



OREGON BOARD OF OPTOMETRY

2017-2019 Financial Review

#OBO-1904



Issued by: Pamela J. Stroebel Powers, CPA, MBA, CIA, CRMA, CPM
Powers CPA, LLC

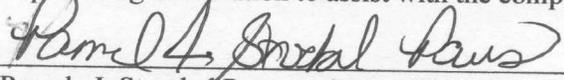
Date: January 24, 2020
To: Shelley Sneed, Executive Director & Oregon Board of Optometry Members
Re: Independent Accountant's Report #OBO-1904 for the 2017-2019 Financial Review

Executive Summary

This report summarizes the results of work performed to evaluate internal controls over the Oregon Board of Optometry's (OBO) financial processes. Procedures were agreed to between Powers CPA, LLC and the Executive Director in Contract #1904 executed on July 22, 2019 and were approved by the Audits Division of the Oregon Secretary of State. This Financial Review was conducted in accordance with the Institute of Internal Auditors' (IIA) International Professional Practices Framework and the Committee of Sponsoring Organizations (COSO) Internal Control – Integrated Framework to conclude on OBO's financial operations in each of the areas listed below:

1. **Control Environment:** Generally, it appears OBO has established internal controls over its financial processes, and segregation of duties appears applied to the extent reasonably feasible for a staff of two.
2. **Risk Assessment:** Overall, it appears the Board is generally engaged in risk management practices and regularly requests, receives, and reviews information from staff and management to verify OBO is meeting its objectives.
3. **Control Activities:** Overall, revenue and expense transactions tested appear supported, approved, and made to further the business of the State. Detailed lists of all revenue and expense transactions were verified against the Profit & Loss Statement. Actual revenues were 1% higher than budgeted, and actual expenses were 5% lower; explanations were provided for significant variances and are included in Attachment A. The checking account appears to be regularly reconciled; however, the CD account was not regularly reconciled; reconciled amounts for both accounts were confirmed with OBO's financial institutions. OBO reported a net loss of \$51,515.34 for the 2017-19 biennium, but had sufficient cash to cover the shortfall, and ended the biennium with total financial institution account balances equal to approximately 7-8 months of actual expenses. There were three recommendations in the prior biennium's report which were followed up on: one related to licensing which has been implemented in the current biennium, one related to account reconciliations which has been partially implemented, and the final related to the budget which appeared to have no additional action taken since the prior biennium.
4. **Information and Communications:** Generally, it appears OBO has procedures in place for the collection and dissemination of information with its key stakeholders. Board meeting minutes appear to present a detailed summary of what was discussed and decided, and newsletters appear consistent and relevant to provide information on operations and current topics to stakeholders.
5. **Monitoring Activities:** Overall, it appears OBO has monitoring procedures in place. It appears the Executive Director regularly reviews and approves financial transactions and the Board's Finance Chair reviews financial institution reconciliations monthly. Additionally, evidence exists in Board meeting materials to support the regular review of financial information and statistics pertaining to licensing and renewals.

A draft of this report was discussed with the Executive Director on December 2, 2019, who generally agrees with the findings and recommendations included. A full response from management, including planned corrective action, is attached. This Review was conducted by Nathan Foos, MBA/JD, Staff Auditor, under my supervision. We appreciated the cooperation of the Executive Director and Administrative Coordinator in providing information to assist with the completion of this Review.



Pamela J. Stroebel Powers, CPA, MBA, CIA, CRMA, CPM
Owner/Managing Member - Powers CPA, LLC

1/23/2020
Date

Copy: Secretary of State, Division of Audits; OBO Administrative Coordinator

Background

The Oregon Board of Optometry (OBO) is a semi-independent agency of the State of Oregon that operates under Chapters 683, 676, 240, and 182.454-182.472 of the Oregon Revised Statutes (ORS). OBO was created by the Oregon Legislature in 1905 to protect Oregonians from the dangers of unqualified and improper practice of optometry. Oregonians can submit complaints to the Board for review if they believe an optometrist has breached Oregon law or given an improper standard of care. There were just under 1,200 licensees during the 2017-19 biennium. The Agency operates solely on revenue generated from its own program and receives no State funding.

The Board is composed of five members: four licensed optometrists and one public member who represents health consumers, appointed by the Governor to three-year terms; according to the Executive Director, members can serve up to two terms. There were no Board vacancies at the end of the biennium. In addition to the Board, the Agency currently operates with a staff of two and is headquartered in Salem, Oregon. The current Executive Director was hired in March 2015, and the Administrative Coordinator was hired in January 2016.

Results of the Financial Review

This Financial Review was conducted in accordance with the Committee of Sponsoring Organizations (COSO) Internal Control – Integrated Framework to conclude on OBO’s financial operations in each of the following areas: Control Environment, Risk Assessment, Control Activities, Information and Communications, and Monitoring Activities. Generally, it appears OBO has controls established within its financial, accounting, and licensing processes and segregation of duties appears to be applied to the extent reasonably feasible for a staff of two. A summary of procedures performed and results for each of the five internal control components are described below, along with identified opportunities for improvement and the implementation status of prior recommendations. Other minor leading practices OBO may wish to consider to improve the efficiency and effectiveness of its processes and procedures were discussed with the Executive Director.

1. Control Environment

The COSO Internal Control – Integrated Framework describes the control environment as “the set of standards, processes, and structures that provide the basis for carrying out internal controls across the organization.” A strong control environment is characterized by the quality of its ethics, Board governance, operating structure, and accountability for performance.

