

EXAMINATION REPORT

Pennsylvania Liquor Control Board Fine Wine and Good Spirits Store 6524

321 Tri-County Lane
Belle Vernon, PA 15012
For the Period
August 5, 2024 to June 11, 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 6524, Westmoreland County, District 3-07, operated by the Pennsylvania Liquor Control Board (PLCB). We examined store operations for the period August 5, 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 6524 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.

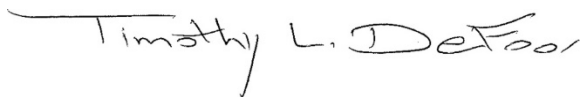
Finding No. 1 – Inventory Discrepancy Exceeding \$200 in Value – Repeat Finding

Finding No. 2 – Tax-Exempt Sales - Incorrect Classification

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
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 6524
FINDINGS AND RECOMMENDATIONS**

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

Condition

A random sample count of 60 liquor codes, comprised of 3,283 units valued at \$74,139.17, was performed on June 12, 2025. 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 45 codes; however, for the remaining 15 codes, the actual inventory count did not agree with the perpetual inventory records. All discrepancies are noted below.

Discrepant Code Item Number	Physical Count	Perpetual Inventory	Difference	Retail Cost Per Unit	Total Value
1	76	88	(12)	\$11.99	(\$143.88)
2	16	22	(6)	\$33.99	(\$203.94)
3	51	54	(3)	\$19.99	(\$59.97)
4	33	35	(2)	\$27.99	(\$55.98)
5*	217	218	(1)	\$26.99	(\$26.99)
6	41	42	(1)	\$39.99	(\$39.99)
7	57	58	(1)	\$20.99	(\$20.99)
8*	34	35	(1)	\$31.99	(\$31.99)
9	8	9	(1)	\$9.99	(\$9.99)
10*	39	38	1	\$28.99	\$28.99
11	73	72	1	\$14.99	\$14.99
12	22	21	1	\$13.99	\$13.99
13	17	16	1	\$59.99	\$59.99
14	120	118	2	\$21.99	\$43.98
15	1,222	1,169	53	\$0.99	\$52.47

**** These codes were also noted as discrepancies in the prior examination report.***

On June 12, 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 three most recent examinations of this store; however, we have not received corrective action for the two prior examinations which may have contributed to the noncompliance.

**COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA LIQUOR CONTROL BOARD
FINE WINE AND GOOD SPIRITS STORE 6524
FINDINGS AND RECOMMENDATIONS**

Finding No. 1 – (Continued)

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

The assistant manager indicated inventory could be off due to clerk error at the register. Clerks do not always scan each bottle or compare the inventory total from the register to the bottles the customer is purchasing. She also mentioned theft could be an attribute. They have filled out police reports, but they were not approved in time to move forward with legal actions. Additionally, management noted they are only allowed to spend 30 minutes for ad hoc counts in the morning. They are concerned this is not enough time and feel rushed which in turn could result in errors.

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

Management agreed with the inventory finding and stated scanning each bottle will be address in their staff meeting.

**COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA LIQUOR CONTROL BOARD
FINE WINE AND GOOD SPIRITS STORE 6524
FINDINGS AND RECOMMENDATIONS**

Finding No. 1 – (Continued)

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.

During examination of breakage and adjustments reports, it was noted that nine 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	Description	Units	Date
1	Stock Out	-2	3/13/25
3	Stock In	1	4/3/25
4	Stock Out	-2	3/20/25
5	Short - referenced by PLCB-1774	-4	4/1/25
10	Pushed cork, loose or leaky cap, broken closure or spout	-1	4/11/25
10	Stock Out	-3	2/3/25
11	Stock Out	-1	2/20/25
12	Stock In	1	3/9/25
13	Short - referenced by PLCB-1774	-1	4/11/25
14	Pushed cork, loose or leaky cap, broken closure or spout	-1	2/12/25
14	(-) Physical inventory adjustment/correction	-10	4/28/25

Errors or inaccuracies with these adjustments could have contributed to the discrepancies noted above.

**COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA LIQUOR CONTROL BOARD
FINE WINE AND GOOD SPIRITS STORE 6524
FINDINGS AND RECOMMENDATIONS**

Finding No. 1 – (Continued)

During examination of shipment invoices, it was noted that two of the aforementioned discrepant codes also appeared as discrepant during delivery, as follows:

<u>Discrepant Code Item Number</u>	Description	Units	Date
5	Repack	8 Good/4 Missing - 12 pack	4/1/25
13	Repack	5 Good/1 Missing - 6 pack	4/11/25

We are again 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 6524
FINDINGS AND RECOMMENDATIONS**

Finding No. 2 – Tax-Exempt Sales – Incorrect Classification

Condition

Our examination of the store's tax-exempt sales records disclosed it was not in compliance with PLCB Tax-Exempt Sales procedures. We examined two tax-exempt sales invoices during the examination period and found the tax-exempt customer, a charitable organization, was classified incorrectly as Type D, rather than Type B, in the PLCB Point of Sale (POS) system. Since the customer is not a PLCB licensee and the PLCB POS incorrectly classified the customer as a Type D classification, the customer received an unallowable 10% licensee wholesale discount totaling \$41.81 and the allowable tax-exemption, as illustrated in the table below:

<u>Date</u>	<u>Invoice</u>	<u>Unallowable Discount</u>
2/13/25	06524001000062	\$41.81

Criteria

PLCB's BRO-0052.1 Section III A, Store Process and Procedures, indicates that employees at the store are to receive and review the REV-1220 to determine if the customer is classified as a Type B or D exemption, defined as follows:

Exemption Type B without a Liquor License, issued to religious organizations, volunteer fire fighter organizations, non-profit education institutions, and charitable organizations.

Exemption Type D with a Purchase Permit issued to United States government areas subject to the jurisdiction of the Federal Government, Pennsylvania government, political subdivisions and foreign governments including ambassadors, ministers, and consular officers.

If the customer does not hold a PLCB license or permit, the customer is only permitted to receive a sales tax exemption. If the classification in the PLCB POS is incorrectly listed as a Type D, the store employee should correct the improper classification, so the customer does not receive or continue to receive an improper licensee discount.

**COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA LIQUOR CONTROL BOARD
FINE WINE AND GOOD SPIRITS STORE 6524
FINDINGS AND RECOMMENDATIONS**

Finding No. 2 – (Continued)

Cause

Store management reached out to the PLCB help desk for assistance on completing this transaction and failed to correctly enter the classification into the POS system as a tax exemption type B. This tax-exempt entity was mistakenly entered as a tax exempt type D.

Effect

As a result of the store not complying with PLCB procedures and ensuring the tax-exempt organization is correctly classified in the POS, the store improperly provided a licensee's wholesale discount which resulted in loss of revenue to the PLCB.

Recommendation

We recommend that the store management take appropriate action to ensure that its employees follow the PLCB procedures for customers that are not licensees but are tax-exempt customers and correct the PLCB POS when necessary so customers are not receiving a licensee's 10% wholesale discount.

Management Response

The assistant manager agreed with the finding and will call the help desk to correct the classification.

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 6524
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 failed to comply with our recommendation (see Finding No. 1).

**COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA LIQUOR CONTROL BOARD
FINE WINE AND GOOD SPIRITS STORE 6524
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
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Angela Schaul
Director of Store Operations
Pennsylvania Liquor Control Board

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