

# **LOUISIANA STATE BOARD OF OPTOMETRY EXAMINERS**

STATE OF LOUISIANA

FINANCIAL AUDIT SERVICES

**Procedural Report**  
**Issued March 13, 2023**

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# Louisiana Legislative Auditor

Michael J. "Mike" Waguespack, CPA

Louisiana State Board of Optometry Examiners



March 2023

Audit Control # 80210144

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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, 2021, through December 31, 2021. 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, we performed procedures on selected controls and transactions relating to Board meetings and minutes, bank reconciliations, receipts and collections, nonpayroll disbursements, travel expenses, contracts, payroll and personnel, ethics, budget, and sexual harassment policies. 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 December 13, 2021. We determined that management has resolved the prior-report findings related to Insufficient Payroll Records, Potential Prohibited Payment to Employee, Untimely Payroll Tax Filings, Noncompliance with Sexual Harassment Laws and Regulations, and Required Ethics Training Not Completed. The findings relating to Lack of Controls over Disbursements, Lack of Controls over Bank Reconciliations, Inappropriate Use of Board Resources, Lack of Controls over

Collections, Lack of Written Policies and Procedures, and Insufficient Support for Approved Budget have not been resolved and are addressed again in this report.

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## **Current Report Findings**

### **Lack of Controls over Nonpayroll Disbursements**

For the second consecutive year, the Board lacks proper controls over its nonpayroll disbursements. According to the Board's general ledger, calendar year 2021 nonpayroll disbursements totaled \$86,764.

Based on our procedures, the following were identified:

- The same individual had access to checks, was responsible for preparing and remitting checks and posting entries to the general ledger, had the ability to add and modify vendor records in the accounting system, and had the ability to make payments online using an e-check. Since August 2021, checks are only required to be signed by one board member unless the check preparer is also the check payee.
- Based on our review of five nonpayroll disbursements (excluding travel reimbursements), none of the disbursements had evidence of review/approval by an individual other than the individual initiating and executing the disbursement.
- Based on our review of five travel reimbursements:
  - Two of the reimbursements did not have evidence of review/approval by an individual other than the individual initiating and executing the reimbursements, who was also the individual being reimbursed. Both items were paid using an e-check.
  - One of the three reimbursements tested that required itemized receipts did not have any.
  - One of two reimbursements tested with meal charges did not include a listing of the individuals participating in a meal.
  - The two reimbursements tested that included mileage were reimbursed at the incorrect mileage rate.

The Board failed to place sufficient emphasis on developing and implementing internal controls over nonpayroll disbursements, which increases the risk that errors or fraud may occur and not be detected. Good internal controls require adequate segregation of duties and dual approval for all disbursements. Adequate segregation

of duties requires that the initiation, execution, and approval of financial transactions be performed by separate individuals.

The Board should develop and implement controls over its nonpayroll disbursements to ensure (1) individuals responsible for processing payments are not able post entries to the general ledger or add and modify vendor records; (2) all disbursements are reviewed and approved by someone other than the person processing the payment; (3) travel reimbursements are paid in accordance with established policies and procedures; and (4) a board member routinely reviews disbursements according to the bank statement, reviews bank reconciliations and journal entries, and reviews changes to vendor records in the accounting system. The Board concurred with the finding and provided a plan of corrective action (see Appendix A, page 3).

### **Inappropriate Use of Board Resources**

The Board allowed use of its resources for the benefit of the Louisiana Optometry Association (Association), a private entity, potentially violating state law. Article VII Section 14 of the Louisiana Constitution prohibits the loaning, pledging, or donating of public funds, including credit, property, or things of value to or for any person, association, or corporation, public or private.

Until July 2021, the Board's previous secretary-treasurer also served as the Association's executive director and ran the day-to-day operations of both entities. The Board and the Association shared office space, with all rent and utilities paid by the Board. A portion of the former Board employee's time was spent on Association business while paid solely by the Board. The Board's accounting records do not indicate any payments received from the Association and there is no cooperative endeavor agreement between the Association and the Board on shared costs.

The Board's 2021 budget included a 50% reduction in the former Board employee's salary from \$30,000 to \$15,000. We were informed this was because of the Board's expectation that the Association would begin paying half of the salary. However, the Board continued funding the full salary with the Board's funds through August 2021. The Board did not require its former employee to keep time and attendance records and, therefore, we are unable to determine the amount of time and the associated cost incurred by the Board for the employee's work on Association business.

