

PERFORMANCE AUDIT REPORT

Pennsylvania Department of Health Medical Marijuana Program

September 2026



Commonwealth of Pennsylvania
Department of the Auditor General

Timothy L. DeFoor • Auditor General

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TIMOTHY L. DEFOOR
AUDITOR GENERAL

September 1, 2026

The Honorable Dr. Debra L. Bogen
Secretary
Pennsylvania Department of Health
Health and Human Services Building
8th Floor West; 625 Forster Street
Harrisburg, PA 17120

Dear Secretary Bogen:

This report contains the results of the Department of the Auditor General's (Department) performance audit of the Pennsylvania Department of Health's (DOH) Medical Marijuana Program. The audit was conducted in accordance with our Department's primary audit authority under Sections 402 and 403 of The Fiscal Code (Code).¹

Our performance audit covered the period January 1, 2024, through December 31, 2024, with updates as applicable through the end of our audit procedures on August 19, 2026, and included the following two audit objectives:

- Evaluate DOH's monitoring processes for **grower/processors**, including conducting inspections, responding to complaints, and taking timely enforcement actions when warranted, in accordance with the Medical Marijuana Act (Act),² applicable regulations,³ and DOH policies, procedures, and guidelines.

¹ 72 P.S. §§ 402 and 403 and *Dep't of the Aud. Gen. v. State Emp. Ret. Syst.*, 860 A.2d 206, 214 (Pa. Cmwlth., 2004) which determined that the Auditor General has the authority to conduct performance audits pursuant to both Sections 402 and 403 of the Code, and Pa. Const. art. VIII, Sec. 10.

² 35 P.S. § 10231.101 *et seq.* (Act 16 of 2016, as amended) and the relevant related chapters of the Act.

³ 28 Pa. Code Chapter 1141a (General Provisions) and Chapter 1151a. (Growers/processors).

- Evaluate DOH's monitoring processes for **dispensaries**, including conducting inspections, responding to complaints, and taking timely enforcement actions when warranted, in accordance with applicable provisions of the Act,⁴ applicable regulations,⁵ and DOH policies, procedures, and guidelines.

We conducted this performance audit in accordance with generally accepted *Government Auditing Standards* issued by the Comptroller General of the United States.⁶ Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives.⁷ We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

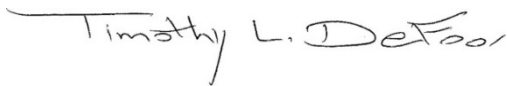
Our methodology to satisfy the audit objectives, along with our evaluation of management's internal controls significant to the audit objectives, is included in *Appendix A* of this report. This report presents **two findings** and **nine recommendations** for DOH.

In ***Finding 1***, we found that DOH lacked adequate controls to ensure inspections, enforcement actions, and related procedures were performed consistently.

In ***Finding 2***, we found that inadequate approval processes for complaint conclusions and plans of corrections reduced the effectiveness of DOH's oversight.

In closing, we thank DOH for its assistance during the audit. DOH management agreed with our findings and recommendations. We conclude on DOH's responses in the *Auditor's Conclusion to DOH's Response* section in this report. We reserve the right to follow up at an appropriate time to determine whether and to what extent our recommendations to DOH have been implemented.

Sincerely,



Timothy L. DeFoor
Auditor General

⁴ 35 P.S. § 10231.101 *et seq.* (Act 16 of 2016, as amended) and the relevant related chapters of the Act.

⁵ 28 Pa. Code Chapter 1141a (General Provisions) and Chapter 1151a. (Growers/processors).

⁶ U.S. Government Accountability Office, *Government Auditing Standards*. 2018 Revision Technical Update April 2021.

⁷ *Ibid.*

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Pennsylvania Department of Health Medical Marijuana Program

Executive Summary

This report presents the results of our performance audit of the Pennsylvania Department of Health's (DOH) process regarding the Medical Marijuana Program. Our review focused on inspection practices, complaint handling, and enforcement activities designed to ensure compliance with statutory and regulatory requirements. The performance audit was conducted in accordance with our Department's primary audit authority under Sections 402 and 403 of The Fiscal Code (Code), 72 P.S. §§ 402 and 403;⁸ and in accordance with generally accepted *Government Auditing Standards*, issued by the Comptroller General of the United States.⁹

The audit covered the period January 1, 2024, through December 31, 2024, with updates, as applicable, through the end of our audit procedures on August 19, 2026, and included the following two audit objectives:

- Evaluate DOH's monitoring processes for grower/processors, including conducting inspections, responding to complaints, and taking timely enforcement actions when warranted, in accordance with the Medical Marijuana Act (Act),¹⁰ applicable regulations,¹¹ and DOH policies, procedures, and guidelines.
- Evaluate DOH's monitoring processes for dispensaries, including conducting inspections, responding to complaints, and taking timely enforcement actions when warranted, in accordance with applicable provisions of the Act,¹² applicable regulations,¹³ and DOH policies, procedures, and guidelines.

Our audit results are contained in **two findings** with **nine recommendations**. DOH agreed with all of the audit recommendations and stated that several corrective actions are already underway or in development. We have included our response in the *Auditor's Conclusion to the Pennsylvania Department of Health's Response* section of this audit report.

⁸ 72 P.S. §§ 402 and 403 and *Dep't of the Aud. Gen. v. State Emp. Ret. Sys*, 860 A.2d 206, 214 (Pa. Cmwlth., 2004) which determined that the Auditor General has the authority to conduct performance audits pursuant to **both** Sections 402 and 403 of the Code, and Pa. Const. art. VIII, Sec. 10.

⁹ U.S. Government Accountability Office. *Government Auditing Standards*. 2018 Revision Technical Update April 2021.

¹⁰ 35 P.S. § 10231.101 *et seq.* (Act 16 of 2016, as amended) and the relevant related chapters of the Act.

¹¹ Pa. Code Chapter 1141a (General Provisions) and Chapter 1151a. (Growers/processors).

¹² 35 P.S. § 10231.101 *et seq.* (Act 16 of 2016, as amended) and the relevant related chapters of the Act.

¹³ 28 Pa. Code Chapter 1141a (General Provisions) and Chapter 1161a. (Dispensaries).

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Finding 1 – The Department of Health lacked adequate controls to ensure inspections, enforcement actions, and related procedures were performed consistently.

The Bureau of Medical Marijuana (BMM), a division within the Department of Health responsible for facility inspections, complaint investigations, and enforcement activities under the Medical Marijuana Program, carries out the operational oversight referenced in this finding.

As part of our audit procedures, we reviewed the inspections BMM staff completed for 9 of 34 grower/processors and 30 of 182 dispensaries in operation from January 1, 2024, to December 31, 2024, which included a review of the inspection checklists, Notice of Deficiencies (NOD), Plans of Correction (POC), and any enforcement actions DOH may have taken.

We found BMM did not consistently retain inspection checklists documenting its review of the grower/processors and dispensaries. We reviewed 103 inspections and found 35 inspection checklists were not retained and two were partially retained. Additionally, there was no evidence of documented supervisory review of the completed checklists, which could ensure independent verification the checklists were completed correctly and deficiencies were accurately addressed.

We also found instances of NODs that were not sent or were not sent timely to the Medical Marijuana Organization (MMO) locations for deficiencies found on the inspection checklists. During our review of inspection checklists, there were 26 checklists with deficiencies which required a NOD. Fifteen of the required NODs were never issued. Of the ten that were issued, nine were not issued timely to the MMO facility. Additionally, the POCs provided by the MMO locations were either not approved by BMM staff or were not approved in a timely manner. Once the POC is received, BMM staff review it to determine the POC addresses the NOD, and the plan of action is acceptable. BMM only approved one of the ten POCs it received within 30 days, with five being approved over 30 days, and four not approved as of March 6, 2026.

BMM lacked finalized and approved standard operating procedures and an automated system to manage the inspection process. While BMM has taken some steps to improve its processes, including drafting SOPs, requiring supervisory review of inspection checklists, updating checklists, and preparing for an automated tracking system, these measures have not yet been fully implemented or formalized.

We offer **four recommendations** to DOH to improve the internal controls of the facility inspection process. These recommendations would improve BMM's monitoring of MMOs, assurance of deficiencies found in inspections are properly addressed, and SOPs are finalized to provide formal, standard procedures for BMM staff.

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Finding 2 – Inadequate approval processes for complaint conclusions and plans of corrections reduced the effectiveness of the Department of Health’s oversight.

DOH has established a system where anyone, including patients or employees of an MMO, can make complaints to BMM regarding issues related to the MMO not complying with statutory requirements and/or DOH regulations. As part of our audit procedures, we evaluated BMM’s complaint process and reviewed documentation for 10 of the 36 complaints BMM received from January 1, 2024, to December 31, 2024.

We found BMM generally adhered to the complaint process, but we found instances where BMM management could strengthen its documentation for approval of the complaint conclusions. BMM management indicates its approval of the complaint conclusion by entering whether the complaint is *founded* or *unfounded* in a complaint log. We found that BMM management did not formally approve any of the complaint conclusions. Supervisory review by management of complaint conclusions could be strengthened by requiring formal approval outside of the complaint log that clearly indicates the approval of the investigative conclusion.

From the ten complaints we reviewed, we found one complaint where BMM issued a cease-and-desist order to a dispensary based on the severity of the deficiencies. Another two complaints were *founded* resulting in BMM issuing two NODs. Both NODs were sent timely to the facilities, within two and a half months in accordance with procedures. The facilities provided a POC within 30 days as required. However, BMM did not provide documentation that either of the POCs submitted by the MMO locations were reviewed and approved by BMM to ensure the POC adequately addressed the deficiencies. BMM has not finalized and approved its draft standard operating procedures regarding investigating facility complaints.

We offer **five recommendations** for the improvement of the complaints process and standardizing supervisory review of POCs. These recommendations would further strengthen the complaint process and support the effectiveness of the inspection process, thereby ensuring complaints are addressed.

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Introduction and Background

This report by the Department of the Auditor General (Department) presents the results of our performance audit of the Pennsylvania Department of Health (DOH) regarding the Medical Marijuana Program (Program) established pursuant to Act 16 of 2016, as amended.¹⁴ The General Assembly’s legislative intent for the Program was, in part: “[p]rovide a program of access to medical marijuana which balances the need of patients to have access to the latest treatments with the need to promote patient safety...[and to p]rovide a safe and effective method of delivery of medical marijuana to patients...”¹⁵ The audit was conducted pursuant to the Department’s primary audit authority under Sections 402 and 403 of The Fiscal Code (Code).¹⁶ In addition, this performance audit was conducted in accordance with generally accepted *Government Auditing Standards* (GAS), issued by the Comptroller General of the United States.¹⁷

Our performance audit consisted of the following two objectives and covered the period January 1, 2024, through December 31, 2024, with updates, as applicable, through the end of our audit procedures on August 19, 2026:

- Evaluate DOH’s monitoring processes for grower/processors, including conducting inspections, responding to complaints, and taking timely enforcement actions when warranted, in accordance with the Medical Marijuana Act (Act),¹⁸ applicable regulations,¹⁹ and DOH policies, procedures, and guidelines.
- Evaluate DOH’s monitoring processes for dispensaries, including conducting inspections, responding to complaints, and taking timely enforcement actions when warranted, in accordance with applicable provisions of the Act,²⁰ applicable regulations,²¹ and DOH policies, procedures, and guidelines.

¹⁴ 35 P.S. § 10231.101 *et seq.*, entitled the Medical Marijuana Act, effective May 17, 2016, as most recently amended by Act 63 of 2023, effective April 12, 2024.

¹⁵ Subsection (3)(i) and (ii) of 35 P.S. § 10231.102 (relating to Declaration of policy).

¹⁶ 72 P.S. §§ 402 and 403 and Pa. Const. art. VIII, Sec. 10. *See also Dep’t of the Aud. Gen. v. State Emp. Ret. Sys.*, 860 A.2d 206, 214 (Pa. Cmwlth., 2004) which determined that the Auditor General has the authority to conduct performance audits pursuant to both Sections 402 and 403 of the Code, and Pa. Const. art. VIII, Sec. 10.

