



How to Fraud Proof Your Practice

By Rebecca Gerber

It has been reported that the number of dental practices experiencing loss of revenue because of embezzlement has climbed to a daunting 30 to 40 percent in the last year. As we evolve into more challenging economic times, that is a staggering statistic.

Embezzlement or fraud is the deliberate deception of a person for the purpose of depriving him of property or money, or causing him injury in other ways.

When talking about fraud there are many different questions to ask:

1. What kind of fraud are you dealing with?
2. What is the profile of an individual who would steal?
3. How do you find out if someone is stealing from the practice?
4. How do you protect yourself from further fraud?
5. How do you dismiss an employee legally?

There are many ways of embezzling. It does not matter which form you are dealing with, however, it is still a capital crime and grounds for immediate dismissal. It is not surprising to anyone the most common forms of fraud in the dental practice are:

Falsifying time records

Stealing cash

Unauthorized use of the doctor's or patient's credit card numbers.

Writing prescriptions without the doctor's knowledge.

The profile of an individual who steals is usually someone who has been with the practice over a long period of time.

That particular person knows what is checked by the consultant or accountant and what is not. He/she also knows the computer system better than the doctor or anyone else in the office. They may

be experiencing personal problems and complain about finances. The person may be very territorial or intimidated by other people looking into the accounts.

In the event you suspect someone of stealing from the practice, check the audit trail on the computer. Many different systems have audit trails for everything including writing prescriptions. When looking at the audit trail, look for cash transactions, deletions, or adjustments. Also look for erroneous transactions with names of employees or their relatives.

There are many different ways to protect your practice from fraud. The following are a number of simple "checks and balances" to implement:

1. Make sure everyone that uses the computer has their own log-in password, do not share!
2. Do not let an employee or consultant sign or use a rubber stamp on any of the doctor's accounts.
3. Use a time clock, not a computer, for keeping track of hours employees work.
4. Make sure all cash transactions have triplicate receipts. (One goes to the patient, one goes in the chart, and one goes with the daily deposit.)
5. Finalize all daysheets at the end of the day or end of month (whichever your computer system will allow). This makes it impossible to change transactions after the fact.

6. Copy all checks at the end of the day and put in the end of day packet.

7. Only the doctor is allowed to authorize adjustments or give discounts. If adjustments are a big part of the practice, make sure to get an adjustment report daily.

Even though fraud is instant justification for termination, there needs to be a sound personnel policy in place. If you are an "at-will" employer it is easy to dismiss an employee. If you are not, make sure you can prove without a doubt that the individual is stealing.

Approach the person with a question such as, "I have found some discrepancies in the books, what do you think about that?" Give the employee a chance to answer. If the answer is satisfactory for the moment, accept it, but still issue a written warning. Also, have a letter of voluntary resignation ready for the person to sign. The employer can ask that the funds stolen be paid back within a certain period of time, as well. If not, the doctor has the option of reporting the offense to the authorities.

This has been a dramatic topic to write about. However, it is necessary to remind the profession of these alarming conditions. Because of fraud, the cost of doing business goes up due to investigations, implementing new policies, prosecuting, legal fees, and hiring new employees. With just a few sound systems of checks and balances in place, the doctor can concentrate on giving every patient quality care with peace of mind, knowing that the employees can be counted on.

Gerber is president of Office Management Services and has been a Practice Management Consultant in San Diego, Riverside, and Orange County for seven years. She can be reached at (877) 235-7100 for more information.

