

2024-105 AUDIT SCOPE AND OBJECTIVES

Department of Cannabis Control—Youth Advertising and Marketing Enforcement

The audit by the California State Auditor will provide independently developed and verified information related to the Department of Cannabis Control (DCC) and its enforcement of regulations and its discipline of licensees who violate the prohibition against advertising and marketing cannabis products to youth. The audit's scope will include, but not be limited to, the following activities:

1. Review and evaluate the laws, rules, and regulations significant to the audit objectives.
2. Identify the processes DCC uses to determine whether licensed cannabis products or their images are attractive to children. Determine whether DCC has done the following:
 - (a) Correctly identified which licensed cannabis products or their images are attractive to children.
 - (b) Implemented a process to identify repeat offenders who continually violate regulations regarding the promotion of licensed cannabis products or their images that are attractive to children.
 - (c) Taken appropriate steps, such as implementing preventive processes, organizational changes, and proactive communication, to respond to recent trends in children's potentially toxic cannabis exposure and to prevent the marketing of licensed cannabis products or their images that it has deemed are attractive to children or mimic non-cannabis foods or beverages.
3. Identify the actions DCC has taken to enforce its regulations regarding cannabis products, including flavored inhaled cannabis products that are attractive to children, and identify the results of those actions. Determine whether DCC has done the following:
 - (a) Proactively identified licensee violations instead of waiting for the public to report violations before taking action.
 - (b) Communicated within the department any changes about how it should approach and take enforcement actions.
 - (c) Demonstrated that its current approach of prioritizing voluntary compliance and educating licensees before taking enforcement actions has yielded positive results.
4. Assess the process DCC uses to identify whether inhaled cannabis products comply with its regulations, particularly those relating to *terpenes*—the chemical compounds that provide sensory attributes that contribute largely to the consumer's experience of the inhaled cannabis products, such as flavored products.
5. Determine whether DCC has taken any steps to address the gradual rise of THC content in cannabis products.
6. Review and assess any other issues that are significant to the audit.