¹⁷ U.S. Government Accountability Office. *Government Auditing Standards*. 2018 Revision Technical Update April 2021.

¹⁸ Act 16, as amended, pertaining to the relevant related chapters of the Act.

¹⁹ 28 Pa. Code Chapter 1141a. General Provisions and Chapter 1151a. Growers/processors.

²⁰ Act 16, as amended, pertaining to the relevant related chapters of the Act.

²¹ 28 Pa. Code Chapter 1141a. General Provisions and Chapter 1161a. Dispensaries.

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Appendix A of this audit report provides a detailed description of the audit objectives, scope, methodology, data reliability, and evaluation of management's internal controls related to the audit objectives.

In the sections that follow, we provide background information specific to (1) establishment of the Program, (2) DOH's role in administering the Program, (3) taxes imposed by the Act, and 4) medical marijuana organizations and DOH oversight.

Establishment of the Medical Marijuana Program.

The "Medical Marijuana Act" (Act), enacted by Act 16 of 2016, created the Pennsylvania medical marijuana program (Program), imposed taxes on medical marijuana gross sales, created the Medical Marijuana Program Fund, and imposed responsibilities on DOH as discussed in more detail below.²² The most recent amendment to the original Act,²³ through Act 63 of 2023, allowed for the authorization of additional permits to dispensaries and growers/processors, among other changes.²⁴

The Program was created to provide Pennsylvania residents with modern medical treatments for specific ailments while also promoting patient safety.²⁵ Under the Program, patients may obtain medical marijuana products at dispensaries by holding a valid medical marijuana identification card issued by DOH. To be a patient²⁶ in the program, an individual must satisfy three qualifications: (1) be a resident of Pennsylvania; (2) have a serious medical condition;²⁷ and (3) obtain a certification by a practitioner who is registered with and approved by DOH.

The Act also established a Pennsylvania Medical Marijuana Advisory Board (Board).²⁸ The Board has no management responsibilities or direct decision-making responsibilities related to the Bureau of Medical Marijuana and operates in an advisory capacity only.

²² 35 P.S. § 10231.101 *et seq.*, Act 16 of 2016, as amended, and the relevant related chapters of the Act.

²³ The Act was also amended by Act 44 of 2021, immediately effective on June 30, 2021, which provided for some further enhancements including, among others, providing for an addition to the definition of "Caregiver"; establishing the process for effectuating changes recommended by the Medical Marijuana Advisory Board; and modifying prohibition on criminal offenses for financial backers, principals, and employees.

²⁴ Act 63, enacted December 14, 2023, effective April 12, 2024.

²⁵ 35 P.S. § 10231.102 (relating to Declaration of policy).

²⁶ 35 P.S. § 10231.103 (relating to Definitions), *see in particular*, the definition of "Patient".

²⁷ *See Appendix B* for a list of the serious medical conditions.

²⁸ Subsection (a) Establishment of 35 P.S. § 10231.1201 (relating to Advisory Board).

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The Pennsylvania Department of Health's Role in Administering the Medical Marijuana Program.

DOH is responsible for implementing and administering the Program in compliance with the Act and ensuring patients with serious medical conditions can access safe and effective treatments from approved dispensaries. DOH is responsible for, among others, the following:²⁹

- Issuing permits to medical marijuana organizations to authorize them to grow, process or dispense medical marijuana.
- Registering practitioners.
- Regulatory and enforcement authority over the growing, processing, sale and use of medical marijuana.
- Establishing and maintaining an electronic database of information related to medical marijuana organizations, certifications and identification cards issued, practitioner registration, and tracking of medical marijuana.
- Maintaining a registry of patients and caregivers approved to use or assist in the administration of medical marijuana.
- Developing training courses for medical personnel and principals and employees of medical marijuana organizations.
- Developing enforcement procedures, including inspections of facilities of grower/processors and dispensaries.
- Establishing a program to authorize the use of medical marijuana to conduct medical research to treat serious medical conditions.
- Establishing and maintaining public outreach programs regarding the medical marijuana program.
- Determining minimum number and type of medical marijuana products.³⁰
- Restricting the advertising and marketing of medical marijuana consistent with Federal regulations governing prescription drugs advertising and marketing.

The Bureau of Medical Marijuana (BMM)³¹ within DOH has approximately 50 employees that are responsible for monitoring facilities within the Program, enforcing rules and regulations, and processing patient and facility applications, among other duties listed above. BMM is organized into three divisions as discussed below:³²

²⁹ Subsection (a) Establishment of 35 P.S. § 10231.301 (relating to Program established).

³⁰ DOH officials indicated that while it has the authority to determine the minimum number and type of medical marijuana products to be produced by a grower/processor and dispensed by a dispensary, it has not yet exercised its authority to issue regulations with quota amounts.

³¹ The Office of Medical Marijuana was redesignated as the Bureau of Medical Marijuana in January 2024.

³² *Pennsylvania Department of Health, Bureau of Medical Marijuana Report*, May 2024, pp. 11-12.
<https://www.pa.gov/content/dam/copapwp-pagov/en/health/documents/topics/documents/programs/medical-marijuana/Medical%20Marijuana%20Biennial%20Report%202024.pdf> (accessed July 29, 2025).

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1. Facility Compliance Division (FCD) – oversees all aspects of grower/processor, dispensary, and clinical registrant compliance. FCD primarily conducts on-site inspections of the facilities and investigates facility compliance complaints. FCD also processes applications for alterations, laboratory approvals to test medical marijuana, additional dispensary locations, changes or closures of facility locations, and permit renewals.
2. Customer Relations Division (CRD) – responsible for the application and registration of patients, caregivers, and practitioners, including the processing of patient and caregiver medical marijuana ID cards. Additionally, CRD reviews and addresses inquiries from patients, caregivers, practitioners, legislators, and the public. CRD also manages the publicly accessible website.
3. Product Compliance and Research Division (PCARD) – The Act and regulations require pre-approval for new medical marijuana products and formulations, related devices, labeling, packaging, strain names, product marketing, advertising, and promotional materials and events. PCARD reviews each of these submission requests and makes determinations on the regulatory compliance. Additionally, PCARD reviews medical professional training required under the Act.

Taxes Imposed from the Medical Marijuana Act.

The Act imposes a five percent tax on gross receipts from the growers/processors from their sales of medical marijuana to dispensaries.³³ Taxes received are deposited into the Medical Marijuana Program Fund and are distributed as follows:³⁴

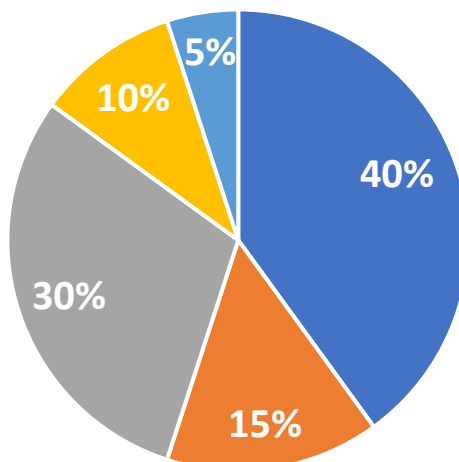
³³ Subsection (a) Tax imposed of 35 P.S. § 10231.901 (relating to Tax on medical marijuana).

³⁴ Subsection (b) Source of funds and (c)(4) (pertaining to PCCD) of 35 P.S. § 10231.902 (relating to Medical Marijuana Program Fund).

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Recipients of Taxes Imposed from the Medical Marijuana Act



- **DOH - Medical Marijuana Operations**
- **DOH - Medical Marijuana Assistance Program**
- **Medical Marijuana Research**
- **DDAP**
- **PCCD**

Created by Auditor General Staff using information from 35 P.S. §§ 10231.902(b) and (c)(4).

- Fifty-five percent to DOH with 40 percent going to medical marijuana program operations, including outreach efforts. The remaining 15 percent is allocated to the Medical Marijuana Assistance Program (MMAP), which assists patients to afford the costs associated with medical marijuana, reduce or waive identification card fees for qualified patients and caregivers, and reimburse caregivers for the cost of background checks.
- Thirty percent is dedicated to research established under Chapter 19 of the Medical Marijuana Act,³⁵ related to the use of medical marijuana for treating patients.
- Ten percent to the Department of Drug and Alcohol Programs for drug abuse prevention, counseling, and treatment.

³⁵ 35 P.S. Chapter 19 (Research Program), i.e., §§ 10231.1901 - 10231.1908.

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- Five percent to the Pennsylvania Commission on Crime and Delinquency for distribution to police departments in need of funding to enforce the Medical Marijuana Act.

For the fiscal years ended June 30, 2024, and June 30, 2025, the grower/processors generated approximately \$34.3 million and \$33.4 million in tax revenue, respectively.³⁶

Medical Marijuana Organizations and DOH Oversight.

Within DOH, the Bureau of Medical Marijuana (BMM) is responsible for creating applications for grower/processors and dispensaries and granting permits to operate as a medical marijuana organization (MMO) to grow, process, or dispense medical marijuana.³⁷ The permit applications include, but are not limited to, the MMO's ability to maintain effective security and control to prevent diversion, abuse or other illegal conduct; compliance with local zoning requirements; and a diversity plan. Along with the application, there is also an initial non-refundable permit fee (but refundable if the permit is not granted), and proof of capital.³⁸

DOH completes a pre-opening operational inspection of the MMO to ensure the location is ready to conduct operations.³⁹ MMO permits are valid for one year,⁴⁰ and each MMO must submit a renewal application for DOH review between four to six months prior to permit expiration.⁴¹ Grower/Processors and dispensaries must pay a permit renewal fee of \$10,000⁴² and \$5,000, respectively.⁴³

After the Act was signed, DOH began implementing the Program by issuing permits. DOH initially awarded 12 grower/processor permits to successful applicants on June 20, 2017,

³⁶ *Commonwealth of Pennsylvania Department of Revenue Report of Revenue and Receipts Month Ending June 30, 2024*, p. 210.

https://www.pa.gov/content/dam/copapwp-pagov/en/revenue/documents/news-and-statistics/reportsstats/revenureceipts/documents/2023-24/2024_06_bfmmonthlyreport.pdf (accessed November 4, 2025).

Commonwealth of Pennsylvania Department of Revenue Report of Revenue and Receipts Month Ending June 30, 2025, p. 208.

https://www.pa.gov/content/dam/copapwp-pagov/en/revenue/documents/news-and-statistics/reportsstats/revenureceipts/documents/2024-25/2025_06_bfmmonthlyreport.pdf (accessed November 4, 2025).

³⁷ 35 P.S. §§ 10231.601 (relating to Medical marijuana organizations), 10231.602 (relating to Permits), and 10231.603 (relating to Granting of permit).

³⁸ *Pennsylvania Department of Health, Bureau of Medical Marijuana Report*, May 2024, pp. 13-14.

<https://www.pa.gov/content/dam/copapwp-pagov/en/health/documents/topics/documents/programs/medical-marijuana/Medical%20Marijuana%20Biennial%20Report%202024.pdf> (accessed July 29, 2025).

³⁹ 28 Pa. Code §§ 1141a.25(a); 1141a.42; 1151a.21; and 1161a.29(a).

⁴⁰ 35 P.S. § 10231.607(1)(ii) and (2)(ii).

⁴¹ 35 P.S. § 10231.607(1)(iv) and (2)(iv).

⁴² 35 P.S. § 10231.607(1)(iii).

⁴³ 35 P.S. § 10231.607(2)(iii).

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followed by another 13 on July 31, 2018.⁴⁴ During the same period, DOH awarded permits to 27 dispensaries on June 29, 2017, and another 23 on December 18, 2018.⁴⁵ These early awards established the Program's initial operational capacity.⁴⁶

Although the number of grower/processors has remained near the legislatively mandated number,⁴⁷ the number of dispensary locations has continued to expand because permit holders are authorized to operate up to three locations and each clinical registrant MMO can have up to six dispensary locations. As of June 1, 2026, there are 29 grower/processors actively growing and processing medical marijuana⁴⁸ and 195 dispensary locations actively dispensing medical marijuana products to certified patients and approved caregivers.⁴⁹

Inspections

The Act authorizes DOH to conduct announced and/or unannounced inspections of a MMO and its records.⁵⁰ BMM management indicated that safety inspectors within the Bureau conduct inspections of each grower/processor and dispensary at the facility. The inspection process is described in the graphic that follows.