Generally, it appears OBO has established internal controls over its financial processes and segregation of duties appear to be applied to the extent reasonably feasible for an Agency with a staff of only two. The Board Bylaws appear to provide an overall governing structure for the Board, including defined roles for officers and committees; however, it was noted there were no Bylaws in place for the first part of the biennium as they were not adopted until August 2018. Although the Board did not have a strategic plan during the 2017-19 biennium, the Board appears to have begun developing and documenting a strategic plan in the current biennium that provides an overall structure for the Agency. A review of Board minutes indicates the Board reviews the Agency’s overall financial performance and operating statistics regularly at Board meetings. In addition, the Executive Director described procedures for annual performance evaluations of the Executive Director by the Board, however the process is not being documented in Board meeting minutes. OBO should consider documenting the occurrence, if not the content, of such reviews in its Board minutes. The Executive Director also stated formal performance evaluations have not been conducted of the Administrative Coordinator because the Executive Director and Administrative

Coordinator maintain a continuous informal dialogue. Management should consider documenting periodic performance reviews of the Administrative Coordinator, even if done informally, to help ensure performance expectations are being met. Staff position descriptions generally appear consistent with the roles and responsibilities described by staff and management and both position descriptions had been signed; however, the Executive Director's position description has not been updated since 2011 and the Administrative Coordinator's position description was last updated in 2016 (although it was noted the Administrative Coordinator did not sign the position description until August 2017). OBO should consider periodically reviewing position descriptions and documenting the review to ensure described duties remain current; additionally, the Board should periodically review the Executive Director's position description to ensure all current duties are included.

2. Risk Assessment

The COSO Internal Control – Integrated Framework describes risk assessment as “the basis for determining how risks will be managed,” and begins with establishing business objectives and evaluating those objectives in the context of the organization's internal and external environment.

Overall, it appears the Board is generally engaged in risk management practices. When interviewed, Management described engaging with the Board and Finance Chair during the budgeting process. Staff and management further stated the Board periodically requests various performance statistics, regularly reviews financial information, and receives and discusses statistics pertaining to licensing and renewals to monitor whether OBO is meeting its objectives, which was confirmed by reviewing a sample of Board meeting minutes.

3. Control Activities

The COSO Internal Control – Integrated Framework describes control activities as “the actions established through policies and procedures that help ensure that management's directives to mitigate risks to the achievement of objectives are carried out.” Control activities include authorizations and approvals, verifications, and reconciliations. Strong control activities will also implement segregation of duties, when feasible to do so.

Overall, it appears OBO has implemented controls over its key financial operations and revenue and expense transactions tested appear supported, approved, and reasonable to further the business of the State. Additionally, financial accounts appear to be regularly reconciled and reviewed. Further attention should be given to finalizing the resolution of recommendations from the prior biennial Review. Further results and analytical procedures performed to assess the sustainability of OBO's operations are provided below.

Revenue and Expense Verification: A detailed listing of revenue and expense transactions was verified against the Profit and Loss Statement dated June 30, 2019, and checks used during the biennium were reviewed to ensure there are no unexplained gaps in the sequence; no unexplained gaps were noted. Overall, revenue and expense transactions tested appeared to be supported, approved, and made to further the business of the State.

Licensing Verification: A selection of licensee and applicant files was taken from sampled revenue transactions. Generally, licensing applications and renewals tested were supported, approved, and appeared to meet the requisite licensing and renewal criteria and fee schedules. However, we were unable to verify the licensing database against the Profit & Loss Statement because the database did not have the necessary reporting functionality in the 2017-19 biennium, which appears to have been resolved after the time period covered in this Review, see below. In addition to reviewing a selection of licensee and applicant files,

financial records relating to those files were sampled as part of revenue transaction testing and appeared to be appropriately classified and recorded.

It was noted OBO has purchased two new licensing systems in the last four years. The system purchased in January 2017 was under contract, which ended June 30, 2019. The new system, which was implemented as of July 1, 2019, was implemented to reduce costs, receive increased support services, add greater flexibility to manipulate data, and add the ability to do online continuing education submittal, review, and approval. The Board unanimously authorized the new system on January 18, 2019 and because OBO's rules at the time required the Agency to go through the Oregon Department of Administrative Services' (DAS) Procurement (which is not required of Semi-Independent Agencies by statute), the Board also approved a temporary rule eliminating the need to go through DAS Procurement.

Prior Recommendation #1 (initially reported in 2017) – Implemented During the Current Biennium:

There was one finding and recommendation related to licensing verification in the prior biennium's Agreed-Upon Procedures Report #AUP-2017-03, issued January 17, 2018, which was followed up on as part of this Financial Review and has been determined to have not been implemented as of the end of the 2017-2019 biennium; however, appears to be implemented in the current biennium. It was recommended OBO work with its contractor to develop a report from the new licensing database to verify with accounting records to help ensure all licensing revenues have been appropriately recorded. Although the database system used during the 2017-19 biennium did not have the necessary reporting functionality, staff and management explained a suitable report has since been created and is now in use. An example of the report was reviewed to verify it provides the appropriate reporting functionality. In addition, the Executive Director stated OBO is continuing to work with its contractor to develop additional reporting capabilities that will further enhance OBO's ability to report on licensing activities. This issue should continue to be included in future Financial Reviews. A description of the prior recommendation and steps taken to resolve it are provided in Attachment B.

Financial Institution Account Balances and Reconciliations: Based on a review of financial institution reconciliations for the biennium, the checking account appears to be regularly reconciled; however, the Certificate of Deposit (CD) account was not regularly reconciled. Journal entries had been made to record the interest payments, but the CD account was not reconciled for the 2017-19 biennium until the current biennium. Although activity in the CD account is primarily limited to quarterly interest payments, management should ensure the CD account is regularly reconciled to verify recorded transactions are accurate. This should be done at the end of the fiscal year and biennium at a minimum, to help ensure the correct balance is recorded in the financial statements and to satisfy on the accounting principle of accuracy.

