

New Hampshire Liquor Commission
Division of Enforcement and Licensing
 Performance Audit
 Corrective Action Plan
 August 26, 2021

Key: **Bold text** – Changes since last update
 Gray text – Completed Items
Completion dates are underlined

Performance Audit
Audit Period: FY 2018 – FY 2019
(Jul 1, 2017 – Jun 30, 2019)

Completion Status:		Original Status	
Open	* 25	34	} 70% } 86%
Partial	** 27	45	
Substantial	*** 20	17	
Full	**** 103	79	
Total Action Items		175	

Obs #	Observation Title	Recommendations	Action Item	Due Date	Completion Status	Comments
Management						
1	Improve the Operating Environment and Organizational Culture	Commission management improve Division operating environment and organizational culture; ensure culture supports effective management control; develop a relevant strategy and plans; determine the most efficient way to ensure effective control; ensure uncontrolled processes and practices are adequately controlled; ensure existing controls are effective; objectively	1) Review 2020-2025 Strategic Plan: a) ensure goals align with statutory duties b) develop measurable outcomes/objectives to enable performance to be assessed c) identify risks that could impede achievement of objectives d) develop, document and implement controls to mitigate those risks	1) Mar 2022	**	Risk Management Program is in development, including training for staff.

		<p>determine whether obtaining national law enforcement agency accreditation will efficiently and effectively enhance Division- wide management controls and help ensure expected outcomes are achieved; and ensure Division management demonstrates the importance of controls.</p> <p>Division management improve the environment and culture; refine an environment and culture supportive of effective management control; develop formal, comprehensive controls; pursue accreditation only if it is objectively demonstrated to be the most efficient means to implement, operate, and monitor an effective system of management control that produces expected outcomes; develop comprehensive standard operating procedures (SOP); and develop strategy, plans, and measures to ensure</p>	<p>2) Formal Internal Audit Unit to systematize process of ongoing review, assessment and reporting</p>	<p>2) Aug 2021</p>	<p>***</p>	<p>Reallocating a position from section currently dedicated to inventory-based audit and adding (reclassifying) a position to establish the program. Reclassification submission is with NH Div. of Personnel. Awaiting approval. 5/2021 - Reclassification submitted to NH Div. of Personnel 8/18/21 – G&C approval 8/24/21 – Final approval from DOP to post the position</p>
		<p>develop formal, comprehensive controls; pursue accreditation only if it is objectively demonstrated to be the most efficient means to implement, operate, and monitor an effective system of management control that produces expected outcomes; develop comprehensive standard operating procedures (SOP); and develop strategy, plans, and measures to ensure</p>	<p>3) Written, objective justification for CALEA accreditation for the Division</p>	<p>3) Complete</p>	<p>****</p>	<p><u>03/10/2021</u></p>
		<p>develop comprehensive standard operating procedures (SOP); and develop strategy, plans, and measures to ensure</p>	<p>4) SOPs a) Review/revise SOPs for consistency with statutes and rules b) Further review/revise following Strategy/Plan (see (1) above) to ensure SOPs align with objectives</p>	<p>4a) Jul 2021 b) Jun 2022</p>	<p>**** *</p>	<p>4/2021 – Completed review of all SOPs as part of CALEA accreditation process (see A-114 Accreditation Maintenance)</p>

		effective control and achievement of expected outcomes.				
2	Improve Controls Over Strategic Management and Planning	<p>Commission management improve strategy and planning; develop a risk-based, data-informed strategy and supporting plans to ensure expected outcomes are achieved; include measurable goals, objectives, targets, and timelines; ensure the Division implements complimentary strategies and plans; incorporate timely resolution of current and prior audit findings; monitor performance; and publicly report on performance and achievement of expected outcomes.</p> <p>Division management improve strategy and plans; develop a strategy and plans to</p>	<p>1) Review 2020-2025 Strategic Plan to:</p> <p>a) ensure goals align with statutory duties</p> <p>b) develop measurable outcomes/objectives to enable performance to be assessed</p> <p>c) identify risks that could impede achievement of objectives</p> <p>d) develop, document and implement controls to mitigate those risks</p>	Mar 2022	**	Risk Management Program is in development, including training for staff.
			<p>2) Formal Internal Audit Unit to systematize process of ongoing review, assessment and reporting</p>	Aug 2021	***	<p>Reallocating a position from section currently dedicated to inventory-based audit and adding (reclassifying) a position to establish the program. Reclassification submission is with NH Div. of Personnel. Awaiting approval.</p> <p>5/2021 - Reclassification submitted to NH Div. of Personnel</p>

		operationalize Commission strategy and plans; fully implement updated planning SOPs; ensure subordinate elements conform to strategy, plans, and SOPs; tie staff performance measures to organizational performance; and monitor and report publicly on performance and achievement of expected outcomes.				8/18/21 – G&C approval 8/24/21 – Final approval from DOP to post the position
			3) Ensure personnel performance evaluations incorporate objectives	Mar 2022	**	<u>11/24/2020</u> Design complete. Implement over course of year as employees become due for evaluation. 55% complete.
			4) Monitor and report publicly on performance	Jun 2021 Rpt. to Leg. Sep 2021 update TranspNH	****	<u>01/2019</u> Monthly and Weekly Activity Reports (internal) established; <u>04/06/2021</u> Monthly Activity Reports posted on website; <u>04/2020</u> Annual Revenue Report posted on website. <u>03/18/2021</u> Remediation Plan sent to DAS for posting on TransparentNH in accordance with Exec. Order 2014-03; 8/26/21 - subsequent semiannual status update sent to DAS for posting on TransparentNH (ongoing) <u>03/19/2021 (ongoing)</u> Report monthly to Fiscal Committee. 6/30/21 – Quarterly report to legislature (ongoing) (N.H.H. Jour., p.32 (01/03/2018) (see also Action Item (2) of Obs. 38).

3	Improve Controls Over Risk Management	<p>Commission management improve risk management; develop a comprehensive risk management policy and processes tied to strategy and plans; implement, monitor, and refine SOPs; develop risk tolerances; recognize, evaluate, and effectively respond to risks affecting achievement of expected outcomes; and regularly reviews and addresses changing risks.</p> <p>Division management improve risk management; adapt and implement the Commission's risk management policies and practices; develop holistic strategic, operational, and tactical risk management SOPs and ensure other SOPs manage risk; and discontinue relying on informal, qualitative, intuition-based, tactical level risk management.</p>	<p>1) Review 2020-2025 Strategic Plan to:</p> <p>a) ensure goals align with statutory duties</p> <p>b) develop measurable outcomes/objectives to enable performance to be assessed</p> <p>c) identify risks that could impede achievement of objectives</p> <p>d) develop, document and implement controls to mitigate those risks</p>	Mar 2022	**	Risk Management Program is in development, including training for staff.
			<p>2) Develop and implement risk management policy</p>	Mar 2022	**	Risk Management Program is in development, including training for staff.
			<p>3) Formal Internal Audit Unit to systematize process of ongoing review, assessment and reporting</p>	Aug 2021	***	<p>Reallocating a position from section currently dedicated to inventory-based audit and adding (reclassifying) a position to establish the program. Reclassification submission is with NH Div. of Personnel. Awaiting approval.</p> <p>5/2021 - Reclassification submitted to NH Div. of Personnel</p> <p>8/18/21 – G&C approval</p> <p>8/24/21 – Final approval from DOP to post the position</p>

4	Develop a System of Control to Ensure Timely and Durable Remediation of Audit Findings	<p>Commission management improve remediation of prior audit findings; improve transparency; comply with Executive Orders to post remedial action plans and semiannual progress reports for each audit; develop and implement policy and procedures to durably remediate audit findings; and incorporate audit resolution processes into strategy and plans.</p> <p>Division management improve remediation of prior audit findings; develop a strategy and resourced, time-phased plan to timely remediate audit findings; monitor remediation to ensure effectiveness and durability; and publicly report on plan execution</p>	1) Formal Internal Audit Unit to systematize process of ongoing review, assessment and reporting	Aug 2021	***	<p>Reallocating a position from section currently dedicated to inventory-based audit and adding (reclassifying) a position to establish the program. Reclassification submission is with NH Div. of Personnel. Awaiting approval.</p> <p>5/2021 - Reclassification submitted to NH Div. of Personnel</p> <p>8/18/21 – G&C approval</p> <p>8/24/21 – Final approval from DOP to post the position</p>
			2) Report on plan and remediation of audit findings	Mar 2021 Plan Posting Complete Sep 2021 update TranspNH	****	<p><u>03/18/2021</u> Remediation Plan sent to DAS for posting on TransparentNH in accordance with Exec. Order 2014-03;</p> <p><u>8/26/21</u> - subsequent semiannual status update sent to DAS for posting to TransparentNH (ongoing)</p> <p><u>03/19/2021</u> (ongoing) Report monthly to Fiscal Committee.</p>
5	Improve Controls Over Check and Cash Management	Commission management durably remediate deficiencies in cash and	1) Revise and implement SOP compliant with statute and state policy	Complete	****	<u>03/10/2021</u> A-143 Payment Control.

