

Date: January 12, 2021

File No.: 0126

To: **Doug McCauley**, Real Estate Commissioner
Department of Real Estate
1651 Exposition Boulevard
Sacramento, CA 95815

From: **Department of General Services**
Office of Audit Services

Subject: AUDIT REPORT: COMPLIANCE WITH STATE BUSINESS MANAGEMENT POLICIES

Attached is the final report on our compliance audit of the business management functions and services of the Department of Real Estate (DRE). The objective of our audit was to determine compliance with policies set forth in the State Administrative Manual, and the terms and conditions of any specific delegations of authority or exemptions from approval granted by the Department of General Services (DGS).

As noted in the report, we concluded that DRE is conducting its business management functions and services in compliance with state requirements.

We sincerely appreciated the cooperation and assistance provided by all of DRE's personnel.

If you need further information on or assistance with this report, please call / e-mail me at (916) 376-5064 / Dennis.Miras@dgs.ca.gov, or Susan Mitchel, Management Auditor, at (916) 376-1909 / Susan.Mitchel@dgs.ca.gov.

Dennis M Miras

DENNIS M MIRAS, CIA
Manager, Office of Audit Services

Attachment

cc: Marcus McCarther, Chief Deputy Commissioner, DRE
Shelly Wilson, Assistant Commissioner, Administrative Services, DRE
Purchasing Authority Management Section (PAMS), Procurement Division, DGS

**GOVERNMENT OPERATIONS AGENCY
DEPARTMENT OF GENERAL SERVICES**

**AUDIT OF THE
DEPARTMENT OF REAL ESTATE**

**FOR COMPLIANCE WITH STATE
BUSINESS MANAGEMENT POLICIES
REPORT NO. 0126**

OFFICE OF AUDIT SERVICES

OCTOBER 2020

DEPARTMENT OF REAL ESTATE

**COMPLIANCE AUDIT
REPORT NO. 0126**

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STATE OF CALIFORNIA
DEPARTMENT OF GENERAL SERVICES
AUDITOR'S REPORT

DATE: January 12, 2021

TO: **Doug McCauley**, Real Estate Commissioner
Department of Real Estate

This report presents the results of our compliance audit of the business management functions and services of the Department of Real Estate (DRE). These audits are routinely performed under the authority granted to the Department of General Services (DGS) by Government Code Sections 14615 and 14619 and Public Contract Code Section 10333. The objective of our audit was to determine compliance with policies set forth in the State Administrative Manual, and the terms and conditions of any specific delegations of authority or exemptions from approval granted by DGS.

As applicable, the scope of this audit included, but was not limited to, compliance with policies governing the delegated purchasing program, contracting, fleet administration, small business and disabled veteran business enterprises usage, driver safety and insurance, surplus property, and real estate. Our audit was conducted in accordance with U.S. generally accepted auditing standards.

To determine compliance, we reviewed policies and procedures, interviewed parties involved, tested records and transactions and performed other tests as deemed necessary. The period covered by our testing varied depending upon the area of review and the type of transactions involved; however, the emphasis of our review and testing was with current procedures and transactions completed during the 2019-20 fiscal year.

Based on the audit results of our fieldwork conducted over the period of February 13, 2020 through October 7, 2020, we concluded that DRE is conducting its business management functions and services in compliance with state requirements.

We are pleased with how receptive and responsive DRE staff and management were to our suggestions for improvement and with the prompt actions taken and commitments made to address issues identified and discussed during our audit fieldwork. However, we did not perform subsequent effectiveness tests to determine whether the corrective actions were functioning as intended. DRE's management has the ongoing responsibility for ensuring that its business management policies and procedures are functioning as prescribed and are modified, as appropriate, for changes in conditions.

We sincerely appreciated the cooperation and assistance provided by DRE's personnel.

If you need further information on or assistance with this report, please call / e-mail me at (916) 376-5064 / Dennis.Miras@dgs.ca.gov, or Susan Mitchel, Management Auditor, at (916) 376-1909 / Susan.Mitchel@dgs.ca.gov.

Dennis M Miras

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Manager, Office of Audit Services

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Shelly Wilson, Assistant Commissioner, Administrative Services, DRE
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