

Document #: <b>Distribution Intake - CA - 040221 - 1.0</b>	Title: <b>CA Distribution: Manifest Verification &amp; Shipment Intake SOP</b>	Date Prepared: <b>April 2, 2021</b>
Revision # <b>1.0</b>	Prepared By: <b>Lindsey Kincade</b>	Date Reviewed: <b>April 2, 2021</b>

**Policy:**

To compliantly verify manifests and intake shipments in accordance with the following:

- **BCC § 5048. Track and Trace System.**

(f) A licensee is accountable for all actions its owners or employees take while logged into or using the track and trace system, or otherwise while conducting track and trace activities.
- **BCC § 5049. Track and Trace Reporting.**

(a) A licensee shall record in the track and trace system all commercial cannabis activity, including:

(4) Receipt of cannabis goods.
- **BCC § § 5307.2. Licensed Distributor to Licensed Distributor Transfers.**

Cannabis goods, packaged as they will be sold at retail, that have undergone and passed regulatory compliance testing and have an accompanying certificate of analysis may be transferred to one or more licensed distributors. However, cannabis goods that have not been transported to retail within 12 months of the date on the certificate of analysis must be destroyed or retested by the licensed distributor in possession of the cannabis goods.
- **BCC § 5052.1. Acceptance of Shipments.**

(a) Licensees shall accept or reject, in whole, shipments of cannabis goods.

(b) Notwithstanding subsection (a) of this section, partial shipments of cannabis goods shall be rejected in the following circumstances:

(1) If a licensee receives a shipment containing cannabis goods that differ from those listed on the sales invoice or receipt, the licensee shall reject the portion of the shipment that is not accurately reflected on the sales invoice or receipt.

(2) If a licensee receives a shipment containing any cannabis goods that were damaged during transportation, the licensee shall reject that portion of the shipment that was damaged.

(3) If a licensee receives a shipment containing cannabis goods that is non-compliant with labeling requirements or exceeds its provided expiration date, the licensee shall reject the portion of the shipment that is non-compliant with labeling requirements or expired.

(c) The licensee rejecting a shipment of cannabis goods, whether in whole or in part, shall record in the track and trace system, as required by Chapter 1, Article 6 of this division, and indicate on any relevant manifest, invoice, or sales receipt, the specific reason for rejection.

- **BCC § 5303.1. Net Weight of Dried Flower.** For purposes of this division, the net weight on any package of dried flower shall not be considered inaccurate if the actual weight is within plus or minus 3% of the labeled weight.

- **BCC § 5310. Records.**

In addition to the records required by section 5037 of this division, a licensed distributor shall maintain the following records:

- (a) Records relating to branding, packaging and labeling;
- (b) Inventory logs and records;
- (c) Transportation bills of lading and shipping manifests for completed transports and for cannabis goods in transit;
- (d) Vehicle and trailer ownership records;
- (e) Quality-assurance records;
- (f) Records relating to destruction and disposal of cannabis goods;
- (g) Laboratory-testing records;
- (h) Warehouse receipts; and
- (i) Records relating to tax payments collected and paid under Revenue and Taxation Code sections 34011 and 34012.

- **BCC § 5314. Shipping Manifest.**

(c) The licensed distributor shall ensure and verify that the cannabis goods being taken into possession for transport at the originating licensed premises are as described and accurately reflected in the shipping manifest. For purposes of this section, the licensed distributor may verify that the cannabis goods are accurately reflected in the shipping manifest by confirming that the number of boxes of cannabis goods, type of cannabis goods, weight and/or units of cannabis goods matches the label on the boxes containing the cannabis goods.

(l) The licensed distributor shall not take into possession or transport:

