



Dave Yost • Auditor of State

February 6, 2018

Director Jacqueline Williams
Ohio Department of Commerce
77 S. High St 23rd Floor
Columbus, OH 43215

Dear Director Williams:

During the past three weeks, a team from this office met with various representatives from the Medical Marijuana division of the Department of Commerce to gain an understanding of the policies and procedures that were in place during the review and grading of medical marijuana cultivator applications and the subsequent selection and award of provisional licenses. During these meetings, a control weakness was identified. Due to the significance of this weakness, it is necessary to bring this concern to your immediate attention in order to address the weakness and prevent potential issues during the future review and award of other license types.

Ohio Administrative Code Section 117-2 sets out requirements for public offices in establishing internal controls over processes. Specifically, 117-2-01(D)(4) states, in part, when designing the public office's system of internal control and the specific control activities, management should plan for adequate segregation of duties or compensating controls. Implementing internal controls is an important responsibility of management to ensure discipline, structure, and integrity is maintained throughout the entity. Having proper controls in place reduces and manages risk in an organization to ensure the reliability and accuracy of information and the integrity of process outcomes.

In the Medical Marijuana Division, two administrators had unlimited access to all Tumbleweed (Portal) accounts and folders assigned to individual reviewers throughout the entire grading process, while also having related responsibilities including: uploading segments of the application to the portal; maintaining a crosswalk spreadsheet tying individual applicant names to the application number used in the blind review process; and exporting and calculating the cumulative scores of each review team by manually entering these scores into an excel spreadsheet to track if the applicant(s) scored the minimum 60 points and minimum required points in each of the five graded sections. **In addition, we learned the administrators not only assigned and tracked the account usernames for each individual reviewer utilizing the portal but also created the password for each username. This weakness was compounded by the fact this password was not required to be changed by the individual assigned to the account; rather, any changes to the passwords were made by the administrator.**

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At a minimum, the maintenance of usernames and passwords should have been segregated from any person with operational input or supervisory control over the process. Users should have been prompted to change their password at first log-in.

This control weakness could allow an administrator access to manipulate documents, such as scoring, while logged in the portal as an account holder rather than their own administrative account. Because of this critical flaw in the procedure's design, neither this office, nor the public, can rely upon the cultivator application score results.

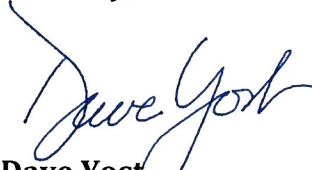
The Department of Administrative Services (DAS) implemented the State of Ohio Administrative Policy, which is a comprehensive manual of policies that have been adopted by many other State agencies across Ohio. The Information Technology policy included in the State of Ohio Administrative Policy, specifically section 2.11.3 of Use of Internet, E-mail and other IT Resources IT-04, prohibits personnel from accessing networks, files, systems, or accounts of other persons without proper authorization. In the evolving world we live in, a department or agency should constantly review policies in place to ensure they are both current and comprehensive.

For these reasons, I recommend the Department of Commerce immediately adopt and implement an information technology policy modeled after this example. If the Department of Commerce does have an IT policy in place similar to DAS' information technology policy, please provide a copy of that policy for my auditors' review. Further, I also recommend the Department of Commerce educate employees on proper internal control procedures to ensure the effectiveness of implemented policies and to enable personnel to properly identify control deficiencies.

Failure to implement these recommendations could compromise the Medical Marijuana evaluation and selection process. My staff and I stand ready to assist with additional recommendations as our process of evaluating the cultivators selection process continues to move forward.

This letter is an interim communication, necessitated by the critical nature of the procedures design flaw and the ongoing work on this project which is exposed by the weakness. This letter is not offered as a report under *Government Auditing Standards* but is provided under the authority of this office under Ohio Revised Code Chapter 117.

Sincerely,



Dave Yost
Ohio Auditor of State