

EXAMINATION REPORT

Pennsylvania Liquor Control Board
Fine Wine and Good Spirits
Store 2115

3725 Capital City Mall Drive
Camp Hill, Pennsylvania 17011

For the Period
May 31, 2024 to June 15, 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 2115, Cumberland County, District 2-09, operated by the Pennsylvania Liquor Control Board (PLCB). We examined store operations for the period May 31, 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 2115 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

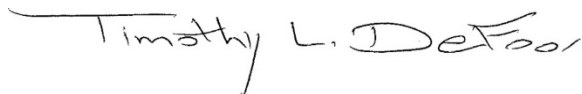
Finding No. 2 – Instant Redeemable Coupon Used Along with Licensee Discount

Finding No. 3 – Tax-Exempt Sales – Improper Documentation

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.

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 2115
FINDINGS AND RECOMMENDATIONS**

Finding No. 1 – Inventory Discrepancy Exceeding \$200.00 in Value – Repeat Finding

Condition

A random sample count of 61 liquor codes, comprised of 2,764 units valued at \$102,982.06, was performed on June 16, 2025. We compared PLCB perpetual inventory records for the 61 liquor codes to actual inventory on hand. The perpetual inventory records and the actual inventory count matched 53 codes; however, for the remaining 8 codes, the actual inventory count did not agree with the perpetual inventory records as 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	0	2	(2)	\$10.39	(\$20.78)
2	83	85	(2)	\$21.99	(\$43.98)
3	111	112	(1)	\$19.99	(\$19.99)
4*	88	87	1	\$26.99	\$26.99
5	31	30	1	\$23.99	\$23.99
6*	265	264	1	\$37.99	\$37.99
7*	165	164	1	\$19.99	\$19.99
8	49	42	7	\$28.99	\$202.93

**** These codes were also noted as discrepancies 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 two most recent examinations 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.

Cause

Contributing factors include, but are not limited to, possible shipment errors or incorrect inventory counts. Test item #1 was not located in the SIM system or on the PLCB website.

**COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA LIQUOR CONTROL BOARD
FINE WINE AND GOOD SPIRITS STORE 2115
FINDINGS AND RECOMMENDATIONS**

Finding No. 1 – (Continued)

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

Manager indicated that he agreed with the count.

Examiner's Conclusion

As indicated in the above Condition, it was disclosed that three of the discrepant inventory codes were also noted as discrepancies in the prior examination count and reported to PLCB. Since corrective action was not received from management addressing similar areas for improvement and procedures were not implemented or operating effectively to prevent their recurrence, we again recommend that management strengthen overall controls relative to monitoring store inventory and remain proactive in the area of asset protection to avoid continued variances/losses in store inventory.

**COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA LIQUOR CONTROL BOARD
FINE WINE AND GOOD SPIRITS STORE 2115
FINDINGS AND RECOMMENDATIONS**

Finding No. 1 – (Continued)

During our examination of breakage and adjustments reports, it was noted that 5 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:

Discrepant Code Item Number	Reason Code	Description	Units	Date
2	123	Pushed cork, loose or leaky cap, broken closure or spout	(1)	04/05/2025
2	87	Stock in	2	03/20/2025
3	88	Stock out	(6)	02/14/2025
4	88	Stock out	(2)	03/12/2025
6	87	Stock in	1	02/16/2025
6	88	Stock out	(374)	02/15/2025
7	87	Stock in	3	02/28/2025
7	88	Stock out	(11)	04/29/2025
7	88	Stock out	(10)	02/14/2025

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 findings 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 2115
FINDINGS AND RECOMMENDATIONS**

Finding 2 – Instant Redeemable Coupon Used Along with Licensee Discount

Condition

Our examinations of 36 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 \$3.00, 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 as a coupon attached to a bottle at the time of the large licensee sale was applied.

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 2115
FINDINGS AND RECOMMENDATIONS**

Finding No. 2 – (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 manager agreed with the finding.

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 2115
FINDINGS AND RECOMMENDATIONS**

Finding No. 3 – Tax-Exempt Sales - Improper Documentation

Condition

Our examination of the store's tax-exempt sales disclosed it was not in compliance with PLCB Tax-Exempt Sales procedures regarding required documentation. We examined 8 invoices for tax-exempt sales and found the following documentation discrepancies, as illustrated in the table below:

<u>Date</u>	<u>Invoice Number</u>	<u>Total Price</u>	<u>Certificate Discrepancy</u>
10/08/2024	02115003929920241008	\$371.70	REV-1220 and REV 1715-not attached to invoice

Criteria

Tax Exempt Sales Policy, BRO-0052 and BRO-0052.1, effective January 18, 2021, states 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.

Also, for purchases exceeding \$200 or more, purchasers claiming exemption from sales tax shall complete REV-1715 Declaration of Sales Tax Exemption. A copy of the signed, original REV-1220 and REV-1715 is to be retained for a period of three (3) years from the date of the purchase.

Cause

The store does not have many tax-exempt sales that exceed \$200.00 and the lack of familiarity with these sales, the form was forgotten. Store management 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, there is a lack of adequate internal controls over the store's monetary receipts and supporting documentation involving tax-exempt sales.

**COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA LIQUOR CONTROL BOARD
FINE WINE AND GOOD SPIRITS STORE 2115
FINDINGS AND RECOMMENDATIONS**

Finding No. 3 – (Continued)

Recommendation

We recommend that the PLCB monitor the store to ensure compliance with tax-exempt sales procedures as referenced in BRO-0052 and BRO-0052.1.

Management Response

The manager agreed with the finding and mentioned that she will remind her staff of this rule to prevent further mistakes.

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 2115
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).

**COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA LIQUOR CONTROL BOARD
FINE WINE AND GOOD SPIRITS STORE 2115
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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