist you in improving internal controls.

Finding – 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,

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 6, 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 1518
FINDING AND RECOMMENDATION**

Finding – Instant Redeemable Coupon Used Along with Licensee Discount

Condition

Our examinations of 26 licensee sales records disclosed the store was not in compliance with the PLCB Instant Redeemable Coupons (IRC) policy. We found one licensee sale in which the licensee used an IRC, totaling \$6.00, in combination with their licensee discount 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 revenue.

**COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA LIQUOR CONTROL BOARD
FINE WINE AND GOOD SPIRITS STORE 1518
FINDING AND RECOMMENDATION**

Finding – (Continued)

Recommendation

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

Management Response

The General Manager indicated that this occurred before taking over this store. He will remind the staff of the policy that no coupons are to be used along with a licensee discount and management will remain diligent in ensuring no coupons will be used for a licensee sale.

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 1518
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 1518
REPORT DISTRIBUTION LIST**

This report was initially distributed to the following:

The Honorable Darrell Clarke
Chairman
Pennsylvania Liquor Control Board

Faith Deitrich
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PLCB Audit Services Division/Bureau of Audits
Pennsylvania Office of the Budget

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