**Section 1290.400 Inventory Control System**

a) A dispensing organization agent-in-charge shall have primary oversight of the dispensing organization's State verification system, its point of sale system, and Illinois Cannabis Tracking System. The inventory point of sale system shall be real-time, web-based and accessible by the Division 24 hours a day, seven days a week.

b) A dispensing organization shall establish an account with the State verification system and Illinois Cannabis Tracking System that documents:

1) Each sales transaction at the time of sale and each day's beginning inventory, acquisitions, sales, disposal and ending inventory.

2) Acquisition of medical cannabis and medical cannabis-infused products from a permitted cultivation center, including:

A) A description of the products including the quantity, strain, variety and batch number of each product received;

B) The name and registry identification number of the permitted cultivation center providing the medical cannabis;

C) The name and registry identification number of the permitted cultivation center agent delivering the medical cannabis;

D) The name and registry identification number of the dispensing organization agent receiving the medical cannabis; and

E) The date of acquisition.

3) The disposal of medical cannabis, including:

A) A description of the products, including the quantity, strain, variety, batch number and reason for the cannabis being disposed;

B) The method of disposal; and

C) The date and time of disposal.

c) A dispensing organization shall use a point of sale system that establishes and maintains a real time interface with the State verification system to track, consistent with the Act and this Part, patient and provisional patient limits, patient and provisional patient sales at the time of sale, inventory, currency and destruction.

d) A dispensing organization shall use a point of sale system that establishes and maintains a real time interface with the Illinois Cannabis Tracking System to track OAPP participant's limits, OAPP participant sales at the time of sale, inventory, currency, OAPP participant's chosen dispensary and written certification.

e) Upon medical cannabis delivery, a dispensing organization shall confirm the product's name, strain name, weight and identification number on the manifest matches the information on the medical cannabis product label and package. The product name listed and the weight listed in the State verification system and Illinois Cannabis Tracking System shall match the product packaging.

f) The agent-in-charge shall conduct daily inventory reconciliation documenting and balancing medical cannabis inventory by confirming the State verification system and Illinois Cannabis Tracking System matches the dispensing organization's point of sale system and the amount of physical product at the dispensary.

1) A dispensing organization must receive Division approval prior to completing an inventory adjustment. It shall provide a detailed reason for the adjustment. Inventory adjustment documentation shall be kept at the dispensary for two years from the date performed.

2) If, after the daily inventory reconciliation, the dispensing organization identifies an imbalance in the amount of medical cannabis due to mistake, the dispensing organization shall determine how the imbalance occurred and, immediately upon discovery, take and document corrective action. If the dispensing organization cannot identify the reason for the mistake within two calendar days after first discovery, it shall inform the Division immediately in writing of the imbalance and the corrective action taken to date. The dispensing organization shall work diligently to determine the reason for the mistake.

3) If the dispensing organization identifies an imbalance in the amount of medical cannabis after the daily inventory reconciliation or through other means due to theft, criminal activity or suspected criminal activity, the dispensing organization shall immediately determine how the reduction occurred and take and document corrective action. Within 24 hours after the first discovery of the reduction due to theft, criminal activity or suspected criminal activity, the dispensing organization shall inform the Division and ISP in writing in connection with Section 1290.445.

4) The dispensing organization shall file an annual compilation report with the Division, including a financial statement that shall include, but not be limited to, an income statement, balance sheet, profit and loss statement, statement of cash flow, wholesale cost, and sales, and any other documentation requested by the Division in writing. The financial statement shall include any other information the Division deems necessary in order to effectively administer the Act and all rules, orders and final decisions promulgated under the Act. Statements required by this subsection (f)(4) shall be filed with the Division within 60 days after the end of the calendar year. The compilation report shall include a letter authored by a licensed CPA that it has been reviewed and is accurate based on the information provided. The dispensing organization, financial statement and accompanying documents are not required to be audited unless specifically requested by the Division.

g) A dispensing organization shall:

1) Maintain the documentation required in this Section in a secure locked location at the dispensing organization for five years from the date on the document;

2) Provide any documentation required to be maintained in this Section to the Division for review upon request; and

3) If maintaining a bank account, retain for a period of five years a record of each deposit or withdrawal from the account.

h) A dispensing organization shall not accept returns of medical cannabis. If cannabis is abandoned at the dispensary, it shall be accounted for and destroyed in compliance with this Part.

(Source: Amended at 43 Ill. Reg. 6593, effective May 20, 2019)