

# **LOUISIANA STATE BOARD OF OPTOMETRY EXAMINERS**

STATE OF LOUISIANA

FINANCIAL AUDIT SERVICES

**Procedural Report**  
**Issued September 4, 2024**

**LOUISIANA LEGISLATIVE AUDITOR  
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# Louisiana Legislative Auditor

Michael J. "Mike" Waguespack, CPA

Louisiana State Board of Optometry Examiners



September 2024

Audit Control # 80230138

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## Introduction

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The primary purpose of our procedures at the Louisiana State Board of Optometry Examiners (Board) was to evaluate certain controls that the Board uses to ensure accurate financial reporting, compliance with applicable laws and regulations, and accountability over public funds for the period January 1, 2022, through December 31, 2023. In addition, we determined whether management has taken action to correct the findings reported in the prior report.

The Board was created within the Louisiana Department of Health as provided by Louisiana Revised Statute (R.S.) 37:1042. The Board's mission is to regulate and ensure the safe practice of optometry within the state of Louisiana. The Board is responsible for the licensure, certification, and regulation of individuals practicing optometry in Louisiana.

## Results of Our Procedures

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We evaluated the Board's operations and system of internal control through inquiry, observation, and review of its policies and procedures, including a review of the applicable laws and regulations. Based on the documentation of Board's controls and our understanding of related laws and regulations, and the results of our analytical procedures, we performed procedures on selected controls and transactions relating to bank reconciliations, receipts and collections, nonpayroll disbursements, travel expenses, contracts, budget, and the use of Board resources. We also evaluated the Board's compliance with certain laws and regulations.

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### Follow-up on Prior-report Findings

We reviewed the status of the prior-report findings in the Board's procedural report dated March 13, 2023. We determined that management has resolved the prior-report findings related to Lack of Controls over Bank Reconciliations, Lack of Controls over Collections, Failure to Obtain Formalized Contracts, Lack of Written Policies and Procedures, and Insufficient Support for Approved Budget. The prior-report finding related to the Inappropriate Use of Board Resources has not been repeated in this report; however, the current status of this issue is noted in the Use of Board

Resources section of this report on page 5. The prior-report finding titled Lack of Controls over Nonpayroll Disbursements has been partially resolved and is addressed again in this report (titled Lack of Controls over Travel Reimbursements).

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## **Current-report Finding**

### **Lack of Controls over Travel Reimbursements**

The Board lacks proper controls over its travel reimbursements. Based on our review of five travel reimbursements totaling \$5,539 for the period June 8, 2023, to December 31, 2023, we identified the following exceptions:

- The Board was unable to provide any supporting documentation for one travel reimbursement totaling \$785 and a portion of another travel reimbursement for a \$16 parking receipt.
- One reimbursement included overnight lodging for four days totaling \$878 and two meals totaling \$41 that were outside of the dates of travel for official Board business.
- Two reimbursements included a total of \$68 of duplicate charges for the same meals.
- Three of the reimbursements included meal receipts that were not itemized totaling \$578.

According to the Board's general ledgers, calendar year 2022 and 2023 travel reimbursements totaled \$12,825 and \$25,362, respectively. This is the third consecutive engagement we have reported exceptions relating to travel reimbursements.

The Board failed to place sufficient emphasis on developing and implementing internal controls over travel reimbursements, which increases the risk that errors or fraud may occur and not be detected. Good internal controls require adequate supporting documentation and a thorough review of the documentation prior to payment of travel reimbursements.

The Board should develop and implement controls over its travel reimbursements to ensure (1) meal reimbursements include receipts that are itemized; (2) there are no duplicate requests for reimbursement; (3) there are no reimbursements for meals or lodging outside of the dates of travel for official Board business; and (4) supporting documents are maintained for all reimbursements. The Board concurred in part with the finding and provided a corrective action plan (see Appendix A).

**Additional Comments:** The Board does not concur with the exception noted for reimbursement of expenses outside of the dates of travel for official Board business noted above. Per conference documentation, the dates of the conference were June

18 to June 20, 2023; however, the Board member was reimbursed for seven nights of lodging from June 16 to June 22, 2023. The Board also does not concur with the duplicate reimbursement of a meal totaling \$35 on June 17, 2023, stating the other charge noted was for a different meal on June 19, 2023. The auditor agrees that two \$35 meals on the 17<sup>th</sup> and 19<sup>th</sup> were properly reimbursed through the charges on the hotel bill; however, the June 17<sup>th</sup> meal was reimbursed again using an itemized receipt, which indicated that the meal was charged to the room.

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## **Other Results of Our Procedures**

### **Written Policies and Procedures**

We performed procedures to address the prior-report finding titled Lack of Written Policies and Procedures by inspecting the Board's written policies and procedures to determine whether they address each of the following categories and subcategories, as applicable. No exceptions noted.

