Therefore, the first order of business in protecting practice finances is to divvy up the financial duties. The orthodontist may want to do only the orthodontics, but this attitude is inviting disaster.

As one Wisconsin clinician discovered not long ago, his trusted employee of 28 years who had “total run of the practice’s financial operations” was accused of stealing at least $41,000 and that was believed to be just the tip of the iceberg.

Separating billing, collections and delinquent account responsibilities is critical. The employee making the bank deposit should not be the same employee responsible for checking the deposit slip that is returned from the bank.

Consider rotating the responsibility for making bank deposits among employees and monitor deposits for unexplained increases or decreases.

Look at the reports daily. In particular, examine the day sheet and the deposit. Investigate any adjustments made on the day sheet. Pay close attention to increases in refunds or write-offs, large adjustments or missing documents.

Print and review an audit trail report daily. It reflects every transaction that has transpired in the office since the last printed audit trail.

In addition, generate a monthly report that lists all patients who have had changes made to their accounts. This helps to identify a recurring problem or detect a discrepancy. Routinely conduct random checks of different accounts.

In practices with small staffs, the orthodontist must take a much more active role in monitoring the financials. Ideally, the orthodontist should write all the checks and do his/ her own accounts payable.

The orthodontist should reconcile the bank statement monthly and cancelled checks should be sent, along with the bank statement, to the orthodontist’s home.

In addition, monthly credit card statements should be received unopened and compared with original receipts of purchases. This enables the orthodontist to know exactly where the money is going.

Checks received should be immediately stamped on the back with the practice’s bank deposit endorsement stamp. Periodically check the account number to ensure it is the practice’s account. Do not use signature stamps.

All employees should be required to take at least one week’s vacation every year, particularly those in charge of practice finances. And, most importantly, don’t let the work pile up. During that time, the vacationing employee’s duties should be carried out by someone else.

Pay attention to key red flags. According to the ACFE report: “Fraud perpetrators often display behavioral traits that serve as indicators of possible illegal behavior. The most commonly cited behavioral red flags were perpetrators living beyond their apparent means (39 percent of cases) or experiencing financial difficulties at the time of the frauds (34 percent).”

Finally, take complaints seriously. If patients claim that they’ve paid but didn’t receive credit, investigate it. If an employee tips you off that something isn’t right, check it out. If you sense things just aren’t adding up, don’t dismiss it.

Ignorance could cost you thousands, if not millions, of dollars.

About the author

Sally McKenzie, certified management consultant, is a nationally known lecturer and author. She is CEO of McKenzie Management, which provides highly successful and proven management services to dentistry and has since 1980. McKenzie Management offers a full line of educational and management products that are available on its website, www.mckenziemgmt.com.

In addition, the company offers a vast array of practice enrichment programs and team training. McKenzie is the editor of the e-Management newsletter and The Dentist’s Network newsletter sent complimentary to practices nationwide. To subscribe, visit www.mckenziemgmt.com and www.thedentistsonnetwork.net. McKenzie can be reached toll free at (877) 777-6151 or at sallymck@mckenziemgmt.com.

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