

The September 2020 Arizona Department of Agriculture performance audit found that the 3 Department divisions we reviewed—the Environmental Services Division (ESD), the Pest Management Division (PMD), and the Weights and Measures Services Division (WMSD)—did not inspect some higher-risk establishments and inefficiently used inspection resources, and the Department licensed applicants who did not meet all licensing requirements and did not retain public records as required. We made 22 recommendations to the Department and 1 recommendation to the Legislature, and their status in implementing the recommendations is as follows:

Status of 23 recommendations

Implemented	9
Legislative recommendation implemented	1
In process	10
In process in a different manner	1
No longer applicable	1
Not implemented	1

We will conduct a 42-month followup with the Department on the status of the recommendations that have not yet been implemented.

Finding 1: Divisions’ inspection approaches resulted in some higher-risk establishments not being inspected and inefficiently used inspection resources

1. The Department should require the ESD, PMD, and WMSD to develop and implement risk-based, data-driven, and internally coordinated inspection approaches to help ensure higher-risk licensees and establishments are inspected and to help minimize duplicated effort and travel.

Implementation in process—The ESD, PMD, and WMSD have continued to take some steps to implement risk-based, data-driven, and internally coordinated inspection approaches. Specifically:

- The ESD has developed a policy for scheduling risk-based inspections and a risk matrix that includes several risk factors, such as the number of infractions identified during previous inspections and the total amount of fertilizer, seed, or pesticide present at the site to help inform the scheduling of inspections. Additionally, the ESD developed a monthly travel review policy to help staff plan and coordinate inspections, such as meeting with supervisors monthly to review the number of inspections completed and plan inspections for the upcoming month. Further, it implemented a daily activity report to collect and track data regarding the licensed facilities that have been inspected, total mileage driven per inspection, and the overall amount of time spent at each inspection site. However, the ESD did not provide documentation or other evidence to demonstrate how it uses its inspection data to help inform or coordinate its inspection approach, such as by using the data to minimize travel, and its policies do not clearly indicate how it prioritizes inspections based on its identified risk factors. Additionally, as of April 2023, the ESD has not established a documented process for periodically reassessing its risk factors. Finally, although the ESD established annual goals for its staff, including the number of inspections staff should complete, it reported that it did not plan to implement daily or weekly inspection goals or a method to track inspectors’ travel time.
- The PMD has developed policies and procedures requiring staff to inspect all licensed pest management companies every 3 years. Additionally, the PMD reported that it collects and maintains data on completed

inspections, past violations, and open complaints to help it plan and execute its inspection approach. The PMD also reported that it prioritizes inspections of “high-risk” licensed pest management companies that have received a complaint(s), perform pest control services in multiple categories, or that have previous inspection findings. However, these risk factors are not documented in its inspection policies and procedures, and the PMD has not established a documented process for periodically reassessing its risk factors. Additionally, the PMD requires its inspectors to complete a specified number of items weekly, including inspections, and has developed a daily activity sheet for inspection staff that includes a record of inspections completed and mileage driven. The PMD also assigns annual inspection goals and tracks inspectors’ progress in meeting these goals. Although the PMD reported that it did not believe establishing a goal to track time spent traveling aligned with its processes, it reported it was considering other performance goals and requirements to monitor inspectors, such as requiring inspectors to complete more than 1 inspection when traveling over 100 miles.

- As of March 2023, the WMSD’s policies and procedures require inspection staff to prioritize for inspection licensed devices with the oldest date from the last inspection and at locations with complaints. Additionally, the WMSD reported that it is in the process of developing a risk-based inspection tool to adjust how it prioritizes future inspections. According to the Department, the WMSD will use this tool to calculate a risk-based score for each inspection category, such as motor fuel dispensers and small capacity scales, to assess the number of inspections it should complete every 18 months in each inspection category. However, the WMSD has not established a documented process for periodically reassessing its risk factors. In fiscal year 2022, the WMSD began collecting data on licensee locations, device compliance rates, and outcomes of past inspections to help inform its risk-based inspection approach. The WMSD reported that in addition to collecting and reviewing this data for its risk-based inspection tool, it was also training inspection staff to implement the tool, which it plans to complete by fiscal year 2024. Finally, the WMSD has not yet established inspection goals or metrics, but reported it plans to include in its risk-based inspection tool a process to evaluate and monitor the number of inspections each staff member conducts as compared to their respective goals for inspections completed, as well as to evaluate and monitor the time spent performing inspections.