- (a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
- (b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law or state purchasing rules and regulations, as applicable to the entity; and (5) documentation required to be maintained for all bids and price quotes.
- (c) **Disbursements**, including processing, reviewing, and approving.
- (d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue (e.g., periodic confirmation with outside parties, reconciliation of receipt number sequences, reasonableness of cash collections based on licenses issued).
- (e) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- (f) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, (4) timeframe in which requests must be submitted, and (5) required approvers.
- (g) **Ethics**, including (1) the prohibitions as defined in R.S. 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all

employees annually attest through signature verification that they have read the entity's ethics policy.

- (h) ***Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups; (2) storage of backups in a separate physical location isolated from the network; (3) periodic testing/verification that backups can be restored; (4) use of antivirus software on all systems; (5) timely application of all available system and software patches/updates; and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

### **Bank Reconciliations**

The Board maintains one checking account used for general operations and a money markets savings account. Board members and the Board's CPA firm participate in the cash collection, disbursement, and reconciliation activities. Cash balances totaled \$243,927 and \$128,324 at December 31, 2022, and 2023, respectively. We performed procedures on all monthly reconciliations to address the prior-report finding titled Lack of Controls over Bank Reconciliations by ensuring the Board's monthly reconciliations of its cash balances to the general ledger were completed timely, properly reviewed, and outstanding transactions are current and documented appropriately. No exceptions were noted.

### **Receipts and Collections**

Approximately 88% and 80% of the Board's revenue collections during calendar years 2022 and 2023, respectively, were from annual licensing fees. We performed procedures to address the prior-report finding titled Lack of Controls over Collections by ensuring that the appropriate fees were collected in accordance with the fee schedule established by the Board for calendar years 2022 and 2023. No exceptions were noted.

We also performed procedures to address the prior-report finding by ensuring job duties for collections were properly segregated, deposits were made timely, and reconciliation of license fees from the licensing system to deposits in the general ledger was performed for the period June 8, 2023, to December 31, 2023. No exceptions were noted.

### **Nonpayroll Disbursements**

For all nonpayroll disbursements (excluding travel reimbursements) during the period June 8, 2023, to December 31, 2023, we performed procedures to address the prior-report finding titled Lack of Controls over Nonpayroll Disbursements by observing that the job duties were properly segregated. We also traced selected disbursements to supporting documentation and evaluated proper segregation of duties in the processing and approval of those disbursements. No exceptions were noted.

**Travel Expenses**

Travel expenses include reimbursement of travel expenses for board members to attend meetings and assist with licensing examinations. We performed procedures to address the prior-report finding titled Lack of Controls over Nonpayroll Disbursements by tracing selected travel expense reimbursements to supporting documentation, evaluated compliance with laws and regulations, and observed evidence of proper review and approval for the period June 8, 2023, to December 31, 2023. During our review of five travel expense reimbursements, we noted that the Board was unable to provide all supporting documentation for two reimbursements. Also, good internal controls would require adequate supporting documentation, including itemized receipts, participants of meals, and reasons why a longer stay is allowable; and a thorough review of the documentation prior to payment of travel reimbursements to ensure no duplicate charges (see "Lack of Controls over Travel Reimbursements" in the Current-report Finding section).

**Contracts**

The Board engaged various vendors for professional services totaling \$79,285 and \$258,621 for calendar years 2022 and 2023, respectively. We performed procedures to address the prior-report finding titled Failure to Obtain Formalized Contracts by ensuring all selected vendors with expenditures for the period of June 8, 2023, to December 31, 2023, had formalized contracts with the Board, contracts were approved by the Board, payments were made in accordance with contract terms, and contracts complied with laws and regulations. No exceptions were noted.

**Budget**

We performed procedures to address the prior-report finding titled Insufficient Support for Approved Budget by ensuring that the approved budgets were adequately documented in meeting minutes. In addition, we obtained the budget information for calendar years 2022 and 2023 and determined that the information substantially agreed with the budget information contained in the Division of Administration's boards and commissions database. No exceptions were noted.

**Use of Board Resources**

We performed procedures to address the prior-report finding titled Inappropriate Use of Board Resources by determining if the Board has taken sufficient and appropriate measures to recoup the \$428,849 in potential shared expenses with a private entity, the Louisiana Optometry Association. The Board has represented that two additional, unsuccessful mediation attempts occurred in November 2023 and April 2024, in efforts to resolve the disputed expenses. The Board expects the litigation to proceed to trial.

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## Trend Analysis

We compared the most current and prior-year financial activity using the Board's general ledger reports and obtained explanations from Board's management for any significant variances.

