



LICENSEE			LICENSE NUMBER	DATE
420 Evergreen			427533	March 2, 2020
LICENSE TYPE	AUDIT PERIOD	OFFICER CODE	UBI	LEAD AUDITOR
Cannabis Retailer	24 Months	7F	603-359-125	Davidson
BEGINNING DATE	ENDING DATE	LOCATION	ASSISTING AUDITOR(S)	
February 1, 2018	January 31, 2020	Stevenson	Lim	
BREAKDOWN OF THE CURRENT AUDIT'S TOTAL DUE OR (CREDIT) AMT:	TAX/FEE AMOUNT	PENALTIES	WINE ASSESSMENT	AUDIT TOTAL
	\$0.00	\$0.00	\$0.00	<b>\$0.00</b>
AUDIT HISTORY AND TREND ANALYSIS:		<u>Current</u>		
Taxes/Fees Owed / (Refunded) .....		\$0		
Average Monthly Tax/Fee Liability .....		\$17,890		
Number of Months Between Audits .....		60		

This was the licensee’s first audit. Serious deficiencies were found during the audit review process causing this licensee to be out of compliance with the Board’s reporting requirements and/or regulations. The deficiencies are noted below. The licensee was given instructions on how to resolve their Audit Total amount listed. (Note: any balance on file with the LCB is not included in the audit total).

The objective of this audit was limited in scope to assess the reasonableness of sales reported. The sampling conducted does not limit the LCB from using other sampling tools and methods in future audits.

**TRACEABILITY VIOLATIONS:**

The first inventory test count discovered too many incorrect quantities listed in their inventory. The necessity of maintaining an accurate inventory was stressed with the licensee. The inventory was deemed acceptable during the second test count.

The inventory reviewed found products purchased from the three largest suppliers were not entered into the inventory system using the assigned Global ID numbers listed on the product labels. The traceability system is set up to allow for tracking of cannabis products from the plant to the eventual end product offered for retail sale. When the Global ID is altered or a substitute number is used that tracking stream is no longer effective and causes non-compliance with WAC 314-55-087. If there are issues with Global IDs not being recognized by the point of sale, the software integrator will need to fix the issue in their program.

There were a number of jars discovered during the inventory count that were leaking and the contents caused several labels to be partially or completely unreadable. The licensee indicated they were still selling the product, attempting to sell the jars with damaged labels first. The licensee was advised to remove the jars with damaged labels from the sales floor and contact the supplier for possible replacement labels. The licensee was advised the product sold must have clear and legible labels for tracking purposes when it is sold to the consumer. The information listed on the labels is required by WAC 314-55-105.

**EDUCATIONAL SAMPLES NOT TRACKED PROPERLY:**

The audit found the educational samples provided by suppliers was not being logged in or out of the system correctly. The samples are entered into the inventory by whomever logs the order into the inventory. The

budtenders are allowed to take whatever education samples that came in during the day without being assigned by the licensee.

There are specific guidelines that have to be followed and limits adhered to comply with the law. The samples need to be collected by a central person(s) and tracked to ensure the requirements of WAC 314-55-096 are met. The budtenders should be set-up in your POS system to accept the samples. The samples should be entered in the POS system indicating which budtender received each sample. This process ensures the samples are being supplied as intended and that the licensee is not exceeding the allowable samples to each budtender. The current procedure witnessed at the location found the budtenders that check in the order are normally the ones that will take the supplied educational samples.

A copy of the rule was provided to the licensee during the audit.

**VENDOR SAMPLES PROVIDED TO UNAUTHORIZED EMPLOYEES:**

The samples provided by producers to negotiate sales are meant for and restricted to personnel that have an active role in purchasing for the license. The auditor was informed during the audit some of these samples were distributed to the budtenders who have no role in purchasing, in addition to the educational samples already provided. Providing vendor samples to budtenders with no purchasing authority is not allowed per WAC 314-55-096.

**AUDIT NOTE:**

The licensee has moved and changed its tradename. It was The Cannabis Corner in North Bonneville, license number 413897.

REVIEWED BY	INITIALS	DATE
Audit Management	JW	8/3/20

Brian Davidson, Auditor