



# 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