Review of Sunset Review and Regulatory Performance Audit

December 10, 2020
Sunset Review

• Full report available HERE

• Conducted by Arizona Office of the Auditor General under A.R.S. § 41-2951

• “… legislature finds that state government should be continually reviewed and revised in response to the developing needs of the public.”

• Assists legislature in determining future of a state agency, department, etc.
Sunset Review Highlights

- AZDA investigated most complaints in a timely manner
- Properly followed complaint-handling procedures
- Appropriately issued discipline (e.g. enforcement action, civil penalties)
- Concern about forwarding medical marijuana (MMJ) complaints to ADHS and not following-up on disposition
  - WMSD authority to conduct MMJ inspections
  - Addressed further in regulatory audit
Key Regulatory Responsibilities
Performance Audit

• Full report available [HERE](#)

• Conducted by Arizona Office of the Auditor General under A.R.S. § 41-2951 as part of sunset review process

• Audited inspections conducted by Environmental Services Division (ESD), Pest Management Division (PMD), and WMSD

• Audit period covers 2015–2019

• Multiple findings/recommendations
Regulatory Audit Finding 1

• Higher-risk establishments not inspected
  • What is a “higher-risk establishment”?  
  • What is a risk-based inspection approach?  
  • What risk factors are important? Data to support risk factors?

• Inefficiently used inspection resources
  • Inspector discretion/scheduling
  • Travel (AZDA 2,400,000 mi in 11 month period... most of any agency)
  • Duplicate visits/skimmer inspections
Regulatory Audit Finding 2

- Airport scales
  - Inspection initially based on previous DWM decision
  - Goal is now to inspect all in state by end of FY21
  - Add to 3-year schedule going forward
Regulatory Audit Finding 2 (continued)

- MMJ Scale/Packaging Inspections
  - WMSD licenses scales, but has not conducted inspections
  - Questions about WMSD’s authority to inspect dispensaries
  - Illegal to handle marijuana for packaging inspections?
  - Auditor General believes WMSD has the authority
  - How to proceed? Define authority. Add’l resources?
  - Recreational marijuana (Prop 207)
Regulatory Audit Finding 3 & 4

• Finding 3: Applicator license background checks
  • Does not apply to WMSD

• Finding 4: 66% of license applicants did not meet all requirements
  • WMSD licensing overseen by ESD
  • Applies to RSA/RSR, Public Weighmaster
  • CTU limitations in regards to payment tracking, application records, etc.
  • Licensing now tracking through separate system (Credentials)
Regulatory Audit Finding 5

• Department failed to retain public records
  • WMSD mostly opposite… retaining records longer than needed
  • Some records not retained apply to licensing (applications, PISR, etc.)
  • WMSD records retention schedule transferred from DWM to AZDA, no changes made at the time
  • Completed review of WMSD records retention schedule
  • Some DWM items eliminated
  • Some retention periods changed/aligned
  • Awaiting approval by AZDA records officer
Going Forward

• AZDA agreed with all findings and plans to implement recommendations
• Auditor General follow-up at 6 months and 18 months
• Determine risk-based inspection approach
• Investigators now have better guidance in scheduling
• Difficult to find new ways to reduce travel w/o add’l staff
• MMJ (and Recreational MJ) discussions