		<p>check processing; centralize payment processing; segregate business office and operational duties; and implement an SOP compliant with statute and State policy.</p> <p>Division management develop and improve a single Division-wide cash and check handling SOP compliant with statute, State policy, and revised Commission SOP.</p>	2) Implement centralized payment processing procedures	Sep 2021	***	<p>The plan is to use two part-time positions to implement the centralization and segregate duties. Recruitment has been underway for some time to fill the positions.</p> <p>Evaluating work flow; gathering data during high check volume periods to determine resource needs and reallocate resources based on data evaluation</p>
6	Improve Controls Over the Statutory and Regulatory Framework	<p>Commission management improve controls over the statutory and regulatory framework; seek legislative changes to simplify the statutory framework; develop and implement a simplified regulatory framework; ensure the Division suggests changes to statute and requests changes to rules; develop a controlling SOP; monitor compliance; and</p>	1) Review/revise SOPs for compliance with statute and rule	Complete	****	<p><u>11/03/2020</u> A-144 Compliance Accountability Response Team;</p> <p><u>03/26/2019</u> O-161 Public Information</p>
			2) Update rules	<p>Liq 1100s</p> <p>Liq 700s</p> <p>Liq 900s</p> <p>Liq 500s</p> <p>Liq 600s</p>	<p>****</p> <p>****</p> <p>*****</p> <p>**</p> <p>*</p>	<p><u>12/27/2019</u></p> <p><u>09/23/2020</u></p> <p><u>6/28/21</u></p> <p>In drafting stage</p> <p>Beginning drafting</p>
			3) Draft/implement SOP for periodic review of statutes, rules and practices	Oct 2021	*	

		<p>periodically report on performance.</p> <p>Division management improve controls over the statutory and regulatory framework; include a relevant element in strategy and plans; review practices and internal forms; identify and recommend changes to simplify the statutory and regulatory framework; implement simplified statutes, rules, SOPs, procedures and internal forms; and periodically report on performance</p>	<p>4) Consider and recommend legislation to simplify regulatory framework</p>	Dec 2023	*	
			<p>5) Periodic reporting on performance</p>	Jun 2021 Complete	****	<p><u>01/2019</u> Monthly and Weekly Activity Reports (internal) established;</p> <p><u>04/06/2021</u> Monthly Activity Reports posted on website;</p> <p><u>04/2020</u> Annual Revenue Report posted on website. See O-161 Public Information; S-107 Crime Analyst.</p>
7	Improve Compliance With the Administrative Procedure Act (APA)	<p>Commission management comply with the APA; develop, implement, and monitor an SOP to ensure <i>Act</i> compliance; discontinue ad hoc rulemaking; ensure declaratory rulings and other general requirements binding on the public are adopted in rules; ensure external forms comply with the <i>Act</i> and corresponding rules; and adopt required rules.</p>	<p>Draft/implement SOP to govern internal rulemaking procedures, including:</p> <p>a) regular, periodic review of SOP and practices relative to rules and statute</p> <p>b) requesting legal unit to initiate rulemaking</p> <p>c) processing external requests for rulemaking</p> <p>d) declaratory rulings</p>	Oct 2021	**	
			<p>Develop/implement training on rules to prevent ad hoc rulemaking</p>	Sep 2021	***	<p>First training session scheduled August 31 with senior management and command staff. Trainings with remainder of Enforcement and HQ</p>

		<p>Division management ensure practice complies with laws and rules; discontinue ad hoc rule-making; develop and implement SOPs to ensure <i>Act</i> compliance; ensure organizational culture focuses on statutory compliance; review and identify practices affecting the public, and seek to codify them into properly adopted rules and external forms; review and minimize the external forms inventory; and monitor compliance and periodically report on performance</p>				<p>administrative staff will occur Sept-Oct. Training has been developed. Currently in draft form pending review. Rules training is outlined and in development.</p>
8	<p>Improve Controls Over Internal Procedure Documents</p>	<p>Division management improve management of SOPs; develop a relevant strategy and plans; ensure procedural documents are needed, accurate, internally and externally consistent, and conform to law and rules; ensure operations rely on SOPs; ensure the SOP managing policy and procedure ensures compliance, efficiency, consistency,</p>	<p>Draft/implement managing SOP for periodic review of SOPs, including: a) alignment with strategy/plan objectives b) compliance with statute and rules</p>	Dec 2021	*	<p><u>07/15/2020</u> A-114 Accreditation Maintenance</p>

		accuracy, and effectiveness of SOPs; ensure forms are codified in SOPs; and divest the Division from unneeded procedural documents and forms				
9	Improve Controls Over the Division's Organizational Structure	Commission management improve control over the Division's organization; develop related rules; and either provide formal delegations of Commission authority exercised by staff or retain authority the Commission does not wish to delegate	1) Analyze, including risk assessment, of Division organizational structure	Mar 2022	**	Component of Action Item (1) of Obs. 1. Risk Management Program is in development, including training for staff.
			2) Update organizational rules	Jun 2022	*	
		Division management improve controls over its organization; conduct analyses and risk assessments to optimize its organization; periodically publish accurate organizational charts; rationalize, implement, and timely update SOPs and supplemental job descriptions (SJD); and ensure conformity to delegations of Commission authority	3) Ensure delegations of authority formally documented	Complete	****	<u>02/23/2021</u> A-101 Agency Role & Authority
			4) SOP to document organization and authority	Complete	****	<u>02/23/2021</u> A-101 Agency Role and Authority; <u>05/04/2020</u> A-102 Agency Structure; <u>11/24/2020</u> P-260 Performance Evaluations;

						<p><u>07/08/2020</u> P-201 Job Descriptions and Classification;</p> <p><u>06/25/2020</u> P-259 Personnel Early Warning System</p>
10	Ensure Proper Control	<p>Commission management exercise oversight of Division performance in ensuring proper control</p> <p>Division management ensure proper control; implement a performance management system tied to proper control; develop a resourced, time- phased plan to ensure control outcomes; revise SOPs, including performance measurement requirements in contracts and grants; and monitor and regularly report on proper control outcomes</p>	1) Update/implement controlling Strategy and Plan	Mar 2022	**	See Action Item (1) of Obs. 1. Risk Management Program is in development, including training for staff.
			2) Revise SOPs as necessary based on updated outcomes in Strategy/Plan	Jul 2022	*	
			3) Develop/implement SOP for grants and contract management	Complete	****	<u>03/04/2021</u> S-112 Grant Management
			4) Regularly monitor and report on outcomes	Jun 2021 Complete	****	<p><u>01/2019</u> Monthly and Weekly Activity Reports (internal) established;</p> <p><u>04/06/2021</u> Monthly Activity Reports posted on website; Monthly activity reports include survey results – begin posting on website 04/06/2021;</p> <p><u>04/2020</u> Annual Revenue Report posted on website.</p>