OBO reported a checking account balance of \$82,553.79 and a CD account balance of \$151,358.93 for the biennium ending June 30, 2019, for a total financial institution account balance of \$233,912.72. The reconciled balances were confirmed with OBO's financial institution as of June 30, 2019 and appear to be accurately reported. During financial transaction testing, an interest payment transaction was reviewed and appeared to be accurately recorded.

Prior Recommendation #2 (initially reported in 2015) – Partially Implemented: There was one prior finding and recommendation related to financial institution reconciliations followed up on in the prior biennium's Agreed-Upon Procedures Report #AUP-2017-03, issued January 17, 2018. During this Financial Review additional work was done to continue to follow up and it has been determined to have been partially implemented during the 2017-19 biennium (it was not implemented in the 2015-17 biennium). It was recommended OBO ensure reconciliations are reviewed timely, preferably within a month of the close of the reporting period, and implement verification processes to help ensure cash balances reported on the balance sheet trace to supporting reconciliation documents. During the 2017-19 biennium, the Executive Director prepared checking account reconciliations an average of eight days after

month-end and the Finance Chair reviewed reconciliations an average of ten days after they were prepared; however, CD account reconciliations were not prepared until after the end of the biennium. The Executive Director explained she had been booking journal entries for, but not reconciling, the CD account statements. Additionally, there was an immaterial difference of \$27.05 between the checking account balance reported on the balance sheet and the June 2019 reconciliation caused by an outstanding general journal entry not corrected until the October 2019 reconciliation. If reconciliations are not performed regularly, it may be more difficult to catch and correct errors in a timely manner, which could result in inaccurate financial information being reported. Financial information should be reported accurately to satisfy the accounting principle of accuracy.

We recommend management continue to take action on the prior recommendation and ensure reconciled account balances fully support the balance sheet amounts. If similar differences arise in the future, a general journal entry should be used as of the end of the biennium to ensure the balance sheet reports an accurate balance. A description of the prior recommendation and steps taken toward implementation to date are provided in Attachment B.

Budget-to-Actual Comparison: For the biennium ending June 30, 2019, OBO reported revenues of \$683,383.11, which is \$5,202.11 (1%) more than the \$678,181.00 budgeted, and expenses of \$734,898.45, which is \$35,756.55 (5%) less than the \$770,655.00 budgeted. Explanations were obtained for significant budget variances (over \$10,000) from the Executive Director; see Attachment A.

Prior Recommendation #3 (initially reported in 2013) – Partially Implemented (no change during the 2017-19 biennium: There was one prior finding and recommendation, related to the budget, which was followed up on in the prior biennium's Agreed-Upon Procedures Report #AUP-2017-03, issued January 17, 2018, and considered to be partially implemented. During this Financial Review additional work was done to continue to follow up and it was determined that no additional action has been taken to implement the recommendation during the 2017-19 biennium. It was originally recommended that OBO ensure Board meeting minutes approving the biennial budget include dollar amounts of budgeted revenues and expenditures, and ensure the Budget-to-Actual report is aligned with the Agency's approved budget and is mathematically accurate. It was also recommended OBO consider having Board members with financial expertise participate on the Finance Committee and review budget and other financial reports before they are submitted to the full Board for approval; evidence was available to show the Finance Chair received and had an opportunity to review an amended budget before it went to the full Board during the 2017-19 biennium. However, the February 2019 Board meeting minutes, which approved the 2019-21 budget, did not include the dollar amounts of the budgeted revenues or expenditures; nor did the August 2018 Board meeting minutes, which approved an amendment to the 2017-19 budget. Although most of the Budget-to-Actual report could be verified against the approved budget, a few minor rounding errors were noted, line items were not presented in the same order on both documents, and the net loss was calculated incorrectly on the approved budget. Many of the errors appeared to be rounding errors; in addition, net loss was calculated incorrectly in the second year of the biennium, causing the biennial net loss to be incorrectly stated. It is important for financial accountability for Board decisions that there be adequate supporting documentation and transparency into the Board's budget; a lack of documentation and transparency, or an inaccurately calculated budget, may make it more difficult for Board members and management to make informed decisions and for stakeholders to evaluate the financial health of the Agency.

We recommend management continue to take action toward including dollar amounts in the Board minutes for the meeting where the budget is approved and ensure the Budget-to-Actual report is aligned with the approved budget and is mathematically accurate. A description of the prior recommendation and its status as of the end of the 2017-19 biennium are provided in Attachment B.

Financial Performance and Sustainability: For the 2017-19 biennium, OBO operated with a net loss of \$51,515.34, which is \$40,958.66 less than \$92,474 budgeted, but had sufficient cash to cover the shortfall. OBO has enough cash in its checking account to cover approximately 2-3 months of average actual and projected expenses, and enough in its total financial institution accounts to cover approximately 7-8 months of average actual and average projected expenses. Although OBO's licensees are on an annual renewal cycle, renewal dates for licensees are staggered such that OBO has monthly cash flow from renewals.

Payroll represents approximately 64% of OBO's biennial expenses, which is equivalent to approximately 69% of OBO's biennial revenue. Payroll, which appears to be a large percentage of OBO's overall budget, can act as a fixed expense for a smaller agency with limited flexibility in staffing needs. In particular, and unlike most other Semi-Independent Agencies, OBO is required to follow state personnel rules under Oregon Revised Statute 240. OBO's total expenses for the biennium were approximately 108% of its revenue.

4. Information and Communications

The COSO Internal Control – Integrated Framework describes communication as “the continual, iterative process of providing, sharing, and obtaining necessary information,” and information as “necessary for the entity to carry out internal control responsibilities to support the achievement of its objectives.” Strong information and communications systems should be effective and adequate to meet the organization's objectives.