Under Louisiana Revised Statute 24:513, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,



Michael J. "Mike" Waguespack, CPA  
Legislative Auditor

DT:EBT:BH:BQD:aa

LSBOE2023



## **APPENDIX A: MANAGEMENT'S RESPONSE**

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**LOUISIANA STATE BOARD OF OPTOMETRY EXAMINERS**  
**1111 Medical Center Blvd, S-880**  
**Marrero, LA 70072**

August 16, 2024

Via Facsimile to 225-339-3870  
And by U.S. Mail

Michael J. Waguespack, CPA  
Louisiana Legislative Auditor  
1600 North 3<sup>rd</sup> Street  
P.O. Box 94397  
Baton Rouge, LA 70804-9397

Re: Louisiana State Board of Optometry Examiners  
Response to Reportable Audit Finding Dated July 25, 2024

Dear Mr. Waguespack:

I am the newly appointed President of the Louisiana State Board of Optometry Examiners (“LSBOE”), having been appointed in July, 2024. Accordingly, although I am the current President of the LSBOE, I was not the President of the LSBOE, or a member of the Board of Examiners of the LSBOE, during the period of time covered by the audit. As the current President of the LSBOE, however, I will oversee the correction of the audit findings identified by your office.

As an initial matter, I note that in the LSBOE’s previous audit, multiple adverse findings were made, and it is my understanding that the members of the previous Board of Examiners undertook a concerted effort to address and correct the deficiencies noted in those previous audit findings. While I would certainly have preferred that none of the previous findings were repeated in this audit, I am pleased that the other previous findings, with the exception of the one addressed herein, appear to have been corrected and have not reoccurred in this audit.

The following constitutes the response of the LSBOE to the LLA’s Reportable Audit Finding entitled “Lack of Controls over Travel Reimbursements” (the “Finding”):

1. Overall, and as addressed below with respect to each specific finding, the LSBOE concur in part and disagrees in part with the LLA’s finding that the LSBOE did not have proper controls of the five (5) travel reimbursements to members of the LSBOE totaling \$5,539. Despite any disagreement on a specific instance or finding as noted below, the LSBOE commits to developing and implementing improved internal controls with respect to travel reimbursements and has provided a corrective action

plan below on how it intends to ensure that the LSBOE maintains internal controls over travel reimbursements.

2. With respect to the specific finding that the LSBOE “was unable to provide any supporting documentation for one travel reimbursement totaling \$785 and a portion of another travel reimbursement for a \$16 parking receipt,” the LSBOE concurs in part and disagrees in part with this finding as set forth below:
  - a. With respect to the travel reimbursement totaling \$785, the LSBOE concurs that it cannot locate in its files any documentation to support the expenditures submitted by a former board member. The LSBOE did reach out to the former board member who submitted this request for reimbursement, who disputed this finding and asserted that he did not request or receive payment for the expenses identified. However, the LSBOE has been able to determine that the reimbursements were in connection with the LSBOE board meeting of August 11, 2023, and that according to the general ledger, the reimbursements consisted of mileage from the board member’s home in north Louisiana to New Orleans (\$383.83); lodging (\$275.09); meals (\$57.85); tolls and parking (\$58.47); and tips (\$10.00). The LSBOE’s records also show that reimbursement was requested by the former board member and that a check was issued to the former board member in connection with same. Accordingly, although the former board member has disputed this finding, the LSBOE concurs in this finding.
  - b. With respect to the travel reimbursement for a \$16 parking receipt, the LSBOE has followed up with the board member at issue, and he advised that it was his practice to always include receipts attached to the expense report, and if one was missing, then it must have become detached from the expense report after submission. In any event, the board member was able to provide a copy of his credit card charge supporting the reimbursement. A copy of this receipt is attached hereto. The date on the receipt, as well as the address, aligns with the LSBOE’s meeting date and location for that month. While the LSBOE concurs that the finding insofar as the parking ticket was not attached to the expense report reviewed by the LLA, the LSBOE respectfully disagrees that this instance supports the finding that the LSBOE lacks control over travel reimbursements given the attached receipt clearly demonstrating that the expenditure itself was appropriate and that documentation has now been added to the LSBOE’s records, albeit it as a corrective measure.
3. With respect to the specific finding that one reimbursement to a board member “included overnight lodging for four days totaling \$878 and two meals totaling \$41 that were outside the dates of travel for official Board business,” the LSBOE concurs in this finding, except that the LSBOE computes the amount at issue as 3 nights of lodging at \$219.55 per night (\$658.65) plus the identified meal expense of \$41, for a total of \$699.65 that was outside of the meeting period rather than the identified amount of \$878. The LSBOE also reached out to the former board member who

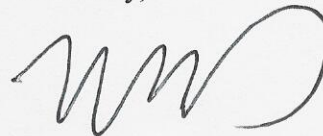
submitted this reimbursement request, and he disputes this finding. The former board member advises that he arrived the night before the meeting commenced and returned on the day after the meeting ended due to flight schedules. The former board member states that he flew back on 6/21/23 as verified the airport parking receipt, and that the date on the hotel receipt should have been 6/21/23. If the former board member is correct, then there would be no travel expenses outside of the meeting period which lacked a business justification. If the contention of the board member is incorrect, the LSBOE will see what additional documentation can be obtained from third parties relative to the travel dates. As a corrective action, if the contentions of the former board member are determined to be incorrect after additional investigation, the LSBOE will request reimbursement from the board member for expenses outside of the meeting period if there is no business justification for same.