⁴⁴ *Pennsylvania Department of Health, Bureau of Medical Marijuana Report*, May 2024, p. 13.
<https://www.pa.gov/content/dam/copapwp-pagov/en/health/documents/topics/documents/programs/medical-marijuana/Medical%20Marijuana%20Biennial%20Report%202024.pdf> (accessed July 29, 2025).

⁴⁵ *Pennsylvania Department of Health, Bureau of Medical Marijuana Report*, May 2024, p. 14.
<https://www.pa.gov/content/dam/copapwp-pagov/en/health/documents/topics/documents/programs/medical-marijuana/Medical%20Marijuana%20Biennial%20Report%202024.pdf> (accessed July 29, 2025).

⁴⁶ 35 P.S. § 10231.616 (relating to Limitations on permits), as amended by Act 63 of 2023, effective April 12, 2024.

⁴⁷ *Ibid.*, Section 10231.616(5), (6), and (7) state as follows: “[e]xcept as provided under section 617 [Additional dispensary and grower/processor permits authorized], no more than five grower/processors may be issued permits as dispensaries.”; “[a] dispensary may only obtain medical marijuana from a grower/processor holding a valid permit under this act”, and “[a] grower/processor may only provide medical marijuana to a dispensary holding a valid permit under this act.” *See also* 28 Pa. Code Chapter 1151a. Growers/Processors, added March 3, 2023, effective March 4, 2023, 53 Pa.B. 1275, unless otherwise noted.

⁴⁸ Number of grower/processors obtained from BMM management on June 1, 2026.

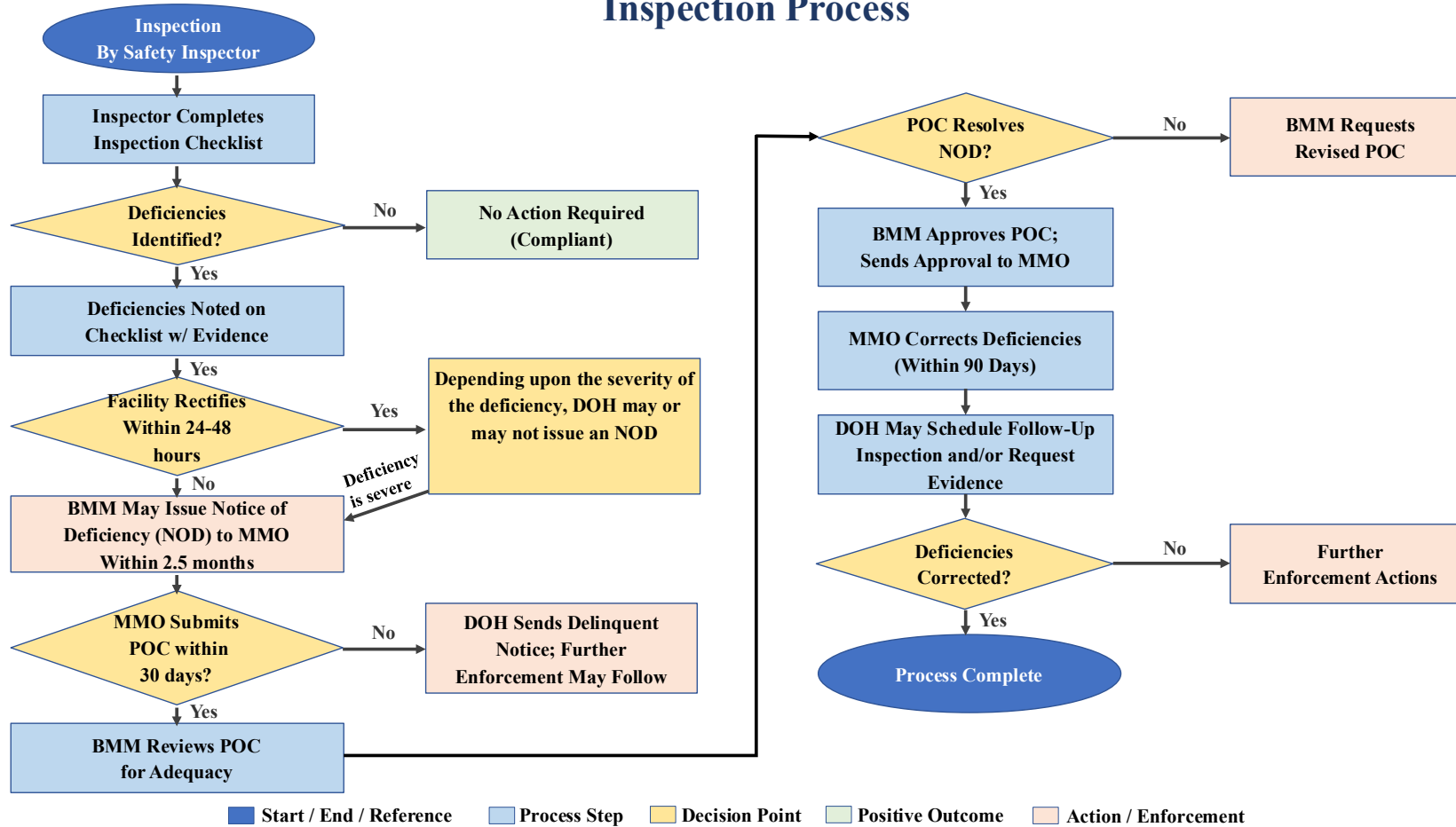
⁴⁹ Numbers provided by DOH as of June 1, 2026. Please note that the law allows each clinical registrant MMO to have up to six dispensaries instead of the standard three dispensaries; therefore, this exception contributes to the 195 active dispensary locations.

⁵⁰ 35 P.S. §§ 10231.301(a)(8) and 10231.606(a)(3).

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Inspection Process



Created by Auditor General Staff from information obtained from BMM Management and Staff.

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As shown above, inspectors complete inspection checklists to ensure the MMO is in compliance with relevant laws and regulations. Inspectors identify deficiencies using the checklists and allow facility management time to submit evidence that the deficiency was remedied. DOH may choose not to issue a Notice of Deficiency (NOD) for deficiencies remedied by the MMO within 24-48 hours depending on the severity of the deficiency and the potential consequences to patient health or public safety.

If a NOD is warranted, it is required to be sent within 2.5 months of the inspection. The MMO then has 30 calendar days following the receipt of the NOD to send a Plan of Correction (POC) back to BMM detailing how it will resolve each issue noted. BMM staff review the POC to confirm that it addressed the deficiency and sends its approval back to the MMO. The MMO has 90 days to correct the deficiencies after which BMM may schedule a follow-up inspection to confirm that the issue was resolved. If the MMO does not submit a POC within 30 days, BMM will send a delinquent notice to the MMO and may take further enforcement actions.

Complaint Process

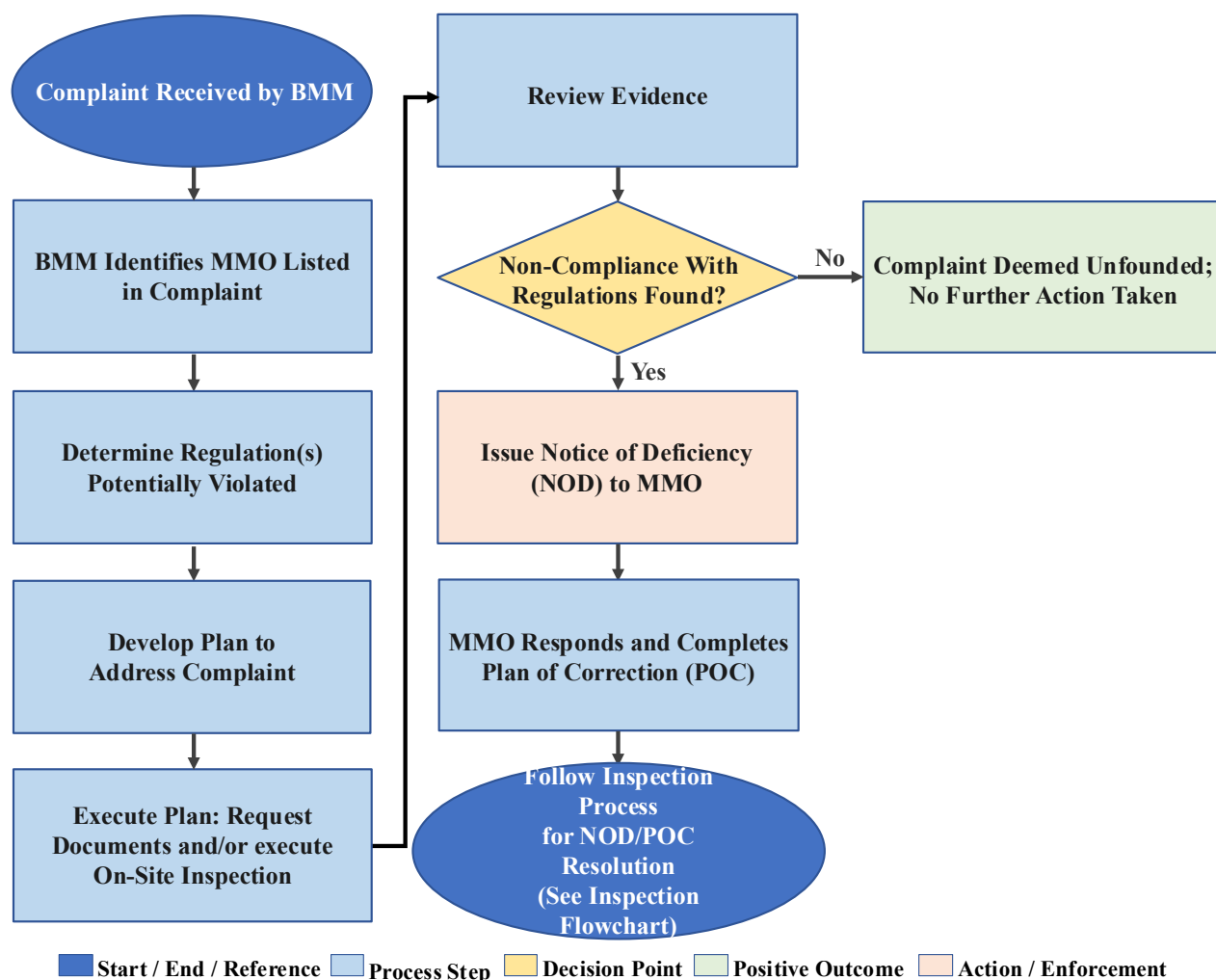
Individuals with knowledge of suspected violations of the laws and regulations of the Act can submit complaints to DOH. Complaints can be filed using the Bureau of Medical Marijuana Complaint Form located on the DOH website or by contacting DOH. The complainant form includes the complaint description, whether the complaint is about a patient, practitioner, etc., and any supporting evidence.⁵¹ BMM staff may contact the complainant for further information following receipt of the form. The following flowchart shows the complaint process:

⁵¹ <https://www.pa.gov/content/dam/copapwp-pagov/en/health/documents/topics/documents/programs/medical-marijuana/DOH%20BMM%20Complaint%20Form.pdf> (accessed July 22, 2025).

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Complaint Handling Process



Created by Auditor General Staff from information obtained from BMM Management and Staff.

As shown above, BMM staff identify the MMO listed in the complaint, determine the regulation(s) the facility may have violated and develop a plan to address the complaint which may include a request for documents or an on-site inspection. If the review of the evidence determines that there was non-compliance with the regulations, a NOD will be issued requiring the MMO to respond and complete a POC as detailed in the inspection process above.⁵² Conversely, if BMM determines that there was no violation of the regulations, the complaint is

⁵² Pennsylvania Department of Health, Bureau of Medical Marijuana, Investigate a Facility Complaint Standard Operating Procedure Draft, pp. 1-8.

