

Recreational Marijuana Program Compliance Education Bulletin

Bulletin CE2019-07

August 15, 2019

The Oregon Liquor Control Commission is providing the following information to: recreational marijuana licensees.

The bulletin is part of OLCC's compliance education. It is important that you read it, and understand it. If you don't understand it please contact the OLCC for help.

Failure to understand and follow the information contained in this bulletin *could result in an OLCC rules compliance violation affecting your ability to work or operate your business.*

Bulletin CE2019-07 covers the following issues:

- **Audits of Metrc data**

Proactive audits of Metrc data

The week of August 12, 2019 the OLCC will begin proactive audits of licensees' Metrc data and compliance with inventory tracking requirements. These actions build on the [daily informal warnings via email](#) that have been issued since July 2018 for certain potential violations. (See Compliance Education Bulletin CE2018-05 under the Bulletins section of the [OLCC website](#):

www.oregon.gov/olcc/marijuana/Documents/Bulletins)

The goal of these audits is to identify areas of improvement for licensees and to provide education on how to remain consistently compliant. In cases where Metrc data indicates serious violation concerns or a pattern of failure to follow OLCC guidance and education, more formal enforcement action may be taken.

Each audit report will include a summary of findings and steps to resolve the issue(s). Steps to resolve may include correcting existing data in Metrc; completing education on the correct method for future reporting; or request from the OLCC for further information, explanation, and documentation.

Important: If the OLCC requests additional information, explanation, or documentation, the notice will provide directions for submitting the information to OLCC and a deadline for sending that information. Failure to follow these directions may result in enforcement action, which may include suspension, civil penalties, or license cancellation.

The OLCC will focus on using Metrc data in the following areas:

- Employees and Marijuana Worker Permits (MWP),
- Packages,
- Transfers,
- Harvests and Plants (for Recreational Producers), and
- Sales and Labeling (for Recreational Retailers).

Employees and Marijuana Worker Permits

All on-site employees of OLCC recreational marijuana licensees must be recorded in Metrc as employees of the specific license which they represent or for which they perform work. This may include employees hired as independent contractors if their work is related to the licensed operations. Examples of what type of activity constitutes “employment” per OLCC rule can be found on the [Oregon Metrc Wiki](#).

With the exception of employees of OLCC-licensed Laboratories and Research Certificate Holders, most employees of a recreational marijuana licensee are required to hold a Marijuana Worker Permit and be recorded in Metrc with their approved permit ID. **Employees on-site who are not required to hold a Marijuana Worker Permit must still be recorded as employees in CTS.**

Information regarding the type of work for which a Worker Permit is required can be found in the OLCC’s [Worker Permit FAQ](#); information about adding permitted employees into Metrc can be found on the [Oregon Metrc Wiki](#).

Proactive audits will identify employees who are entered into Metrc without a Marijuana Worker Permit but are listed as performing work that necessitates an approved permit.

What you can do to ensure proper compliance:

- Ensure you have assigned an employee in your Metrc facility the role of Industry Admin and at least one employee marked as an Owner in your current employee list.
- Review your list of current employees in your Metrc account and confirm that all permitted employees are entered into Metrc with their approved Marijuana Worker Permit ID.
- For those employees not entered with a valid Marijuana Worker Permit ID, confirm that their job duties do not constitute work that requires a Marijuana Worker Permit.
 - If their duties require an MWP they must apply and be approved for an MWP before continuing to perform those duties under your license.
 - More information regarding applying for a Marijuana Worker Permit can be found on the [Marijuana Worker Permit section of the OLCC’s website](#): (www.oregon.gov/olcc/marijuana/Pages/mjworkerpermit)

Packages

Proactive Metrc audits will include a review of randomly-selected packages for activity such as backdating of reported information; unusual, unclear, or non-compliant package adjustments; incorrect item categorization; and negative quantity packages.

What you can do to ensure proper compliance:

- Meet required timelines for inventory reconciliation by reporting all activity in Metrc the day it occurs.

- Understand license privileges and correct adjustment types for reported activity. *For example, neither Recreational Wholesalers nor Recreational Retailers have privileges for In-House Quality Control and therefore should not use that adjustment type.*
- Do not use adjustments as a substitute for repackaging. Adjusting down one package to “top off” another package is not compliant because it breaks the chain of custody between items.
- Ensure items in Metrc are correctly categorized and remain consistent throughout the chain of custody. *For example, licensees should not take from an Extract item to create a Concentrate item.* More information regarding product categorization can be found on the [Oregon Metrc Wiki](https://wiki-or.metrc.com/item-categorization): (<https://wiki-or.metrc.com/item-categorization>).
- Confirm that your inventory does not have packages with negative quantities. The presence of negative quantities indicates incorrect inventory tracking and/or chain of custody. Packages with negative quantities should be immediately fixed by identifying and resolving the root cause of the problem and documenting the reason in the space available.
- Package adjustments are not a compliant method of resolution for negative packages unless there is no other method to correct the issue.
 - For example, packages in the negative due to sales pulling from the wrong package must have the sales records corrected and may not simply adjust the packages to zero.
 - If adjustments are the only method of correction available (for example, due to packages “over-pulled” from their source and that cannot be discontinued) the adjustment reason and notes should clearly explain the cause of the mistake and why it is being corrected.

Transfers

Proactive Metrc audits will review a random selection of both incoming and outgoing transfers for activity such as backdated creation of and/or acceptance of manifests; compliance with all transportation requirements, including not editing a manifest after departure, a sufficiently detailed planned route, and correct identification of the transporting license; and correct laboratory testing for the item being transferred.