The previous secretary-treasurer was replaced in July 2021, and the Board's office was officially moved from Oakdale, Louisiana, to Ruston, Louisiana in August 2021. Also, the former Board employee resigned in August 2021. The Board and the Association are no longer sharing any resources.

The Board has since engaged a CPA firm to review transactions and to provide a listing of those meeting specified criteria, which will assist in determining shared expenses with the Association and reimbursable to the Board for the years 2014-2021. The CPA firm's report noted \$428,849 in potential shared expenses from 2014-2021, of which \$59,288 were expended during 2021.

The Board is currently in discussions with the Association in an attempt to recoup shared expenses previously paid by the Board and has agreed to mediation to resolve the issue; however, no resolution has been reached. The Board should continue to consult with legal counsel to determine the appropriate actions to take regarding costs incurred for the benefit of the Association. The Board concurred with the finding and provided a plan of corrective action (see Appendix A, page 4).

### **Lack of Controls over Bank Reconciliations**

For the second consecutive year, the Board does not have adequate controls over its bank reconciliations, which increases the risk that employee error or fraud could occur and not be detected timely. Good internal controls require a monthly reconciliation of bank balances to the accounting records, with supervisory review and approval in a timely manner. Reconciling items should also be well documented and those outstanding for more than six months should be researched with appropriate action taken.

Based on our review of the 12 monthly bank statements and reconciliations for the months during calendar year 2021, none of the reconciliations contained any evidence of supervisory review and approval, and one reconciliation was not prepared within two months of the statement closing date. Also, there was one uncleared check of \$566 included in the general ledger transactions posted to the cash account in April 2021 for which the Board was unable to provide evidence of research or any attempt to resolve the item.

Board policy should require timely preparation of monthly bank reconciliations and evidence of board member review and approval. Evidence of board member review and approval should be documented and maintained as part of the Board's accounting records. Also, the Board should research and document all reconciling items and take appropriate action on those outstanding for more than six months. The Board concurred with the finding and provided a plan of corrective action (see Appendix A, page 2).

### **Lack of Controls over Collections**

For the second consecutive year, the Board lacks proper controls over its collections. According to the Board's general ledger, calendar year 2021 collections totaled \$179,341 (primarily consisting of license fees - \$149,730, verification fees - \$20,220, and exam fees - \$9,100).

Based on our procedures, the following were identified:

- The same individual was responsible for collecting receipts, preparing and making bank deposits, and posting collection entries to the general ledger and licensing system without anyone reviewing the receipts, deposits, or journal entries. That same employee also received the bank statements and prepared the bank reconciliations without anyone reviewing the reconciliations as discussed in our current-year finding,

“Lack of Controls over Bank Reconciliations” until the Board’s CPA firm began preparing the bank reconciliations in September 2021; however, there is no evidence of a formal review process.

- Based on our review of license fees paid for 10 licensees, seven licensees were charged an amount that did not agree to the fee schedule established by the Board. It was further determined that the amount charged for all licensees was incorrect in the current year, resulting in potential underpayments of \$64,100.
- Based on our review of five deposits, two were not made within 1-2 business days of check receipt. For another two deposits, we were unable to determine the timeliness of the deposits due to the lack of support available (i.e., payment receipt, check receipt log, etc.). As of the end of October 2021, the Board began logging checks received and improvement was noted; however, based upon our further review of the remainder of the calendar year, six of the 20 collections received between October 31, 2021, and December 23, 2021, were not deposited timely, ranging from three to 19 days after receipt.
- The Board did not properly reconcile payments recorded to licensee accounts in the licensing system to the deposits and licensing revenues in the general ledger. In a review of certain license payments included in deposits, we identified one that was deposited and recorded in the general ledger, but was not properly recorded in the licensing system.

The Board failed to place sufficient emphasis on developing and implementing internal controls over its revenue collections which increases the risk that errors or fraud may occur and not be detected. Good internal controls require adequate segregation of duties, maintaining detailed accounting records, depositing payments timely within 1-2 business days, and reconciling accounting systems at least monthly. Adequate segregation of duties requires that the initiation, execution, and approval of financial transactions be performed by separate individuals.