4. With respect to the specific finding that “two reimbursements included a total of \$68 of duplicate charges for the same meals,” the former board member who submitted the expense disputes this finding. However, with respect to the meal for \$33.59, the LSBOE concurs with this finding. As a corrective action, the LSBOE will request reimbursement for the double reimbursement of \$33.59 from the former board member. With respect to the second meal reimbursement for \$34.90, the former board member and the LSBOE dispute this finding, as the hotel bill shows that one meal in this amount was on 6/17/23 and the second meal in this amount was on 6/19/23. Accordingly, with respect to this second instance, it appears that the former board member ordered the same menu items on two different days.
5. With respect to the specific finding that “three of the reimbursements included meal receipts that were not itemized totaling \$578,” the LSBOE concurs in this finding to the extent that there were in fact other parties present at the meal but disagrees when there was no other party present and the meal was for the board member only while attending a conference or other board business out of town. However, the LSBOE concurs in this finding to the extent that the receipts were not itemized. As a corrective action, the LSBOE will ensure that all meal receipts identify the participants in the meal (when there are other participants) or state that there were no other participants, and that an itemized receipt be attached.
6. In addition to the specific corrective action measures identified above, the LSBOE commits to strengthening its emphasis of developing and implementing additional internal controls over travel reimbursements to ensure that (1) meal reimbursements include receipts that are itemized and identify the participants in the meal or state that there were none; (2) there are no duplicate requests for reimbursement; (3) there are no reimbursements for meals or lodging outside of the dates of travel for official LSBOE business, and (4) supporting documents are maintained for all reimbursements. Specifically, as President of the LSBOE, I am instructing the LSBOE’s Executive Director and General Counsel to prepare and implement the following:

- a. A check-off sheet that will be attached to each request for reimbursement where the board member submitting the expense initials that each requirement for reimbursement listed is attached to the request for reimbursement, and the same column for the Executive Director to initial before processing the reimbursement request for payment. This check-off sheet will be retained along with each reimbursement request.
- b. A presentation will be prepared and administered to the LSBOE at a future board meeting to educate the board members on the enhanced reimbursement procedures, and the importance of same.
- c. Going forward, all expense reports, check-off sheets, receipts and other supporting documentation will be scanned, and an electronic copy retained of same to reduce the opportunities for a receipt to be detached and lost in a paper file.

On behalf of the LSBOE, I want to thank your office for the considerate and professional manner in which its representatives have conducted the audit. You can rest assured that I, as President of the LSBOE, take the responsibility to be good stewards of public funds seriously, and that the corrective actions identified above will be taken and implemented. If your office has any other suggestions in terms of appropriate corrective actions in addition to those identified above, I would be most interested in learning of them.

Sincerely,



Kevin Kasovich, O.D.  
President

cc: Elizabeth Thornton, CPA/LA Legislative Auditor/by email  
Anna Marie Cahill/Executive Director/LSBOE/by email  
A.J. Herbert/General Counsel/LSBOE/by email

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## APPENDIX B: SCOPE AND METHODOLOGY

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We performed certain procedures at the Louisiana State Board of Optometry Examiners (Board) for the period from January 1, 2022, through December 31, 2023. Our objective was to evaluate certain controls the Board uses to ensure accurate financial reporting, compliance with applicable laws and regulations, and accountability over public funds. The scope of our procedures, which is summarized below, was significantly less than an audit conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. We did not audit or review the Board's Annual Fiscal Reports, and accordingly, we do not express an opinion on those reports. The Board's accounts are an integral part of the state of Louisiana's financial statements, upon which the Louisiana Legislative Auditor expresses opinions.

- We evaluated the Board's operations and system of internal controls through inquiry, observation, and review of its policies and procedures, including a review of the laws and regulations applicable to the Board.
- Based on the documentation of the Board's controls and our understanding of related laws and regulations, we performed procedures on selected controls and transactions relating to bank reconciliations, receipts and collections, nonpayroll disbursements, and travel expenses, contracts, budget, and the use of Board resources.
- We compared the most current and prior-year financial activity using the Board's general ledger and other system-generated reports and obtained explanations from the Board's management for any significant variances.

The purpose of this report is solely to describe the scope of our work at the Board, and not to provide an opinion on the effectiveness of the Board's internal control over financial reporting or on compliance. Accordingly, this report is not intended to be, and should not be, used for any other purpose.