

Arizona Auditor General:

2019 AMMA  
Performance Review  
Findings - SUMMARY

Presented by MITA-AZ and Fortitude AZ



## Summary

The Arizona Auditor General (public accountability agency) performed a performance audit this year of the **AMMA** program as part of a process prescribed by statute.



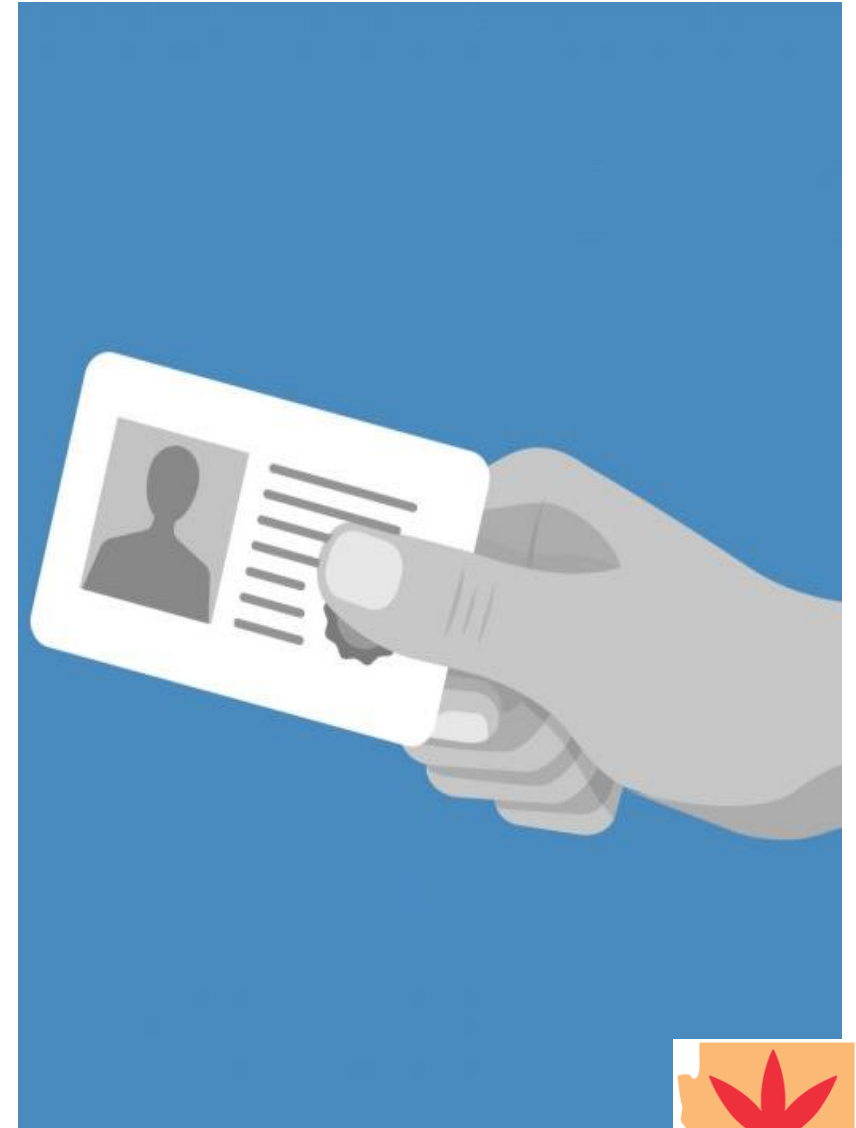
## Summary (continued)

**Issues** were found in areas of...

1. Card revocation process
2. Facility inspections
3. Complaint investigations
4. Rectifying non-compliance
5. Food safety inspections
6. Card fees
7. Misallocation of funds

# Finding 1:

Department should  
take more timely  
action to revoke cards



## 1. Card revocation



### Background:

*Cards can be **REVOKED** for infractions like...*

- Giving MMJ to a non-cardholder
- Being convicted of an excluded felony offense

## 1. Card revocation



### Findings:

- ADHS **was slow to complete revocation** steps (for example, requesting documents)
- It took ADHS between **21 - 243 days to revoke cards**
- No policies and procedures exist to ensure timely revocations

### Recommendations:

- ✓ Develop **policies and procedures**
- ✓ **Track** internal steps and time frames.

