

OPERATIONAL AUDIT

OKLAHOMA REAL ESTATE COMMISSION

For the period January 1, 2009 through February 28, 2013



*Independently serving the citizens of
Oklahoma by promoting the
accountability and fiscal integrity of
governmental funds.*



Oklahoma State
Auditor & Inspector
Gary A. Jones, CPA, CFE

**Audit Report of the
Oklahoma Real Estate Commission**

**For the Period
January 1, 2009 through February 28, 2013**



Oklahoma State Auditor & Inspector

2300 N. Lincoln Blvd. • State Capitol, Room 100 • Oklahoma City, OK 73105 • Phone: 405.521.3495 • Fax: 405.521.3426

September 5, 2013

TO GOVERNOR MARY FALLIN:

This is the audit report of the Oklahoma Real Estate Commission for the period January 1, 2009 through February 28, 2013. The goal of the State Auditor and Inspector is to promote accountability and fiscal integrity in state and local government. Maintaining our independence as we provide this service to the taxpayers of Oklahoma is of utmost importance.

We wish to take this opportunity to express our appreciation for the assistance and cooperation extended to our office during our engagement.

This report is a public document pursuant to the Oklahoma Open Records Act (51 O.S. § 24A.1 et seq.), and shall be open to any person for inspection and copying.

Sincerely,

A handwritten signature in blue ink that reads "Gary A. Jones".

GARY A. JONES, CPA, CFE
OKLAHOMA STATE AUDITOR & INSPECTOR

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Background

The mission of the Oklahoma Real Estate Commission (OREC) is to safeguard the public interest and provide quality services by assisting and providing resources; encouraging and requiring high standards of knowledge and ethical practices of licensees; investigating and sanctioning licensed activities; and through the prosecution of any unlicensed person who violates the Oklahoma License Code and Rules.

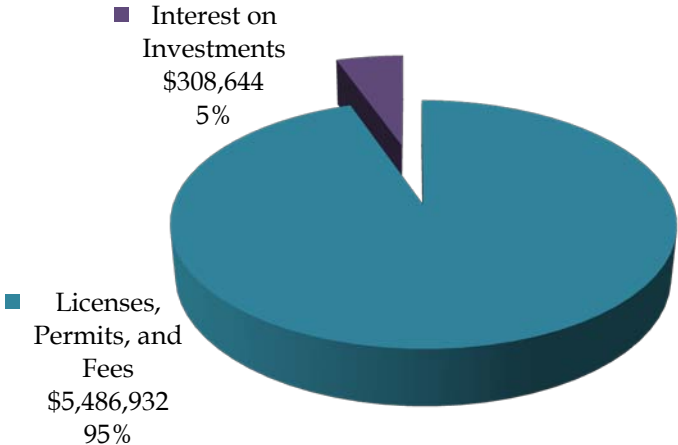
Oversight is provided by a commission of seven members (the Commission) appointed by the Governor with the advice and consent of the Senate for a term of four years.

Commission members as of August 2013 are:

- Mike Cassidy Chairman
- Stephen Sherman Vice Chairman
- Charles Barnes School Member
- Martin Van Meter Broker Member
- John Mosley Broker Member
- Rodger Erker Broker Member
- Vacant Member

The charts below illustrate how the OREC is funded, and where the funds are expended.¹

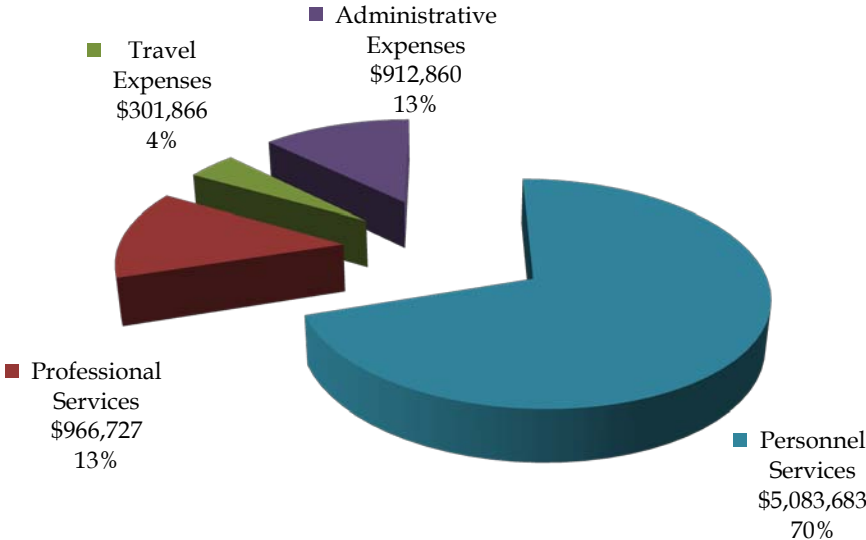
Chart 1 - Revenues by Category (January 1, 2009 - February 28, 2013)



¹ This information was obtained from Oklahoma PeopleSoft Accounting System. It is for informational purposes only and has not been audited.

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Chart 2 - Expenditures by Category (January 1, 2009 - February 28, 2013)



Scope and Methodology

Our audit was conducted at the request of the Governor and in accordance with 74 O.S. § 212.C and 74 O.S. 213.2.B.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

In planning and conducting our audit, we focused on the major financial-related areas of operations based on assessment of materiality and risk for the period January 1, 2009 through February 28, 2013. Our audit procedures included inquiries of appropriate personnel, inspections of documents and records, and observations of the OREC’s operations. We also tested a sample of transactions to achieve our objective. To ensure the samples were representative of the population and provided sufficient, appropriate evidence, the random sample methodology was used. We identified specific attributes for testing each of the samples and when appropriate, we projected our results to the population.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, errors or fraud may occur and not be detected. Also, projections of any evaluation of internal control to

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future periods are subject to the risk that conditions may change or compliance with policies and procedures may deteriorate.

OBJECTIVE I

Determine whether the OREC's internal controls provide reasonable assurance that revenues and expenditures (both miscellaneous and payroll) were accurately reported in the accounting records, and financial operations complied with applicable finance-related laws and regulations.

Conclusion

The OREC's internal controls provide reasonable assurance that revenues and expenditures (both miscellaneous and payroll) were accurately reported in the accounting records.

Financial operations complied with the following statutes:

- 59 O.S. § 858-207 – annual 10% transfer of all license fees collected and received to the state general revenue fund;
- 59 O.S. § 858-602 D – annual transfer of money from the Oklahoma Real Estate Education and Recovery Fund to the Oklahoma Real Estate Commission Revolving Fund;
- 62 O.S. § 34.57 C. 1 – deposit of receipts of \$100 or more;
- 74 O.S. § 3601.2 A. 3 – salary limitation of executive officer.



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