Generally, it appears OBO has implemented procedures for the collection and dissemination of information, both inside and outside the organization. Regarding external communications, staff and management described procedures for the preparation and dissemination of regular newsletters that include such information as licensing updates, renewal reminders, discussions of emerging topics, reminders to review key topic areas, and announcements for upcoming Board meetings. A selection of newsletters was reviewed to verify procedures described by staff and management; the newsletters appeared consistent with the described procedures, and the information it contained appeared to be relevant to OBO's objectives.

Regarding internal communications, staff and management described procedures in which they interact for most financial and licensing processes. In addition, minutes of each Board meeting appear to be well-documented and present a detailed summary of what the Board and Executive Director discussed. Board meeting minutes, agendas, and biennial budgets also appear to be available on the Agency's public website.

5. Monitoring Activities

The COSO Internal Control – Integrated Framework describes monitoring activities as ongoing and separate evaluations to determine whether controls are present and functioning. Strong monitoring activities should adequately report on day-to-day performance to allow management to determine whether controls are functioning as intended and whether the organization is progressing toward its goals.

Overall, it appears OBO has monitoring procedures in place. Staff and management described procedures for the Executive Director to review and approve financial transactions before payment is made, and for the Executive Director to generally review deposits and expenses when reconciling the financial institutions account statements each month. Based on the sample of transactions tested, it appears financial transactions are typically reviewed and approved accordingly. In addition, it appears the Board's Finance Chair is reviewing reconciliations as prepared by the Executive Director to ensure appropriate completion.

In addition to monitoring financial controls, staff and management described procedures by which the Board receives and discusses financial and licensing information at each of its meetings, and these

procedures were confirmed by reviewing a selection of Board meeting minutes to verify discussions on financial statements and statistics.

Objectives, Scope and Methodology

This engagement was performed to evaluate OBO's financial processes and operations within each of the five internal control components. This Review specifically sought to determine whether:

- Internal controls exist and are being followed within the Agency's financial operations and licensing procedures;
- Risk management activities are conducted and high-level risks to meeting financial reporting objectives are identified;
- Budgeting and financial reporting processes exist, and budget variances can be satisfactorily explained;
- Prior findings and recommendations have been satisfactorily implemented;
- Methods of communication with internal and external stakeholders have been developed to meet the Agency's objectives; and
- Monitoring and reporting procedures over the Agency's day-to-day operations exist.

To complete the review, the following procedures were performed:

- Policies were reviewed, staff and management were interviewed, and processes were observed to gain an understanding of existing financial procedures and controls;
- Annual budget-to-actual statements were examined, and explanations for significant variances obtained;
- The biennial Profit and Loss (P&L - Income Statement) was verified against a detailed transaction listing to ensure reported revenue and expenditure activities are generally complete;
- Revenue, expenditure, and licensing transactions were reviewed for accuracy, completeness, and adherence to documented policies and procedures;
- Financial institution account reconciliations were reviewed for accuracy, completeness and consistency, and bank account balances were confirmed to verify the accuracy of reported totals;
- Analytical procedures were applied to identify financial trends and assess overall financial sustainability and reasonableness; and
- Board minutes and external communications were reviewed, and staff and management interviewed to assess the relevancy and sufficiency of information and communication procedures and monitoring activities.

ORS 182.464 requires OBO to undergo a Financial Review according to schedules agreed to with the Secretary of State's Division of Audits (OAD). The procedures, as described above and which were agreed to by OBO and OAD, were performed for the two years ending June 30, 2019. This work was conducted by Nathan Foos, MBA/JD, Staff Auditor, under the supervision of Pamela J. Stroebel Powers, Owner – Powers CPA, LLC. Fieldwork was conducted in October and November 2019 following the Institute of Internal Auditors' (IIA) International Professional Practices Framework, 2017 edition and in alignment with the Committee of Sponsoring Organizations (COSO) Internal Control – Integrated Framework, as updated in May 2013. The COSO Internal Control – Integrated Framework was designed to help organizations develop and maintain systems of internal control to increase the likelihood of achieving key objectives and adapting to changes in the organization's environment. The results of this work are to assist OBO management, Board members, the Secretary of State, the Legislative Fiscal Office, and the Governor's Office in evaluating OBO's financial operations, and should not be used for any other purpose. The procedures performed do not constitute an audit or review made in accordance with standards of the American Institute of Certified Public Accountants and, consequently, no such assurance is expressed.

ATTACHMENT A

Oregon Board of Optometry
Budget to Actual Variance Analysis for the Biennium Ending June 30, 2019

Account	Actual	Budget	Amount Over (Under) Budget	Variance from Budget	Explanation Provided by Executive Director
REVENUES:	\$ 683,383.11	\$ 678,181.00	\$ 5,202.11	1%	Increase
1520 · Annual Renewal - Active	\$ 486,658.00	\$ 504,263.00	\$ (17,605.00)	-3%	Decrease: The Board passed a fee increase as of 1/1/19.
1850 · EPMP Fee	\$ 38,577.00	\$ 22,000.00	\$ 16,577.00	75%	Increase: OBO was not previously tracking EPMP or other bundled fees separately; this increase is due to the unbundling of the EPMP fee from other payments.
EXPENSES:	\$ 734,898.45	\$ 770,655.00	\$ (35,756.55)	-5%	Decrease
3111 · Employee Payroll	\$ 271,127.62	\$ 282,510.00	\$ (11,382.38)	-4%	Decrease: Staff costs were overestimated and came in below budget. Additionally, temporary staffing wasn't used so those costs weren't incurred.
<i>Budgeted amounts from Attachment D, Budget to Actual Report</i>					

Oregon Board of Optometry
Current Status of Prior Review Findings: From Report #AUP-2017-03 Issued January 17, 2018