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considered unfounded and no further steps are taken. Additionally, BMM refers any complaints alleging criminal activity under the Act to the Attorney General.

Enforcement Actions

In addition to issuing NODs for deficiencies found during inspection or complaint reviews, the Act allows DOH to suspend or revoke an MMO license to operate if there are more serious infractions including:

- DOH has evidence that the MMO has failed to maintain effective control against diversion of medical marijuana.
- The MMO violates any provision of the Act or a regulation of DOH.
- The MMO has intentionally, knowingly, recklessly, or negligently failed to comply with applicable laws of the Commonwealth relating to medical marijuana.⁵³

BMM management indicated that, when possible, it prefers to work with the MMOs to remedy any deficiencies rather than immediately suspending or revoking licenses. However, BMM will suspend or revoke a license if there are serious health or safety concerns, illegal activity, or if the MMO is non-responsive to the NOD that was issued. The MMO has the right to appeal any suspension or revocation of its license and receive a formal administrative hearing.⁵⁴ Once the MMO enters the appeals process, DOH legal counsel works with each MMO to address the issues specific to their case as it proceeds. The goal is to resolve the issues so that the MMO can resume operating safely and effectively in compliance with laws and regulations.

⁵³ 35 P.S. § 10231.613 (Act 16 of 2016, as amended).

⁵⁴ 28 Pa. Code §§ 1141a.47(d) and 1230a.38(a).

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Pennsylvania Department of Health Medical Marijuana Program

Finding 1 – The Department of Health lacked adequate controls to ensure inspections, enforcement actions, and related procedures were performed consistently.

Act 16 of 2016, as amended, entitled the “Medical Marijuana Act” (Act), authorized the Pennsylvania Medical Marijuana Program (Program) and assigned related responsibilities to the Department of Health (DOH).⁵⁵ DOH’s responsibilities include regulatory and enforcement authority over the growing, processing, sale, and use of medical marijuana in Pennsylvania, which includes inspections of facilities of grower/processors and dispensaries.⁵⁶ DOH’s Bureau of Medical Marijuana (BMM)⁵⁷ is responsible for monitoring facilities within the Program to enforce rules and regulations through inspections. According to the Act, DOH is permitted to conduct announced or unannounced inspections of a medical marijuana organization (MMO)⁵⁸ location and its records.⁵⁹ BMM inspectors use checklists to document the inspections and issue notice of deficiencies (NOD) if the MMO location is not following regulations. The inspection process is more fully explained in the sections that follow.

To evaluate BMM’s monitoring process for grower/processors and dispensaries, including conducting inspections and timely enforcement actions, we performed the following procedures:

- Interviewed and corresponded with BMM management regarding the inspection process, including documenting the inspections, issuing a NOD, and obtaining and reviewing plans of correction (POC).
- Reviewed approved and draft DOH standard operating procedures, as well as the requirements of the Act.
- Observed BMM inspectors conducting on-site inspections at a grower/processor and dispensary facilities.
- Reviewed the inspections that occurred for 9 of 34 grower/processors and 30 of 182 dispensaries in operation from January 1, 2024, to December 31, 2024, including the inspection checklists, NODs, POCs, and any other enforcement actions that may have been taken.

⁵⁵ 35 P.S. §§ 10231.101 – 10231.2110.

⁵⁶ 35 P.S. § 10231.301(a) Establishment.

⁵⁷ The Office of Medical Marijuana was redesignated as the Bureau of Medical Marijuana in January 2024. The Facility Compliance Division (FCD) within BMM conducts on-site inspections of the facilities and investigates complaints.

⁵⁸ MMO’s are dispensaries or grower/processors. 35 P.S. §10231.103 (definition of “Medical Marijuana Organization”).

⁵⁹ 35 P.S. § 10231.301(a)(8) (pertaining to the development of enforcement procedures) and 35 P.S. § 10231.606(a)(3) (pertaining to the submission of an announced or unannounced inspection).

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Based on our review, we identified the following issues:

- BMM did not consistently retain inspection documentation or document supervisory review.
- NODs were not sent or were not sent timely to the MMO locations for deficiencies that were noted on the inspection checklists.
- The POCs provided by the MMO locations were either not approved by BMM staff or were not approved in a timely manner.
- Drafted DOH standard operating procedures regarding the inspection process were not finalized and approved.

These issues are discussed in more detail in the sections that follow.

BMM did not consistently retain inspection documentation or document supervisory review.

BMM did not always retain the inspection checklists documenting its inspections of MMO locations, and the checklists that were retained lacked documented supervisory review. According to BMM management, inspectors may perform three inspections, one dedicated to each checklist type, annually at an MMO facility.⁶⁰ BMM has developed a separate checklist for each type based on DOH regulations.⁶¹ Inspectors manually complete the checklists, note any deficiencies, and submit them to their supervisors for review and discussion of whether a Notice of Deficiency (NOD) is warranted (as discussed in the next section). BMM management stated that, once reviewed, the completed checklists are to be stored in the SharePoint folder for that MMO. BMM maintains a SharePoint folder for each MMO, with subfolders organized by year and containing that year's inspection documentation for each location. BMM also maintains a database that records the dates of inspections and whether deficiencies were identified.

We judgmentally selected 9 of 34 grower/processors, and 30 of 182 dispensaries⁶² that were in operation from January 1, 2024, to December 31, 2024. Because each entity may have more than one inspection, and therefore, more than one checklist, our review included a total of 103

⁶⁰ Inspectors may complete the following checklists for **Grower Processors**: 1) General Inspection, 2) Security Inspection, and 3) Cultivation Extraction-Manufacturing Inspection, and the following checklists for **Dispensaries**: 1) General Inspection, 2) Security Inspection, and 3) Distribution Inspection.

⁶¹ Checklists are developed directly from the regulations. All parts of the regulations are included. Some are not able to be measured during a visit for various reasons but are still included in the checklists for completeness. These items would be checked "NM" during inspections. Other items may not be measured if that activity was not occurring while an inspection was taking place.

⁶² We judgmentally selected the MMO locations taking into account the number of grower/processors and dispensaries, if there were deficiencies noted on the database, and coverage of different regions in the state to ensure a representative selection.

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inspection checklists completed during the audit period.⁶³ BMM management stated that all inspection documentation, including checklists, is retained in the SharePoint folder for the corresponding MMO location once inspections are completed. However, our review found that inspection checklists were not always retained in the BMM SharePoint folder as they should be, as shown in the table below.

Inspection Checklists for MMO Locations				
	Checklists Requested	Completed Checklists Received	Partial Checklists Received	Did Not Receive Checklist
Grower/Processor	21	19	2	0
Dispensaries	82	47	0	35
Total	103	66	2	35

Source: Developed by the Department of the Auditor General from documents requested and provided by BMM staff.

As shown above, BMM provided about two-thirds of the fully completed checklists we requested. As part of our reviews, we wanted to ensure that all checklists were fully completed and that deficiencies were either corrected during the inspection or an NOD was issued to the MMO location. We were unable to make this determination for roughly one-third of the requested checklists, because the documentation was not retained in the SharePoint folder.

BMM management stated that, in practice, regional supervisors were expected to ensure that inspectors completed all appropriate items on the inspection checklists by meeting with staff after the inspection and review of the documentation. However, this expectation was not supported by written policy during the audit period. Similarly, both inspectors and regional supervisors were responsible for uploading inspection documentation to SharePoint, but prior to the implementation of the NOD SOP on August 12, 2024,⁶⁴ there was no formal requirement specifying how or where inspection documentation had to be stored. As a result, staff uploaded documents inconsistently and to various file locations, contributing to the large number of inspection checklists that could not be located. Of the 35 checklists that were not retained, 33 were for inspections that occurred prior to the August 12, 2024, NOD SOP implementation date, and 2 were for inspections that occurred after. The absence of a finalized SOP, discussed later in this finding, contributed directly to these inconsistencies.

BMM further explained that it does not have an electronic tracking system that would allow it to track the inspections and retain documents within the system. Instead, it relies on inspectors and regional supervisors to upload documentation after completing each inspection into the

⁶³ Due to the timing of when the inspections occurred related to the 2024 audit period, the documents reviewed may have been produced several months prior to or after the listed audit period.

⁶⁴ Pennsylvania Department of Health, Bureau of Medical Marijuana, Facility Compliance Division, *Process a Notice of Deficiency Standard Operating Procedure*, implemented August 12, 2024.

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SharePoint folder. The upcoming implementation of an electronic tracking system, called the Enterprise Licensing System (ELS), will capture inspection information and provide automated workflows and should reduce the risk of human error in uploading documentation. BMM had originally anticipated that ELS would be operational by August 2024 under the Commonwealth's initial roll-out date. However, ELS implementation was delayed until March 2027.⁶⁵

Additionally, there was no evidence of supervisory review of the completed checklists. Documented supervisory review is a key internal control, because it provides independent verification that inspectors completed all required steps and accurately recorded any deficiencies. Without documented review, management cannot ensure inspections were consistently performed or that deficiencies were properly noted and addressed.

During the audit period, BMM had no requirement to document supervisory review; however, during our audit, BMM instituted new signoffs on the checklists as of February 2026. BMM updated its checklists to include a supervisory signoff both when the checklist is reviewed and when it is uploaded into SharePoint. All staff were trained on this update in March 2026.

Although the NOD SOP was not finalized and implemented until August 2024, BMM management should have adopted internal controls to ensure that all inspection documentation was retained in SharePoint and that supervisory review of inspections was documented. Management stated that inspectors review prior-year checklists before conducting current inspections to determine whether any issues were identified during the previous inspection. This review cannot occur if inspection checklists are not retained.

NODs were not sent or were not sent timely to the MMO locations for deficiencies that were noted on the inspection checklists.

As discussed in the above section, deficiencies noted on the checklists that could not be corrected during the inspection or shortly afterward might result in NODs being sent to the MMO location detailing the deficiency. BMM's SOP titled "Process a Notice of Deficiency", implemented August 12, 2024, established a timeline of approximately two and a half months following the inspection to draft, review, and send the NOD to the MMO. Although the SOP was not formally approved until August 2024, BMM management stated it was following the draft SOP during the entire audit period.

⁶⁵ The Enterprise Licensing System (ELS) is a multi-agency system with a goal of implementing a single ELS that addresses licensing and certification needs, as well as incident and complaint management, across multiple state agencies. In part, ELS provides streamlined business processes, including electronic sharing and storing of documents and pre-populated forms and templates. <https://www.pa.gov/agencies/dhs/resources/els> (accessed June 3, 2026).

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Our review of the 9 grower/processors and 30 dispensaries disclosed there were 26 checklists that required NODs to be sent to the MMO locations, and we found almost all NODs were either not issued or were not issued timely, as shown in the table below.

NODs for MMO Locations						
	Checklists with Deficiencies Requiring a NOD	NODs Not Sent Timely	NODs Sent Timely	SOP Requirement	Average Time to Send NOD	NODs Not Issued
Grower/Processor	6*	4	0	2.5 months	6.1 months	1
Dispensaries	20	5	1	2.5 months	7.3 months	14
Total	26	9	1	2.5 months	6.7 months	15

* - For Grower/Processor, the deficiencies from two checklists were combined on one NOD, which is why there were only five total Grower/Processor NODs instead of six.

Source: Developed by the Department of the Auditor General from documents requested and provided by BMM staff.

As shown in the table above, we found only one instance where the NOD was issued within the time frame described in the SOP. In our review of the MMOs, 26 checklists required NODs due to deficiencies indicated on the checklist; however, 24 NODs were either not issued or were not sent timely. Of particular concern are the NODs that were never issued. In one instance, we noted there were 14 deficiencies listed on the checklists for a dispensary, yet no NOD was ever issued.

As discussed in the prior section, we were unable to review all checklists because they were not retained, limiting our ability to ensure all deficiencies were addressed that were noted on the checklists. Unaddressed deficiencies may allow issues to go uncorrected and lead to unsafe conditions within facilities or product issues. Additionally, timely issuance of NODs is essential to support the effectiveness of BMM's inspection process. Untimely or missing NODs may undermine the intended accountability and may lead MMOs to view inspections as lacking significance.