The Board should develop and implement controls over its collections to ensure (1) deposits are made timely within 1-2 business days of receiving the payment, (2) receipts, deposits, and journal entries are reviewed by someone other than the person responsible for initiating and executing the transactions; (3) collections between the licensing system and the general ledger are reconciled and then reviewed by someone other than the person that prepared the reconciliation; (4) a board member routinely compares fees deposited to the expected fees, based on the number of licenses issued or renewed; and (5) fees charged agree to the fee schedule established by the Board. The Board concurred with the finding and provided a plan of corrective action (see Appendix A, page 3).

### **Failure to Obtain Formalized Contracts**

The Board did not have contracts with three vendors providing professional services during calendar year 2021. These vendors who provided accounting, legal, and

continuing education auditing services were paid \$2,749, \$20,748, and \$7,500, respectively, for calendar year 2021 totaling \$30,997.

The Board approved the services to be provided by the vendors; however, since the Board does not have any policies or procedures implemented to determine which services require written contracts, contracts were not executed with these vendors. Good internal controls require that all contracts be in writing and signed by both parties with all relevant terms clearly defined before allowing a vendor to provide services to the Board. R.S. 39:1625 specifies the minimum content requirements to be included in a contract. Allowing vendors to perform services without a contract could result in the Board not receiving promised services, and the Board may not have appropriate legal recourse to require the vendor to honor its commitments.

The Board should execute formal, written contracts that comply with R.S. 39:1625 for all personal, professional, consulting, and social services received and ensure that amounts billed for those services are reviewed for compliance with all terms of the contract prior to payment. The Board concurred with the finding and provided a plan of corrective action (see Appendix A, page 4).

### **Lack of Written Policies and Procedures**

For the second consecutive year, the Board does not have written policies and procedures for some of its primary financial and business functions, including purchasing, disbursements, receipts/collections, contracting, ethics, and disaster recovery/business continuity. The Board has limited written policies and procedures for budgeting and travel/expense reimbursement. Good internal controls require written policies and procedures to be in place and communicated to applicable board members to guide them in their job duties, reduce errors and omissions, and ensure compliance with laws and regulations. Having written policies and procedures also becomes critical when job duties must transition to new board members as terms expire. Because the Board does not have staff, the Board Secretary handles the day-to-day operations of the Board, and developing written policies and procedures for all of its primary financial and business functions has not been prioritized.

The Board should develop written policies and procedures for all financial and business functions to ensure consistency executing its processes. The Board concurred with the finding and provided a plan of corrective action (see Appendix A, page 2).

### **Insufficient Support for Approved Budget**

For the second consecutive year, the Board did not maintain sufficient supporting documentation of the Board's calendar year 2021 budget.

The Board's meeting minutes did not document any discussion or approval of the Board's 2021 budget or any possible amendments that may have occurred, and therefore, no calendar year 2021 budget was included in the minutes. The Board



provided us with a copy of the actual working budget used for the year; however, the document contains no indication of approval.

In our review of budget information entered by the Board on the Division of Administration's boards and commissions website, we noted that calendar year 2021 budget information on the website does not agree to the Board's actual working budget provided by the Board.

The Board should formally adopt its annual budget and any amendments, maintain a copy of the Board-approved budget, include it as part of the official meeting minutes, and ensure that the information maintained on the boards and commissions website agrees to the current annual budget. The Board concurred in part with the finding and provided a plan of corrective action (see Appendix A, page 4).

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## **Other Results of Our Procedures**

### **Written Policies and Procedures**

The Board did not have written policies and procedures for purchasing, disbursements, receipts/collections, contracting, ethics, and disaster recovery/business continuity. The Board did have limited written policies and procedures for budgeting and travel/expense reimbursement (see "Lack of Written Policies and Procedures" in the Current Report Findings section).

- (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, (2) documentation requirements, (3) timeframe in which requests must be submitted and (4) 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.

### **Board Meetings and Minutes**

We reviewed the board minutes for the fiscal period to determine whether the managing board met (with a quorum) at least semiannually in accordance with R.S. 37:1045(A), and referenced or included budget-to-actual comparisons. No exceptions were noted.

We accessed the Board's online information included in the Division of Administration's boards and commissions database to determine that the Board submitted board meeting notices and minutes for all meetings during the fiscal period. No exceptions were noted.