(Department **agrees.**)

## Finding 2:

Some facility inspections were not timely or consistent



## 2. Inspections



### Background:

*Facilities are inspected routinely for things like:*

- ✓ Sanitary packaging
- ✓ Proper documentation (i.e., licenses)
- ✓ Video camera security
- ✓ Safety label requirements



## 2. Inspections



## Findings:

- 5 facilities out of 17 sampled **went a year without inspection.**
- **Unsanitary conditions** found at facilities not inspected (cultivation equipment stored in bathroom, for example)
- **Compliance enforcement was inconsistent** during inspections.
  - Inspectors did not consistently enforce requirements for DAs to carry cards.
  - Inspectors enforced labeling requirements at some dispensaries but not others
  - Inspectors were inconsistent about how they inspected inventory control documents.

## Finding 3:

Department has inadequately investigated some complaints



### 3. Complaint investigation



### ***Background:***

*AHDS is required by law to investigate complaints about the MMJ program, usually submitted by email.*

### 3. Complaint investigation



## Findings:

- Some complaints were **not investigated**.
  - A complaint that a dispensary was closed. (They are required by law to be open 30+ hours/week.)
  - A report of inaccurate labels
- **Errors** found in data entry and complaint tracking
  - Some complaint outcomes were miscategorized
  - This makes it harder to track violations, such as which facilities receive repeat complaints
- Complaint-handling methods are **outdated**
  - No formal procedures exist for MMJ complaints
  - No formal training program exists

## Finding 4:

Department has not consistently addressed facility noncompliance



## 4. Non-compliance



## Background:

*ADHS has approaches to rectify incidents of facility noncompliance.*

*(Examples: asking for correction plans and holding "provider meetings" to discuss concerns.)*

## 4. Non-compliance



### Findings:

- **Inconsistencies** in how the Department addressed violations:
  - For the same violation, some dispensaries were given **different correction plans** for no explained reason.
- **No formal procedures** are in place for **repeat violations**
  - ADHS failed to escalate corrective measures for a repeat violation of a dispensary using unlicensed employees.

### Recommendations:

- ✓ Draft and implement specific policies for handling rule violations (**department agrees**)

## Finding 5:

Department does not inspect for food safety requirements at MMJ kitchens





## 5. Food inspections



### Background:

*There are 36 licensed MMJ infusion kitchens in Arizona.*

*ADHS regulations require ongoing safety inspections for food establishments.*

## Findings:

### 5. Food inspections



- Department reported they **couldn't inspect infusion kitchens** because dispensaries closed them during announced inspection days.
- Department **did not exercise its authority** to perform food safety inspections for closed kitchens:
  - ✓ Handwashing and food prep sinks
  - ✓ Coolers
  - ✓ Freezers
  - ✓ Stored food temperature

## 5. Food inspections



### Recommendation:

Department should conduct **unannounced food safety inspections** similar to those it performs on restaurants.

(Department **does not agree**— claims it lacks statutory authority.)

## Finding 6:

Department should establish process for setting reasonable fees



## 6. Fees



### Background:

*AMMA fees were set in 2008 based on an over-estimate of program costs, and have never been re-examined.*

*As a result, AMMA has a \$63m voter-protected surplus.*

## 6. Fees



### Findings:

- Department **has not reviewed** the appropriateness of fees
  - No cost analysis performed
  - No procedures are in place for reviewing card fees
  - Fees set too high may place undue burden on consumer; fees set too low may inadequately fund the program.

## 6. Fees



### Recommendations:

- ✓ **Calculate** full cost of the program; use this as basis for setting fees
- ✓ **Adopt** formal processes for determining and reviewing fees
- ✓ Get adequate **cost-of-service** information for future projects
- ✓ Allow for **public input**

(Department **agrees** and will implement.)

# Finding 7:

Some  
AMMA  
funds were  
misallocated





## 7. Misallocation of funds



### Background:

*Per voter-protected law, AMMA funds can only be used for maintenance of AMMA program and protection of patients from prosecution.*

## 7. Misallocation of funds



### Findings:

- Two employees were found being paid fully from AMMA, but **working on non-AMMA projects** up to 15% of the time.
- **No documentation exists** showing how the department determined how much to pay employees from the fund when they worked partially on AMMA.
- AMMA funds were spent on services **also used by other programs**.

#### *Examples:*

- \$600,000 for subscription to Controlled Substances Prescription Monitoring Program software, used by other agencies
- \$17,000 for computers. One of 4 computers inspected was used for other government purposes.

## 7. Misallocation of funds



## Findings (continued):

- For 7% of transactions reviewed, ADHS **did not keep documentation** supporting how allocation amounts were determined
- **No written policy** exists for determining allocations

## 7. Misallocation of funds



### Recommendations:

#### Establish **written policies:**

- ✓ How to allocate funds when more than one program benefits
- ✓ Documentation requirements
- ✓ Monitoring requirements to ensure against misallocation of funds.

(Department disagrees but **will implement.**)



# Thank you.

Read the full report by searching for **Arizona Auditor General Report 19-107**