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- (A) Any cannabis goods that are not on the shipping manifest; or
- (B) Any cannabis goods that are less than or greater than the amount reflected on the shipping manifest.
- (2) The licensed distributor is responsible for any discrepancies between the shipping manifest and the cannabis goods in its possession during transport, and subject to any enforcement or disciplinary action related to such discrepancy.
- (3) A licensed distributor shall not void or change a shipping manifest after departing from the originating licensed premises.
- (d) A shipping manifest shall accompany every transport of cannabis goods.
- (e) Notwithstanding subsection (a) of this section, if a transporting licensed distributor has not obtained access to the track and trace system, the licensed distributor shall complete the shipping manifest outside of the track and trace system and transmit it to the Bureau and the licensee receiving the shipment by electronic mail.
- (f) If the transporting licensed distributor has access to the track and trace system and the licensee receiving the shipment has not obtained access to the track and trace system, the licensed distributor shall complete the shipping manifest in the track and trace system and transmit it to the Bureau. However, the licensed distributor shall send a copy to the licensee receiving the shipment by electronic mail.
- **B&P 26070(f):** “During transportation, the licensed distributor shall maintain a physical copy of the shipping manifest and make it available upon request to agents of the Department of Consumer Affairs and law enforcement officers.”
  - **BCC § 5311. Requirements for the Transportation of Cannabis Goods.**  
**[partial reproduction:]** The following requirements apply when transporting cannabis goods between licensees or licensed premises:
    - (a) Transportation shall only be conducted by persons holding a distributor license under the Act, or employees of those persons. All vehicles and trailers used for transportation shall be owned or leased, in accordance with the Vehicle Code, by the licensee.
    - (b) Prior to transporting any cannabis goods, the licensed distributor shall have a completed sales invoice or receipt that meets the requirements of Business and Professions Code section 26161. The licensed distributor shall only transport cannabis goods listed on the sales invoice or receipt. The sales invoice or receipt may not be altered or changed once transport begins.

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**Purpose:**

To detail the verification of manifest and intaking of shipments procedure.

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**Resources:**

- Accurate and Signed Metrc Shipping Manifest
- Accurate Sales Invoice & Receipt
- Packaging and Labeling Checklist
- Barcode Scan Gun
- Physical METRC Package Tags from Shipment
- COA Test Results (If Applicable)

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**Responsibilities:**

The distributor shall ensure and verify that the cannabis goods being taken into possession for transport at the originating licensed premises are as described and accurately reflected in the shipping manifest and sales invoice or receipt

**Before transporting cannabis goods, the Shipments Manager shall**

- Create both a physical and (in Metrc) digital licensed transfer shipping manifest of products to be sent to another METRC credentialed licensed operator.
- Ensure there is a sales invoice or receipt that includes the following:
  - The name and address of the seller (if applicable);
    - *If there is a pick-up where the cannabis goods are not sold, note that there is no sale, and list the name of the originating licensee.*
  - Name and address of the purchaser.
    - *If the transfer is not done pursuant to a purchase, note that there is no purchase, and list the name of the receiving licensee.*
  - Date of sale and invoice number.
    - *If there is no sale, note that there is no sale and create a reference number for the document.*
  - Kind, quantity, size, and capacity of packages of cannabis or cannabis products sold (or, where there is no sale, transferred);
  - The cost to the purchaser, together with any discount applied to the price as shown on the invoice.
    - *If there is no sale, list purchase price as "TBD."*

- The place from which transport of the cannabis or cannabis product was made unless transport was made from the premises of the licensee.
- Documentation of Cultivation Tax status. In particular:
  - Provide to the cultivator and keep on file an invoice, receipt, or similar document that identifies:
    - the licensee receiving the product;
    - the originating cultivator;
    - associated unique identifier of the cannabis;
    - the amount of cultivation tax; and
    - the weight and category of the cannabis.
      - *The weight and category of the cannabis identified on the invoice shall equal the weight and category of the cannabis entered into the California Cannabis Track-and-Trace system.*
  - whether the cannabis was SOLD (and therefore the distributor is collecting the cultivation tax), or whether the cannabis is being transferred without sale (and therefore the distributor is NOT collecting the cultivation tax).

For purposes of this section, the distributor will verify, **prior to transportation**, that the cannabis goods are accurately reflected in the shipping manifest by confirming that the number of boxes of cannabis goods, type of cannabis goods, weight or units of cannabis goods matches the label on the boxes containing the cannabis goods.

The distributor shall not **take into possession or transport**:

- Any cannabis goods that are not on the shipping manifest; or
- Any cannabis goods that are less than or greater than the amount reflected on the shipping manifest.
- The licensed distributor shall only transport cannabis goods listed on the sales invoice or receipt.

Per BCC regulations, the distributor is responsible for any discrepancies between the shipping manifest and the cannabis goods in its possession during transport.

A distributor shall not void or change a shipping manifest after departing from the originating licensed premises. The sales invoice or receipt may not be altered or changed once transport begins.



## Common Name

Facility License#: **INSERT LICENSE**  
Operation Type: **INSERT OPERATION**

All information on the transfer manifest must be accurate with licensee information, driver and vehicle information, route instructions, and METRC Package UID Tag information.

The Shipment Manager is to verify the physical count/weight of all individual METRC Package UID Tags listed on the transfer manifest at the originating facility prior to the inventory entering the vehicle.

