



# CALIFORNIA DISTRIBUTION

## INVENTORY CONTROL PLAN

Developed in Alignment with California Regulations (2020)  
Title 16 of the California Code of Regulations, Bureau of Cannabis Control, Division 42 Chapters 1 - 8

## Section Five

Describe the training provided to employees regarding inventory procedures.

### Section Five

#### **TRACK & TRACE TRAINING**

The [Compliance Manager] and [and Inventory Manager] will register for track and trace system training within five (5) calendar days of receiving an annual license, at the latest. Pursuant to 16 CCR §5048, the [dba name] will designate the [Inventory Manager] as the track and trace account manager who will authorize additional users and ensure that all relative employees undergo continuous training on how to properly utilize the track and trace system when implemented at the facility. All employees will be trained to use the track and trace system to track any movement or transfers of product within the premises including but not limited to acquisition, production batch creation, packaging, testing, distribution, sale, recall, testing, quarantine and disposal. Employees will be thoroughly trained to understand each inventory control measure put in place by [dba name] and to use and properly interact with the track and trace system. Employees will also be trained on each track and trace system feature, and each track and trace system update added to the system or inventory control procedures. The track and trace system updates will also be incorporated into [dba name] standard operating procedures (SOPs). [dba name] will record all transactions within 24 hours of occurrence, will only enter and record complete and accurate information, and shall correct any known errors entered into the track and trace system immediately upon discovery, pursuant to 16 CCR §5049.

#### **QUALITATIVE OBSERVATIONAL ANALYSIS TRAINING**

[dba name] employees that regularly interact with cannabis plant material, concentrated extracts, or finished cannabis goods will be trained to recognize signs of deterioration, spoilage, or other adverse symptomatology. Employees will also be trained to regularly examine and audit cannabis products through visual inspection of the cannabis. Employees will ask themselves the following questions when conducting product inspections:

- Does the material appear uniform within the batch? Are there components that do not look or feel the same?
- Are there physical contaminants or debris within the material?
- Does the batch appear to have condensation or moisture on or near the material?
- Does the material emanate an unusual, unexpected, or offensive aroma?

Qualitative observational analysis will require employees to utilize their sense of sight, smell, and touch to assess the integrity and stability of cannabis material. Batches of cannabis material or cannabis goods will undergo strict sensory observation analysis at each step of the process to assess the quality of the material prior to retail sale. If at any point, it is determined that the product does not meet quality standards established by [dba Name], the material in question will be quarantined away from testing and final products to mitigate the risk of cross-contamination. A [select locking cage, locking cabinet, or separate designated zone] will be utilized as the [Quarantined Regulatory Testing and Sampling Area] and will be clearly and conspicuously marked as such. The [Quarantined Regulatory Testing and Sampling Area] will be in full view of at least one security camera at all times.

#### **DIVERSION DETECTION TRAINING**

Employees will be trained to recognize signs of diversion, for both external threats and internal employees, such as:

- Unusual behavior amongst authorized [dba name] employees or authorized visitors;
- Employees showcasing a sudden change in financial circumstances;
- Employees removing items from the facility, including cannabis and cannabis-derived products;
- Employees frequently leaving their work area to use the restroom while handling material; and
- Employees candidly expressing interest in theft or asking frequent questions about the facility's security measures.