						See O-161 Public Information; S-107 Crime Analyst
11	Optimize Profitability	Commission management exercise oversight of Division performance and optimization of profitability.	1) Strategy/Plan – ensure performance criteria and outcomes for profit optimization	Mar 2022	**	
		Division management optimize profitability; implement a performance management system tied to optimization of profitability; develop a resourced, time-phased plan to reengineer operations to assure optimization of profitability; revise SOPs; and monitor and regularly report optimization of profitability.	2) Revise SOPs in accordance with updated strategy/plan	Jul 2022	*	
			3) Regularly monitor and report	Jun 2021 Complete	****	<u>01/2019</u> Monthly and Weekly Activity Reports (internal) established; <u>04/06/2021</u> Monthly Activity Reports posted on website; <u>04/2020</u> Annual Revenue Report posted on website. See O-161 Public Information; S-107 Crime Analyst; Annual revenue report (internal)
12	Provide Good Customer Service	Commission management exercise oversight of Division performance and provision of good customer service	1) Strategy/Plan – ensure performance criteria and outcomes for customer service	Mar 2022	**	
		Division management provide good customer	2) Revise SOPs in accordance with updated strategy/plan	Jul 2022	*	

		service; implement a performance management system tied to a customer service strategy; develop a resourced, time-phased plan to reengineer operations to assure provision of good customer service; revise SOPs; collect comprehensive customer satisfaction data; and monitor and regularly report on customer service quality	3) Collect customer satisfaction data	Complete (ongoing)	****	<u>11/2020</u> Implemented customer satisfaction surveys.
			4) Regularly monitor and report	Jun 2021 Complete	****	<u>01/2019</u> Monthly and Weekly Activity Reports (internal) established; <u>04/06/2021</u> Monthly Activity Reports posted on website (include survey results); <u>04/2020</u> Annual Revenue Report posted on website. See also A-137 Training Seminars, A-141 Spec. Serv. Unit Community Involvement, A-140 Direct Shipper Program, A-139 Monthly Taxes and Auditing Unit.
13	Improve Controls Over Personnel Management	Commission management ensure the Division develops controls over personnel management to achieve expected outcomes and annually evaluate the Director Division management improve management of personnel performance; develop a related strategy and plans; ensure staff receive required performance	1) Develop/implement SOPs for performance management and evaluations	Complete	****	<u>02/23/2021</u> A-101 Agency Role and Authority; <u>05/4/2020</u> A-102 Agency Structure; <u>11/24/2020</u> P-260 Performance Evaluations; <u>07/08/2020</u> P-201 Job Descriptions and Classification.
			2) Ensure personnel performance evaluations incorporate objectives	Mar 2022	***	<u>11/24/2020</u> Design complete. Implement over course of year as employees

		evaluations; hold staff accountable for performance; revise SOPs and SJDs; and conduct analyses to determine optimal staff allocations, including the ratio of sworn to unsworn staff, and reallocate staff accordingly				become due for evaluation. 55% complete.
			3) Review staff allocation	Mar 2022	**	Component of Action Item (1) from Obs. 1; Staff reallocated to address audit report findings.
			4) Review and revise SJDs	Mar 2022	**	
14	Improve Controls Over External Communications	Commission management improve external knowledge management; report externally on operations biennially; comply with executive orders and report on audit remediation routinely; and ensure reliable, comprehensive operational information is regularly reported externally Division management improve external knowledge management; develop strategy and plans; conform to statute, executive orders, agreements, and other external communication requirements; implement and monitor SOPs; develop and	1) External reporting a) Audit remediation pursuant to Executive Order 2014-03 b) Plan for audit remediation to Joint Fiscal Committee c) quarterly reports to legislature on enforcement activity at unlicensed establishments	a) Mar 2021 Plan Posting Complete Sep 2021 update TranspNH b) Complete (ongoing) c) Jun 2021 (ongoing)	*** **** ***	a) <u>03/18/2021</u> Remediation Plan sent to DAS 03/18/2021 for posting on TransparentNH in accordance with Exec. Order 2014-03; subsequent semiannual status updates 8/26/21 - subsequent semiannual status update sent to DAS for posting on TransparentNH (ongoing) b) <u>03/2021</u> Plan complete; Report monthly to Fiscal Committee c) <u>6/30/21</u> – Quarterly report to legislature (ongoing) (N.H.H. Jour., p.32 (Jan. 3, 2018)) (see also Action Item (2) of Obs. 38).
			2) Strategy/Plan review – incorporate external reporting requirements	Mar 2022	**	See Action Item (1) of Obs. 1

		implement quarterly external reporting on enforcement activity at unlicensed establishments and provide it to the General Court; and obtain feedback from relevant stakeholders and the general public, using it to refine operations				
15	Improve Controls Over Internal Communications	Division management improve internal knowledge management; develop strategy and plans; optimize internal communications and supporting information technology (IT) systems; improve efficiency and effectiveness of internal communications, intelligence, and analysis; discontinue collection of data not supporting outcome achievement; develop comprehensive SOPs; and base decision-making on reliable data and objective analytics	Strategy/Plan – a) incorporate internal knowledge management b) review and revise	Complete Mar 2022	**** *	09/2020 Strategic Plan updated for 2020-2025 – incorporates internal communications – will also reevaluate as part of Action Item (1) of Obs. 1
			Evaluate/optimize IT systems to identify ways to optimize	Ongoing	**	See S-107 Data Analyst. Policy includes the recommendations and we have hired personnel into this role.
16	Improve Controls Over Records Management	Commission management provide adequate oversight and SOPs to ensure Division	Draft/implement process for Commission review and approval of Division SOPs	Sep 2021	***	Policy exists for Commission approval of policies and procedures –

		<p>records management practices efficiently comply with law</p> <p>Division management improve records management; comply with recordkeeping requirements and ensure adequate and proper documentation of the Division's functions, policies, decisions, procedures, and essential transactions; develop a strategy and plans; rationalize operations and inventory records to ensure each process is monitored; discontinue recordkeeping practices without a purpose; develop comprehensive SOPs; implement controls to ensure data reliability; and once revised controls consistently produce reliable records, establish a date after which data can be relied upon for decision-making</p>				in process of being updated. See C-101.
			Draft/implement recordkeeping SOP	Complete	****	<u>03/02/2021</u> A-110 Records and Field Reporting Management

17	Improve Controls Over Information Technology Systems Management	<p>Commission management ensure Division IT systems management efficiently and effectively helps achieve expected outcomes</p> <p>Division management improve IT system management; develop long- and short-term strategies and plans to efficiently and effectively automate business practices; integrate disparate databases and records into existing records management systems; develop comprehensive SOPs to adequately control systems, their use, and data quality; ensure data quality standards are continuously met; and train employees and monitor performance</p>	Draft/implement Division information technology plan	Mar 2022	**	
Licensing						
18	Improve Controls Over the Licensing Function	Commission management assess risk to determine how licensing requirements can achieve expected outcomes; seek legislative changes to	<p>1) Strategy/Plan –</p> <p>a) risk assessment of licensing requirements relative to expected outcomes</p> <p>b) develop/implement controls to mitigate risks</p>	Mar 2022	*	

	<p>the licensing construct; monitor Division licensing operations; and revise rules to reflect statute, comprehensively reflect requirements, and do not add undue complexity</p> <p>Division management improve controls over licensing; develop strategy and plans; develop comprehensive SOPs; involve non-licensing sections in licensing process only when necessary and efficient; simplify practices; tie employee performance to goals, objectives, and targets; and periodically report on performance</p>	2) Update/implement comprehensive SOPs	Complete	****	<u>03/2021</u> Note: Began <u>08/2019</u> and update/implementation process continued through 03/2021.
		3) Revise rules to reflect statutes and simplify practices	Complete	****	<u>09/23/2020</u> Licensing rules (Liq 700), including applications/forms, completely rewritten and adopted
		4) Consider legislative change to simplify framework	Complete	****	<u>5/24/21</u> Decision made to not pursue legislative changes around licensing at this time. Discussions regarding legislative changes to update and simplify statutory scheme underway.
		5) Ensure personnel performance evaluations incorporate objectives	Mar 2022	***	<u>11/24/2020</u> Design complete. Implement over course of year as employees become due for evaluation. 55% complete.
		6) Periodically report on performance	Jun 2021 Complete	****	<u>01/2019</u> Monthly and Weekly Activity Reports (internal) established; <u>04/06/2021</u> Monthly Activity Reports posted on website; <u>04/2020</u> Annual Revenue Report posted on website.