The Shipment Manager further will verify that the cannabis goods to be transported are listed in in the sales invoice or receipt.

If there is a discrepancy between the cannabis goods and the shipping manifest discovered prior to transport:

- The distributor must terminate the outgoing licensed transfer from the originating license.
- The originating licensee “voids” the manifest within Metrc.
- The originating licensee solves shipment discrepancies and generates a new shipment manifest.

The driver of the transfer must stay on the designated path listed in the Planned Route of the transfer manifest while transferring products.

The driver of the transfer must carry a physical shipping manifest with the shipment at all times.

The driver of the transfer must sign the manifests before leaving the originating license, verifying that all information on the manifest and physical inventory is accurate.

While picking up retail-ready finished inventory the driver is to collect a sample of each SKU to verify the compliance labels per CDPH Subchapter 5 - Labeling and Packaging Requirements.

The destination license shall reject or accept the manifest within 24 hours.

Where distributor is the destination licensee, the distributor shall not **take into inventory and shall reject any cannabis goods** that:

- Differ from those listed on the sales invoice or receipt;
- Differ from those listed on the shipping manifest;
- Were damaged during transportation;
- Are non-compliant with labeling requirements; or
- Are expired.
- Are bulk, unpacked manufactured cannabis goods that are not in the form they would be sold at retail.



## Common Name

Facility License#: **INSERT LICENSE**  
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### Definitions:

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- **Driver:** The employee in charge of verifying that the physical inventory at the originating license is accurately reflected in the shipping manifest and sales invoice or receipt, and compliantly transporting the cannabis goods to the destination license.
- **METRC Administrator:** The employee in charge of overseeing METRC compliance.
- **Shipment Manager:** The originating and destination licensee employee that is responsible for manifest creation and shipment compliance.
- **Transfer:** Any movement of product in the supply chain from license to license.
- **Transfer Manifest:** A log of information about cannabis goods being transferred from one licensed operator to another, including Package Tag UIDs, destination/originating license information, route log, date/time stamps, and driver and transporter information.
- **Wholesale Transfer:** A transfer from a distribution to a retail licensed operator.

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**Procedure:**

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**1.0 VERIFYING MANIFEST AND PHYSICAL SHIPMENT PRIOR TO TRANSPORTING CANNABIS GOODS**

- 1.1. Originating licensee creates both a physical and (in Metrc) digital licensed transfer shipping manifest of products to be sent to another METRC credentialed licensed operator. The manifest contains accurate information including:
  - Originating license number with licensed address
  - Originating license phone number
  - Destination license number with licensed address
  - Destination license phone number
  - Turn-by-turn route instructions
  - Estimated date with timestamp of departure of transport
  - Estimated date with timestamp of arrival of transport
  - Transporter license number with licensed address
  - Transporter employee license number
  - Transporter vehicle make and model
  - Transporter license plate
  - Transporter driver license number
- 1.2. While creating the manifest, the originating licensee ensures each physical package corresponds to the correct METRC package tag on the manifest.
  - The originating licensee places the physical Metrc package tag with each corresponding container holding the cannabis goods.
  - If multiple physical containers with cannabis goods are virtually recorded under one Metrc package tag place "1 of X", "2 of X", "3 of X" on each container of cannabis goods with the last 8 digits of the corresponding Metrc package tag ("x" represents the total number of containers recorded virtually under the one Metrc package tag).
- 1.3. While creating the manifest, the originating licensee verifies the accuracy of all physical counts under each METRC package tag by units or weight (if applicable) and unit of measure.
  - While weighing bulk inventory, only weigh the content weight. Do not weigh the container or turkey bag the bulk cannabis was transported in.
- 1.4. Upon arrival at the originating licensed premise, the driver will verify the manifest accuracy including:



- Originating license number with licensed address
  - Originating license phone number
  - Destination license number with licensed address
  - Destination license phone number
  - Turn-by-turn route instructions
  - Estimated date with timestamp of departure of transport
  - Estimated date with timestamp of arrival of transport
  - Transporter license number with licensed address
  - Transporter employee license number
  - Transporter vehicle make and model
  - Transporter license plate
  - Transporter driver license number
- 1.5. Upon arrival at the originating licensed premise, the driver will verify the accuracy of the manifest with the physical count or weight (if applicable) and unit of measure.
- The driver verifies the physical package corresponds to the correct Metrc package tag on the manifest.
  - The driver verifies the physical Metrc package tag is placed on the container of cannabis goods.
  - If multiple containers with cannabis goods are virtually recorded under one Metrc package tag, the driver verifies each container notates on each container "1 of X", "2 of X", "3 of X" with the last 8 digits of the corresponding Metrc package tag ("x" represents the total number of containers recorded virtually under the one Metrc package tag).
  - The driver verifies the accuracy of all physical counts under each METRC package tag by units or weight (if applicable) and unit of measure.
  - While weighing bulk inventory, the driver only weighs the content weight. Do not weigh the container or turkey bag the bulk cannabis was transported in.
- 1.6. After validating shipment and manifest accuracy, the driver will verify that the cannabis goods for transport are listed on the sales invoice or receipt.
- 1.7. Check to make sure there is documentation of the Cultivation Tax status.
- 1.8. The driver will sign two copies of the Metrc manifest under the field "Signature of Person Transporting" confirming the accuracy of the shipment, manifest, and invoice prior to transport.
- 1.9. The distributor shall not **take into possession or transport**:
- Any cannabis goods that are not on the shipping manifest; or

- Any cannabis goods that are less than or greater than the amount reflected on the shipping manifest.
- The licensed distributor shall only transport cannabis goods listed on the sales invoice or receipt.

## **2.0 VERIFYING INCOMING MANIFESTS FOR ACCEPTING TRANSFERS**

2.1. Log into METRC using the appropriate licensee and employee METRC credentials.

2.2. Navigate to Transfers → Incoming.

2.3. From the Incoming Manifest/Transfer dropdown, verify all naming conventions, quantity, and unit of measure are recorded including the following information within the manifest:

- Originating license number with licensed address
- Originating license phone number
- Destination license number with licensed address
- Destination license phone number
- Turn-by-turn route instructions
- Estimated date with timestamp of departure of transport
- Estimated date with timestamp of arrival of transport
- Transporter license number with licensed address
- Transporter employee license number
- Transporter vehicle make and model
- Transporter license plate
- Transporter driver license number

**RMCC Best Practice:** All package tag information will be inherited into the active inventory once accepted. Ensure all data is standardized for the operation's workflows including but not limited to strain, item name, category, and METRC package tag management (serialization vs batch tagging).

2.4. While verifying the manifest, ensure each physical package corresponds to the correct METRC package tag on the manifest.

2.5. Verify the accuracy of all physical counts under each METRC package tag by units or weight (if applicable) and unit of measure.

- While weighing bulk inventory, only weigh the content weight. Do not weigh the container or turkey bag the bulk cannabis was transported in.

- 2.6. If the shipment was delivered outside of the estimated arrival time, the METRC Administrator must communicate with the Originating License and document on the physical manifest.

### 3.0 ACCEPTING INCOMING LICENSE TRANSFERS

- 3.1. Once the manifest and physical inventory have been verified as accurate, navigate to Transfers → Incoming and click “Receive” on the right next to the corresponding manifest number.
- Perform a quality assurance inspection while validating compliance accuracy.
- 3.2. Acceptable cannabis goods to intake into the licensed premise include:
- Untested or COA tested bulk cannabis flower.
  - Untested or COA tested pre-packed cannabis flower.
  - Untested or COA tested Pre-rolls.
  - Untested or COA tested manufactured cannabis goods in retail-ready final form packaging.
- 1.1. Bulk manufactured cannabis goods not in final form retail-ready packaging is not permitted on the distribution licensed premise.
- 3.3. Add inventory into Third-Party Inventory System, if applicable. Store the inventory as “backstock” if multiple batches are present in the facility.

### 4.0 TIMING TO ACCEPT INCOMING LICENSE TRANSFERS

- 4.1. All Incoming licensed transfers need to be accepted and verified in METRC within 24hrs of the physical inventory entering the licensed premise. Failure to do so may result in disciplinary action.

### 5.0 VERIFYING INVOICE MATCHES MANIFEST

- 5.1. Verify the inventory recorded on invoice aligns with METRC manifest.
- The name and address of the seller (if applicable);
    - *If there is a pick-up where the cannabis goods are not sold, note that there is no sale, and list the name of the originating licensee.*
  - Name and address of the purchaser.
    - *If the transfer is not done pursuant to a purchase, note that there is no purchase, and list the name of the receiving licensee.*
  - Date of sale and invoice number.