Finding/Recommendations	Rec. #	Original Response	Responsible	Current Status
Prior Recommendations Related to Control Activities				
Licensing Database				
<p>2017: Management should work with its contractor to develop a report from the new licensing database to verify with accounting records to help ensure all licensing revenues have been appropriately recorded.</p>	1	<p>2017: The OBO will explore creating this report with the eLite system vendor. Currently OBO staff prints three daily reports from the system and uses the eLite daily reports to enter into the Quickbooks system. 99% of license applications and renewals are being handled through the online system and paid via credit card. That means that tracking revenues through the daily reports will accurately report license application and renewal revenues. The current, documented daily process is tracking revenues and is verified with the monthly bank reconciliation.</p>	Executive Director	<p>2019: NOT IMPLEMENTED: OBO is unable to generate a report for the 2017-19 biennium; however, we noted the new licensing database is able to generate a report of a type that can be reconciled against accounting records. Implemented during the current biennium. This key control should continue to be followed up on in future Financial Reviews.</p>
Financial Account Reconciliations				
<p>2015: Management should implement verification processes to help ensure cash account balances reported on the balance sheet trace to supporting reconciliation documents.</p> <p>2017: Management should continue to take action by ensuring reconciliations are reviewed timely, preferably within a month of the close of the reporting period, and implement verification processes to help ensure cash balances reported on the balance sheet trace to supporting reconciliation documents.</p>	2	<p>2015: Each month balance sheet accounts are reconciled and are reviewed by the Board Finance committee chair.</p> <p>2017: Bank accounts are reconciled timely and emailed to the Board President for review. Being a volunteer position there are times that the Board President may be on vacation or unable to respond immediately. In all, accounts are reconciled generally within 30 days of the end of the month.</p>	Executive Director and Board President	<p>2017: NOT IMPLEMENTED: A bank transaction of \$20 occurring after the end of the biennium was not included on the reconciliation and therefore the balance sheet amount reported was not fully supporting for the checking account. <i>To be followed-up on in the next AUP.</i></p> <p>2019: PARTIALLY IMPLEMENTED: Checking account reconciliations appeared to be prepared an average of 8 days after month-end and reviewed an average of 10 days thereafter. However, CD reconciliations were generally not prepared until after the end of the biennium. A general journal entry of \$27.05 was on the June 2019 bank reconciliation and caused the reconciliation to understate the checking account compared to the balance sheet. The error was corrected as of the October 2019 bank reconciliation. <i>To be followed-up on in the next Financial Review.</i></p>
Budget to Actual Accuracy				
<p>2013: The OBO should ensure Board meeting minutes accurately reflect budget decisions, including the dollar value of budgeted revenues and expenses.</p> <p>2015: Management should continue to take action toward the 2013 recommendation by ensuring Board meeting minutes approving the biennial budget and amendments to it include dollar amounts of budgeted revenues and expenditures.</p> <p>2017: Management should ensure Board meeting minutes approving the budget include dollar amounts of budgeted revenues and expenditures. Additionally, care should be taken to ensure the Budget-to-Actual report is aligned with the agency's approved budget and is mathematically accurate.</p>	3	<p>2013: At its February 21, 2014 meeting, the Board approved amended minutes for the revised 2011-13 budget to accurately document the Board's action in the prior biennium. The Board will ensure that all future minutes relating to the budget accurately reflect Board decisions, including the dollar value of budgeted revenues and expenses.</p> <p>2015: The former practice was to include the proposed budget as part of the meeting agenda, which documented the Board's decision. In the future, meeting minutes will actually state the amount of revenues and expenses approved in budget adoption or amendment.</p> <p>2017: In the past Board staff relied on the attached Board budget copies in the Board meeting packet to document the Board's approval of the biennial budget. In the future, Board staff will ensure that the Board minutes specifically state the budgeted biennial total revenues, total expenses, and budgeted net income or loss.</p>	Executive Director	<p>2015: PARTIALLY IMPLEMENTED: Evidence of the Board's approval of amended minutes were found in the February 21, 2014 Board meeting minutes. The prior financial review was issued after the budget process for the biennium under review so we reviewed minutes for budget approval for the current biennium but dollar amounts were still not included.</p> <p>2017: NO CHANGE: The budget approval by the Board was documented in the February 2017 meeting minutes but the dollar amounts were not included. <i>To be followed-up on in the next AUP.</i></p> <p>2019: NO CHANGE: The budget approval by the Board was documented in the February 2019 meeting minutes but the dollar amounts were not included. Most of the Budget-to-Actual report could be verified against the approved budget, but a few rounding errors were noted, line items were not presented in the same order on both documents, and the net loss was not calculated correctly. However, evidence was available to show the Finance Chair received and had an opportunity to review an amended budget before it went to the full Board during the 2017-19 biennium. <i>To be followed-up on in the next Financial Review.</i></p>

Oregon Board of Optometry
 Unaudited Balance Sheet Prev Year Comparison
 As of June 30, 2019