### **Bank Reconciliations**

The Board maintains one checking account used for general operations and also owns multiple certificates of deposit. From January to August 2021, the Board's former employee participated in cash collection, disbursement, and reconciliation activities. These activities were performed by the Board's Secretary (cash collection and disbursement) and the Board's CPA firm (reconciliation) for the remainder of the year. Cash balances, including the certificates of deposit, totaled \$144,673 at December 31, 2021. We performed procedures related to the Board's monthly reconciliations of its cash balances to the general ledger. During our review, we noted one of the twelve monthly reconciliations was not prepared timely, none of the reconciliations contained evidence of supervisory review and approval, and one reconciling item was not properly documented or researched (see "Lack of Controls over Bank Reconciliations" in the Current Report Findings section).

**Receipts/Collections**

Approximately 84% of the Board's revenue collections during calendar year 2021 were from annual licensing fees. We traced selected licenses that were granted to supporting documentation to ensure the appropriate fees were collected in accordance with the fee schedule established by the Board. During our review of license fees paid for ten licensees, we noted that seven licensees were charged an amount that did not agree to the fee schedule established by the Board. It was determined that all licensees were charged at the incorrect rate for calendar year 2021, resulting in potential underpayments of \$64,100 (see "Lack of Controls over Collections" in the Current Report Findings section).

We performed procedures to determine if deposits were made timely and agreed to recorded collections, the bank, and the general ledger. We reviewed policies and procedures to determine if job duties for collections were properly segregated and that the procedures involved a process to ensure completeness of all revenue sources. During our review, we noted that job duties were not properly segregated, there were multiple untimely deposits, and the Board did not properly reconcile payments recorded in the licensing system to deposits and licensing revenues in the general ledger (see "Lack of Controls over Collections" in the Current Report Findings section).

**Nonpayroll Disbursements**

For all nonpayroll disbursements (excluding travel reimbursements), we obtained an understanding of the Board's procedures relating to the job duties of employees involved with nonpayroll purchasing and payment functions. We analyzed the Board's disbursements and traced selected disbursements to supporting documentation. During our review, we noted that the job duties were not properly segregated. We also noted that none of the five nonpayroll disbursements reviewed (excluding travel reimbursements) had evidence of review/approval by an individual other than the individual initiating and executing the disbursement (see "Lack of Controls over Nonpayroll Disbursements" in the Current Report Findings section).

**Travel Expenses**

Travel expenses include reimbursement of travel expenses for board members and the former employee to attend meetings, and assist with licensing examinations. Calendar year 2021 travel expense reimbursements totaled \$10,099. We traced selected travel expense reimbursements to supporting documentation, evaluated compliance with laws and regulations, and observed evidence of proper review and approval. During our review of five travel expense reimbursements, we noted that two of the reimbursements did not have evidence of review/approval by an individual other than the individual initiating and executing the reimbursements, who was also the individual being reimbursed. Also, several travel reimbursements were not paid with established policies and procedures regarding itemized receipts, participants of meals, and approved mileage rates (see "Lack of Controls over Nonpayroll Disbursements" in the Current Report Findings section).

**Contracts**

The Board engaged various vendors for professional services totaling \$32,742 for calendar year 2021. During our review of the largest three vendors, we noted that the Board did not have contracts with these vendors, which provided accounting, legal, and continuing education auditing services. The Board paid these vendors a total of \$30,997 for calendar year 2021 (see "Failure to Obtain Formalized Contracts" in the Current Report Findings section).

**Payroll and Personnel**

Approximately 15% of the Board's expenditures in calendar year 2021 relate to payroll costs. Board personnel included one former employee, who resigned in August 2021. We obtained the board minutes when the employee's latest biweekly salary was approved and noted payments were made in the correct amount. We also obtained management's representation that employer and employee portions of payroll taxes have been paid and associated forms have been filed by required deadlines. No exceptions were noted.

**Ethics**

We evaluated evidence to determine if required ethics training was completed by the Board's members. During our review, we noted that all of the Board's members completed the required ethics training during 2021. No exceptions were noted.