BMM management indicated NODs were not timely or were not issued as required due to training issues or staff shortages, including a hiring freeze, training new staff, staff transitions to new positions, and medical leave, which impacted their ability to complete the tasks. Additionally, lack of an automated system to manage the large volume of work contributed to NODs being untimely or not issued as required.

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The POCs provided by the MMO locations were either not approved by BMM staff or were not approved in a timely manner.

BMM’s “Process a Notice of Deficiency” SOP outlines the required steps for managing Plans of Correction (POCs). After receiving a NOD, the MMO location has 30 days to submit a POC that addresses all identified issues. Once the POC is received, BMM compliance specialists must review it to determine the POC addresses the deficiencies noted in the inspection and the plan of action to correct the deficiencies is acceptable. After BMM approves the POC, the MMO location has 90 days to implement the corrective actions outlined in its response. When the 90-day period ends, BMM may conduct a follow-up inspection to verify that the deficiencies have been fully resolved. The table below shows that for the ten NODs that were issued as noted in the prior section, the MMO locations are generally providing a POC within 30 days. However, BMM has not approved or did not timely approve nine as shown below.

Plans of Corrections (POC)					
	Number of POCs	POC sent by MMO Within 30 Days	POC Approved by BMM Within 30 Days	POC Approved by BMM Over 30 Days	POC Was Never Approved by BMM
Grower/Processors ^{a/}	4	3	1	0	3
Dispensaries	6	6	0	5	1
Total	10	9	1	5	4
^{a/} - The deficiencies from two checklists were combined on one NOD which is why there were only 10 POCs required.					

Source: Developed by the Department of the Auditor General from documents requested and provided by BMM staff.

As shown above, the MMO locations generally responded within 30 days of receiving the POC. In one instance, a POC was received 158 days after the NOD was sent. BMM stated the dispensary in question had undergone an ownership change at the time and BMM staff did not realize the POC was not received timely. Upon discovery, BMM contacted the dispensary and the POC was received within three weeks.

We also found that BMM did not review and approve the POCs within 30 days of receipt in nine instances, including four cases where the approval or disapproval of the POC was never sent. For the six POCs that were approved, approval times ranged from 1 day to 168 days. For the four POCs still awaiting approval at the time of our inquiry,⁶⁶ the elapsed time ranged from 65 days to 378 days and counting. BMM does not have any policy or procedures that state the timeline

⁶⁶ We received information in response to inquiries about grower processors MMO locations on February 12, 2026, and about dispensary MMO locations on March 6, 2026.

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for approving or disapproving the POCs. However, 30 days seems to be a reasonable time period to respond to a POC since the MMO locations have 30 days to respond to a NOD. We discuss the lack of finalized policies and procedures in the next section.

BMM management stated it generally follows up during the next inspection to ensure the POC was implemented unless an issue related to health and safety warrants a shorter re-inspection timeline. Our review of the deficiencies listed on the checklists did not show any serious health or safety issues; therefore, the POC follow-up during the next annual inspection was appropriate.

Timely approval or disapproval of the POC is essential to support the effectiveness of BMM's inspection process. Untimely or missing approvals or disapproval of the POC may undermine the intended accountability and may lead MMOs to view inspections as lacking significance. Additionally, if the POC does not sufficiently address the deficiencies, those uncorrected issues will persist and may lead to unsafe conditions within facilities or product issues.

BMM management explained that delays in reviewing and responding to POCs were caused by staffing challenges, including a hiring freeze, training new staff, staff transitions, and medical leave of key staff. Additionally, lack of an automated system to manage the large volume of work contributed to POC reviews and responses being delayed.

Drafted DOH standard operating procedures regarding the inspection process were not finalized and approved.

As discussed in the sections above, BMM has drafted or approved SOPs detailing the different parts of the inspection process including performing a grower/processor or dispensary renewal inspection, processing a NOD, and review of POC. As shown in the table below, three of the four SOPs are still in draft form.

Stage of SOP Completion	
SOP	Stage of Completion
Perform a Grower/Processor Renewal Inspection	Not Approved
Perform a Dispensary Renewal Inspection	Not Approved
Process a Notice of Deficiency	Approved and Implemented on 8/12/24
Review of Plan of Correction	Not Approved

Source: Developed by the Department of the Auditor General from documents requested and provided by BMM staff.

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BMM management should prioritize completing the SOPs noted above to provide standardized guidance, foster understanding and ensure each process is consistent for all staff statewide. The SOPs should address some of the following items we found during our audit, including:

- Timing of and types of inspections for grower/processors and dispensaries.
- Retention of all documentation obtained during the inspections, including the completed inspection checklists.
- Documenting supervisory review of the inspections.
- Reviewing the POC.
- Timeliness of approving or disapproving a POC once it is received.
- Conducting follow-up reviews once the POC is approved.

When asked about finalizing and formally approving the SOPs, BMM management stated that it is in the process of updating its documentation and is catching up with its current practices of performing inspections and the SOPs are pending approval. BMM stated that employees have been trained on the SOPs, but the training is not official because most SOPs are still not finalized.

Overall Conclusion

Our review of BMM's monitoring and enforcement activities identified weaknesses in documentation practices, supervisory oversight, and the timely execution of key compliance functions. These issues collectively hamper BMM's ability to effectively oversee grower/processors and dispensaries and to ensure that deficiencies identified during inspections are consistently addressed.

Specifically, BMM did not consistently retain all inspection checklists, and the documentation that was retained lacked supervisory review. As a result, BMM cannot be fully ensured that inspections were complete, deficiencies were properly identified, or enforcement actions were warranted. Compounding this problem, NODs were frequently issued late, or not at all, and POCs submitted by MMOs were often not reviewed or approved in a timely manner. These issues weaken the accountability mechanisms intended by the Act and may allow deficiencies to persist without correction.

Underlying many of these issues is the absence of finalized, approved SOPs guiding the inspection and enforcement process. Without standardized procedures, staff operate inconsistently, documentation is not reliably retained, and key steps in the compliance process are overlooked or delayed. While BMM has taken some steps to improve its processes, including drafting SOPs, updating checklists, and preparing for the ELS tracking system, these measures have not yet been fully implemented or formalized.

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Recommendations for Finding 1

We recommend that DOH:

1. Implement and consistently use a standardized inspection checklist to be completed with each inspection. As a best practice, DOH should also establish and document a retention period for these checklists, such as three years. The checklist and related procedures should require:
 - Uploading all completed checklists to a central storage, such as SharePoint or the ELS, when it is implemented.
 - Ensuring all checklist questions have been answered.
 - Providing explanations for all non-measurable responses.
 - Documenting whether any identified deficiencies require a NOD to be issued.
 - Documenting deficiencies on checklists that have been resolved and do not require a NOD.
 - Confirming all deficiencies have been resolved, explained, or a NOD has been issued.
 - Documenting supervisory review, including supervisor signature and date.
2. Ensure post-inspection NODs are sent timely according to the SOP to ensure the MMOs are in compliance with BMM regulations.
3. Develop and formalize a reasonable POC response timeline in SOPs. Use interim administrative tracking methods to ensure timely review and follow-up until the ELS is implemented.
4. Finalize and approve all standard operating procedures.

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Finding 2 – Inadequate approval processes for complaint conclusions and plans of corrections reduced the effectiveness of the Department of Health’s oversight.

The “Medical Marijuana Act” (Act) imposes broad enforcement responsibilities on the Department of Health (DOH).⁶⁷ These duties include monitoring compliance with the Act⁶⁸ and DOH regulations,⁶⁹ conducting announced and unannounced inspections, and taking corrective or disciplinary action against medical marijuana organizations (MMO) when warranted.

As part of its oversight responsibilities, DOH has established a system where anyone, including patients or employees of an MMO, can make complaints to the Bureau of Medical Marijuana (BMM) regarding issues related to the MMO not complying with statutory requirements and/or DOH regulations. Complaints can be filed through multiple methods, including the BMM complaint form located on DOH’s website⁷⁰ or by contacting BMM staff (*see* below graphic). BMM takes the following steps, including but not limited to: 1) evaluating the complaint; 2) determining if the complaint warrants further response, including making a plan of action; 3) documenting investigative steps including evidence reviewed; and 4) determining whether violations have occurred. If there are violations, then a notice of deficiency (NOD) will be issued requiring the MMO to develop a plan of correction (POC).

To evaluate BMM’s complaint process for grower/processors and dispensaries, we performed the following:

- Interviewed and corresponded with BMM management regarding the complaint process, including documenting the complaint process, issuing a NOD, and obtaining and reviewing the POC.
- Reviewed requirements of the Act and DOH regulations, as well as draft DOH standard operating procedures (SOP) regarding investigating a facility complaint.
- Reviewed documentation for 10 of 36 complaints submitted to BMM between January 1, 2024, to December 31, 2024, to determine whether BMM was following its complaint investigation procedures.

⁶⁷ 35 P.S. § 10231.101 *et seq.* (Act 16 of 2016, as amended) and the relevant related chapters of the Act.

⁶⁸ 35 P.S. § 10231.301(a)(3), (8). (DOH must enforce the program and conduct inspections) and §§ 10231.601 to 10231.613 (DOH authority over violations, inspections, and permit actions).

⁶⁹ 28 Pa. Code Chapter 1141a. General Provisions to Chapter 1230a. Practice and Procedure.

⁷⁰ <https://www.pa.gov/content/dam/copapwp-pagov/en/health/documents/topics/documents/programs/medical-marijuana/DOH%20BMM%20Complaint%20Form.pdf> (accessed May 27, 2026).

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Based on our review of this documentation, we identified the following weaknesses:

- BMM generally followed its complaint process, but BMM management did not always document approval of the complaint conclusions.
- POCs resulting from two NODs lacked BMM management review and approval.

These issues are discussed in more detail in the section below.

BMM generally followed its complaint process, but BMM management did not always document approval of the complaint conclusions.

BMM has drafted a SOP entitled, *Investigate a Facility Complaint*. As discussed in *Finding 1*, BMM management stated that it is in the process of updating its documentation to reflect current practices of performing inspections, and the SOP is pending approval. BMM stated that employees were trained on the SOP in the first quarter of 2024 and staff follow the procedures outlined in the SOP when investigating a complaint.

The following graphic describes in brief the steps associated with Investigating a Facility Complaint as described in the draft SOP:

Investigate a Facility Complaint

PA Bureau of Medical Marijuana Draft SOP

Process Overview

- 1 Receiving the Complaint**
Complaint comes in via web Form, email, phone, or verbal. BMM staff reviews and routes to correct division.
- 2 Reviewing the Complaint**
Regional Supervisor logs complaint, identifies permit/location, reviews applicable regulations, creates inspection plan and submits to Compliance Specialist for review.
- 3 Conducting the Inspection**
Unannounced on-site inspection (immediate if high-priority). Evidence is collected.
- 4 Uploading Evidence**
All evidence uploaded to SharePoint in the correct permittee/region/year folder.
- 5 Finalizing the Complaint**
Findings sent to Compliance Specialist (CS), who determines if complaint is Unfounded and logs the result or drafts a Notice of Deficiency. CS also logs the Founded or Unfounded finding and closes the complaint.

*Source: Developed by Department of the Auditor General staff from review of the **draft** SOP titled, Investigate a Facility Complaint.*

BMM maintains a complaint log on a spreadsheet documenting the dates of the complaint, a summary of the complaint, the MMO location, and the resulting outcome of the complaint investigation. We judgmentally selected and reviewed 10 of 36 complaints included on BMM's complaint log between January 1, 2024, to December 31, 2024,⁷¹ to evaluate BMM's review of complaints. We found the following:

⁷¹ We judgmentally selected **10 complaints** for review taking into account: 1) the dates of the complaints that occurred throughout the year, 2) types of MMO's complaint (dispensary, grower/processor, or clinical registrant), 3) region of the state, and 4) reason for the complaint. *The complaint log was of undetermined reliability as noted in Appendix A. However, this data is the best data available, and we performed certain tests of the reasonableness of*

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- BMM staff reviewed each complaint form and followed up with the complainant for additional information when necessary.
- BMM determined on-site facility inspections were needed for seven of the ten complaints we reviewed. BMM staff determined through its initial review the other three complaints did not need an on-site inspection based on the complaint.
- BMM provided facility inspection plans for six of the seven on-site inspections. BMM management stated it could not locate the plan for one on-site inspection but provided documentation of a planning meeting that was held prior to the on-site inspection. The inspection plans included a review of the statutory/regulatory provisions that were possibly violated and the course of action to take when investigating the complaint.
- BMM conducted on-site inspections for seven complaints and provided evidence of its review of the complaints, including a summary report of the investigation to BMM management.
- Although summary reports were provided to BMM management, there was a lack of supervisory review evident in the process that we discuss in more detail below.

