

# EXAMINATION REPORT

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Pennsylvania Liquor Control Board  
Fine Wine and Good Spirits  
Store 1531

775 Gap Newport Pike  
Avondale, Pennsylvania 19311  
For the Period  
May 21, 2024 to June 11, 2025

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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 1531, Chester County, District 1-04, operated by the Pennsylvania Liquor Control Board (PLCB). We examined store operations for the period May 21, 2024 to June 11, 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 1531 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.

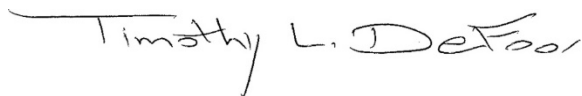
Finding No. 1 – Tax-Exempt Sales - Improper Documentation - Repeat Finding

Finding No. 2 – Instant Redeemable Coupon Used Along with Licensee Discount - Repeat Finding

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,



Timothy L. DeFoor  
Auditor General  
August 13, 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 1531  
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 15 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>Discrepancy</u></b>
05/29/2025	01531003150920250529	\$251.76	REV-1220 not dated at time of purchase. REV-1715-not attached
05/07/2025	01531003862920250507	\$260.94	REV-1220 not dated at time of purchase REV-1715-not attached
04/30/2025	01531001385520250430	\$302.93	REV-1220 not dated at time of purchase REV-1715-not attached
12/11/2024	01531001708520241211	\$337.51	REV-1220 not dated at time of purchase REV-1715-not attached
08/07/2024	01531003642520240807	\$532.66	REV-1220 not attached REV-1715-not attached
06/04/2024	01531001442520240604	\$254.41	REV-1220 not dated at time of purchase REV-1715-not attached

**COMMONWEALTH OF PENNSYLVANIA  
PENNSYLVANIA LIQUOR CONTROL BOARD  
FINE WINE AND GOOD SPIRITS STORE 1531  
FINDINGS AND RECOMMENDATIONS**

**Finding No. 1 – (Continued)**

**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.

**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 and comply with the Revenue Code's documentation requirements.

**Management Response**

The manager indicated that she agreed with this finding and that she will discuss this issue with the store employees at the next clerk/manager meeting.

**COMMONWEALTH OF PENNSYLVANIA  
PENNSYLVANIA LIQUOR CONTROL BOARD  
FINE WINE AND GOOD SPIRITS STORE 1531  
FINDINGS AND RECOMMENDATIONS**

**Finding No. 1 – (Continued)**

**Examiner's Conclusion**

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 1531  
FINDINGS AND RECOMMENDATIONS**

**Finding No. 2 – Instant Redeemable Coupon Used Along with Licensee Discount - Repeat Finding**

**Condition**

Our examinations of 42 licensee sales records disclosed the store was not in compliance with the PLCB Instant Redeemable Coupons (IRC) policy. We found 1 licensee sale in which the licensee used an IRC, totaling \$4.00, in combination with their licensee discount for the 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 1531  
FINDINGS AND RECOMMENDATIONS**

**Finding No. 2 – (Continued)**

**Recommendation**

We again 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 manager agreed with the finding and indicated that she would review this procedure at the next clerk/ manager meeting.

**Examiner's Conclusion**

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 1531  
PRIOR FINDINGS AND RECOMMENDATIONS**

**STATUS OF PRIOR FINDINGS AND RECOMMENDATIONS**

**Wholesale Discount Sales**

Our prior examination reported noncompliance with PLCB Wholesale Discount Sales procedures – Wholesale Merchandise Sold Without Proper Employee Signatures. Store management complied with our recommendation.

Our prior examination reported noncompliance with PLCB Wholesale Discount Sales procedures – Wholesale Merchandise Purchased by Unauthorized Individual. Store management complied with our recommendation.

**Wholesale Purchase Permit Card**

Our prior examination reported noncompliance with PLCB Wholesale Purchase Permit Card procedures – Wholesale Permit Card Not Signed. Store management complied with our recommendation.

**IRC Policy**

Our prior examination reported noncompliance with PLCB Instant Redeemable Coupons (IRC) policy. Store management failed to comply with our recommendation (see Finding No. 2).

**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 1531  
REPORT DISTRIBUTION LIST**

This report was initially distributed to the following:

**The Honorable Darrell Clarke**  
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Pennsylvania Liquor Control Board

**Faith Deitrich**  
Assistant Director  
PLCB Audit Services Division/Bureau of Audits  
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**Rodrigo Diaz**  
Executive Director  
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**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).