19	Improve Controls Over Initial Licensing	<p>Commission management improve initial licensing processes; simplify requirements; ensure requirements are codified in rule; develop rules for multiyear licenses; and ensure forms and guidance are correctly cited and adopted in rules</p> <p>Division management improve initial licensing processes; develop strategy and plans; optimize practices, including development of an online application process; discontinue ineffective practices; implement a comprehensive SOP; ensure practices include statutory and rule-based requirements; include multiyear licenses; optimize the utility of the existing licensing database management system; and measure and report on performance</p>	1) Improve initial licensing process: a) rules to codify and simplify requirements b) forms in rules c) online application process	Complete	****	<u>9/23/2020</u> Licensing rules (Liq 700), including simplifying requirements, new forms, and online application process, completely rewritten and adopted.
			2) Draft/implement comprehensive SOPs	Complete	****	<u>08/2020 – 03/09/21</u> A-119 Licensing Help Desk Development began 08/2020- Policy finalized 03/09/2021; <u>08/2020 – 03/12/2021</u> A-125 Licensing Procedures- Development began 08/2020- Policy finalized 03/12/2021 ; <u>03/10/2021</u> A-143 Payment Control Security
			3a) Utilize M-Lo to control automatic payments for license fees b) Plan for new RMS system to integrate with M-Lo	a) Complete b) Mar 2022	**** **	<u>09/2020</u> RFP in development.
			4) Measure performance	Complete	****	<u>11/2020</u> Implemented customer satisfaction surveys for all new and renewal license applicants. Survey data included in monthly activity report.
			5) Periodic reporting	Jun 2021 Complete	****	<u>01/2019</u> Monthly and Weekly Activity Reports (internal) established;

						<u>04/06/2021</u> Monthly Activity Reports posted on website; <u>04/2020</u> Annual Revenue Report posted on website.
20	Improve Controls Over Incomplete Annual License Applications	Division management improve controls over incomplete annual license applications; rationalization practices with statute and rules; revise the SOP and supporting forms; document all decisions; and consistently process pending applications	Draft/implement procedure for handling incomplete applications in SOP	Complete	****	<u>08/2020 – 03/12/2021</u> A-125 Licensing Procedures- Development began 08/2020- Policy finalized 03/12/2021.
21	Improve Controls Over Short-Duration Licenses	Commission management comply with statute and review, approve, or deny short-duration applications Division management improve short-duration license application processes; ensure timely notification to applicants; develop a comprehensive SOP; ensure consistent processing and documentation; and conduct examinations of licensees	1) Update rules	Complete	****	<u>09/23/2020</u> Liq 700s rewritten and adopted.
			2) Automate licensing process	Complete	****	<u>09/2020</u> Implemented electronic filing and online renewal process
			3) Draft/implement comprehensive SOPs	Complete	****	<u>008/2020 - 03/12/2021</u> A-125 Licensing Procedures- Development began 08/2020- Policy finalized 03/12/2021. <u>12/19/2019</u> - A-126 Premise Inspections- Procedure
22	Improve Controls Over Required Training	Commission management revise rules to accurately	1) Update rules	Complete	****	<u>09/23/2020</u> Liq 700s rewritten, including training requirements, and adopted.

		reflect statute and contain all training requirements imposed on licensees Division management improve required training practices; improve SOPs; revise SJDs to reflect all training responsibilities and performance measures; establish a relationship between training efforts and desired outcomes; understand trends between course failures and violations; establish return on investment for required training; obtain customer feedback; and monitor compliance				
			2) Draft/implement comprehensive SOPs	Complete	****	<u>08/2020 – 03/12/2021</u> A-125 Licensing Procedures- Development began 08/2020- Policy finalized 03/12/2021. <u>09/2019 – 03/09/2021</u> A-137 Facilitation of Training Seminars- Development began 09/2019- Policy Finalized 03/09/2021; <u>09/2019</u> A-141 Special Services Unit/ Community Involvement
			3) Revise training specialist SJDs	Complete	****	<u>03/2021</u> Implemented new SJDs
			4) Obtain customer feedback	Complete	****	<u>11/2020</u> - Implemented surveys to all persons who attend training
23	Improve Controls Over Seasonal Licenses	Division management determine whether seasonal licensure is cost beneficial when compared to alternatives, such as discontinuing the practice; seek necessary statutory and regulatory changes; ensure seasonal licensing inspection practices are risk-based and data-	Determine effectiveness/whether to continue seasonal licenses	Complete	****	<u>02/2020</u> Seasonal licenses provide opportunity for businesses in tourist communities to focus operations on peak seasons - will continue to offer (six month duration license)
			Revise/implement SOPs	Complete	****	<u>08/2020 – 03/12/2021</u> A-125 Licensing Procedures- Development began

		informed; focus seasonal licensing processes on compliance and achieving expected outcomes; implement refined SOPs; and improve efficiency				08/2020- Policy finalized 03/12/2021.
24	Improve Controls Over License Renewals	<p>The Commission improve controls over license renewals; comply with statute and review, approve, or deny renewal applications; ensure renewing applicants comply with law and rules; and revise rules</p> <p>Division management improve license renewal processes; ensure practices reflect statute and rule, and achieve outcomes; develop a comprehensive licensing SOP; establish performance targets; develop strategy and plans; ensure statutory and rule requirements are met; maximize the value of the existing licensing database management system; ensure renewal licenses are processed timely and consistently; and</p>	1) Update rules	Complete	****	<u>09/23/2020</u> Lic 700 revised and adopted.
			2) Automate renewal process	Complete	****	<u>09/2020</u> Implemented automated renewal notifications and online renewals
			3) Draft/implement SOP	Complete	****	<u>08/2020 – 03/12/2021</u> A-125 Licensing Procedures-Development began 08/2020- Policy finalized 03/12/2021.
			4) Maximize use of database	Complete	****	<u>09/2020</u> Licensees upload necessary documents into license management database (MLO).
			5) Conduct surveys of licensees and stakeholders	Complete	****	<u>11/2020</u> Survey results reviewed and reported weekly on website.

		regularly solicit input from licensees and stakeholders				
25	Improve Controls Over Annual License Expiration	Division management improve management of license expirations; ensure compliance with statute and rule; develop SOPs; ensure licensing and enforcement staff timely communicate; ensure data accuracy; and monitor and report on performance	1) Update rules	Complete	****	<u>09/23/2020</u> Liq 700s adopted.
			2) Develop/implement SOPs to ensure compliance with statute and rule	Complete	****	<u>08/2020 – 03/12/2021</u> A-125 Licensing Procedures-Development began 08/2020- Policy finalized 03/12/2021.
			3) Periodic reporting	Complete	****	On- going reporting of Monthly “did not renew” list; <u>01/2019</u> Monthly and Weekly Activity Reports (internal) established; <u>04/06/2021</u> Monthly Activity Reports posted on website; <u>04/2020</u> Annual Revenue Report posted on website.
26	Improve Controls Over Licensing-Related Petitions	Commission management revise and monitor licensing-related petition rules and ensure it approves or denies petitions Division management improve management of petitions; discontinue informal approvals;	1) Delegation from Chairman to Director of Enforcement to approve petitions	Complete	****	<u>03/2021</u> .
			2) Develop/implement SOPs	Complete	****	<u>08/2020 – 03/12/2021</u> A-125 Licensing Procedures-Development began 08/2020- Policy finalized 03/12/2021.