**Budget**

The Board annually adopts a budget by majority vote of its board members; however, the Board's meeting minutes did not document any discussion or approval of the Board's 2021 budget nor was the budget included in the minutes. The Board provided a copy of the actual working budget for calendar year 2021 which was used to evaluate variances between actual and budgeted amounts. During our review, we noted that variances between budgeted amounts and actual revenues and expenses were reasonable; however, the document contained no indication of approval (see "Insufficient Support for Approved Budget" in the Current Report Findings section).

We also accessed the DOA's boards and commissions database and obtained budget information for the current fiscal period. During our review, we noted that budget information in the database does not agree to the Board's actual working budget (see "Insufficient Support for Approved Budget" in the Current Report Findings section).

**Sexual Harassment Policies**

We performed procedures to determine if the Board's sexual harassment policies and procedures address all requirements of R.S 42:342-344 and that the policy and complaint procedure was posted on the Board's website or premises. No exceptions were noted.

We also requested evidence that the Board's members completed the required training during 2021 and that the Board's sexual harassment report was properly completed by the February 1 deadline. During our review, we noted that the Board substantially complied with these requirements.

### **Other Compliance Areas**

We obtained management's representation that there were no misappropriations in 2021 to be reported to the legislative auditor and the appropriate parish district attorney.

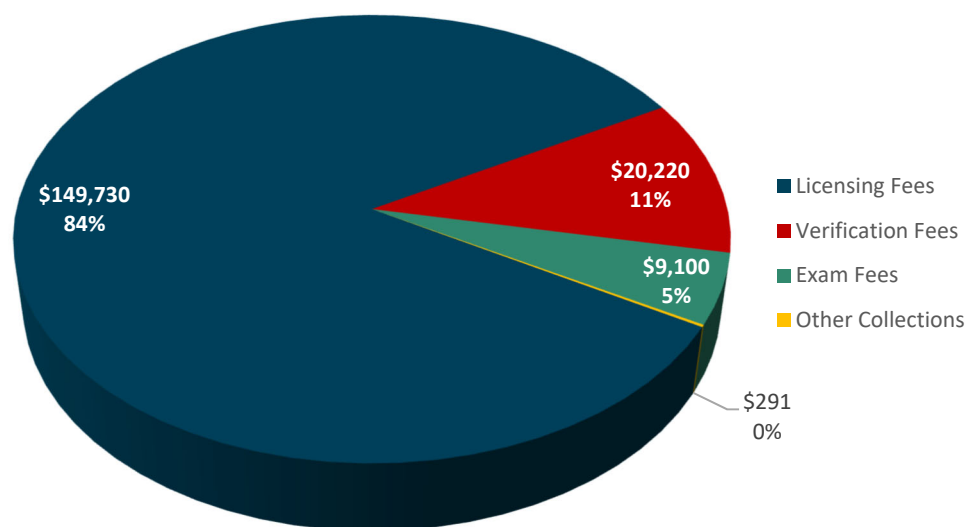
During our review, we noted the Board allowed use of its resources for the benefit of the Louisiana Optometry Association, a private entity, potentially violating state law. Per a review by an independent CPA firm, potential shared expenses during 2021 totaled \$59,288 (see "Inappropriate Use of Board Resources" in the Current Report Findings section).

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### **Comparison of Activity between Years**

We compared the most current and prior-year financial activity using the Board's general ledger and other system generated reports to identify trends and obtained explanations from management for any significant variances that could potentially indicate areas of risk. Management provided reasonable explanations for all significant variances. The following chart shows the Board's calendar year 2021 cash basis collections.

**Calendar Year 2021 Collections**  
**Total: \$179,341**



**Source:** Board General Ledger

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

DG:EBT:BQD:EFS:aa

LSBOE 2021

**APPENDIX A: MANAGEMENT'S RESPONSE TO THE FINDINGS**

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# LOUISIANA STATE BOARD OF OPTOMETRY EXAMINERS

911 Tech Drive  
Ruston, La. 71270  
Email: [LSBOEDRH@gmail.com](mailto:LSBOEDRH@gmail.com)

March 1, 2023

Dear Michael J. "Mike" Waguespack,

The LSBOE intention is to develop and implement policies and procedures for best practices. I am appointing two board members to address best practices for the LSBOE going forward. I am requesting the Secretary submit all written policies and procedures in an electronic format in 30 days to the two board members. I am putting a deadline for all policies and procedures to be reviewed and presented to the full board in 60 days. The LSBOE will send all policies and procedures to the LLA when completed. The LSBOE is certain that an LLA audit will occur for 2022 and is committed to resolving all findings.

