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feature

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Protecting Your Practice from Employee Embezzlement

Employee embezzlement is not a rare occurrence in today's society. More specifically, the healthcare industry, including dentistry, consistently ranks in the top three industries in terms of employee embezzlement cases. The average employee embezzlement amount exceeds \$100,000. This is a frightening reality for dentists. Often between treating patients, managing their staff and staying updated on the newest technologies, dentists have limited time for tracking the practice's finances. Below are suggested tips to help reduce the chances of being a victim to employee embezzlement.

Bank statements

- a. Have statements mailed to doctor's residence or emailed directly to doctor(s) for timely, monthly review.
- b. Have outside party or dentist complete a monthly bank reconciliation.
- c. Questionable or unfamiliar charges should be addressed promptly.

Credit cards

- d. Maintain an inventory list of appropriate cards to be paid by practice.
- e. Monthly statements should be mailed to doctor's residences or emailed directly to doctor(s) for timely, monthly review
- f. Payments on credit card balances should be made once a month. No mid-month payments.
- g. All payment amounts should tie to corresponding bill amounts or have explanation for variance.
- h. Credit card bills should be authorized/signed off for payment by doctor before payment is made.
- i. Quarterly, random check on charges to cards not made by doctors (if applicable). Compare matching bill or invoice to charge amount
- j. Questionable or unfamiliar charges should be addressed promptly

Payroll

- k. Bi-weekly hours sent to doctor for reasonableness review
- l. Select an employee per payroll to review daily work log. Ensure total daily hours match bi-weekly hour's log.
- m. Bonus calculation should be approved by Doctor, if applicable

- n. Maintain current pay-rate listing for employees. On a quarterly basis, compare employee pay rate from payroll report to pay-rate listing. Ensure pay rates match.

Hiring

- o. Have credit and background check run on all new hires by outside party.

Segregation of Duties

- p. Split duties of person recording payments or receivables with person making deposits
- q. Reconcile bank deposits with payments received in practice billing system

Cash

- r. Assign single employee responsibility of petty cash fund. Maintain log of activity. Limit amount in fund. Disbursements require a receipt.

Check Signing

- s. Only doctor(s) sign checks. No stamp usage or pre-signing checks. Ensure check numbering is sequential.

Account Write-offs

- t. Doctor approval on all account write-offs above \$200.

Patient Receipts

- u. Ensure patients receive receipts for payments. Post sign for patients to call X number if no receipt provided.

The above items may not be applicable to all practices but incorporating any number will help curb employee's opportunities to steal money from the practice. In addition, employees will recognize the dentist's efforts and realize their actions related to finances are being watched. Many times this recognition of dentist oversight is more effective than the actual steps. Often employee embezzlement is a crime of opportunity; therefore, dentists should dedicate time to implementing the above actions and save themselves hard-earned money.

Jude Guerin, CPA, is a partner with AG Dental CPAs & Advisors, an LDA events partner and member of the Academy of Dental CPAs. AG Dental CPAs & Advisors provides traditional accounting services, as well as dental consulting, for over 130 dentists in the Southeast United States. If you would like more information, visit www.agdentalcpas.com or call (225) 767-1020.