

Medical Marijuana Regulatory System Performance Audit

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Marijuana Regulation in Colorado

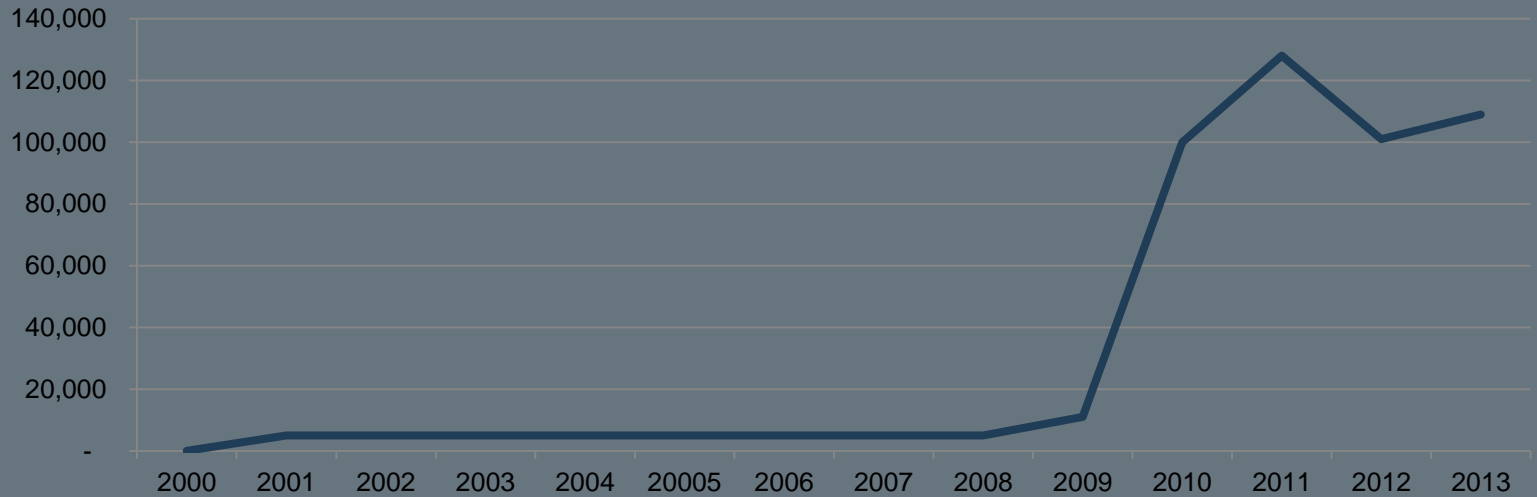
How did a performance audit help shape the State's marijuana regulation?

Brief History

Marijuana's rise in Colorado
and how the audit fits in

Rise of Medical Marijuana in Colorado

Number of Red Cards



Voters pass Amendment 20

Major legislation to regulate industry

Feds issue Ogden Memo

Voters pass Amendment 64



Key Findings

2013 Audit of the Medical Marijuana Regulatory System

Licensing

- 37% of license we reviewed had potentially disqualifying information
 - Within 1,000 feet of school
 - Past criminal history
 - Tax delinquencies
- Average of 23 months to issue licenses (shortest 436 days; longest 807 days)
- No new occupational licensing appointments in the previous 6 months



Monitoring

“Seed-to-sale” model did not exist

- Database for plant tracking not completed
- No audits performed to verify inventories
- No video surveillance systems



Disposition of Unauthorized Marijuana

Taking marijuana from businesses 40 times in 2012

- As much as 15 pounds of finished marijuana product
- Division was not following statutes in voluntary surrender process
- Unclear how staff determined unauthorized plants



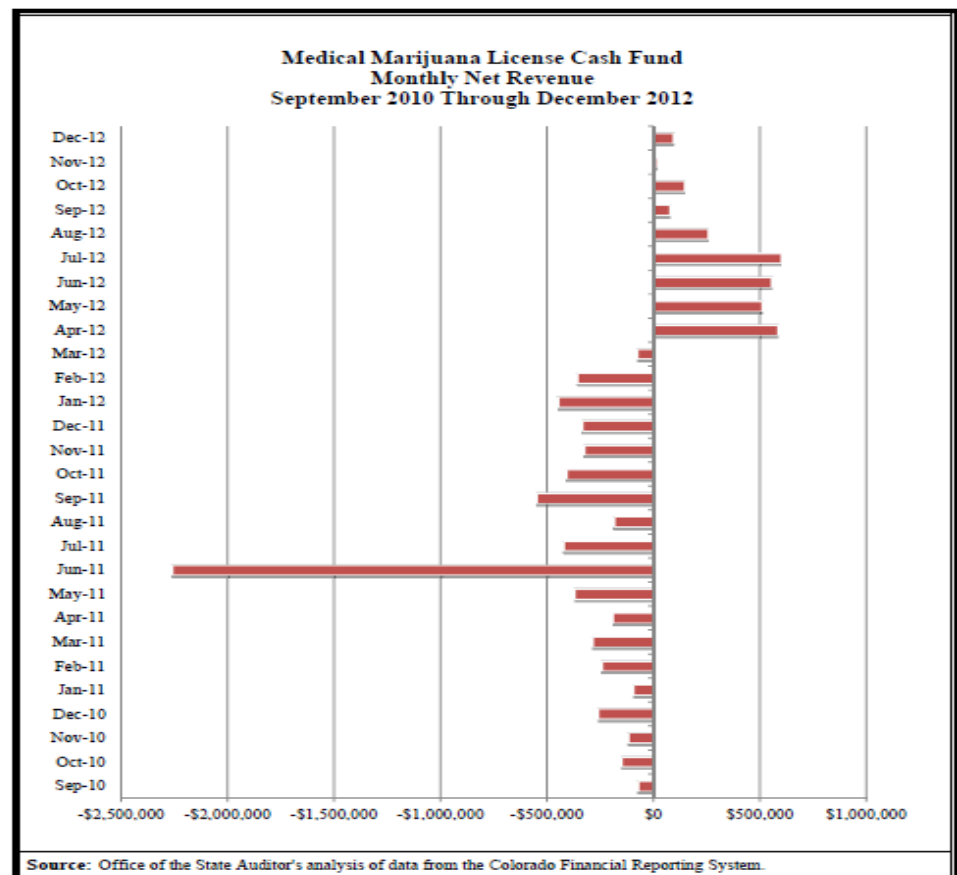
Financial and Strategic Management

Need for:

- Systematic process for setting fees at levels that correspond to the costs of licensing and monitoring
- Better staffing and spending plans
- Better controls over spending

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Medical Marijuana Regulatory System, Part I Performance Audit - March 2013



Results

Implementation of audit
recommendations

Implementation of audit recommendations

The Department of Revenue agreed with all 42 audit recommendations and worked quickly to implement them

- Within the first 3 months, the Department implemented or partially implemented 2/3 of the recommendations
- By the next year, the Department implemented all the recommendations



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