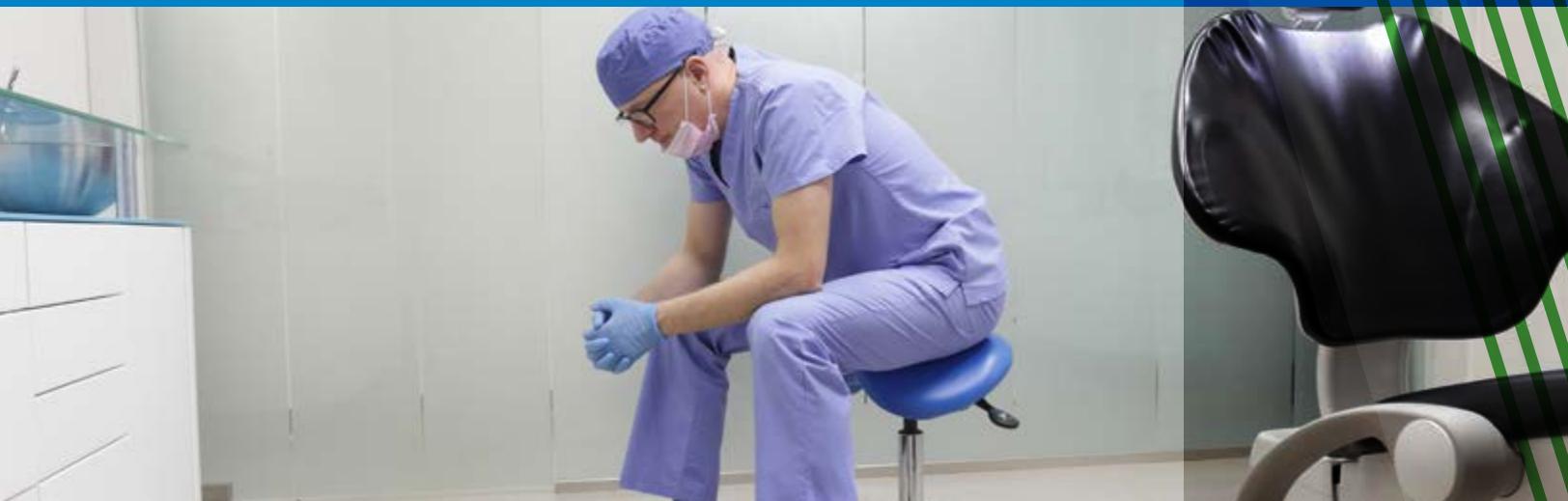


3 Accounting Tips to Prevent Dental Practice Fraud



Dental Practice Fraud: Why It's So Common and How to Prevent It

Is your dental practice susceptible to employee fraud? You may be more at risk that you think. Like it or not, 1 in 3 dental practices experience some form of internal fraud, often from a trusted employee.

Why are dental practices so vulnerable to fraud?

As a dental professional, you're plenty busy with the day-to-day demands of helping patients. You likely get help from your employees to handle many of the daily financial tasks of the business, such as reviewing expense reports, creating cash flow statements, and processing payments.

Without proper controls and secure accounting practices, this division of responsibilities leaves an opening for a worker to take your hard-earned money. They might start with small amounts, but if the fraud goes undetected for a longer period of time, an employee can steal hundreds of thousands of dollars from your business.

What techniques do fraudsters use?

Many employees start small by stealing cash. This person might experiment with pocketing patient co-pays and then writing it off on the statement as a deduction or credit. Or, they might hide their tracks by posting the payment in your system, but simply not depositing the cash. If a patient pays for an appointment up front, an employee can delete the appointment in the system after the fact and pocket the payment. There won't be any unpaid balances in your system, because there's no evidence of the appointment.

Another very common set of fraud techniques involves stealing or forging checks, either from your practice or from the patients themselves. The employee can use a signature stamp to write out business checks for a bank account they've opened under a different name. Or, an employee can steal checks written out by patients by asking patients to leave the "pay to the order of" section blank, saying they have a stamp for it. The employee can then stamp in a name for their own bank account.

Yet another prevalent form of employee theft is to use a business credit card for personal purchases. If the employee is in charge of creating and reviewing expense reports, they can simply post these personal transactions as if they're a valid business expense.

These are just a few of the an employee can use to steal from your business. Sounds pretty bad, right? Well, we have good news: with the right accounting practices and processes, you'll catch fraud before it ever gets off the ground.



Accounting tips to prevent fraud in your dental practice

Strong accounting processes have numerous benefits for your business, and preventing employee fraud is one of them. Here are a few techniques that will help your dental practice thrive while providing the oversight you need to thwart potential theft:

Cash flow monitoring

will help your practice succeed in many ways. Bank accounts, credit cards, and loans should be reconciled frequently so you can catch any discrepancies right away. In addition to monitoring bank statements, be sure to pay close attention to payroll reports and cleared check images.

Automated alerts

With modern accounting software, you can set up automated alerts for activities such as patient visits that are cancelled after the start of the appointment, credit card refunds, and more.

Routine third-party consultations

Working with an advisor such as a dental accounting expert can help you notice any unusual activities in your patient management system, set up solid accounting processes with good internal controls, and provide insight into the financial details of your practice.

If you'd like to talk about protecting your dental practice from fraud, contact Performance Business Analytics today.

We'll show you how we help dental practices solve accounting challenges, save time and errors, and spend more time on patients and growth.



(888) 444-9940

Info@PBADentalAccounting.com

www.PBADentalAccounting.com