		develop strategy and plans to optimize practices; develop comprehensive SOPs; and ensure examinations are carried out or unenforced requirements are discontinued	3) Develop document to assist licensees with requesting authorization to use another area	Complete	****	<u>03/2021</u> On website.
Direct Shipper						
27	Improve Controls Over the Direct Shipper Program	Commission management monitor Direct Shipper Program (Program) operations and develop comprehensive Program rules Division management improve Program controls; develop strategy and plans; develop goals, objectives, and targets; develop comprehensive SOPs; measure performance; tie employee performance to Program performance; and periodically report on performance	1) Update/amend rules governing Direct Shipper program (Liq 1100)	Complete	****	<u>12/27/2019</u> Liq 1100 rules updated and adopted, eff.
			2) Develop/implement strategy, goals and measurable objectives	Dec 2021	**	See also Action Item (1) of Obs. 1.
			3) Document control processes in SOPs	Complete	****	<u>08/2019 – 03/09/21</u> A-140 Direct Shipping Procedures- Development began 08/2019- Policy finalized 03/09/2021.
			4) Ensure personnel performance evaluations incorporate objectives	March 2022	***	<u>11/24/2020</u> Design complete. Implement over course of year as employees become due for evaluation. 55% complete.
			5) Periodically report on performance	Jun 2021 Complete	****	<u>01/2019</u> Monthly and Weekly Activity Reports (internal) established; <u>04/06/2021</u> Monthly Activity Reports posted on website;

						<u>04/2020</u> Annual Revenue Report posted on website.
28	Ensure Proper Control of Directly Shipped Alcoholic Beverages	Commission management ensure proper control of direct shipments; amend rules; consider seeking amendment to statute to remove the 90 day unauthorized direct shipper limitation for unpermitted entities directly shipping into the State; and clarify whether New Hampshire-based licensees and international-based entities should be allowed to directly ship to consumers. Division management ensure the Program properly controls direct shipments; automate controls processes; prosecute noncompliant entities when necessary in concert with the Department of Justice; and ensure all carriers provide monthly reports on direct shipments and comply with requirements	1) Document control processes in SOPs	Complete	****	<u>08/2019 – 03/09/2021</u> A-140 Direct Shipping Procedures- Development began 08/2019- Policy finalized 03/09/2021.
			2) Review processes and amend as necessary to improve efficiency and effectiveness, including: a) potential for automation b) sanctions and prosecutions c) illegal shipments	Sep 2022	***	Following implementation of NextGen, plan for automating to standardize and enable cross reference of carrier and direct shipper reports. System design drafted and under review.
			3) Update/amend rules governing Direct Shipper program (Liq 1100)	Complete	****	<u>12/27/2019</u> Liq 1100 rules updated and adopted.
			4) Consider legislative changes: a) 90 day limitation on shipping from unpermitted entities b) NH and international entities	Dec 2021	***	Decision made to pursue removal of 90-day limitation and clarify NH and international entities. Discussions regarding legislative changes to update and simplify statutory scheme underway.
			5) Establish training for direct shippers and carriers	Complete	****	<u>09/2020</u> Implemented and available on website.

29	Establish Proper Control Over Pack and Ship Entities	Division management ensure pack and ship entities are permitted or licensed	Draft rules governing fulfillment houses (pack and ship entities)	Complete	****	<u>12/27/2019</u> Rules requiring reporting from fulfillment houses (Liq 1103.03) adopted.
30	Improve Controls Over Direct Shipments to Licensees	Commission management improve controls over direct shipments to licensees, determine which division should manage licensee direct shipments, and revise rules Management of the responsible division develop and implement a rule-compliant SOP; ensure comprehensive analysis of licensee and permittee compliance; simplify recordkeeping; and create performance and consistency measures	1) Amend rules to clarify management of direct shipments	Complete	****	<u>12/27/2019</u> Rules amended to reflect Enforcement Division manages licensee requests and approval process for direct shipments (Liq 1106) adopted.
			2) Comprehensive SOPs: a) document permitting controls, recordkeeping, performance measures b) provide for comprehensive analysis of permittee compliance	a) Complete b) Jun 2021 Complete	**** ****	a) <u>08/2019 – 03/09/2021</u> A-140 Direct Shipping Procedures- Development began 08/2019- Policy finalized 03/09/2021; b) <u>02/2019</u> - Monthly direct shipper report (internal data dashboard) complete. Incorporate data into monthly activity report <u>02/2019 – 4/6/21</u> Monthly Activity Reports posted on website .
31	Improve Controls Over Permitting	Commission management improve permitting controls; comply with statute and timely render permitting decisions; develop comprehensive rules; and seek amendment to	1) Comprehensive SOPs a) document permitting controls, recordkeeping, performance measures (including timeliness, consistency) b) provide for comprehensive analysis of permittee compliance	a) Complete b) Jun 2021 Complete	**** ****	a) <u>08/2019 – 03/09/21</u> A-140 Direct Shipping Procedures- Development began 08/2019- Policy finalized 03/09/2021. b) <u>02/20219</u> - Monthly direct shipper report (internal data dashboard) complete.

		statute to allow multiyear permits Division management improve permitting processes; comply with statute and rules; develop permitting timeliness, consistency, and disciplinary processes in SOPs; collect reliable data; and monitor and periodically report on compliance with requirements				Incorporate data into monthly activity report 02/2019.
			2) Consider legislative change for multiyear permits	Dec 2021	***	Decision to amend RSA 178:23 to remove multiyear license. Discussions regarding legislative changes to update and simplify statutory scheme underway.
			3) Periodically report on performance	Jun 2021 Complete	****	<u>02/2019</u> Monthly direct shipper report (internal data dashboard) complete. Incorporate data into monthly activity report 02/2019 <u>01/2019</u> Monthly and Weekly Activity Reports (internal) established; <u>4/6/21</u> Monthly Activity Reports posted on website; <u>04/2020</u> Annual Revenue Report posted on website.
32	Improve Controls to optimize Profitability of the Direct Shipper Program	Commission management optimize Program profitability; amend rules to require adequate data be	1) Amend rules to require adequate data from permittees	Complete	****	<u>12/27/2019</u> Liq 1100 rules amended to tighten monthly reporting requirements by permittees, and adopted.

		submitted; evaluate whether directly shipped products are offered in State liquor stores; restrict direct shipment of products sold in State liquor stores; and seek amendment to statute to allow direct shippers to file taxes annually and change rules to reflect revised statute	2) Comprehensive SOPs, including a) fines for noncompliance; b) ensure all entities pay required taxes; c) accepting and processing payments	Complete	****	<u>08/2019 – 03/09/2021</u> A-140 Direct Shipping Procedures- Development began 08/2019- Policy finalized 03/09/2021; <u>03/10/2021</u> A-143 Payment Control Security.
		Division management optimize Program profitability; develop strategy and plans; automate control processes; discontinue monthly requirements that are not cost effective; develop and implement SOPs; require all carriers provide monthly reports; and ensure all taxes are filed and examined	3) Strategy/Plan – ensure it incorporates profit optimization for Direct Shipper program	Dec 2021	*	See also Action Item (1) of Obs. 1
			4) Consider legislation to allow direct shippers to file taxes annually	Complete	****	<u>5/24/21</u> Decision to not pursue legislation to allow annual tax filings. Discussions regarding legislative changes to update and simplify statutory scheme underway.
Examinations						
33	Improve Controls Over the Examination Function	Commission management ensure examinations efficiently and effectively achieve expected outcomes and develop and implement rules covering all examination activities	1) Develop rules to govern examinations (Liq 500)	Mar 2022	**	Rules being drafted.
			2) Draft/implement SOP to control selection, scheduling, examining, review and recordkeeping	Complete	****	<u>08/2019 - 03/09/2021</u> A-139 Audit Department Procedure- Development began 08/2019- Policy Finalized on 03/09/2021.