### **RECORDKEEPING TRAINING**

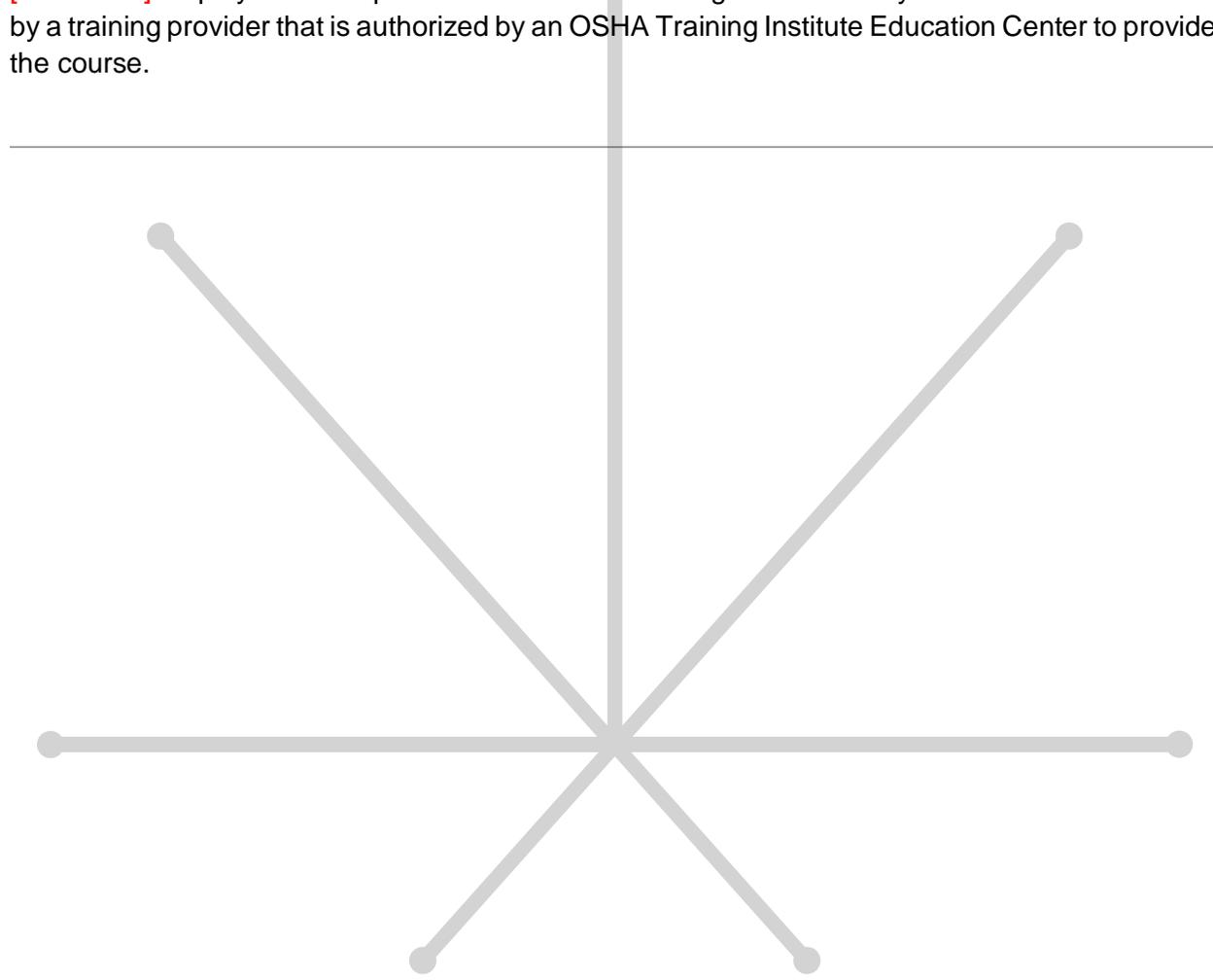
[dba name] will implement record keeping procedures designed to protect important and confidential business records while ensuring that [dba name] is in full compliance with the California Business and Professions Code and Code of Regulations. [dba name]'s [Compliance Manager] and other employees involved in record keeping processes will be trained to retain records in a manner determined by the Bureau that allows for the records to be produced for the Bureau upon request. Pursuant to 16 CCR §5037, the following records related to commercial cannabis activity will be maintained for at least seven (7) years and stored in the [Secure Records Storage Area], where the records will be protected from debris, moisture, contamination, hazardous waste, fire and theft

- Financial records including, but not limited to, bank statements, sales invoices, receipts, tax records, and all records required by the California Department of Tax and Fee Administration;
- Personnel records, including each employee's full name, social security, or individual taxpayer identification number, date employment began, and the date of termination of employment if applicable;
- Training records including, but not limited to, the content of the training provided and the names of individuals that received and completed the training;
- Contracts with other licensees regarding commercial cannabis activity;
- Permits, licenses, and other local authorizations to conduct commercial cannabis activity;
- Security records, except for surveillance recordings, which are to be retained for a minimum of 90 days;
- Records relating to the composting or destruction of cannabis goods;
- Documentation of data or information entered into the track and trace system; and
- All other documents prepared in connection with the licensed commercial cannabis business.

Employees will not intentionally damage, alter, dispose of, or remove records without authorization from management, and will be required to handle records with care, and respect, prolonging the records life-span. To protect electronic records, [dba name] computers will be protected with antivirus/malware software and daily security scans will be run as part of closing duties. The [Compliance Manager] is responsible for identifying which, if any, physical records must be destroyed and for overseeing their destruction. Duplicate documents printed for use in operations, documents with incorrect information, and other unnecessary documents are all examples of documents that can and should be destroyed in order to limit the amount of paper records in storage to only pertinent documents.

**CAL-OSHA TRAINING REQUIREMENT**

Pursuant to 16 CCR § 5002(35), [dba name] will require at least one supervisor and one other [dba name] employee to complete a Cal-OSHA 30-hour general industry outreach course offered by a training provider that is authorized by an OSHA Training Institute Education Center to provide the course.



POINT 7

GROUP



Together we can shape the  
cannabis industry for the greater  
good. Shoot us an email or give us  
a call to start collaborating.

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