

## Missouri Division of Cannabis Regulation Guidance Document – 3/06/2023 Topic: Inventory Errors and Discrepancies

As outlined in the January 31<sup>st</sup> guidance document on Seed-to-Sale and Physical Inventory Expectations, inventory requirements are set out in 19 CSR 100-1.130(1) *Inventory Control Systems and Procedures*. Within this section of rule, there are several areas that require notification to the Division of Cannabis Regulation (DCR). To ensure compliance, licensees should thoroughly review the emergency rule, update inventory standard operating procedures, and train staff to ensure tasks are completed compliantly and notifications are made to DCR within the prescribed timeframe.

For all notifications required pursuant to 19 CSR 100-1, a licensee must email [CannabisCompliance@health.mo.gov](mailto:CannabisCompliance@health.mo.gov) and their assigned compliance officer to properly notify the Department.

19 CSR 100-1.130(1) *Inventory control systems and procedures*. All facility licensees shall implement inventory control systems and procedures as follows:

- (A) *Each licensee shall designate, in writing, a facility agent who is generally responsible for the inventory control systems and procedures for that facility;*

Licensees are required to provide DCR with the facility agent generally responsible for inventory control. Licensee should notify their compliance officer with this information and of any changes to ensure information is up-to-date.

- (G) *Discrepancies in marijuana product inventory records shall not be corrected by entering an inventory adjustment without first being documented, investigated by management personnel, and reported to the department within twenty-four (24) hours of discovering the discrepancy;*

A discrepancy is a situation where the marijuana product may not be accounted for physically or in the statewide track and trace system. This does not include, for example, moisture weight loss or gain that is within the expected range or marijuana product that is to be wasted. In both of these cases, the marijuana product can be accounted for. However, if product is missing from physical inventory or if there is a difference between physical inventory and what is listed in the statewide track and trace system, the licensee is required to notify DCR of these inventory discrepancies within the prescribed timeframe.

- (H) *If a licensee identifies a reduction in the amount of marijuana product in the inventory of the facility due to suspected criminal activity by a facility agent, the licensee shall report the facility agent to the department and to the appropriate law enforcement agencies within twenty-four (24) hours of discovering the suspected criminal activity;*

Suspected criminal activity includes, but is not limited to, employee theft or attempted employee theft. Licensees must include the associated law enforcement agency report number in the notification to the Department.

(L) *All facility licensees must ensure the accuracy of information entered into the statewide track and trace system on a **daily basis**;*

An error may take place when a facility agent records information incorrectly into the statewide track and trace system but the marijuana product can be accounted for. An error, for example, would include an over pull or under pull adjustment due to staff selecting the wrong package when completing a sale or recording a patient ID card number incorrectly. If the note in the statewide track and trace system does not clearly describe the error or corrective action taken that shows what happened to the product, the licensee will be in violation of rule and subject to notices of violation, fines, or other penalties.

1. *Errors identified within the system must be immediately corrected. All corrections should be accompanied with a detailed note in the system clearly outlining the error that occurred and the corrective action taken.*
2. *Errors involving consumer and patient allotments must be reported to the department and corrected in the statewide track and trace system within twenty-four (24) hours of being identified.*

(N) *In case of seed-to-sale system failure or loss of connection between the seed-to-sale system and the statewide track and trace system, a licensee **must cease performing all actions that are required to be tracked**.*

2. *Any such system failure or loss of connection must be reported to the department within three (3) hours of identifying the seed-to-sale system failure or loss of connection between the seed-to-sale system and the statewide track and trace system.*

Licensees are required to report system failures or loss of connection to DCR within the prescribed timeframe to ensure DCR is aware of any issues that may impact the industry's capability to record accurate information required by rule and complete facility activities. If a licensee chooses to use a seed-to-sale system, it is the licensee's responsibility to ensure the seed-to-sale system is connected to the statewide track and trace system at all times.

Licensees that fail to report or fail to report within the prescribed timeframe are subject to notices of violation, fines, or other penalties.

Please reach out to your compliance officer if you have any questions.