10:35 AM
 11/26/2019
 Accrual Basis

	Jun 30, 19	Jun 30, 18	\$ Change	% Change
ASSETS				
Current Assets				
Checking/Savings				
1005 · CHECKING ACCT-WILLAMETTE VALLEY	82,553.79	28,050.13	54,503.66	194.31%
1035 · CD--WILLAMETTE VALLEY BANK	151,358.93	201,488.68	-50,129.75	-24.88%
Total Checking/Savings	<u>233,912.72</u>	<u>229,538.81</u>	<u>4,373.91</u>	<u>1.91%</u>
Accounts Receivable				
1200 · LICENSEE ACCOUNTS RECEIVABLE	897.54	195.00	702.54	360.28%
Total Accounts Receivable	<u>897.54</u>	<u>195.00</u>	<u>702.54</u>	<u>360.28%</u>
Other Current Assets				
1205 · Outstanding Civil Penalties	11,999.09	11,999.09	0.00	0.0%
1499 · UNDEPOSITED FUNDS	325.00	325.00	0.00	0.0%
Total Other Current Assets	<u>12,324.09</u>	<u>12,324.09</u>	<u>0.00</u>	<u>0.0%</u>
Total Current Assets	<u>247,134.35</u>	<u>242,057.90</u>	<u>5,076.45</u>	<u>2.1%</u>
TOTAL ASSETS	<u>247,134.35</u>	<u>242,057.90</u>	<u>5,076.45</u>	<u>2.1%</u>
LIABILITIES & EQUITY				
Liabilities				
Current Liabilities				
Accounts Payable				
2000 · ACCOUNTS PAYABLE	-2.00	-2.00	0.00	0.0%
Total Accounts Payable	<u>-2.00</u>	<u>-2.00</u>	<u>0.00</u>	<u>0.0%</u>
Other Current Liabilities				
2015 · Compensated Absence Liability	5,089.13	3,914.97	1,174.16	29.99%
Total Other Current Liabilities	<u>5,089.13</u>	<u>3,914.97</u>	<u>1,174.16</u>	<u>29.99%</u>
Total Current Liabilities	<u>5,087.13</u>	<u>3,912.97</u>	<u>1,174.16</u>	<u>30.01%</u>
Total Liabilities	<u>5,087.13</u>	<u>3,912.97</u>	<u>1,174.16</u>	<u>30.01%</u>
Equity				
1110 · OPERATING FUND	226,145.84	282,967.97	-56,822.13	-20.08%
3000 · Opening Bal Equity	11,999.09	11,999.09	0.00	0.0%
Net Income	3,902.29	-56,822.13	60,724.42	106.87%
Total Equity	<u>242,047.22</u>	<u>238,144.93</u>	<u>3,902.29</u>	<u>1.64%</u>
TOTAL LIABILITIES & EQUITY	<u>247,134.35</u>	<u>242,057.90</u>	<u>5,076.45</u>	<u>2.1%</u>

Oregon Board of Optometry					3:20 PM
Unaudited Profit & Loss Budget vs. Actual					09/16/2019
July 2017 through June 2019					Accrual Basis
		Jul '17 - Jun 19	Budget	\$ Over Budget	% of Budget
Income					
2200 · LICENSING FEES					
0206 · Duplicate Portable		4,030.00	5,250.00	-1,220.00	76.76%
1520 · Annual Renewal - Active		486,658.00	504,263.00	-17,605.00	96.51%
1521 · Annual Renewal - Inactive		75,928.00	82,025.00	-6,097.00	92.57%
1850 · EPMP Fee		38,577.00	22,000.00	16,577.00	175.35%
1860 · Background Check Fees		585.00	3,105.00	-2,520.00	18.84%
Total 2200 · LICENSING FEES		605,778.00	616,643.00	-10,865.00	98.24%
2300 · MISCELLANEOUS FEES					
1765 · License Verifications		2,680.00	3,425.00	-745.00	78.25%
1774 · Licensee Lists		3,069.00	3,563.00	-494.00	86.14%
1775 · Miscellaneous Revenue		7,235.46	0.00	7,235.46	100.0%
1792 · Interest Income		4,612.52	0.00	4,612.52	100.0%
1794 · Investment Income		432.13	600.00	-167.87	72.02%
Total 2300 · MISCELLANEOUS FEES		18,029.11	7,588.00	10,441.11	237.6%
2400 · OTHER FEES & INCOME					
1225 · Wall Certificate		170.00	275.00	-105.00	61.82%
1290 · Delinquent Fee		0.00	300.00	-300.00	0.0%
1292 · New License Application		30,960.00	26,500.00	4,460.00	116.83%
1293 · TPA Certification Application		1,300.00	1,475.00	-175.00	88.14%
1294 · Endorsement Application		0.00	2,500.00	-2,500.00	0.0%
1296 · Reactivation Application		1,700.00	1,375.00	325.00	123.64%
1297 · Reinstatement Application		500.00	1,375.00	-875.00	36.36%
1810 · Late Renewal Fee		11,175.00	11,750.00	-575.00	95.11%
1811 · Civil Penalties		2,750.00	4,000.00	-1,250.00	68.75%
1812 · Lapsed CPR Fee		4,475.00	4,000.00	475.00	111.88%
1814 · Address Change Fee		6,550.00	0.00	6,550.00	100.0%
1815 · Public Records Fees		0.00	0.00	0.00	0.0%
Total 2400 · OTHER FEES & INCOME		59,580.00	53,550.00	6,030.00	111.26%
2410 · Returned Check Charges		-4.00	400.00	-404.00	-1.0%
Total Income		683,383.11	678,181.00	5,202.11	100.77%
Gross Profit		683,383.11	678,181.00	5,202.11	100.77%
Expense					
3100 · PAYROLL & OPE					
3110 · PAYROLL					
3111 · Employee Payroll		271,127.62	282,510.00	-11,382.38	95.97%
3120 · Board Payroll - Stipend		3,803.24	5,000.00	-1,196.76	76.07%
3121 · Temporary Payroll		0.00	8,000.00	-8,000.00	0.0%
Total 3110 · PAYROLL		274,930.86	295,510.00	-20,579.14	93.04%
3200 · OPE					
3221 · Payroll Tax - FICA		17,223.24	18,321.00	-1,097.76	94.01%
3222 · Payroll Tax - Medicare		4,028.00	4,285.00	-257.00	94.0%
3263 · Payroll Benefit - Insurance		92,341.66	86,089.00	6,252.66	107.26%
3265 · Payroll Benefit - PERS/Employee		64,447.29	61,508.00	2,939.29	104.78%
3266 · DAS - PERS Bond Debt		17,453.91	17,515.00	-61.09	99.65%
3269 · Payroll Tax - Workers Comp Bd.		298.43	351.00	-52.57	85.02%
3200 · OPE - Other		15.00	0.00	15.00	100.0%
Total 3200 · OPE		195,807.53	188,069.00	7,738.53	104.12%
3100 · PAYROLL & OPE - Other		77.99	0.00	77.99	100.0%
Total 3100 · PAYROLL & OPE		470,816.38	483,579.00	-12,762.62	97.36%
6000 · SERVICES & SUPPLIES					
6010 · IN-STATE TRAVEL					
6011 · In State Meals & Lodging		147.25	1,000.00	-852.75	14.73%
6012 · Conference Meals & Lodge		0.00	2,000.00	-2,000.00	0.0%
6013 · Parking Fees		182.25	400.00	-217.75	45.56%
6014 · In-State Ground Transportation		2,203.77	3,000.00	-796.23	73.46%
Total 6010 · IN-STATE TRAVEL		2,533.27	6,400.00	-3,866.73	39.58%
6050 · OUT-OF-STATE TRAVEL					
6051 · Out-of-State Meals & Lodging		181.50	0.00	181.50	100.0%
6056 · Out-of-State Air Transportation		638.00	0.00	638.00	100.0%
6066 · Out-of-State Travel - Miscellan		500.00	0.00	500.00	100.0%
6050 · OUT-OF-STATE TRAVEL - Other		246.87	0.00	246.87	100.0%
Total 6050 · OUT-OF-STATE TRAVEL		1,566.37	0.00	1,566.37	100.0%
6100 · OFFICE EXPENSE					