Regards,

David R. Heitmeier O.D.

David Heitmeier, O.D.  
New Orleans, LA  
President

Gary Avallone, O.D.  
Ruston, LA  
Secretary

Gerald Gerdes, O.D.  
Lafayette, LA  
Member

Dale Benoit  
Belle Chasse, LA  
Member

Christopher W. Wroten, O.D.  
Denham Springs, LA  
Member

Paul LaPoint, O.D.  
Bunkie, LA  
Member



# LOUISIANA STATE BOARD OF OPTOMETRY EXAMINERS

911 Tech Drive  
Ruston, La. 71270  
Email: [LSBOEDRH@gmail.com](mailto:LSBOEDRH@gmail.com)

Dear Michael J. "Mike" Waguespack

## LSBOE response to LLA 2021 Audit Findings March 1, 2023

### Lack of Written Policies and Procedures

We concur in the finding. Responsible party for corrective action is Dr. Gary Avallone, Secretary of the Louisiana State Board of Optometry Examiners. While some of the correction action cited in the 2020 audit have been addressed, additional work is needed to fully comply with generally recognized best practices. Corrective action should include any and all necessary actions to complete the task. Predicated on board approval, anticipated completion includes identifying proper individuals to assist in corrective action and would be completed in 120 days.

### Lack of Controls over Bank Reconciliations

We Concur in the finding. Responsible party for corrective action is Dr. Gary Avallone, Secretary of the Louisiana State Board of Optometry Examiners, and the Board CPA. The board CPA now completes preparation of monthly bank reconciliations since August of 2021, also Dr. Avallone has taken appropriate reconciliation action on all bank accounts including outstanding items more than six months. Predicated on board approval, the appropriate actions to assure policies are in place and that generally recognized best practices are adhered to. The CPA will be directed to be present at meetings, either in person or virtually, to present financials, verify budgets and reconciliations, and report any irregularities directly to the board.

David Heitmeier, O.D.  
New Orleans, LA  
President

Gary Avallone, O.D.  
Ruston, LA  
Secretary

Gerald Gerdes, O.D.  
Lafayette, LA  
Member

Dale Benoit  
Belle Chasse, LA  
Member

Christopher W. Wroten, O.D.  
Denham Springs, LA  
Member

Paul LaPoint, O.D.  
Bunkie, LA  
Member

## LOUISIANA STATE BOARD OF OPTOMETRY EXAMINERS

### **Lack of Controls over Collections**

We concur in this finding. Responsible party for corrective action is Dr. Gary Avallone, Secretary of the Louisiana State Board of Optometry Examiners, and the board CPA. The LSBOE now has developed policies of oversight of invoices paid and checks written by having the LSBOE President or another Board member (in the absence of the LSBOE President) approve invoices and/or sign checks along with the LSBOE Secretary. All deposits are now logged and completed within 2 days of receipt. Fees charged are verified with approved fee scheduled. We will ensure sufficient emphasis is placed on developing internal controls over revenue collections and implement segregation of duties requiring that initiation, execution, and approval of financial transactions be performed by separate individuals. We will insure deposits are made timely and journal entries are reviewed by someone other than the person responsible for initiating and executing the transactions. The CPA will be directed to be present at meetings, either in person or virtually, to present financials, verify budgets and reconciliations, and report any irregularities directly to the board. Collection between the licensing system and the general ledger will be reconciled and received by someone other than the person that prepared the reconciliation. These bullet points shall be included in the monthly report provided by the Secretary or CPA as appropriate. Policies and Procedures regarding internal controls, adequate segregation of duties including the initiation, execution, and approval of financial transactions, maintaining detailed accounting records bank deposits and reconciliation should be in effect in 90 days.