		Division management improve examination-related controls; include examinations in strategy and plans; develop related goals, objectives, and targets; implement SOPs compliant with statute and rules; ensure recordkeeping practices comply with statute; tie employee performance to examination goals, objectives, and targets; and periodically report on performance				
			3) Ensure personnel performance evaluations incorporate objectives	Mar 2022	**	<u>11/24/2020</u> Design complete. Implement over course of year as employees become due for evaluation.
			4) Periodic reporting	Jun 2021 Complete	****	<p>Monthly audit statistics (internal) 05/2019;</p> <p><u>01/2019</u> Monthly and Weekly Activity Reports (internal) established;</p> <p><u>05/2019</u> Monthly audit statistics (internal);</p> <p><u>04/06/2021</u> Monthly Activity Reports posted on website;</p> <p><u>04/2020</u> Annual Revenue Report posted on website.</p>
34	Improve Controls Over Examinations to Ensure Proper Control	Division management ensure examination practices ensure proper control of alcoholic beverages; include examination priorities, frequency, and requirements into strategy and plans; ensure all license types comply with examination-related statutory and regulatory	Draft/implement SOP to control selection, scheduling, examining, review and recordkeeping	Complete	****	<u>08/2019 – 03/09/2021</u> A-139 Audit Department Procedure- Development began 08/2019- Policy Finalized on 03/09/2021.

		requirements; comply with recordkeeping requirements; and develop and implement SOPs				
35	Improve Controls Over Product, Package, and Container Approvals	<p>Commission management determine whether product, packaging, and container approvals contributed to achieving expected outcomes; seek legislative changes to remove insufficiently beneficial requirements from statute and remove related requirements from Division practice; seek legislative changes to add consistency to beneficial requirements; rationalize and combine duplicative processes; require all alcoholic beverages undergo approvals; require fees for all approvals or eliminate beer festival registration fees; and implement related rules</p> <p>Division management improve controls of product, package, and container approvals; develop strategy and plans; ensure processes</p>	1) Develop and implement SOPs	Complete	****	
			2) Standardize forms to improve efficiencies around review and approval process	Complete	****	09/2019 All product approval forms have been standardized, increasing efficiency of approval process (decreased processing time of each request from 35 min. to 17 min). Note: Further enhancement to automate process will be developed following completion of the NextGen project.
			3) Consider legislative change	Dec 2021	**	Discussions regarding legislative changes to update and simplify statutory scheme underway. Possibly will request legislative change to establish a fee for requesting product or packaging approvals.

		comply with statute and rules; and implement SOPs				
36	Improve Controls Over Examinations to Optimize Profitability	Commission management optimize examination function profitability; assess risks; seek amendment to statute to eliminate unenforced requirements and adjust the beverage tax rate; monitor and regularly report on revenues; develop risk-based rules; remove unenforced requirements from rules requirements; change tax filing dates to correspond to other Commission and State tax filing dates; and consider whether other State agencies could more efficiently collect alcoholic beverage-related taxes instead developing a Commission-unique online tax collection system Division management optimize examination function profitability; automate licensee tax filing, payment, and	1) Strategy/Plan – conduct risk assessment and establish outcome measures around profitability and efficiencies	Mar 2022	*	See Action Item (1) of Obs. 1
			2) Update rules, including simplifying reporting/filing requirements	Dec 2021	**	Rules being drafted (Liq 500)
			3) Automate examination and tax filing process	Sep 2022	***	Following implementation of NextGen, plan for automating to standardize process. System design drafted and under review.
			4) Consider legislation regarding beverage tax rate and filing requirements	Dec 2021	****	8/17/21 Decision to not pursue adjustments to beverage tax rate and filing requirements Discussions regarding legislative changes to update and simplify statutory scheme underway.

		examining processes; discontinue monthly filing requirements and migrate smaller entities to less frequent filings and examinations; and develop policies and procedures to provide quality control of examinations				
Enforcement						
37	Improve Controls Over the Enforcement Function	<p>Commission management improve enforcement function controls; monitor Division enforcement operations to ensure expected outcomes are achieved; and develop comprehensive enforcement rules</p> <p>Division management improve enforcement controls; demonstrate enforcement operations achieve expected outcomes; develop goals, objectives, and targets tied to expected outcomes; develop comprehensive SOPs; measure performance; manage data and employee performance; and</p>	<p>1) Strategy/Plan: a) ensure goals align with statutory duties b) ensure goals are supported by measurable outcomes/objectives to enable performance to be assessed c) identify risks that could impede achievement of objectives d) develop, document and implement controls to mitigate those risks</p> <p>2) Formal Internal Audit Unit to systematize process of ongoing review, assessment and reporting</p>	<p>Mar 2022</p> <p>Aug 2021</p>	<p>*</p> <p>***</p>	<p>Reallocating a position from section currently dedicated to inventory-based audit and adding (reclassifying) a position to establish the program. Reclassification submission is with NH Div. of Personnel. Awaiting approval.</p>

		periodically report on performance				5/2021 - Reclassification submitted to NH Div. of Personnel 8/18/21 – G&C approval 8/24/21 – Final approval from DOP to post the position
			3) Update rules	Liq 1100s Liq 700s Liq 900s Liq 500s Liq 600s	**** **** *** ** *	<u>12/27/2019</u> <u>09/23/2020</u> <u>6/28/21</u> In drafting stage Beginning drafting
			4) Draft/implement comprehensive SOPs	Complete	****	<u>02/23/2021</u> A-101 Agency Role and Authority; <u>05/04/2020</u> A-102 Agency Structure; <u>2018 – 03/06/2021</u> O-419 Administrative Action- Process development and changes in 2018 and 2019- Policy finalized 03/06/2021; <u>01/2019 – 03/02/2021</u> A-145 Complaint Processing Procedures- Substantial process changes 01/2019- Policy finalized 03/02/2021; <u>01/2019 – 03/04/2021</u> A-126 Premise Inspections- Substantial process

						changes/development- 01/2019- Policy finalized 03/04/2021; <u>01/2019 – 03/10/2021</u> A-121 Report Writing Procedures- Substantial process changes/development 01/2019- Policy finalized 03/10/2021.
			5) Measure performance	Complete	****	Supervisors – weekly review of investigator activity; <u>01/2019</u> Monthly and Weekly Activity Reports (internal) established; Monthly open case list review; Investigator annual evals; Annual review by unit of goals/objectives
			6) Periodically report on performance	Jun 2021	****	<u>01/2019</u> Monthly and Weekly Activity Reports (internal) established; <u>04/06/2021</u> Monthly Activity Reports posted on website; <u>6/30/21</u> – Quarterly report to legislature (ongoing) (see Obs. 38)
38	Discontinue Extra- jurisdictional and Ineffective Enforcement Actions	The Commission revise rules to accommodate activities that are within the scope of <i>Alcoholic Beverages</i> and	1) Implement comprehensive SOPs tied to statutes and rules	Complete	****	<u>02/23/2021</u> A-101 Agency Role and Authority; <u>05/04/2020</u> A-102 Agency Structure;