	Jul '17 - Jun 19	Budget	\$ Over Budget	% of Budget
6110 · Office Supplies	3,096.77	3,000.00	96.77	103.23%
6111 · Printing and Reproduction				
6112 · Administrative printing & copyi	2,626.41	2,000.00	626.41	131.32%
6113 · Newsletter printing & copying	0.00	1,000.00	-1,000.00	0.0%
6111 · Printing and Reproduction - Other	0.00	0.00	0.00	0.0%
Total 6111 · Printing and Reproduction	2,626.41	3,000.00	-373.59	87.55%
6120 · Postage	4,828.48	5,000.00	-171.52	96.57%
6125 · Office Services	359.49	300.00	59.49	119.83%
6140 · Equipment Rentals	3,550.01	6,000.00	-2,449.99	59.17%
6145 · Dues and Subscriptions	3,175.79	2,800.00	375.79	113.42%
6150 · Payroll Processing	1,898.40	2,000.00	-101.60	94.92%
6160 · Publicity and Publications	5.00	0.00	5.00	100.0%
6165 · Secure Shredding	210.00	600.00	-390.00	35.0%
6216 · Data Processing Services	0.00	0.00	0.00	0.0%
Total 6100 · OFFICE EXPENSE	19,750.35	22,700.00	-2,949.65	87.01%
6146 · FACILITIES RENT	33,122.57	33,500.00	-377.43	98.87%
6274 · TELECOMMUNICATIONS & TECHNOLOGY				
6275 · DAS Technology Services	19,120.78	9,974.00	9,146.78	191.71%
6276 · Internet Access & Web Hosting	3,237.93	3,360.00	-122.07	96.37%
6277 · E-Document Archive & Retrieval	508.00	1,000.00	-492.00	50.8%
6278 · Website Design	0.00	400.00	-400.00	0.0%
6279 · Database Fees	46,500.00	49,200.00	-2,700.00	94.51%
6280 · Phone--Non-DAS	1,900.90	1,920.00	-19.10	99.01%
6281 · Computer Software	500.00	0.00	500.00	100.0%
6274 · TELECOMMUNICATIONS & TECHNOLOGY - Other	88.82	0.00	88.82	100.0%
Total 6274 · TELECOMMUNICATIONS & TECHNOLOGY	71,856.43	65,854.00	6,002.43	109.12%
6300 · PROFESSIONAL DEVELOPMENT	0.00	1,000.00	-1,000.00	0.0%
6400 · PROFESSIONAL SERVICES				
6436 · ALJ/Contested Case Reserve	2,848.55	4,000.00	-1,151.45	71.21%
6440 · ATTORNEY GENERAL LEGAL FEES	33,885.72	40,000.00	-6,114.28	84.71%
6451 · AUDIT/FINANCIAL REVIEW	7,700.00	9,000.00	-1,300.00	85.56%
6452 · Other Consulting Services	80.00	300.00	-220.00	26.67%
6400 · PROFESSIONAL SERVICES - Other	0.00	0.00	0.00	0.0%
Total 6400 · PROFESSIONAL SERVICES	44,514.27	53,300.00	-8,785.73	83.52%
6656 · INSURANCE	6,379.00	12,822.00	-6,443.00	49.75%
6660 · EXPENDABLE PROPERTY (\$250-5000)	429.98	2,000.00	-1,570.02	21.5%
Total 6000 · SERVICES & SUPPLIES	180,152.24	197,576.00	-17,423.76	91.18%
6500 · Bank & Credit Card Fees				
6532 · BANK SERVICE CHARGES	815.16	850.00	-34.84	95.9%
6535 · Credit Card Processing Fees	22,385.29	16,000.00	6,385.29	139.91%
6536 · Return Check Fees	0.00	400.00	-400.00	0.0%
6537 · COLLECTION FEES	6.00	0.00	6.00	100.0%
Total 6500 · Bank & Credit Card Fees	23,206.45	17,250.00	5,956.45	134.53%
6600 · State Administrative Support				
6605 · OHA Survey fee	3,720.00	0.00	3,720.00	100.0%
6611 · SOS Rule Filing Fees	4,595.85	4,592.00	3.85	100.08%
6612 · Bill Tracker/Linus	485.00	488.00	-3.00	99.39%
6613 · Ethics Commission	37.27	50.00	-12.73	74.54%
6614 · PPDB & E-Recruit Fees	0.00	0.00	0.00	0.0%
6616 · Employment Relations Board Fee	102.72	120.00	-17.28	85.6%
6617 · Website Fees	179.34	0.00	179.34	100.0%
6619 · LEGISLATIVE COUNSEL FEES	611.80	0.00	611.80	100.0%
6600 · State Administrative Support - Other	0.00	0.00	0.00	0.0%
Total 6600 · State Administrative Support	9,731.98	5,250.00	4,481.98	185.37%
6690 · Reconciliation Discrepancies	-0.01			
6700 · Licensing Costs				
6740 · OJCIN fees/eCourts fees	1,017.00	1,080.00	-63.00	94.17%
6750 · EPMP	34,404.80	39,600.00	-5,195.20	86.88%
6755 · OHA Survey fee	0.00	4,720.00	-4,720.00	0.0%
6760 · LEDS Background Check Fees	3,868.00	2,600.00	1,268.00	148.77%
6770 · NPDB Background check fees	444.00	300.00	144.00	148.0%
6780 · National Background Check fees	1,353.00	1,300.00	53.00	104.08%
6700 · Licensing Costs - Other	0.00	0.00	0.00	0.0%
Total 6700 · Licensing Costs	41,086.80	49,600.00	-8,513.20	82.84%
6800 · Investigation costs--case				
6810 · Mileage	66.49	1,200.00	-1,133.51	5.54%
6820 · Lodging/meal costs	0.00	500.00	-500.00	0.0%