This lack of consistent supervisory documentation highlights weaknesses in the subsequent review process performed by the Compliance Specialist. Once the facility inspection plan is finalized, and the inspection is completed, evidence is collected and retained in the SharePoint folder. A summary of the investigation is then provided to the BMM Compliance Specialist. The draft SOP requires the Compliance Specialist to be notified of the outcome of the investigation and the proposed actions. The Compliance Specialist then makes the determination as to whether the complaint is ***founded*** or ***unfounded*** and whether a NOD should be issued.

As part of the complaint process, the Compliance Specialist is required to record the outcome of the investigation in the complaint log as either ***founded*** or ***unfounded*** which serves as the approval for the determination of the complaint. Nine of ten complaints we reviewed had the determination recorded on the log. One complaint had a resolved date and description of the investigation but did not include a ***founded*** or ***unfounded*** determination. For that complaint, BMM did not provide any documentation that the results of the investigation were sent to the Compliance Specialist. BMM should ensure Compliance Specialists receive all documentation of the investigations and formally indicate they reviewed and agree with the conclusion to ensure that complaints are properly addressed and that necessary enforcement action is taken.

We also did not receive any additional evidence or documentary support demonstrating the Compliance Specialist approved the conclusion beyond recording the determination on the complaint log. BMM should ensure that Compliance Specialists complete the log entry in its entirety when the complaint is closed to confirm that documentation is accurate, consistent, and sufficient to support the final disposition of the complaint. Additionally, documentation of the

this data. Although this determination may affect the precision of the numbers we present, there is sufficient evidence in total to support our finding, conclusions, and recommendations.

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Compliance Specialist's approval outside of the complaint log would also enhance clarity, accountability, and traceability in the complaint review process.

POCs resulting from two NODs lacked BMM management review and approval.

As discussed above, if the investigation of a complaint finds the MMO location was in violation of a regulation, BMM will issue an NOD *following the same process determination* as discussed in *Finding 1*. Of the ten complaints we reviewed, we found the investigations determined the following:

- A license suspension and cease-and-desist order was issued for one dispensary due to serious violations.
- Two complaints were *founded*, resulting in two NODs being issued to the MMO locations.
- Seven of the complaints were *unfounded* due to insufficient evidence that any regulations were violated.

During our review of the ten selected complaints, we found BMM provided documentation and evidence of its investigations and findings. The dispensary that was ordered to close failed to provide requested documents prior to the facility inspection, and during the onsite inspection, it was discovered that there was a lack of inventory, payroll and vendor payment issues, and utility and security system issues. The cease-and-desist order was issued timely, 17 days after the facility inspection, and appeared warranted based on the severity of the issues.

We also found NODs were required for two other complaint investigations. Both were issued in a timely manner according to BMM's SOP titled "Process a Notice of Deficiency," which established a timeline of approximately two and a half months following the inspection to draft, review, and send the NOD to the MMO location. We found that the NODs were issued within 65 and 13 days.

Additionally, the MMO location has 30 days to respond to a NOD with a POC, which we found occurred in both instances. However, BMM does not have any policies or procedures that set a timeline for approving or disapproving the POCs submitted by the MMO locations. BMM did not provide documentation that either of the POCs submitted by the MMO locations were reviewed and approved by BMM. In both cases, BMM indicated the corrective actions included on the POCs were reviewed during the next annual inspections which occurred 2 months and 10 months, respectively, after the POC was sent to BMM.

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Overall Conclusion

When BMM management does not document approval of complaint conclusions or review POCs in a timely manner, it undermines accountability for corrective actions and may lead MMOs to question the significance of inspections. Further, the referenced timely approval or disapproval of the POC is essential to support the effectiveness of BMM's inspection process and to ensure the POC will sufficiently correct the deficiencies. Issues that continue to go uncorrected and are generally unaddressed may lead to unsafe conditions within facilities or product issues.

Recommendations for Finding 2

We recommend that DOH:

1. Finalize and formally approve the *Investigate a Facility Complaint* SOP.
2. Require Compliance Specialists and management to formally document their review and approval of complaint investigation conclusions outside of the complaint log.
3. Ensure all investigative documentation is consistently provided to Compliance Specialists prior to the final determination.
4. Verify that all required fields in the complaint log are completed before a complaint is closed.
5. Implement a formal process for reviewing and approving POCs, including maintaining documented evidence of approval or disapproval. Develop and formalize a reasonable POC response timeline in an SOP.

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Pennsylvania Department of Health's Response and Auditor's Conclusion

We provided copies of our draft audit findings and related recommendations to the Pennsylvania Department of Health (DOH) for its review. On the pages that follow, we included DOH's response in its entirety. Following DOH's response is our auditor's conclusion.

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Audit Response from the Pennsylvania Department of Health



COMMONWEALTH OF PENNSYLVANIA
OFFICE OF THE SECRETARY

August 19, 2026

Timothy L. DeFoor
Auditor General
Department of the Auditor General
Finance Building
613 North Street, Room 229
Harrisburg, PA 17120-0018

Dear Auditor General DeFoor:

The Department of Health (DOH) has had the opportunity to review your draft Performance Audit Report of the Medical Marijuana Program (MMP), covering the period of January 1, 2024, through December 31, 2024, with updates, as applicable, through the end of the audit procedures (Report). Attached please find DOH's response to the Report's Findings and Recommendations.

DOH appreciates the comprehensive approach the Auditor General's Office has taken in describing the MMP's inspection and complaint investigation operations, and in providing DOH with recommendations to enhance the effectiveness of the MMP and ensure its success. DOH would also like to extend gratitude to your staff: DOH appreciates the thoroughness and professionalism demonstrated during the audit.

Sincerely,

A handwritten signature in cursive script that reads "Debra L. Bogen MD".

Debra L. Bogen, M.D., FAAP
Secretary of Health
Pennsylvania Department of Health

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Finding 1 – The Department of Health lacks adequate controls to ensure inspections, enforcement actions, and related procedures are performed consistently.

Recommendations for Finding 1

We recommend that DOH:

1. Implement and consistently use standardized checklist to be completed with each inspection. As a best practice, DOH should also establish and document a retention period for these checklists, such as 3 years. The checklist and related procedures should require:
 - Uploading all completed checklists to a central storage, such as SharePoint or the ELS, when it is implemented.
 - Ensuring all checklist questions have been answered.
 - Providing explanations for all non-measurable responses.
 - Documenting whether any identified deficiencies require a NOD to be issued.
 - Documenting deficiencies on checklists that have been resolved and do not require a NOD.
 - Confirming all deficiencies have been resolved, explained, or a NOD has been issued.
 - Documenting supervisory review, including supervisor signature and date.

DOH agrees with the recommendation. DOH is committed to having consistent, quality records retention policies for all Bureaus and Offices. Currently, the Bureau of Medical Marijuana (BMM) does not have a BMM-specific records retention policy. BMM will formally establish its own records retention policy.

Until a BMM-specific records retention policy is implemented, and as part of finalizing and formally approving its inspection-related Standard Operating Procedures (SOPs), BMM will incorporate clearer language into the SOPs to ensure consistent implementation of inspection document maintenance requirements and include the timeframe and location to retain inspection checklists. After SOPs are finalized and approved, staff will receive training, all new FCD hires will be trained during the onboarding process, and management will conduct compliance reviews. Management compliance reviews will be from a sample of records, and the cadence will vary based on the subject matter of the SOP and its requirements.

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As acknowledged in the Report, BMM utilizes standardized inspection checklists and already implemented the recommendation to “document supervisory review, including supervisor signature and date” in the inspection checklists. FCD management is reviewing checklists to ensure signature and dates are completed and issued a reminder to staff on July 24, 2026.

2. Ensure post-inspection NODs are sent timely according to the SOP to ensure the MMOs are in compliance with BMM regulations.

DOH agrees with the recommendation. To ensure timely issuance of post-inspection NODs in accordance with the *Process a Notice of Deficiency SOP*, BMM is implementing an electronic tracking form in SharePoint that automatically populates NOD deadlines directly into a FCD shared calendar. This shared calendar will allow all FCD staff and management to monitor deadlines, improve oversight, and send timely reminders. Use of the FCD shared calendar will be added to the *Process a Notice of Deficiency SOP*, and once the updated SOP is finalized and approved, staff will receive training, all new FCD hires will be trained during the onboarding process, and management will conduct compliance reviews. For the *Process a Notice of Deficiency SOP*, management compliance reviews will be from a sample of records and conducted quarterly.

Additionally, once the Enterprise Licensing System (ELS) is implemented, the NOD workflow will be automated and will include alerts for upcoming deadlines, further improving NOD timeliness. Furthermore, the automated system will capture information from both BMM and the Medical Marijuana Organizations (MMOs), increasing the efficiency and timeliness of BMM’s review of the MMOs’ regulatory compliance.

3. Develop and formalize a reasonable POC response timeline in SOPs. Use interim administrative tracking methods to ensure timely review and follow-up until the ELS is implemented.

DOH agrees with the recommendation. To incorporate the recommendations of this Report and ensure timely responses to MMOs, the *Review of a Plan of Correction SOP* will include a 30-day timeline for BMM’s response to a POC submitted by an MMO. The *Review of Plan of Correction SOP* will also outline

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situations that may require additional time for BMM's review (beyond the 30-day timeline) and the process to notify MMOs.

Furthermore, BMM is implementing an electronic tracking form in SharePoint that automatically populates POC deadlines directly into a FCD shared calendar. This shared calendar will allow all FCD staff and management to monitor deadlines, improve oversight, and send timely reminders. Use of the FCD shared calendar is being added to the *Review of a Plan of Correction SOP*, and once the SOP is finalized and approved, staff will receive training, all new FCD hires will be trained during the onboarding process, and management will conduct compliance reviews. For the *Review of Plan of Correction SOP*, management compliance reviews will be conducted quarterly from a sample of records.

Additionally, once ELS is implemented, the POC workflow will be automated, and will include alerts for upcoming deadlines, further improving POC timeliness.

4. Finalize and approve all standard operating procedures.

DOH agrees with the recommendation as it pertains to the five SOPs referenced in the Report.¹ DOH will finalize and formally approve those five SOPs, as well as any other SOPs that relate to the audit findings within 120 business days² of the Report's publication. Once the SOPs are finalized and approved, staff will receive training, all new FCD hires will be trained during the onboarding process, and management will conduct compliance reviews. Management compliance reviews will be from a sample of records, and the cadence will vary based on the subject matter of the SOP and its requirements.

¹ Based on the limited scope of this performance audit, DOH interprets this recommendation as applying only to the five SOPs referenced in the Report.

² Amendments to Section 403 of the Fiscal Code and the Department of the Auditor General's Statement of Policy published in the *Pennsylvania Bulletin* on February 10, 2018), established that within 120 business days of the publication of an agency's performance audit, the agency must submit to the Department of the Auditor General a response detailing adoption of all recommendations, or the reason why the recommendations have not been adopted. See 72 P.S. § 403 (Section 1.5 of the Act of Oct. 30, 2017, P.L. 725, No. 44); 48 Pa.B. 879 (Feb. 10, 2018).

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Finding 2 – Inadequate approval processes for complaint conclusions and plans of corrections reduce the effectiveness of the Department of Health’s oversight.

