

# EXAMINATION REPORT

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## Pennsylvania Liquor Control Board Fine Wine and Good Spirits Store 1527

821 West Lancaster Avenue  
Wayne, Pennsylvania 19087  
For the Period  
June 17, 2024 to June 15, 2025

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August 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 1527, Chester County, District 1-06, operated by the Pennsylvania Liquor Control Board (PLCB). We examined store operations for the period June 17, 2024 to June 15, 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 1527 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

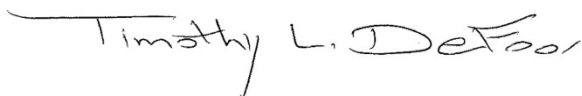
Finding No. 2 – Tax-Exempt Sales - Improper Documentation

Finding No. 3 – Prevention of Sales to Minors

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 15, 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 1527  
FINDINGS AND RECOMMENDATIONS**

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

**Condition**

A random sample count of 55 liquor codes, comprised of 3,161 units valued at \$125,583.77, was performed on June 16, 2025. We compared PLCB perpetual inventory records for the 55 liquor codes to actual inventory on hand. The perpetual inventory records and the actual inventory count matched 47 codes; however, for the remaining 8 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	10	69	(59)	\$99.99	(\$5,899.41)
2*	<b>129</b>	<b>145</b>	<b>(16)</b>	<b>\$19.99</b>	<b>(\$319.84)</b>
3	104	117	(13)	\$19.99	(\$259.87)
4	72	84	(12)	\$39.99	(\$479.88)
5	10	8	2	\$429.99	\$859.98
6	226	223	3	\$14.99	\$44.97
7	295	290	5	\$13.59	\$67.95
8	177	168	9	\$19.99	\$179.91

*\* This code was also noted as a discrepancy in the prior examination report.*

On June 18, 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 most recent examination of this store; however, we have not received corrective action for the prior examination 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 1527  
FINDINGS AND RECOMMENDATIONS**

**Finding No. 1 – (Continued)**

**Cause**

Contributing factors include but are not limited to; code: 000096233 has new packaging and may have been counted incorrectly. Codes 100039746, 000098603, 000003636, 000009348, 000009333, and 000005008 to possible shipment errors, clerk errors, or possible errors with the loop system as there have been some irregularities with loop orders and SIM matching. Code: 100039764 had 2 bottles placed on a hold and then stock out by the system which may have caused the discrepancy.

**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 manager agreed with the Finding and discrepancies.

**Examiner's Conclusion**

As indicated in the Condition above, it was disclosed that one of the discrepant inventory codes was also noted as a discrepancy in our prior inventory count and reported to PLCB. Since corrective action was not received from management and the prior management response cited similar attributes, we again recommend that management/clerks ensure they are also verifying codes scanned at the register and during shipments and implementing procedures to deter theft and improve the accuracy of internal inventory counts in order to avoid continued losses in inventory.

**COMMONWEALTH OF PENNSYLVANIA  
PENNSYLVANIA LIQUOR CONTROL BOARD  
FINE WINE AND GOOD SPIRITS STORE 1527  
FINDINGS AND RECOMMENDATIONS**

**Finding No. 1 – (Continued)**

During examination of breakage and adjustments reports, it was noted that 3 of the discrepant codes noted above, found during this random inventory count were the same codes adjusted between February 1, 2025, through 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>
2	112	Wet breakage-transit damage-from DC	(1)	03/26/2025
5	87	Stock in	35	03/18/2025
6	87	Stock In	1	04/30/2025
6	88	Stock Out	(2)	04/05/2025
6	101	Breakage by Store Employee	(1)	04/01/2025

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 by the failure to comply with the prior finding 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 1527  
FINDINGS AND RECOMMENDATIONS**

**Finding No. 2 – Tax-Exempt Sales - Improper Documentation**

**Condition**

Our examination of the store's tax-exempt sales disclosed that it was not in compliance with PLCB Tax-Exempt Sales procedures regarding required documentation. We examined 10 invoices for tax-exempt sales and found the following documentation discrepancies:

<b><u>Date</u></b>	<b><u>Invoice Number</u></b>	<b><u>Total Price</u></b>	<b><u>Certificate Discrepancy</u></b>
06/11/2025	01527001903720250611	\$3,076.35	REV-1220 not dated at time of purchase REV-1715-not attached
05/06/2025	01527004196920250506	\$2,014.56	REV-1715 not attached
05/02/2025	01527004166320250502	\$924.11	REV-1220 not dated at time of purchase REV-1715-not attached
04/24/2025	01527001615020250424	\$47.94	REV-1220 not dated at time of purchase
11/26/2024	01527004108820241126	\$666.39	REV-1220 not dated at time of purchase REV-1715-not attached
10/15/2024	01527002183020241015	\$79.92	REV-1220 not dated at time of purchase
10/03/2024	01527004526020241003	\$538.34	REV 1715 not attached

**COMMONWEALTH OF PENNSYLVANIA  
PENNSYLVANIA LIQUOR CONTROL BOARD  
FINE WINE AND GOOD SPIRITS STORE 1527  
FINDINGS AND RECOMMENDATIONS**

**Finding No. 2 – (Continued)**

<b><u>Date</u></b>	<b><u>Invoice Number</u></b>	<b><u>Total Price</u></b>	<b><u>Certificate Discrepancy</u></b>
09/11/2024	01527004361720240911	\$285.77	REV-1220 not dated at time of purchase REV-1715-not attached

**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 indicated he believes his staff is unaware of the tax exempt procedures and will ensure store clerks follow the PLCB Tax-Exempt sales procedures.

**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 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.

**COMMONWEALTH OF PENNSYLVANIA  
PENNSYLVANIA LIQUOR CONTROL BOARD  
FINE WINE AND GOOD SPIRITS STORE 1527  
FINDINGS AND RECOMMENDATIONS**

**Finding No. 2 – (Continued)**

**Management Response**

The general manager agreed with the finding and indicated that he printed the procedures and will review them with store clerks and will follow up on all future transactions to ensure compliance.

**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 1527  
FINDINGS AND RECOMMENDATIONS**

**Finding No. 3 - Prevention of Sales to Minors**

**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 06/08/2025 and 06/15/2025. 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 verifications should be documented.

**Cause**

Store management 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 1527  
FINDINGS AND RECOMMENDATIONS**

**Finding No. 3 – (Continued)**

**Recommendation**

We recommend that store management implement adequate procedures to ensure that anyone who appears to be under the age of 35 be 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 manager agreed with the finding and indicated that he would address this issue with all clerks at the next manager/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 1527  
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).

**Tax-Exempt Sales**

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

**COMMONWEALTH OF PENNSYLVANIA  
PENNSYLVANIA LIQUOR CONTROL BOARD  
FINE WINE AND GOOD SPIRITS STORE 1527  
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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