

2023-116 AUDIT SCOPE AND OBJECTIVES
Local Government—Cannabis Licensing

The audit by the California State Auditor will provide independently developed and verified information related to local government cannabis licensing. The audit's scope will include, but not be limited to, the following activities:

1. Review and evaluate the laws, rules, and regulations significant to the audit objectives.
2. Using available information regarding permitted commercial cannabis activity in cities and counties throughout the State, as well as other relevant criteria, select six local governments for review.
3. For the selected local governments, determine whether:
 - (a) Cannabis business licensing and permitting policies and procedures are in place and clearly communicated to the public and potential licensees.
 - (b) These policies and procedures comply with relevant state and local laws and regulations.
 - (c) Local governments take reasonable steps to ensure fairness and prevent conflicts of interest, abuse, and favoritism.
4. For a selection of local licenses at each of the six governments, determine whether the government followed its policies and procedures when issuing the local licenses.
5. Assess the benefits and challenges of different processes for selecting individuals and businesses and awarding local licenses, and evaluate whether some selection processes are structurally more susceptible to corruption.
6. Review and assess any other issues that are significant to the audit.