

Audit Failure - Action Required

February 2018

You are receiving this information as an ‘unacceptable’ outcome was recorded as a result of your last audit.

What does this mean?

An unacceptable audit means that you have not cultivated or supplied low-THC for the purpose for which the licence was granted, or did not meet the requirements as outlined on your conditions of licence. An audit failure indicates that the systems and controls in place are not effectively managing the risk or maintaining compliance with required legislation and conditions.

What happens next?

The authorised officer that attended your audits is required to take enforcement action when a business fails an audit. As a minimum, a written warning may be issued regarding defects raised in your audit report.

The audit report records the defects observed by the officer, what action you must take to comply and the date you must complete the required action. If you do not comply by the deadline, the matter will be escalated to a Penalty Infringement Notice (PIN). The authorised officer may further escalate enforcement action in accordance with

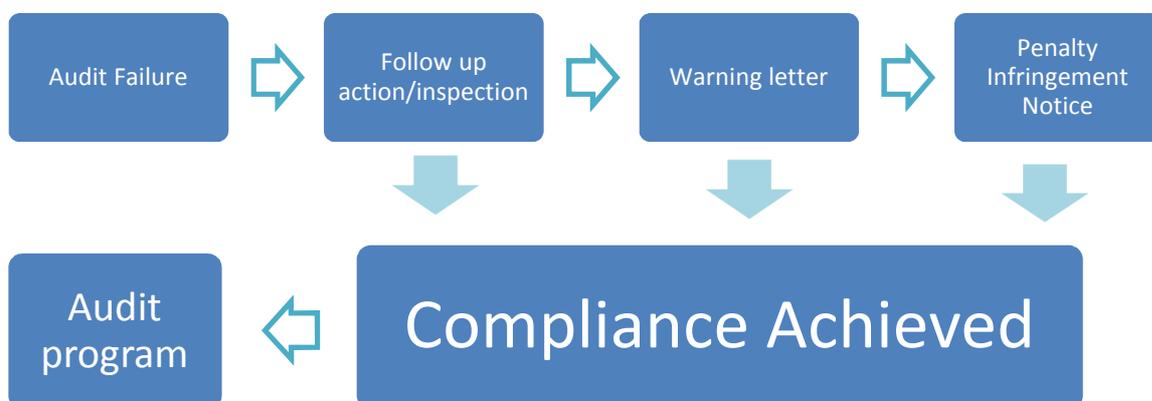
the Department’s Enforcement Policy if identified non-conformance poses a significant breach of legislation.

What are the penalties for not complying?

Each defect identified in the report is an offence under the *Hemp Industry Act 2008*, which can attract an on-the-spot fine of \$550. If the offence is taken to court you may be liable to much higher penalties.

Repeat or critical failures will result in a formal interview being undertaken where the deficiencies will be discussed with you. This will then lead to additional action which may include seizure, issue of a warning letter or penalty notices, or prosecution. The Department will also consider whether it is appropriate to cancel your licence.

If an authorised officer identifies breaches of the *Drug Misuse and Trafficking Act 1985*, an investigation will be initiated with the NSW Police, which may result in significant fines, imprisonment, or both.



Next Steps

Step 1: Check the compliance dates and any directions you have been given.

If you have any questions about the information in the Audit Report or Warning Letter, you need to speak with the responsible officer immediately to clarify their direction.

Step 2: Action the audit report

You must take immediate and effective action to comply by the due date specified on the Audit Report or Warning Letter. Depending on the identified non-compliance, critical issues may require action within 24 or 48 hours. Failure to do so may result in a Penalty Infringement Notice, seizure or prosecution.

Step 3: Seek assistance

Work out what needs to be done and if you need help to comply with the officer's direction. You

can request an extension of time by submitting the request in writing to the officer responsible for issuing the Warning Letter or audit report. You will need to give reasons and demonstrate that you have made reasonable efforts to comply. You will be informed of the outcome of your request for extension before the due date. You must request and have the extension approved by the officer before the due date otherwise the original date will remain effective.

Who will check?

The officer responsible for issuing the Audit Report will schedule an unannounced audit within 30 days. The officer may correspond with you, or attend your premises a number of times within the 30-day period to check on compliance.

2 NSW Department of Primary Industries, February 2018.

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Disclaimer: The information contained in this publication is based on knowledge and understanding at the time of writing (February 2018). However, because of advances in knowledge, users are reminded of the need to ensure that information upon which they rely is up to date and to check currency of the information with the appropriate officer of the Department of Primary Industries or the user's independent adviser.