- *If there is no sale, note that there is no sale and create a reference number for the document.*
  - Kind, quantity, size, and capacity of packages of cannabis or cannabis products sold (or, where there is no sale, transferred);
  - The cost to the purchaser, together with any discount applied to the price as shown on the invoice.
    - *If there is no sale, list purchase price as "TBD."*
  - The place from which transport of the cannabis or cannabis product was made unless transport was made from the premises of the licensee.
  - Documentation of Cultivation Tax status. In particular:
    - Provide to the cultivator and keep on file an invoice, receipt, or similar document that identifies:
      - the licensee receiving the product;
      - the originating cultivator;
      - associated unique identifier of the cannabis;
      - the amount of cultivation tax; and
      - the weight and category of the cannabis.
        - *The weight and category of the cannabis identified on the invoice shall equal the weight and category of the cannabis entered into the California Cannabis Track-and-Trace system.*
    - whether the cannabis was SOLD (and therefore the distributor is collecting the cultivation tax), or whether the cannabis is being transferred without sale (and therefore the distributor is NOT collecting the cultivation tax).
- 5.2. Verify the accuracy of the tax and total dollar amount on the invoice prior to clicking "Receive" in METRC.

**NOTE:** Complete verification for all transfers due to the complex tax structure in California.

## **6.0 RECEIVING MANIFEST WITH BOTH SIGNATURES**

- 6.1. Once the product has been received, the destination licensee is responsible for signing the manifest and sending a copy back to the originating licensee.
- Intake manager prints the first and last name in the field labeled "Name of Person Receiving or Rejecting Product".
  - Intake manager signs and dates the manifest.

- Capturing both signatures on the manifest is a complete document.
- 6.2. File all signed manifests in an organized manner by the vendor in ascending order by the received date (two signatures).
- Send a copy of the completed manifest back to the originating licensee.

## **7.0 INTAKING ITEMS IN THIRD-PARTY INVENTORY SYSTEM**

- 7.1. Virtually re-package the originating licensee's Metrc package tag into a new Metrc package tag.  
Please note: ***This is an operation specific workflow.***
- 7.2. Login to Third-Party Inventory System.
- 7.3. Perform Third-Party Inventory System <> METRC sync to pull the newly received METRC inventory into Third-Party Inventory System.
- Verify within Third-Party Inventory System that the manifest was imported and that the weights, unit of measure, METRC package, item, strain, and category are accurate.
- 7.4. Bulk cannabis flower is packaged as individual pounds in its own clear bag.
- If inventory is received in bulk, physical repackage the bulk cannabis individually into pounds.
  - Gloves MUST be worn while handling cannabis goods that are not in a bag.
- 7.5. After the Metrc inventory is in Third-Party Inventory System, re-tag the inventory into a new METRC package tag.  
Please note: ***This is an operation specific workflow.***
- 7.6. Print inventory barcode stickers from Third-Party Inventory System
- Place barcode stickers on each individual pound bag.
  - Place one barcode sticker on each individual tote.
- 7.7. Place in holding or storage
- **Reference:** CA Distribution: Storage of All Material SOP storage SOP

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**Effectiveness Criteria:**

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- Verification of accuracy between physical product and transfer manifest.
- Verification of accuracy between physical product and sales invoice or receipt.
- The transfer manifest must be rejected or accepted within 24 hrs.
- All required signatures were collected on all transfer manifests made.
- Retain all required documentation for a period of at least 7 years.