Recommendations for Finding 2

We recommend that DOH:

1. Finalize and formally approve the *Investigate a Facility Complaint SOP*.

DOH agrees with the recommendation. DOH agrees to finalize and formally approve the *Investigate a Facility Complaint SOP* incorporating the recommendations of this Report. Once the SOP is finalized and approved, staff will receive training, all new FCD hires will be trained during the onboarding process, and management will conduct compliance reviews. For the *Investigate a Facility Complaint SOP*, management compliance reviews will be from a sample of records and conducted quarterly.

2. Require Compliance Specialist and management to formally document their review and approval of complaint investigation conclusions outside of the complaint log.

DOH agrees with the recommendation. BMM is evaluating options for incorporating this recommendation into the complaint investigation process. Once the process is determined, BMM will update the *Investigate a Facility Complaint SOP* to include more robust documentation of the review and approval of a complaint investigation outside of the complaint log.

Additionally, once ELS is implemented, documentation related to the complaint investigation process will be automatically captured in the system. ELS will also include a complaint investigation conclusion section.

3. Ensure all investigative documentation is consistently provided to Compliance Specialists prior to the final determination.

DOH agrees with the recommendation. To incorporate this recommendation, the *Investigate a Facility Complaint SOP* will include instructions for staff to upload all investigative documentation to a SharePoint folder and include the SharePoint folder link in the email to the Compliance Specialist.

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Additionally, once ELS is implemented, documentation related to the complaint investigation process will be automatically captured in the system. BMM Compliance Specialists will have access to all investigative documentation in ELS to support final determinations. ELS will also include a complaint investigation conclusion section.

4. Verify that all required fields in the complaint log are completed before a complaint is closed.

DOH agrees with the recommendation. The *Investigate a Facility Complaint SOP* will include instructions to ensure all fields are completed on the complaint log.

Additionally, ELS will require all fields related to a complaint investigation to be completed prior to moving on to the next step in the workflow.

BMM will continue to maintain a complaint log to track all complaints that come into BMM, regardless of source or subject matter. On August 4, 2026, a reminder email was sent to all staff involved in the complaint investigation process to ensure that all complaint log fields are completed, including the use of “Not Applicable (NA)” for fields that are not applicable to a specific complaint.

5. Implement a formal process for reviewing and approving POCs, including maintaining documented evidence of approval or disapproval. Develop and formalize a reasonable POC response timeline in an SOP.

DOH agrees with the recommendation. BMM will update the *Review of Plan of Correction SOP* to include instructions for maintaining documentation and evidence of BMM’s approval or disapproval of the POC. Additionally, the *Review of a Plan of Correction SOP* will include a 30-day timeline for BMM’s response to a POC submitted by an MMO. The *Review of Plan of Correction SOP* will also outline situations that may require additional time for BMM’s review (beyond the 30-day timeline) and the process to notify MMOs. Once the SOP is finalized and approved, staff will receive training, all new FCD hires will be trained during the onboarding process, and management will conduct compliance reviews. For the *Review of Plan of Correction SOP*, management compliance reviews will be conducted quarterly from a sample of records.

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Additionally, once ELS is implemented, the POC workflow will be automated, store POC-related documentation and evidence, and document approval and disapproval decisions.

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Auditor's Conclusion to the Pennsylvania Department of Health's Response

The Department of Health's (DOH) management agreed with our findings and recommendations for improving its inspection and complaint process related to *Findings 1* and *2* and indicated that several corrective measures are already underway. Specifically, DOH provided responses that it is working to ensure the following: standard operating procedures are updated and approved to ensure inspection checklists are retained; supervisory review is documented on the checklists; notice of deficiencies (NOD) and responses to plans of correction (POC) are sent timely; and management review of the complaint process is documented.

DOH further indicated that once the Enterprise Licensing System is implemented, many of the workflows will be automated, which will increase efficiency and timeliness. DOH stated it will put measures in place for the current system to ensure inspection checklists are retained and NODs and responses to POCs are sent timely. We commend DOH for considering our nine recommendations and for its commitment to addressing the related issues.

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Appendix A

Objectives, Scope, Methodology, and Data Reliability

The Department of the Auditor General (Department) conducted this performance audit of the Pennsylvania Department of Health's (DOH) Medical Marijuana Program pursuant to Sections 402 and 403 of The Fiscal Code (Code).⁷²

We conducted this performance audit in accordance with generally accepted *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives.⁷³ We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Objectives

Our performance audit objectives were as follows:

1. Evaluate DOH's monitoring processes for grower/processors, including conducting inspections, responding to complaints, and taking timely enforcement actions when warranted, in accordance with the Medical Marijuana Act (Act), applicable regulations, and DOH policies, procedures, and guidelines.
2. Evaluate DOH's monitoring processes for dispensaries, including conducting inspections, responding to complaints, and taking timely enforcement actions when warranted, in accordance with applicable provisions of the Act, applicable regulations, and DOH policies, procedures, and guidelines.

Scope

This performance audit covered the period January 1, 2024, through December 31, 2024, with updates, as applicable, through the end of our audit procedures as of August 19, 2026.

DOH management is responsible for establishing and maintaining effective internal controls to provide reasonable assurance of compliance with applicable laws, regulations, and administrative policies and procedures. In conducting our audit, we obtained an understanding of DOH internal controls, including information system controls.

⁷² 72 P.S. §§ 402 and 403 and *Dep't of the Aud. Gen. v. State Emp. Ret. Sys.*, 860 A.2d 206, 214 (Pa. Cmwlth., 2004) which determined that the Auditor General has the authority to conduct performance audits pursuant to **both** Sections 402 and 403 of the Code, and Pa. Const. art. VIII, Sec. 10.

⁷³ U.S. Government Accountability Office. *Government Auditing Standards*. 2018 Revision Technical Update April 2021.

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Standards for Internal Control in the Federal Government (also known as and hereafter referred to as the Green Book), issued by the Comptroller General of the United States, provides a framework for management to establish and maintain an effective internal control system.⁷⁴ We used the framework included in the Green Book when assessing the DOH internal control systems.

The Green Book's standards are organized into five components of internal control. In an effective system of internal control, these five components work together in an integrated manner to help an entity achieve its objectives. The five components contain 17 related principles, listed in the table below, which are the requirements an entity should follow in establishing an effective system of internal control.

We determined all internal control components were significant to both audit objectives. The table below represents a summary of the level of our internal control assessment for effectiveness of design (D); implementation (I); or operating effectiveness (OE), that we performed for each principle with respect to DOH, along with a conclusion regarding whether issues were found with the principles, and if those issues are included in a finding.⁷⁵

Component		Principle	Level of Assessment	Objective	Conclusion
Control Environment	1	The oversight body and management should demonstrate a commitment to integrity and ethical values.	D	1, 2	No issues noted
	2	The oversight body should oversee the entity's internal control system.	D	1, 2	No issues noted
	3	Management should establish an organizational structure, assign responsibility, and delegate authority to achieve the entity's objectives.	D	1, 2	No issues noted

⁷⁴ Even though the Green Book was written for the federal government, it explicitly states that it may also be adopted by state, local, and quasi-government entities, as well as not-for-profit organizations, as a framework for establishing and maintaining an effective internal control system.

⁷⁵ U.S. Government Accountability Office. Standards for Internal Control in the Federal Government. September 2014. The Green Book, Sections OV3.05 and 3.06, states the following regarding the level of assessment of internal controls. Evaluating the design of internal control includes determining if controls individual and in combination with other controls are capable of achieving an objective and addressing related risks. Evaluating implementation includes determining if the control exists and if the entity has placed the control into operation. Evaluating operating effectiveness includes determining if controls were applied at relevant times during the audit period, the consistency with which they were applied, and by whom or by what means they were applied.

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	4	Management should demonstrate a commitment to recruit, develop, and retain competent individuals.	D	1, 2	No issues noted
	5	Management should evaluate performance and hold individuals accountable for their internal control responsibilities.	D	1, 2	No issues noted
Risk Assessment	6	Management should define objectives clearly to enable the identification of risks and define risk tolerances.	D	1, 2	No issues noted
	7	Management should identify, analyze, and respond to risks related to achieving the defined objectives.	D	1, 2	No issues noted
	8	Management should consider the potential for fraud when identifying, analyzing, and responding to risks.	D	1, 2	No issues noted
	9	Management should identify, analyze, and respond to significant changes that could impact the internal control system.	D	1, 2	No issues noted
Control Activities	10	Management should design control activities to achieve objectives and respond to risks.	D, I, OE	1, 2	Finding 1, 2
	11	Management should design the entity's information system and related control activities to achieve objectives and respond to risks.	D, I	1, 2	Finding 1
	12	Management should implement control activities through policies.	D, I, OE	1, 2	Finding 1, 2
Information and Communication	13	Management should use quality information to achieve the entity's objectives.	D, I, OE	1, 2	Finding 1, 2

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Monitoring	14	Management should internally communicate the necessary quality information to achieve the entity's objectives.	D	1, 2	No issues noted
	15	Management should externally communicate the necessary quality information to achieve the entity's objectives.	D, I, OE	1, 2	Finding 1 and 2
	16	Management should establish and operate monitoring activities to monitor the internal control system and evaluate results.	D, I, OE	1, 2	Finding 1, 2
	17	Management should remediate identified internal control deficiencies on a timely basis.	D	1, 2	No issues noted

Government Auditing Standards require that we consider information system controls "...to obtain sufficient, appropriate evidence to support the audit findings and conclusions."⁷⁶ This process further involves determining whether the data that supports the audit objectives is reliable. In addition, Publication GAO-20-283G, *Assessing Data Reliability*, provides guidance for evaluating data using various tests of sufficiency and appropriateness when the data are integral to the audit objectives.⁷⁷ See our assessment in the *Data Reliability* section that follows.

Our procedures to assess the design, implementation, and/or operating effectiveness are discussed in the *Methodology* section that follows. Deficiencies in internal controls we identified during our audit and determined to be significant within the context of our audit objectives are summarized in the *Conclusion* section below and described in detail within the respective audit findings in this audit report. See the table above for descriptions of each of the principle numbers included in the conclusions below.

Conclusion for Objectives 1 and 2:

Our assessment of DOH management's Medical Marijuana Program's internal controls did not find any issues associated with Principles 1 through 9, 14, and 17. However, we identified issues with management's internal controls regarding Principles 10 through 13, 15 and 16. These areas include issues with DOH's Bureau of Medical Marijuana (BMM): (1) not consistently retaining

⁷⁶ U.S. Government Accountability Office. *Government Auditing Standards*. 2018 Revision. Technical Update April 2021. Paragraph 8.59 through 8.67.

⁷⁷ U.S. Government Accountability Office. *Assessing Data Reliability*. December 2019.

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inspection documentation of medical marijuana organizations; (2) lack of documented supervisory review of the inspections and complaints; (3) notice of deficiencies (NOD) were not sent or were not sent timely when inspection checklists noted deficiencies; (4) plans of corrections (POC) provided by the medical marijuana locations were not approved by BMM staff or were not approved timely; (5) drafted DOH standard operating procedures regarding the inspection and complaint process have not been finalized and approved; and (6) not having an electronic tracking system that would allow it to track the inspections and retain documents within the system which resulted in some of the missing documentation and delays in the NODs and POCs. These issues are described in detail in *Finding 1* and *Finding 2* of this report.

Methodology

The following procedures were designed to address both audit objectives, as indicated. Items selected for testing were based on the auditor's professional judgment. The results of our testing, therefore, cannot be projected to, and are not representative of, the corresponding populations.

To satisfy our objectives, we performed the following procedures:

- Reviewed the DOH Enterprise Risk Management (ERM) reports applicable for fiscal years ended June 30, 2023, and 2024. These assessments assisted in determining what controls DOH had in place regarding each of the 17 principles within the five components of internal control to establish an effective system of internal control. [All Principles]
- Interviewed key personnel at BMM regarding their understanding and/or knowledge of fraud, significant internal control weaknesses, potential fraud, or noncompliance. [Principles 1, 3, 6, 7, 8, 9, 10, 12]
- Reviewed the following laws, regulations, and approved and draft standard operating procedures, to identify potential criteria needed to evaluate the audit objective including:
 - Medical Marijuana Act⁷⁸
 - Title 28 PA Code Section 1141a – 1230
 - Standard Operating Procedure (SOP) – Process a Notice of Deficiency
 - Draft DOH SOPs:
 - Perform a Grower/Processor Renewal Inspection
 - Perform a Dispensary Renewal Inspection
 - Review a Plan of Correction

⁷⁸ 35 P.S. § 10231.101 *et seq.* (Act 16 of 2016, as amended) Established a Medical Marijuana Program and serves to provide guidelines for patient and caregiver certification and for medical marijuana organization registration, impose duties on the Department of Health, and impose a tax on medical marijuana organization gross receipts.