2. The Department should require the ESD, PMD, and WMSD to identify and document the risk factors they will use to inform their risk-based inspection approaches and establish a process to periodically reassess these risk factors based on new information or changing circumstances.

Implementation in process—See explanation for Recommendation 1.

3. The Department should require the ESD, PMD, and WMSD to collect, maintain, and review sufficient data regarding licensees, devices, and establishments subject to inspection and the results of prior inspections to help plan and execute risk-based, data-driven, and internally coordinated inspection approaches.

Implementation in process—See explanation for Recommendation 1.

4. The Department should require the ESD, PMD, and WMSD to establish inspection goals and performance metrics for division inspectors, such as the number of inspections that inspectors should complete on a daily or weekly basis and time spent traveling versus performing inspections.

Implementation in process—See explanation for Recommendation 1.

5. The Department should develop and implement policies and procedures for regularly assessing and monitoring inspector performance against the established goals and performance metrics and reporting information about the divisions’ inspection activities, goals, and performance metrics to Department management.

Implementation in process—The ESD and PMD’s processes include methods for monitoring its respective inspection goals, and the WMSD reported that it is developing a tool to monitor the goals it is developing (see explanation for Recommendation 1). However, the Department did not provide documentation to demonstrate that the ESD, PMD, and WMSD are reporting information about their inspection activities, goals, and performance metrics to Department management.

6. The Department should centrally monitor division inspection activity and results and hold its divisions accountable against established expectations, inspection goals, and performance metrics.

Not implemented—The Department did not provide information or documentation that it is centrally monitoring its divisions' inspection activities and their results to hold the ESD, PMD, and WMSD accountable against established expectations.

Finding 2: Department did not inspect the majority of licensed airport scales and any licensed medical marijuana dispensary scales to ensure their accuracy

7. The Department should inspect all airport scales by the end of fiscal year 2021 in line with its established goal.

Implemented at 30 months

8. The Department should implement its planned airport scale inspection program, including defining how frequently Department-licensed scales should be inspected based on assigned risk, in conjunction with its efforts to improve its inspection approach as recommended in Recommendations 1-6 in Finding 1.

Implementation in process—In fiscal year 2022, the WMSD revised its inspection approach to incorporate airport scales as a part of its risk-based inspection plan for small capacity scales. However, the Department reported that it is still in the process of gathering compliance data and would not be able to fully implement a risk-based inspection approach for airport scales until fiscal year 2024. We will assess the Department's implementation of a risk-based inspection plan for airport scales during our 42-month followup.

9. The Department should work with its Assistant Attorney General to ensure it inspects licensed scales and packaged products sold by weight at medical marijuana dispensaries, as required by State law by working with licensed scale owners and other stakeholders, as appropriate, to determine a process for inspecting these scales.

Implementation in process in a different manner—As reported in the initial followup, the Department determined that the majority of licensed scales used at marijuana dispensaries were not commercial devices, and it therefore canceled the licenses for these scales. As of March 2023, Department documentation indicated it had inspected 16 of 28 marijuana dispensaries with licensed commercial scales, and the Department reported that it plans to incorporate the inspection of marijuana scales as a part of a risk-based inspection plan for small capacity scales in the future. However, the Department reported that it is in the process of gathering compliance data related to licensed small capacity scales and would not be able to fully implement a risk-based inspection approach for marijuana scales until it collects and analyzes this data, which it anticipates doing so by fiscal year 2024.

Additionally, the Department reported that national recommended procedures for conducting inspections of packaged marijuana products sold by weight are still under development, and therefore it has not yet finalized its process for inspecting such products.

10. The Department should work with its Assistant Attorney General to develop and implement an inspection program for scales and products sold by weight at medical marijuana dispensaries, including defining how frequently Department-licensed scales should be inspected based on assigned risk, in conjunction with its efforts to improve its inspection approach as recommended in Recommendations 1-6 in Finding 1.

Implementation in process—See explanation for recommendation 9.

Finding 3: Department issued 281 qualified applicator licenses without obtaining required criminal history background checks and lacks authority to require background checks for certified applicators

11. The Department should continue to obtain criminal history background checks for all applicants for an initial qualified applicator license.

