



# Effective Financial Oversight Helps You Avoid Unpleasant Surprises!

In the November 2008 issue, I dealt indirectly with the touchy subject of financial fraud in dental offices.

Since a few cases have been reported to me recently, I would like to go back over some basic principles that may help you avoid serious problems.

To set the table, here are some of the key sections of my article from 2008:

- There is a direct link between the rigor and discipline with which you manage your financial information and its degree of exposure to fraud. Your software must make it possible to check the accuracy and reliability of your financial data and explain any unjustified spreads, where necessary.

In short, software that allows you to change financial information directly without a trace is not reliable.

- As owners and managers of your offices, it is very important for you to maintain some control over their financial information by checking it periodically.

One dentist recently drew my attention to an article entitled “How to Steal from a Dentist?” in *Oral Health* journal (<http://www.oralhealth-group.com/news/how-to-steal-from-a-dentist/1000119162/>).

After presenting a typical case, the author makes 17 recommendations that I suggest you carefully read. As far as I am concerned, the gist of his recommendations can be found in the first one, which is:

“Be an Active Leader: It is important that the doctor participate in the management of the front desk. Act like you care about the business side of your practice and understand the business systems that are used in your office. All policies and practices pertaining to handling money in your office must have your sanction and approval.”

- If you are unable to periodically check your financial data on at least a monthly basis, I strongly suggest that you entrust this task to an external resource, such as your accountant, for example.

It should take one or two hours at most per month to make all of the basic checks. This will allow you to detect suspicious items. Then, all you will have to do is get the required explanations.

If you use Progent/Clinic or Progent/Finance, here a few techniques you can use regularly to help you avoid nasty surprises:

- Use the function that allows you to make sure that your schedule and invoicing matches on a given day or in a given period. All irregularities should be checked. (Progent/Clinic)
- Use the review report function on your patient treatment files to isolate the unbilled treatments (e.g.: staggered, partial invoicing, etc.). Since all treatments are usually immediately billed in full amounts, the total amounts for the treatments that are in the process of being invoiced should always be minimal. All large total amounts should be checked, which is easy to do because you already have a detailed list of the patients and treatments concerned on hand. (Progent/Clinic)
- All items and invoices with zero amounts in the daily fee report should be checked. This type of information indicates that an invoice and equivalent credit were issued on the same date. This may simply be due to an invoicing mistake, but it can also hide a very dubious method of processing the information. (Progent/Clinic)



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- Print out a weekly report of the fees, or create a PDF version, and keep it on file. At the end of each month, print out the same report (same period) to compare the totals you have obtained. Any difference is the result of transactions performed in a given week after that week is over and should be examined. (Progident/Clinic)
  - Ideally, configure the software so that it is impossible to issue an invoice or a credit before the date concerned. That way, any correction will appear on the report from the day in question and you can check it, if necessary. Here, I am assuming that all dentists check their fee report on a daily basis.
  - If you use Progident/Finance, you enjoy greater protection because:
    - ▶ The bank reconciliation function is very effective in detecting irregularities. A balance in the account statement of your banking institution that differs from the computer balance in the corresponding bank account at the end of the month should be examined. If you do not perform the bank reconciliation yourself, ask to see the two amounts on the screen. (Progident/Finance)
    - ▶ Use the accounts receivable report from Progident/Clinic to compare the total accounts receivable balance in Progident/Finance at the end of the month. All spreads should be checked. (Progident/Clinic and Progident/Finance)
    - ▶ Also compare your accounts receivable balance at the end of the fiscal year in order to detect any abnormal increase over the previous year (e.g. February 2011 vs. February 2012). A substantial increase should be explained by an increase in your income or a major change in the range of services you offer (e.g.: new orthodontic services that are paid in instalments). If that is not the case, dig deeper to find the explanation. (Progident/Clinic or Progident/Finance)
    - ▶ Once the month's business has come to an end, close the accounting period concerned. That way, it is impossible to enter transactions in order to hide ill-intentioned adjustments. Clearly, only you should have the access rights to change the status of an accounting period. (Progident/Finance)
  - Last but not least: Progident software products have a special user code (GERSYS) that requires dentists to set a password when they are installed. This code gives them special rights that should be granted to dentists only. As for users, make sure that they do not share their user code or password with others because that will automatically reduce the effectiveness of the traceability system built into the software.

To learn more about this topic or about how Progident protects you, contact us.

<sup>CTRL</sup>Progident is a service of your association. ■