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- Investigate a Facility Complaint
[Principle 12]
- Obtained an understanding of BMM’s overall organizational structure and purpose from our review of BMM’s organizational charts, information published on its website, the May 2024 DOH BMM Biennial Report, responses to our fraud and information technology questions, and interviews with BMM management. [All principles]
- Interviewed BMM management to assess the design of controls and gain an understanding of the process for conducting inspections, issuing NODs, obtaining and reviewing POCs, and reviewing complaints in the Medical Marijuana Program. [Principles 10, 11, 12, 13, 14, 15, and 16]
- Documented an understanding of IT general controls for systems used by the Medical Marijuana Program in oversight of the program relevant to our audit – namely the Microsoft Office suite of products and Microsoft SharePoint. [Principle 11]
- Observed BMM inspectors conducting on-site inspections at a grower/processor facility and a dispensary facility to gain an understanding of the inspection process for each. [Principles 10, 11, 12, 13, 14, 15, and 16]
- Obtained a spreadsheet from BMM’s database of all grower/processors and dispensaries that included dates of inspections, types of inspections, and whether the inspection resulted in compliance or non-compliance with regulations.
- Obtained the master permittee log of grower/processors and dispensary medical marijuana organization (MMO) locations in operation between January 1, 2024, through December 31, 2024. We compared the master permittee log of grower/processors and dispensaries to the list provided from BMM’s database. We additionally compared the dispensaries on the master permittee log to the listing of dispensaries on DOH’s website. The comparisons were made to ensure we had a complete list of all grower/processors and dispensaries in operation for the time period indicated above.
- Judgmentally selected 9 of 34 grower/processors and 30 of 182 dispensaries from the master permittee log, taking into consideration selections were: 1) geographically disbursed throughout the state, 2) included a variety of different organizations that owned MMOs, and 3) whether there were deficiencies or no deficiencies.
- Reviewed documentation provided by BMM for the selected grower/processors and dispensaries to ensure the following:
 - Inspection checklists were fully completed and retained.

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- BMM management documented its review of the inspection checklists.
 - Deficiencies listed on the inspection checklists resulted in a NOD being sent to the MMO location timely.
 - MMO locations sent POCs to BMM within 30 days of receiving the NOD.
 - BMM approved the POC timely.
[Principles 8, 10, 12, 13, 15, 16]
- Obtained a list of complaints submitted to DOH about grower/processor and dispensary MMOs for the audit period beginning January 1, 2024, through December 31, 2024.
 - Judgmentally selected 10 of 36 complaints that were received by DOH taking into consideration: 1) dates of the complaints that occurred throughout the year, 2) whether the complaint was of a grower/processor or dispensary, 3) region of the state, and 4) reason for the complaint.
 - Reviewed the selected complaints to determine BMM staff did the following:
 - Reviewed the complaint forms and followed up with the complainant, when necessary.
 - Determined if an on-site facility visit was necessary. If a visit was necessary, management approved a facility inspection plan prior to the on-site inspection.
 - Ensured that evidence, and other documentation including a summary of the steps taken, findings, and conclusions from the inspections were retained.
 - Management reviewed the evidence and summary of the inspection and documented their agreement or disagreement with the conclusions.
 - Verify that the outcomes of complaint investigations were recorded on the Complaint Log.
 - Determined if NODs, POCs, or Enforcement Actions were required, the processes were completed timely.
[Principles 8, 10, 12, 13, 15, 16]

Data Reliability

Government Auditing Standards require us to assess the sufficiency and appropriateness of computer-processed information that we used to support our findings, conclusions, and recommendations. The assessment of the sufficiency and appropriateness of computer-processed information includes considerations regarding the completeness and accuracy of the data for the intended purposes.⁷⁹

⁷⁹ U.S. Government Accountability Office. *Government Auditing Standards*. 2018 Revisions. Technical Update April 2021. Paragraph 8.98.

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In performing this audit, we used BMM data from its Master Permittee Log, Complaints Log and the BMM Access Database, and other data maintained on BMM's Microsoft SharePoint database in support of BMM's oversight of the inspection and complaint process.

In addition to the procedures described in the remainder of this section, as part of our overall process in obtaining assurance of the reliability of computer processed information and data files, we obtained a management representation letter from DOH. This letter, signed by DOH, included a confirmation statement indicating the information and data provided to us had not been altered and was a complete and accurate duplication of the data from its original source.

To assess the completeness and accuracy of the grower processor and dispensary populations, we performed the following audit procedures:

- For growers/processors, we compared the Master Permittee Log provided by BMM which included all grower/processors with active permits between January 1, 2024, and December 31, 2024, to a copy of BMM's database listing all inspections of each grower/processor. We ensured the facility names of the grower/processors on the Master Permittee Log agreed to the facility names in BMM's inspection database, with no exceptions noted.
- For dispensaries, we compared the Master Permittee Log provided by BMM which included all dispensaries that had active permits between January 1, 2024, and December 31, 2024, to a copy of BMM's database listing all inspections of each dispensary, as well as to a list from DOH's website of all opened dispensaries as of December 31, 2024. We ensured the facility name of the dispensaries on the Master Permittee Log agreed to the facility names on BMM's database and DOH's website, with no exceptions noted.

In accordance with *Government Auditing Standards*, we concluded the population data for grower/processors and dispensaries for the period January 1, 2024, through December 31, 2024, to be sufficiently reliable regarding completeness and accuracy for the purposes of this engagement.

To assess the completeness and accuracy of the population of complaints, we performed the following procedures:

- BMM provided a Microsoft Excel spreadsheet which included complaints submitted to DOH about grower/processor medical marijuana organizations during our audit period beginning January 1, 2024, through December 31, 2024. However, we were not able to determine the completeness of the population of complaints, because there is no independent source against which the data can be compared. Additionally, the complaints are manually logged into the Excel spreadsheet and are not automatically assigned a sequential number when input.

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Based on the above procedures, although we were unable to ascertain the completeness of the data, this was the best data available. In accordance with the *Government Auditing Standards*, we concluded the BMM complaint population for the period January 1, 2024, through December 31, 2024, is of undetermined reliability regarding completeness and accuracy for the purposes of this engagement. Although this determination may affect the precision of the numbers we present, there is sufficient evidence in total to support our findings, conclusions, and recommendations regarding our evaluation of BMM's complaint processes and procedures.

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Appendix B

List of Serious Medical Conditions

As discussed in the *Introduction and Background*, Pennsylvania residents who have a serious medical condition as certified by an approved practitioner are considered medical marijuana patients according to the Medical Marijuana Act (Act).⁸⁰ Initially, the Act identified 17 serious medical conditions.⁸¹ The Act grants the Medical Marijuana Advisory Board the authority to make recommendations to add or reduce the types of serious medical conditions under the Act to the Department of Health (DOH) Secretary.⁸² If a condition is approved to be added as a serious medical condition, it will be published in the *Pennsylvania Bulletin*, as well as on DOH's publicly available website. As of May 29, 2026, the list of serious medical conditions under the Act has expanded to 24 and are listed below:⁸³

- Amyotrophic lateral sclerosis;
- Anxiety disorders;
- Autism;
- Cancer, including remission therapy;
- Chronic Hepatitis C;
- Crohn's disease;
- Damage to the nervous tissue of the central nervous system (brain-spinal cord) with objective neurological indication of intractable spasticity, and other associated neuropathies;
- Dyskinetic and spastic movement disorders;
- Epilepsy;
- Glaucoma;
- HIV/AIDS;
- Huntington's disease;
- Inflammatory bowel disease;
- Intractable seizures;
- Multiple sclerosis;
- Neurodegenerative diseases;
- Neuropathies;

⁸⁰ Act 16 of 2016, as amended.

⁸¹ 35 P.S. § 10231.103 (relating to Definitions), *see in particular*, the definition of "Serious Medical Conditions".

⁸² 35 P.S. § 10231.1201(j)(5)(ii) permitting the Medical Marijuana Advisory Board to make recommendations and findings as to "(ii) Whether to change, add or reduce the types of medical conditions which qualify as serious medical conditions under this act".

⁸³ 28 Pa. Code Chapter 1141a. General Provisions, Appendix A. Serious Medical Conditions. <https://www.pacodeandbulletin.gov/Display/pacode?file=/secure/pacode/data/028/chapter1141a/s1141a.appendixA.html&d=reduce> (accessed December 4, 2025) and also on the Department of Health's publicly accessible Internet website at: <https://www.pa.gov/agencies/health/programs/medical-marijuana/medical-marijuana-patients> (accessed August 6, 2025).

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- Opioid use disorder for which conventional therapeutic interventions are contraindicated or ineffective, or for which adjunctive therapy is indicated in combination with primary therapeutic interventions;
- Parkinson's disease;
- Post-traumatic stress disorder;
- Severe chronic or intractable pain of neuropathic origin or severe chronic or intractable pain;
- Sickle cell anemia;
- Terminal illness; and
- Tourette syndrome.

In addition to the medical conditions listed above, there are two serious medical conditions under the Act that are limited to Chapter 20 research purposes only:⁸⁴

- Moderate to severe traumatic brain injury (TBI) with chronic symptoms;
- Type II diabetes mellitus.

⁸⁴ 55 Pa Bulletin 3074 (April 26, 2025).

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Appendix C

Distribution List

This audit report was distributed to the following individuals:

The Honorable Josh Shapiro
Governor

The Honorable Dr. Debra L. Bogen
Secretary
Pennsylvania Department of Health

Ms. Laura Mentch, RPh, MBA
Bureau Director
Pennsylvania Department of Health
Bureau of Medical Marijuana

Ms. J. Diane Brannon-Nordtomme
Deputy Director
Pennsylvania Department of Health
Bureau of Medical Marijuana

The Honorable Scott Martin
Senate Majority Appropriations Chair
Pennsylvania Senate

The Honorable Vincent Hughes
Senate Minority Appropriations Chair
Pennsylvania Senate

The Honorable Jordan Harris
House Majority Appropriations Chair
Pennsylvania House of Representatives

The Honorable James Struzzi
House Minority Appropriations Chair
Pennsylvania House of Representatives

The Honorable Kim Ward
President Pro-Tempore
Pennsylvania Senate

The Honorable Joanna McClinton
Speaker of the House
Pennsylvania House of Representatives

The Honorable Matt Bradford
House Majority Leader
Pennsylvania House of Representatives

The Honorable Jesse Topper
House Minority Leader
Pennsylvania House of Representatives

The Honorable Joe Pittman
Senate Majority Leader
Pennsylvania Senate

The Honorable Jay Costa
Senate Minority Leader
Pennsylvania Senate

The Honorable Dan Frankel
House Majority Health Chair
Pennsylvania House of Representatives

The Honorable Kathy Rapp
House Minority Health Chair
Pennsylvania House of Representatives

The Honorable Michele Brooks
Senate Majority Health and Human Services
Chair
Pennsylvania Senate

A Performance Audit

Pennsylvania Department of Health Medical Marijuana Program

The Honorable Arthur Haywood
Senate Minority Health and Human Services
Chair
Pennsylvania Senate

The Honorable Zachary Reber
Secretary of the Budget
Office of the Budget

The Honorable Stacy Garrity
State Treasurer
Pennsylvania Treasury Department

The Honorable Dave Sunday
Attorney General
Office of the Attorney General

The Honorable Neil Weaver
Secretary of Administration
Office of Administration

Mr. William Canfield
Director
Bureau of Audits
Office of Comptroller Operations

Mr. Patrick Frownfelter
Library Technician
State Library of Pennsylvania

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