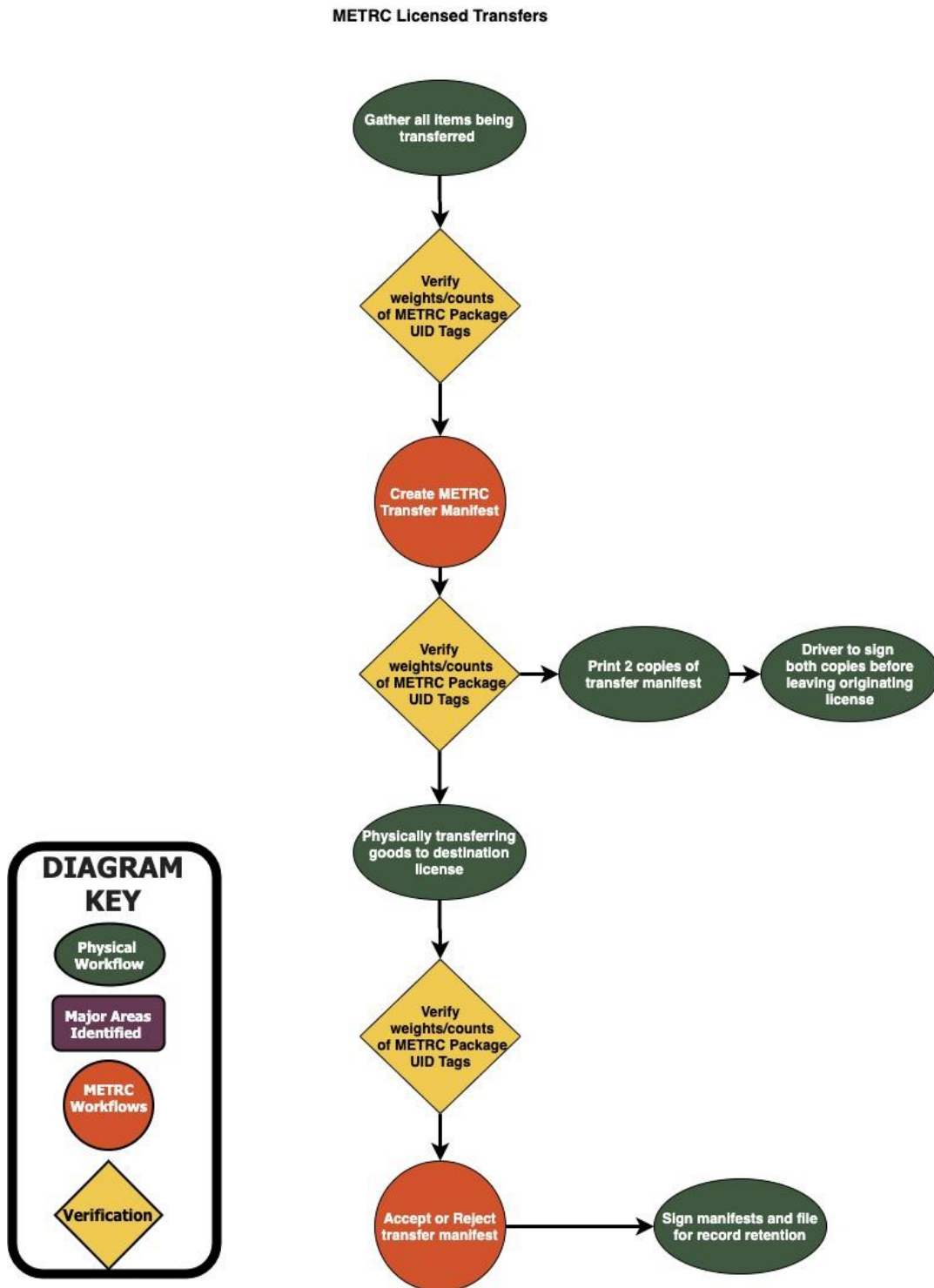
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**References:**

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- A. BCC § 5048. TRACK AND TRACE SYSTEM**
- B. BCC § 5049. TRACK AND TRACE REPORTING**
- C. BCC § 5307.2. LICENSED DISTRIBUTOR TO LICENSED DISTRIBUTOR TRANSFERS**
- D. BCC § 5052.1. ACCEPTANCE OF SHIPMENTS**
- E. BCC § 5303.1. NET WEIGHT OF DRIED FLOWER**
- F. BCC § 5310. RECORDS.**
- G. BCC § 5314. SHIPPING MANIFESTS**
- H. WORKFLOW DIAGRAM**
- I. CALIFORNIA LICENSED TRANSFERS SOP CHECKLIST**

## Workflow Diagram:





## Common Name

Facility License#: **INSERT LICENSE**  
Operation Type: **INSERT OPERATION**

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### California Licensed Transfers Standard Operating Procedure Checklist:

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- ☐ The originating license to prepare inventory for licensed transfers.
- ☐ Verify physical weights/counts match METRC Package UID Tags.
- ☐ The originating license to create an Outgoing METRC transfer manifest.
- ☐ The destination license to verify the accuracy of all information on the Incoming Licensed Transfer.
- ☐ Accept or reject incoming Licensed transfers within 24 hrs.
- ☐ Receive a copy of the transfer manifest with both signatures.



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Facility License#: **INSERT LICENSE**  
Operation Type: **INSERT OPERATION**

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**Revision History:**

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Revision	Date	Description of changes	Requested By
1.0	04/02/2021	Initial SOP Release	Lindsey Kincade
1.0	04/02/2021	Initial Review	BriAnne Ramsay
1.0	04/09/2021	Operational Review	Tyler Perkins