Implemented at 12 months

12. The Department should work with its Assistant Attorney General to determine what action the Department should take regarding the qualified applicator licenses it has issued since August 2017 without obtaining required fingerprint based criminal history background checks and then take action accordingly.

Implemented at 12 months—The Department determined that it would not take any action on licenses it issued to qualified applicator license applicants without obtaining required fingerprint-based criminal history background checks.

13. The Department should develop and implement a process for obtaining and reviewing the results of criminal history background checks for only those license applicants the Department has statutory authority to obtain this information.

Implemented at 12 months

14. The Legislature should consider revising statute to reinstate the Department's authority to obtain criminal history background checks of certified applicator license applicants, similar to qualified applicator license applicants.

Implemented at 12 months—Laws 2021, Ch. 283, effective December 31, 2021, authorizes the Department to obtain criminal history background checks for all initial certified applicator license applicants.

15. If it does not receive statutory authority to obtain criminal history background checks for certified applicator license applicants, the Department should revise its rules to require certified applicator license applicants to self-disclose and attest to whether they have been convicted of a misdemeanor or felony.

No longer applicable—See explanation for Recommendation 14.

Finding 4: Department licensed 66 percent of applicants we reviewed although they did not meet all license requirements

16. The Department should issue licenses to only those applicants who meet all licensing requirements.

Implementation in process—Since our initial followup was completed in December 2021, and as indicated in the explanations for Recommendations 18 and 19, the Department has developed some licensing checklists and policies and procedures to specify the information and documentation that applicants must submit and the Department should review to ensure applications are complete and that applicants pay all fees. However, the Department reported it is still in the process of developing additional checklists and policies and procedures to ensure it only issues licenses to applicants who meet all licensing requirements. We will further assess the Department's efforts to implement this recommendation during the 42-month followup.

17. The Department should work with its Assistant Attorney General to determine what, if any, actions the Department should take regarding the licenses it has issued to applicants who did not meet all requirements and then take these actions accordingly.

Implemented at 12 months—Similar to the explanation for Recommendation 12, the Department determined that it would not take any action on licenses that it issued to applicants who did not meet all licensing requirements.

18. The Department should develop and implement licensing policies, procedures, guidance, and/or checklists that specify the documentation applicants must submit and the Department should review and retain to help ensure license applications are complete and that applicants pay all required licensing fees, and train staff on these policies and procedures.

Implementation in process—The Department has developed checklists for some licensing applications that specify the information and documentation that applicants must submit and that the Department should review to help ensure license applications are complete and that applicants pay all required licensing fees. Although the Department reported it uses the checklists as a reference guide when processing applications, it was not able to provide documentation demonstrating that its staff use these checklists. Additionally, the Department reported that it plans to develop additional checklists for other license types and policies and procedures for using

the checklists. We will further assess the Department's development and implementation of licensing policies, procedures, and checklists during our 42-month followup.

19. The Department should develop and implement a risk-based supervisory review process using risk factors, such as whether new staff are processing license applications or there are statute or rule changes to licensing requirements, to help ensure that Department staff issue licenses only to applicants who meet all licensing requirements.

Implementation in process—As indicated in our initial followup, the Department developed a policy and procedure outlining supervisory review requirements for work completed by new licensing staff who have been employed fewer than 90 days. In October 2022, the Department developed additional policies and procedures outlining supervisory review requirements for licensing staff who have been employed by the Department from 3 months to 5 years, such as periodically having staff submit a work sample for supervisory review. However, the Department did not provide documentation to demonstrate that these reviews are being performed.

Finding 5: Department failed to retain public records, limiting transparency of official activities

20. The Department should comply with the State's public records laws and maintain documentation from initial industrial hemp applicants for all statutory license requirements to support its licensing decisions and allow it to fulfill public records requests.

Implemented at 12 months

21. The Department should implement its revised industrial hemp program licensing and filing procedures.

Implemented at 12 months

22. The Department should maintain records that are reasonably necessary to provide an accurate accounting of its licensing and inspection activities to license only qualified applicants and inspect regulated entities consistent with its records retention schedule and for the required time period.

Implemented at 30 months

23. The Department should clearly communicate and provide training on records retention requirements and expectations to Department staff responsible for maintaining, filing, and retaining licensing and inspection records.

Implemented at 30 months