### **Lack of Controls over Nonpayroll Disbursements**

We Concur in these findings. Responsible party for corrective action is Dr. Gary Avallone, Secretary of the Louisiana State Board of Optometry Examiners, and the Board CPA. The LSBOE now has oversight and implement controls over its non-payroll disbursements to ensure all disbursements are reviewed and approved by someone other than the person processing the payment; travel reimbursements are paid in accordance with established policies and procedures; and Dr. Avallone routinely reviews disbursements according to the bank statement, reviews bank reconciliations and journal entries, and reviews changes to vendor records in the accounting system. Predicated on board approval, the necessary actions will occur to assure policies and procedures are in place and best practices are followed. The CPA will be directed to be present at meetings, either in person or virtually, to present financials, verify budgets and reconciliations, and report any irregularities directly to the board. Corrective action should be completed in 120 days.

We will place sufficient emphasis on developing and implementing internal controls and will implement generally recognized best practices and employ internal controls requiring adequate segregation of duties and dual approval for all disbursements including initiation, execution, and approval of financial transactions by separate individuals. We will develop and implement

## LOUISIANA STATE BOARD OF OPTOMETRY EXAMINERS

controls over its nonpayroll disbursements to ensure individuals responsible for processing payments are not able post entries to the general ledger or add and modify vendor records. All disbursements will be reviewed and approved by someone other than the person processing the payment. Travel reimbursements will be paid in accordance with established policies and procedures.

### **Insufficient Support for Approved Budget**

We concur in part in this finding. Responsible party for corrective action is Dr. Gary Avallone, Secretary of the Louisiana State Board of Optometry Examiners, the LSBOE Board, and the Board CPA. Since 2022, the Board has formally adopted its annual budget and any amendments, maintained a copy of the Board-approved budget, included it as part of the official meeting minutes, and ensured that the information maintained on the boards and commissions website agrees to the current annual budget. We will ensure it is properly documented, signed, and placed in the minutes and the budget is accurate with the same version appearing in all published locations.

### **Failure to Obtain Formalized Contracts**

We Concur in the findings. Responsible party for corrective action is Dr. Gary Avallone, Secretary of the Louisiana State Board of Optometry Examiners and the LSBOE Board. Although the agreements with accounting and continuing education auditing services were written proposals approved by the board, they did not meet the criteria to comply with R.S. 39;1625 content requirements. The legal services provided during that year were continued from an earlier approved legal contract which had expired. The Board has since obtained new legal council in 2022 and has completed the process for state approval of that contract. The Board will seek a proper contract for accounting services, as well as continuing education auditing services, in 60 days.

### **Inappropriate Use of Board Resources**

We concur in the findings. The Louisiana State Board of Optometry Examiners is responsible for corrective action. The Louisiana State Board of Optometry Examiners (Board) as stated in the LLA audit report, allowed use of its resources for the benefit of the Optometry Association of Louisiana (OAL) a private entity, potentially violating state law. Article VII Section 14 of the Louisiana Constitution prohibits the loaning, pledging, or donating of public funds, including credit, property, or things of value to or for any person, association, or corporation, public or

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private. The Board engaged a CPA firm to review transactions and to provide a listing of those items meeting specified criteria, to assist in determining shared expenses with the Association and reimbursable to the Board for the year 2014-2021. The CPA firm's report noted \$428,849 in potential shared expenses from 2014-2021, of which \$59,288 were expended during 2021. The Board proposed 2 members from each body meet to discuss a possible settlement for approval by both bodies and their legal counsel, which was rejected by the OAL. Several attempts to engage an independent auditor/mediator, including an individual recommended by Louisiana Legislative Auditor Mike Waguespack, was also rejected by the OAL.

The Board has continued to consult with legal counsel to determine the appropriate actions to take regarding costs incurred for the benefit of the Association. We Agree that public entities, such as the LSBOE, must use all reasonable means to recover the Board's resources of what is owed. La Atty. Gen Op. No. 16-0198. Failure to do so constitutes a violation of La. Const. art. VII 14. Atty. Gen Op. No. 16-0198. Timeline for recovery is uncertain at this moment, as current indications are that recovery may require court action.

Regards,

David R. Heitmeier O.D.



## APPENDIX B: SCOPE AND METHODOLOGY

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We conducted certain procedures at the Louisiana State Board of Optometry Examiners (Board) for the period from January 1, 2021, through December 31, 2021. 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 are 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 Report, and accordingly, we do not express an opinion on that report. 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 control 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 Board meetings and minutes, bank reconciliations, receipts and collections, nonpayroll disbursements, travel expenses, contracts, payroll and personnel, ethics, budget, and sexual harassment policies.
- 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.