		<p>demonstrated to be cost effective</p> <p>Division management constrain enforcement activity to that allowed by statute and rule; migrate extra-jurisdictional activities to a law enforcement agency; implement comprehensive controls properly constrained to reflect the Division's role as a regulatory agency; refine SOPs covering all enforcement activity to ensure compliance with rule; refine performance measures; and develop, implement, monitor, and refine a system to monitor extra-jurisdictional activity and quarterly report to the Legislature</p>				<p><u>08/2019 – 03/09/21</u> A-140 Direct Shipping Procedures- Development began 08/2019- Policy finalized 03/09/2021;</p> <p><u>01/2019 – 03/04/2021</u> A-126 Premise Inspections- Substantial process changes/development- 01/2019- Policy finalized 03/04/2021;</p> <p><u>01/2019 – 03/02/2021</u> A-145 Complaint Processing Procedures- Substantial process changes 01/2019- Policy finalized 03/02/2021;</p> <p><u>2018 – 03/06/2021</u> O-419 Administrative Action- Process development and changes in 2018 and 2019- Policy finalized 03/06/2021;</p> <p><u>01/2019 – 03/10/2021</u> A-121 Report Writing Procedures- Substantial process changes/development 01/2019- Policy finalized 03/10/2021;</p> <p><u>08/2019 – 03/09/21</u> A-139 Audit Department Procedure- Development</p>
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						<p>began 08/2019- Policy Finalized on 03/09/2021;</p> <p><u>08/2020 – 03/12/2021 A-125 Licensing Procedures- Development began 08/2020- Policy finalized 03/12/2021;</u></p> <p><u>11/03/2020 - A-144 Compliance Accountability Response Team;</u></p> <p>Aug. 2020- Policy finalized 03/12/2021- A-144 Compliance Accountability Response Team- 11/03/2020.</p>
			2) Report quarterly as provided in House Journal, p. 32 (Jan. 3, 2018)	Jun 2021	***	<p><u>6/30/21 – Quarterly report to legislature (ongoing)</u> <u>House Journal:</u> HB 555-L, relative to the enforcement authority of the liquor investigators. INEXPEDIENT TO LEGISLATE. Rep. John Hunt for Commerce and Consumer Affairs. The bill as introduced attempted to limit the enforcement authority of liquor investigators to licensed businesses where liquor is lawfully sold, stored, distributed or manufactured. Since some enforcement may be necessary at an unlicensed establishment and may also be in support of other law enforcement, the committee voted for Inexpedient to Legislate. However, during the work sessions, the issue of “mission creep” came up, and</p>

						whether the Division of Enforcement and Licensing was going beyond its' purpose. As a result, the division has agreed to report all enforcement activities on non-licensed premises on a quarterly basis. Vote 13-1.
39	Discontinue Elective Training, Education, and Outreach Without Demonstrated Benefits	Commission management revise rules to reflect all requirements and procedures available for training, education, and outreach efforts found to be cost- beneficial and produce expected outcomes	1) Update rules for licensee training requirements	Complete	****	<u>09/23/2020</u> Liq 700s amended and adopted, including training requirements.
			2) Conduct cost-benefit assessment of extra-jurisdictional training and outreach	Mar 2022	**	
		Division management improve control of extra- jurisdictional training, education, and outreach efforts; divest from training, education, and outreach efforts not found to be cost-beneficial and produce expected outcomes; include all	3) Strategy/Plan – incorporate training and outreach outcomes for programs	Mar 2022	**	
			4) Establish periodic reporting	Mar 2022	**	
			5) Establish training for direct shippers and carriers	Complete	****	<u>11/13/2020</u> - Implemented and available on website.

		retained efforts in strategy and plan; measure the effectiveness; develop and implement comprehensive SOPs; optimize efficiency and effectiveness; consider establishing training for direct shipper permittees and carriers; and comply with statute, rule, and SOPs	6) Develop/implement comprehensive SOPs	Complete	****	<u>09/2019 – 03/09/2021</u> A-137 Facilitation of Training Seminars- Development began 09/2019- Policy Finalized 03/09/2021; 10/23/2020 S-110 Community Policing; <u>09/2019</u> A-141 Special Services/Community involvement.
40	Improve Controls Over Preventing Unlicensed or Unpermitted Activity	Commission management implement comprehensive, risk-based rules to detect and control unlicensed and unpermitted activity Division management improve controls over unlicensed and unpermitted activity; assess the risk of unlicensed and unpermitted activity; facilitate rule development; monitor for and prevent unlicensed and unpermitted activity; remedy noncompliance and levy sanctions; implement SOPs to implement rules; undertake	1) Develop/implement rules for unlicensed activity	Jan 2023	*	
			2) Assess risk and monitor for unlicensed activity	Complete	****	<u>03/2021</u> - Weekly and Monthly Reporting of Complaints of unlicensed and unpermitted activity. <u>02/2019</u> Monthly Direct Shipping Statistics Report.
			3) Monitor for and prevent unlicensed activity	Complete	****	Verification, monitoring and complaint processes: <u>08/2019 – 03/09/21</u> A-140 Direct Shipping Procedures- Development began 08/2019- Policy finalized 03/09/2021. <u>01/2019 – 03/04/2021</u> A-126 Premise Inspections- Substantial process

		comprehensive outreach; and improve knowledge management systems to ensure unlicensed and unpermitted activity is prevented, identified, investigated, sanctioned, and discontinued				changes/development- 01/2019- Policy finalized 03/04/2021; <u>01/2019 – 03/02/2021</u> A-145 Complaint Processing Procedures- Substantial process changes/development 01/2019- Policy finalized 03/02/2021.
			4) Levy sanctions to remedy noncompliance	Ongoing	***	Sanctions established in: <u>08/2019 – 03/09/21</u> A-140 Direct Shipping Procedures- Development began 08/2019- Policy finalized 03/09/2021; <u>2018 – 03/06/2021</u> O-419 Administrative Action- Process development and changes in 2018 and 2019- Policy finalized 03/06/2021.
			5) Improve knowledge management systems	Dec 2021	***	01/2019- IMC flow chart – to standardize data entry; data entry reviewed on a weekly basis for consistency; Reviewing records management systems to consolidate data systems. RFP in development.

41	Develop Controls Over Adulteration and Misbranding	<p>Commission management develop controls, a holistic strategy, and rules addressing adulteration and misbranding. If rationalization of requirements is not possible through rules, seek necessary Legislative changes to control adulteration and misbranding</p> <p>Division management improve control over adulteration and misbranding; develop a strategy and plans; rationalize all package, container, and product approval requirements in statute with adulteration and misbranding requirements in rules and practice; determine which substances, licensees, and permittees should be subject to such requirements; develop and implement goals, objectives, targets, and performance measures; and develop SOPs</p>	1) Strategy/Plan – develop goals and objectives	Mar 2022	*	
			2) Draft/implement rules	Jan 2023	*	
			3) Develop/implement SOPs	Complete	*****	<p><u>01/2019 – 03/04/2021</u> A-126 Premise Inspections- Substantial process changes/development- 01/2019- Policy finalized 03/04/2021;</p> <p><u>2018 – 03/06/2021</u> O-419 Administrative Action- Process development and changes in 2018 and 2019- Policy finalized 03/06/2021;</p> <p><u>01/2019 – 03/02/2021</u> A-145 Complaint Processing Procedures- Substantial process changes/development 01/2019- Policy finalized 03/02/2021;</p> <p><u>08/2019 – 03/09/2021</u> A-140 Direct Shipping Procedures- Development began 08/2019- Policy finalized 03/09/2021;</p>

						<p><u>08/2019 - 03/09/2021</u> A-139 Audit Department Procedure- Development began 08/2019- Policy Finalized on 03/09/2021;</p> <p><u>08/2020 – 03/12/2021</u> A-125 Licensing Procedures- Development began 08/2020- Policy finalized 03/12/2021.</p>
			4) Develop performance measures	Complete	****	<p><u>01/2019</u> Monthly and Weekly Activity Reports (internal) established;</p> <p><u>04/06/2021</u> Monthly Activity Reports posted on website .</p>
42	Improve Controls Over Premise Inspections	Commission develop comprehensive premise inspection rules	1) Develop rules regarding premise inspections	Jan 2023	*	
		Division management improve premise inspection controls; regularly conduct premise inspections of all licensees; conduct risk assessments to inform premise inspections; develop and implement performance goals, objectives, and targets; develop comprehensive, risk-based, SOPs; refine, implement, and monitor performance standards;	2) Implement improved controls: a) Strategy/Plan – incorporate objectives regarding premise inspections b) implement SOP to standardize premise inspection timing, parameters of review, data gathering and documentation c) periodically review data and performance	a) Mar 2022	*	a) See Action Item (1) of Obs. 1
				b) Complete	****	b) <u>01/2019 – 03/04/2021</u> A-126 Premise Inspections- Substantial process changes/development- 01/2019- Policy finalized 03/04/2021;
			c) Complete		****	