	Jul '17 - Jun 19	Budget	\$ Over Budget	% of Budget
6830 · Investigation supplies	678.92	1,500.00	-821.08	45.26%
6840 · Investigation other costs	179.00	1,000.00	-821.00	17.9%
6850 · Contract Investigator Costs	962.28	3,000.00	-2,037.72	32.08%
Total 6800 · Investigation costs--case	1,886.69	7,200.00	-5,313.31	26.2%
6900 · Miscellaneous Expenses				
6905 · Other Services	43.60	1,000.00	-956.40	4.36%
6900 · Miscellaneous Expenses - Other	-899.45	0.00	-899.45	100.0%
Total 6900 · Miscellaneous Expenses	-855.85	1,000.00	-1,855.85	-85.59%
7000 · Board Expenses				
7010 · Board Meeting Room Rentals	0.00	0.00	0.00	0.0%
7015 · Board Meeting Meals	2,100.12	2,000.00	100.12	105.01%
7020 · Board Meeting Lodging	2,332.97	1,200.00	1,132.97	194.41%
7025 · Board meeting mileage	4,192.86	6,000.00	-1,807.14	69.88%
7030 · Conference Call	46.12	0.00	46.12	100.0%
7035 · Board Out of State Travel	89.25	0.00	89.25	100.0%
7000 · Board Expenses - Other	112.45	0.00	112.45	100.0%
Total 7000 · Board Expenses	8,873.77	9,200.00	-326.23	96.45%
Total Expense	734,898.45	770,655.00	-35,756.55	95.36%
Net Income	-51,515.34	-92,474.00	40,958.66	55.71%



Memo

To: Board Members
From: Shelley Sneed, Executive Director
cc: Lori Lindley, AAG and Melissa Auman, Office Coordinator
Date: January 21, 2020
Re: 2017-19 Financial Review

Powers CPA, LLC has completed the 2017-19 biennial financial review for the Oregon Board of Optometry. Each Board member will receive a copy of the complete report in the January 31, 2020 Board packet for your review.

After the auditor completes the review, the Board has an opportunity to respond to any recommendations or findings. This memo outlines the Board's proposed response to this review. These are staff recommendations, so the Board has the ability to amend these recommendations, add additional responses, etc.

Finding/Recommendations:

- **Internal controls related to licensing**

OBO Response: The OBO's old licensing system was unable to generate revenue reports for periods of time. Board staff could print daily reports that verified transactions and were the basis for entries into the Quickbooks accounting system. The new system, implemented in July 2019 has the ability to create revenue reports for periods of time (e.g. a week or a month). This issue wasn't resolved in 2017-19 biennium but is resolved in the early 2019-21 biennium.

- **Internal controls related to cash and investments and cash controls**

OBO Response: The Board has two financial accounts currently—a checking account and a CD. Both accounts are now with Willamette Valley Bank. Bank accounts are reconciled timely and emailed to the Board finance committee person for review. Being a volunteer position there are times that the Board member may be on vacation or unable to respond immediately. In all, accounts are reconciled generally within 30 days of the end of the month. The interest accruals for the CD account were entered into the Quickbooks system timely. The reconciliations were done after the close of the biennium. The Executive Director will begin reconciling the CD account every quarter after the interest income is booked and accrued. The general journal entry of \$27.05 was done after the end of the biennium and the journal entry to make the adjustment

at the end of the biennium was missed in error. As discussed with the reviewers, the amount is not significant and does not reflect mismanagement of OBO funds.

- ***Budget to actual comparison***

OBO Response: The Board receives copies of the proposed budget as a meeting agenda item. Board staff will make a note to include the numbers for the revenue, expenses and net income/loss in the meeting minutes. The budget errors are a continuing issue. In the future, the OBO Executive Director will input the proposed budget into Quickbooks (when it's a new budget versus an amended budget) to ensure that the numbers are accurate.

The Board reviewed this response at their December 6, 2019 meeting and had no changes nor concerns with the financial review findings.