

EXAMINATION REPORT

Pennsylvania Liquor Control Board Fine Wine and Good Spirits Store 2006

19017 Park Avenue Plaza
Meadville, Pennsylvania 16335
For the Period
May 3, 2024 to June 3, 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 2006, Crawford County, District 3-06, operated by the Pennsylvania Liquor Control Board (PLCB). We examined store operations for the period May 3, 2024 to June 3, 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 2006 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.

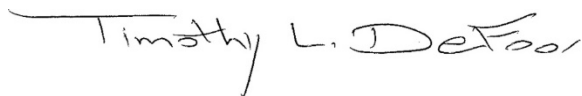
Finding No. 1 – Inventory Discrepancy Exceeding \$200 in Value

Finding No. 2 – Failure to Ensure Daily Receipts for Cash and Checks Equaled Deposits

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 dark ink, reading "Timothy L. DeFoor". The signature is written in a cursive, flowing style with a long horizontal line extending from the start of the name.

Timothy L. DeFoor
Auditor General
July 31, 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 2006
FINDINGS AND RECOMMENDATIONS**

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

Condition

A random sample count of 60 liquor codes, comprised of 2,461 units valued at \$55,512.49, was performed on June 4, 2025, and included 5 recently returned codes, and 5 recently code-keyed codes in this sample. We compared PLCB perpetual inventory records for the 60 liquor codes to actual inventory on hand. The perpetual inventory records and the actual inventory count matched for 58 codes; however, for the remaining 2 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	64	76	(12)	\$15.99	(\$191.88)
2	113	107	6	\$28.99	\$173.94

On June 04, 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

Contributing factors include but are not limited to malfunctions in the inventory management system, failure to properly adjust inventory records and failure by store employees to properly accept shipments.

The manager indicated that these discrepancies are errors from shipments. He mentioned that they were emphatically told not to count cases by code coming off the trucks because that would hold up the truck deliveries.

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 2006
FINDINGS AND RECOMMENDATIONS**

Finding No. 1 – (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 the discrepancies and indicated the current shipment process is not working and is causing discrepancies. He will try to observe shipments closer and find errors.

Examiner's Conclusion

During examination of breakage and adjustments reports, it was noted that none of the discrepant codes noted above, found during this random inventory count were the same codes adjusted between February 1, 2025, and April 30, 2025.

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 2006
FINDINGS AND RECOMMENDATIONS**

Finding No. 2 – Failure to Ensure Daily Receipts for Cash and Checks Equalled Deposits

Condition

Our examinations of daily collection and deposit data disclosed instances where a variance existed between store records and corresponding bank deposits. We tested 60 consecutive business days' worth of bank deposits and discovered one instance on April 4, 2025, where four checks were entered twice while using the IPAD for a variance of \$3,755.22 between store summary report and the corresponding bank deposit.

On June 12, 2025, PLCB management was notified of the check variance between the deposit amount calculated from the Store Summary Report and the actual deposit so they could investigate the variance and take whatever appropriate action deemed necessary.

Criteria

The PLCB Manual of Instructions, Chapter 710-03, details the steps necessary to properly report daily business receipts to the office of the Comptroller in Central Office using the Point-of-Sale system. Responsibility for compliance with this procedure rests with the store's General Manager.

The PLCB Manual of Instructions, Chapter 710-03-02, states that Daily Receipts for cash and checks must equal the bank deposit or armored car deposit.

The PLCB Manual of Instructions, Chapter 710-04-02, states that the Person-in-Charge must immediately report to the Office of the Comptroller (Audits) District Office any time the store's receipts are over/short \$100.00 or more in one business day.

The PLCB Manual of Instructions, Chapter 710-04-12, states that deposit slip totals should be double-checked to ensure their accuracy.

The PLCB Manual of Instructions, Chapter 710-06-03, states that the Person-in-Charge must directly supervise all clerks' turn-ins. In addition, the Person-in-Charge must also verify the currency/coin turn-in and change fund amounts.

Bureau of Retail Operations (BRO-0004.2) - Smart Safe User Functions states that the Person-In-Charge (the General Manager or the person in charge of the store when General Manager is not present) compares the cash totals of the End of Day Report to the cash totals from the End of Shift Reports and emails Cash Management and Sales Audit the amount and reason for the discrepancy.

**COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA LIQUOR CONTROL BOARD
FINE WINE AND GOOD SPIRITS STORE 2006
FINDINGS AND RECOMMENDATIONS**

Finding No. 2 – (Continued)

Cause

Store management inadvertently deposited four checks twice into the store's bank account using the IPAD, resulting in duplicate entries. Additionally, the Store Summary Reports were not properly reconciled against the actual checks deposited, leading to a variance in the store's reported deposit totals.

Effect

The failure to provide adequate oversight during daily reconciliation of deposits reduces the effectiveness of internal controls, the accuracy of financial records, and increases the risk of loss, theft, or misuse of PLCB funds.

Recommendation

We recommend that store management comply with the provisions of the PLCB Manual of Instructions, Chapters 710-03, 710-03-02, 710-04-02, 710-04-12, 710-06-03, and BRO-0004.2, to ensure that the Store Summary Report for cash and checks equal the daily bank deposit or armored car deposit by providing proper supervisory oversight during clerk turn-ins.

Management Response

The Store Manager agreed with the finding and mentioned she was not aware that on April 4, 2025, there were four checks entered twice into the IPAD. The Store Manager confirmed with the PLCB's Fiscal Technician, Cash Management and Sales Audit Division, the checks were only deposited one time each. The store manager concluded the actual bank deposits at PNC bank were correct but the store daily deposits and Store Summary Reports showed variances.

Examiner's Conclusion

We recommend that Store Management and the PLCB ensure this issue is mitigated/eliminated in subsequent periods.

**COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA LIQUOR CONTROL BOARD
FINE WINE AND GOOD SPIRITS STORE 2006
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

This report is a matter of public record and is available online at 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.