		rationalize investigators and examiners duties; improve data entry procedures; undertake comprehensive data collection; and monitor and report on performance				c) <u>01/2019</u> Monthly and Weekly Activity Reports (internal) established. Supervisors review weekly data for investigator premise inspections; <u>04/06/2021</u> Monthly Activity Reports posted on website.
			3) Periodic reporting	Complete	****	<u>01/2019</u> Monthly and Weekly Activity Reports (internal) established; <u>04/06/2021</u> Monthly Activity Reports posted on website; <u>12/2020</u> -COVID-19 on website dashboard.
43	Improve Controls Over Compliance Checks	Commission management develop comprehensive compliance check rules Division management ensure compliance checks assure proper control; conduct risk assessments to inform compliance checks; include compliance checks in strategies and plans, develop and implement goals, objectives, targets, and performance measures	1) Strategy/Plan – risk assessment on compliance checks and document expected outcomes	Mar 2022	*	See Action Item (1) of Obs. 1
			2) Develop rules to govern compliance checks	Jan 2023	*	
			3) Develop/implement SOPs to standardize procedures, data gathering and documentation	Complete	****	<u>01/2019 – 02/25/21</u> A-130 Compliance Checks-Process/development began 01/2019- Policy finalized 02/25/2021.
			4) Regularly measure performance	Complete	****	<u>01/2019</u> Compliance checks data included in monthly activity report;

		over compliance check processes; implement rule compliant SOPs; measure performance; and standardize compliance check data entry				<u>01/2019</u> Collect and report data for grants.
			5) Standardize data entry	Complete	****	<u>01/2019</u> - IMC flow chart – to standardize data entry. <u>01/2021</u> Data entry reviewed on a weekly basis for consistency.
44	Improve Controls Over Complaint Management	Commission management develop and implement complaint-related rules Division management improve complaint management; develop and implement a rule-compliant SOP; incorporate complaint data into intelligence production; timely investigate complaints; and publicly report on complaint resolution	1) Develop rules for filing and addressing complaints	Jan 2023	*	
			2) Draft and implement SOP, including timeliness, data collection and reporting	Complete	****	<u>01/2019 – 03/02/2021</u> A-145 Complaint Processing Procedures- Substantial process changes/development 01/2019- Policy finalized 03/02/2021. <u>01/2019 – 03/10/2021</u> A-121 Report Writing Procedures- Substantial process changes/development 01/2019- Policy finalized 03/10/2021.
			3) Periodic reporting	Jun 2021 Monthly Rpt Complete	***	Monthly activity report includes complaint data for Licensees– <u>04/06/2021</u> Monthly Activity Reports posted on website.

				Jan 2022 Annual Rpt		Annual report includes complaint data for Division personnel – Complaint data for licensees included in Monthly Activity Reports – will begin posting on website 5/2021 Posted Annual Report on website beginning with 2020 Annual Report. Annual analysis on internal affairs also posted on website.
45	Comply With and Improve Regulatory and Procedural Construct Over Investigations and Sanctions	Commission management improve the investigative and sanctions framework; develop a comprehensive, risk-based enforcement policy; establish specific determinate penalties; clarify what sanctions require Commission approval; monitor practice to ensure proper rule implementation; assign points to all violations or consider abandoning the concept; and monitor performance and ensure consistency Division management ensure proper investigation and	1a) Conduct risk assessment of impact of Title XIII violation on ability to achieve statutory duties and related objectives b) revise enforcement policy based on risk assessment and implement necessary rule changes	Mar 2022	*	Component of Action Item (1) of Obs. 1
			2) Legal Unit develop and provide training to prevent ad hoc rulemaking	Sep 2021	***	First training session scheduled August 31 with senior management and command staff. Trainings with remainder of Enforcement and HQ administrative staff will occur Sept-Oct. Training has been developed. Currently in draft form pending review. Rules training is outlined and in development.

		<p>prosecution of noncompliance; follow statute and rules; discontinue ad hoc rulemaking; develop and implement comprehensive SOPs; measure performance and ensure consistency; and consolidate and streamline information systems</p>	<p>3) Develop/implement comprehensive SOPs</p>	<p>Complete</p>	<p>****</p>	<p><u>01/2019 – 03/02/2021</u> A-145 Complaint Processing Procedures- Substantial process changes/development Jan. 2019- Policy finalized 03/02/2021.</p> <p><u>2018 – 03/06/2021</u> O-419 Administrative Action- Process development and changes in 2018 and 2019- Policy finalized 03/06/2021.</p> <p><u>01/2019 – 03/10/2021</u> A-121 Report Writing Procedures- Substantial process changes/development 01/2019- Policy finalized 03/10/2021.</p>
			<p>4) Measure performance, including consistency</p>	<p>Complete</p>	<p>****</p>	<p><u>1/2019</u> Monthly and Weekly Activity Reports (internal) established;</p> <p><u>4/6/21</u> Monthly Activity Reports posted on website;</p> <p><u>1/2019</u> IMC flow chart to standardize data entry;</p> <p><u>1/2021</u> Data entry reviewed on a weekly basis for consistency.</p>

46	Improve Controls Over Investigations	<p>Commission comply with statute and develop comprehensive rules regulating the mode and manner of all investigations</p> <p>Division management improve investigative controls; develop and implement comprehensive, rule-compliant SOPs; develop goals, objectives, targets, and performance measures; rationalize investigative activities; ensure all noncompliance identified is referred to investigators; ensure timely investigations; and consolidate disparate information systems</p>	1) Consider/develop/ implement rules	Jan 2023	*	
			2) Develop/implement comprehensive SOPs	Complete	*****	<p><u>01/2019 – 03/02/2021</u> A-145 Complaint Processing Procedures- Substantial process changes/development 01/2019- Policy finalized 03/02/2021;</p> <p><u>01/2019 – 03/10/2021</u> A-121 Report Writing Procedures- Substantial process changes/development 01/2019- Policy finalized 03/10/2021;</p> <p><u>08/2019 - 03/09/2021</u> A-139 Audit Department Procedure- Development began 08/2019- Policy Finalized on 03/09/2021;</p> <p><u>8/2020 – 3/12/2021</u> A- 125 Licensing Procedures- Development began Aug. 2020- Policy finalized 03/12/2021.</p>
			3) Consolidate information systems	Dec 2021	**	<p>Reviewing records management systems to consolidate data systems. RFP in development. Anticipate summer release.</p>

47	Improve Consistency in Levying Sanctions	<p>Commission management ensure sanctions are consistently issued</p> <p>Division management improve sanctions-related processes, ensure investigators are the Commission's sanctioning agents, discontinue the practice of non-investigators issuing sanctions, develop and implement comprehensive SOPs, measure performance, evaluate whether sanctions achieve outcomes and are levied consistently, create a single licensee record, and control data quality</p>	1) Develop/implement SOPs on issuing sanctions	Complete	****	<p><u>8/2020 – 3/12/2021</u> A- 125 Licensing Procedures- Development began Aug. 2020- Policy finalized 03/12/2021;</p> <p><u>08/2019 - 03/09/2021</u> A-139 Audit Department Procedure- Development began Aug. 2019- Policy Finalized on 03/09/2021;</p> <p><u>2018 – 03/06/2021</u> O-419 Administrative Action- Process development and changes in 2018 and 2019- Policy finalized 03/06/2021.</p>
			2) Discontinue practice of allowing non-sworn staff to issue sanctions	Complete	****	
			3) Measure performance, including consistency of sanctions	Complete	****	<u>01/2019</u> Monthly Activity Reports (internal) established.
			4) Streamline IT systems to improve data quality	Dec 2021	**	Reviewing records management systems to consolidate data systems; IMC flow chart –to standardize data entry; data entry reviewed on a weekly basis for consistency; RFP in development. Anticipate summer release.