What you can do to ensure outgoing manifests are compliant:

- Ensure the Estimated Time of Departure is accurately recorded and is after the time the manifest is created.
- Prior to adding a package to an outgoing transfer, confirm the package’s test status **and** that the corresponding required compliance tests are entered into Metrc according to the item type and destination’s license type. Information about compliance testing requirements can be found on the Oregon Health Authority’s [testing website](http://www.healthoregon.org/marijuanatesting) (www.healthoregon.org/marijuanatesting).

- Create a manifest that accurately reflects the duration of time the marijuana item will be in transit to its destination and the route the driver will take to get to the destination. The ETD does not have to be exact to the minute and the planned route does not have to be exact turn-by-turn directions, but the manifest must demonstrate that the driver is in legal possession of the marijuana item and is where he or she is supposed to be.
 - Entering "GPS" or "Google best route" are insufficient detail for a planned route on a manifest.
 - If the destination is 15 minutes from your facility the Estimated Time of Arrival should not be 8 hours later.
- Correctly identify the transporting marijuana license number. The transporter license is the license responsible while the marijuana items are in transit. The transporter may be the originating license, the destination license, or a third-party Recreational Wholesaler.

What you can do to be compliant with incoming manifests:

- Record manifests as received in Metrc by close of business the day the manifests arrive. Until a manifest is accepted in Metrc, the items contained on it have not entered your inventory. Therefore marijuana items that have been physically accepted, but not yet received in Metrc, will mean a licensee is out of compliance with inventory reconciliation requirements.
- Prior to recording items as received on a manifest in Metrc, confirm that the items have met all test requirements and that all compliance tests are recorded correctly in Metrc. Information about compliance testing requirements can be found on the Oregon Health Authority's [testing website: \(www.healthoregon.org/marijuanatesting\)](http://www.healthoregon.org/marijuanatesting).

Harvests

Proactive Metrc audits will include a review of randomly selected Recreational Producers' harvests for activity such as backdated harvests, compliance with the 45 day harvest lot segregation rule, and using the correct method for reporting moisture loss.

What you can do to ensure proper compliance:

- Record activity in Metrc the day it occurs. Harvesting a plant (either a manicure or a "final" harvest) constitutes an inventory tracking activity that must be reconciled in Metrc the day it occurs. Designating waste from a harvest is also activity that must be recorded the day the waste event occurs.
- By the 45th day after a harvest, account for all remaining physical weight from a harvest as a tagged Metrc package.
 - Within 45 days of harvest, a harvest must have all waste and packages reported in Metrc, and the harvest must be marked as "finished" in order to account for moisture loss.

- Any further recording of waste or moisture loss must be reported at package level. More information regarding the 45 day harvest lot segregation rule can be found on the [Oregon Metrc Wiki](https://wiki-or.metrc.com/harvests): (<https://wiki-or.metrc.com/harvests>).
- Proper accounting for moisture loss – **do not** record moisture loss as waste on a harvest. Moisture loss is accounted for **indirectly** by recording all physical waste, creating Metrc packages from the harvest within 45 days after the harvest, and marking the harvest in Metrc as “finished.” At that point the harvest becomes inactive and the remaining wet weight is recorded as moisture loss.
- For outdoor and mixed producers: you must pre-notify OLCC of a harvest from an outdoor canopy by “scheduling” the harvest in Metrc by 9 AM of the day of the harvest. More information on the harvest notification requirement can be found on the [Oregon Metrc Wiki](https://wiki-or.metrc.com/harvests): (<https://wiki-or.metrc.com/harvests>).

Plants and Plant Batches

The proactive Metrc audits will review a random selection of Recreational Producers’ plants and plant batches for activity such as correct chain of custody and correct cultivation batch size.

What you can do to ensure proper compliance:

- Create plant batches with 100 or fewer immature plants under 24 inches in height. Plant batches in Metrc are synonymous with “cultivation batches” in OLCC’s rules. Cultivation batches may not have more than 100 plants.
- Document the correct chain of custody between a plant batch and its source (either a mother plant or a Metrc package in your inventory). “Plants from thin air” are those created without a source in Metrc, which is not compliant with tracking requirements. More information about how to correctly document a plant batch’s chain of custody can be found on the [Oregon Metrc Wiki](https://wiki-or.metrc.com/plants): (<https://wiki-or.metrc.com/plants>).

Sales and Labeling

As part of the proactive Metrc audit, retailers will be asked to provide photos of the labels for five packages that are still in inventory at the time the audit is conducted. Photos will be requested to verify compliance with OLCC packaging and labeling requirements.

The audits will also review a random selection of Recreational Retailers’ sales to ensure correct and valid information for sales to Oregon Medical Marijuana Program cardholders.

What you can do to ensure proper compliance:

- Verify all OMMP patient and caregiver cards (including expiration date) or temporary application receipts prior to sale and correctly record card or receipt numbers in Metrc.

- Provide label images as an attachment submitted in an email to cts@oregon.gov when instructed to by OLCC.
- Ensure that your Point of Sale (POS) system is correctly transmitting sales activity to Metrc daily, including quantities sold, accurate medical card information, and timestamps of sales.

Ensure that you are in compliance with the [daily sales purchasing limits](#) as well as both the [recreational](#) and [medical](#) concentration limits outlined in rule.