



FLORIDA DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES COMMISSIONER WILTON SIMPSON

DATE: April 11, 2024 [JLAC Received 4.11.2024](#)
TO: Wilton Simpson, Commissioner
FROM: Angela H. Roddenberry, Inspector General
SUBJECT: Six-Month Status Report for Auditor General Report No. 2024-021: Department of Agriculture and Consumer Services – State Hemp Program

In accordance with Section 20.055(6)(h), Florida Statutes, the Office of Inspector General is submitting the 6-Month Status of Corrective Actions Taken for Auditor General Report No. 2024-02 : Department of Agriculture and Consumer Services – State Hemp Program. This report details the status of each audit recommendation as reported to us by division management.

If you have any questions, please contact me at (850) 245-1360 or Angela.Roddenberry@fdacs.gov.

Enclosure

cc: Kathy Mears, Assistant Commissioner
Steven Hall, Assistant Deputy Commissioner
Kelley Boree, Deputy Commissioner of Environmental Services
Trevor Smith, Director of Plant Industry
Bryan Benson, Operations and Program Manager for Plant Industry
Joint Legislative Auditing Committee

Six-Month Status of Corrective Actions Auditor General Report No. 2024-021, Department of Agriculture and Consumer Services – State Hemp Program	
Finding 1:	<p><u>License Denials</u></p> <p>The Florida Department of Agriculture and Consumer Services (Department) sometimes denied hemp cultivation licenses without valid cause.</p>
Recommendation:	<p>We recommend that Department management enhance hemp cultivation licensing processes to ensure that both initial and renewal license applications are appropriately evaluated against the applicable requirements.</p>
Report Response:	<p>We concur. The Division of Plant Industry’s permitting team reviews all applications submitted against applicable requirements before license issuance or renewal. The Department is working through the rule-making process to clarify the hemp cultivation license requirements. We will ensure that hemp cultivation denials are documented with a valid cause.</p>
6-Month Response:	<p>In response to license denials, 13 denials (3%) of 401 denials to date were identified to not have been appropriately rejected based on department rules. Our newly developed permitting team reached out repeatedly by phone and email making efforts to explain problems to applicants or assist with approval prior to denial. In most cases, this process was successful.</p> <p>The Division of Plant Industry has coordinated with the Division of Licensing based on October 2021 rule revision to approve hemp license background checks based on prior year submission. This action meets the requirements in the current rules. Rule revisions have been submitted to the Department. In addition, the Division of Plant Industry Permitting team will maintain complete records of all licensing decisions made, including correspondence with applicants.</p>
6-Month Status:	<p>Management for the Division of Plant Industry reports that corrective action is complete.</p>
Finding 2:	<p><u>Error and Omission Letters</u></p> <p>The Department did not always timely notify hemp cultivation license applicants of apparent errors and omissions or retain records of such communications.</p>

Recommendation:	We recommend that Department management enhance controls to ensure that hemp cultivation license applications are timely examined, applicants are notified of apparent errors and omissions in accordance with State law, and records of such communications are retained in Department records.
Report Response:	We concur. The Division of Plant Industry (Division) documents communication and attempts to communicate with applicants in the notes section of the online application. The Department will ensure that sufficient error and omission documentation is maintained.
6-Month Response:	<p>The Department received 2,037 applications and the audit revealed that 17 (less than 1%) were not reviewed timely. It was also revealed that 16 of these were delayed due to the applicant submitting invalid out-of-date information. Most of these situations caused delays in order for the Division of Plant Industry to provide individual customer service to applicants. For 99% of the applications, this process was successful.</p> <p>The Division of Plant Industry Permitting team has revised reviewing application protocols to document timely examination of the application in the notes section of the online application. The Department will continue to notify applicants of apparent errors and omissions in accordance with State law and retain in Department records.</p>
6-Month Status:	Management for the Division of Plant Industry reports that corrective action is complete.

Finding 3:	<p><u>Records Retention</u></p> <p>The Department did not always retain documentation evidencing the basis for Department hemp cultivation licensing decisions, the proper inspection of licensees, or the appropriate approval and oversight of industrial hemp pilot projects.</p>
Recommendation:	We recommend that Department management enhance controls to ensure that adequate records of licensing and oversight activities for the State Hemp Program and industrial hemp pilot projects are maintained in accordance with State law and the records retention schedule.
Report Response:	We concur. The Division of Plant Industry will enhance controls to ensure that adequate records are maintained of licensing and oversight activities. The Department is working through the rule-making process to incorporate the hemp pilot projects into the State Hemp Program.

6-Month Response:	<p>The Bureau of Plant and Apiary Inspection has inspectors statewide and conducted over 200 inspections around the state at sites under compliance with the industrial hemp pilot projects. Most inspections were associated with an import inspection of plants or seeds received from outside the state. During this period the Department made numerous visits to pilot locations and identified no additional containment measures being required. The audit reported that 2 of the 95 approved industrial hemp pilot projects did not include proof that the landowner provided written permission to utilize their land for research. This information was provided to the University and will be provided with any future applications. The inspection of transport containment apparatus under the pilot program was not recorded during inspection due to the lack of plant movement and no obvious issues of noncompliance. In addition, there were no notifications as indicated in rule from approved pilot program participants of intent to move hemp or requesting a site visit.</p> <p>Since the Department started the State Hemp Program, over 4,400 inspections have been conducted. As a new program for our inspectors, additional inspection protocols were developed. Inspectors now have a mobile app to accurately record inspection data. In response to the 10 inspections that were missing forms, the mobile app and inspector training have resolved this issue. Inspection activities are properly documented, and records are maintained in accordance with State law.</p>
6-Month Status:	Management for the Division of Plant Industry reports that corrective action is complete.

Finding 4:	<p><u>Service Organization Controls</u> The Department contracted with a service organization to provide information technology (IT) services for the online hemp cultivation license application. However, the Department did not take steps to reasonably ensure that service organization controls relevant to the IT services performed on behalf of the Department were suitably designed and operating effectively.</p>
Recommendation:	We recommend that Department management make or obtain independent and periodic assessments of the effectiveness of the service organization’s relevant internal controls.
Report Response:	We concur. The Division of Plant Industry routinely communicates with the vendor and reviews the information contained in the application. The Department will require independent and periodic assessments of the effectiveness of the service organization’s relevant internal controls.

6-Month Response:	The Department's agreements with the IT service provider were updated to include a provision that requires the service organization to provide the Department's Information Security Office with a service auditor's report that assesses the effectiveness of the service provider's relevant internal controls. Eric Brown, Director of the Office of Agriculture Technology Services, has confirmed the language used in the Department's renewal contract with the IT service provider includes the periodic assessments of internal controls.
6-Month Status:	Management for the Division of Plant Industry reports that corrective action is complete.