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# **Employee Theft Your Hidden Threat In Tough Economic Times**

Presented to

OCMGMA

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By

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## Topics To Be Discussed

- Warning Signs Of The Hidden Threat
- The Fraud Triangle
- Where Employee Theft Can Occur
- Protecting Your Practice From The Hidden Threat

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## Warning Signs Of The Hidden Threat

1. Financial Pressures
2. Living Beyond One's Means
3. Addictive Habits
4. Anger Toward Practice
5. Refusal To Take Vacations

## Profile Of A Thief

- Generally
  - Long Time Employee
  - Trusted Employee
  - No Prior Convictions

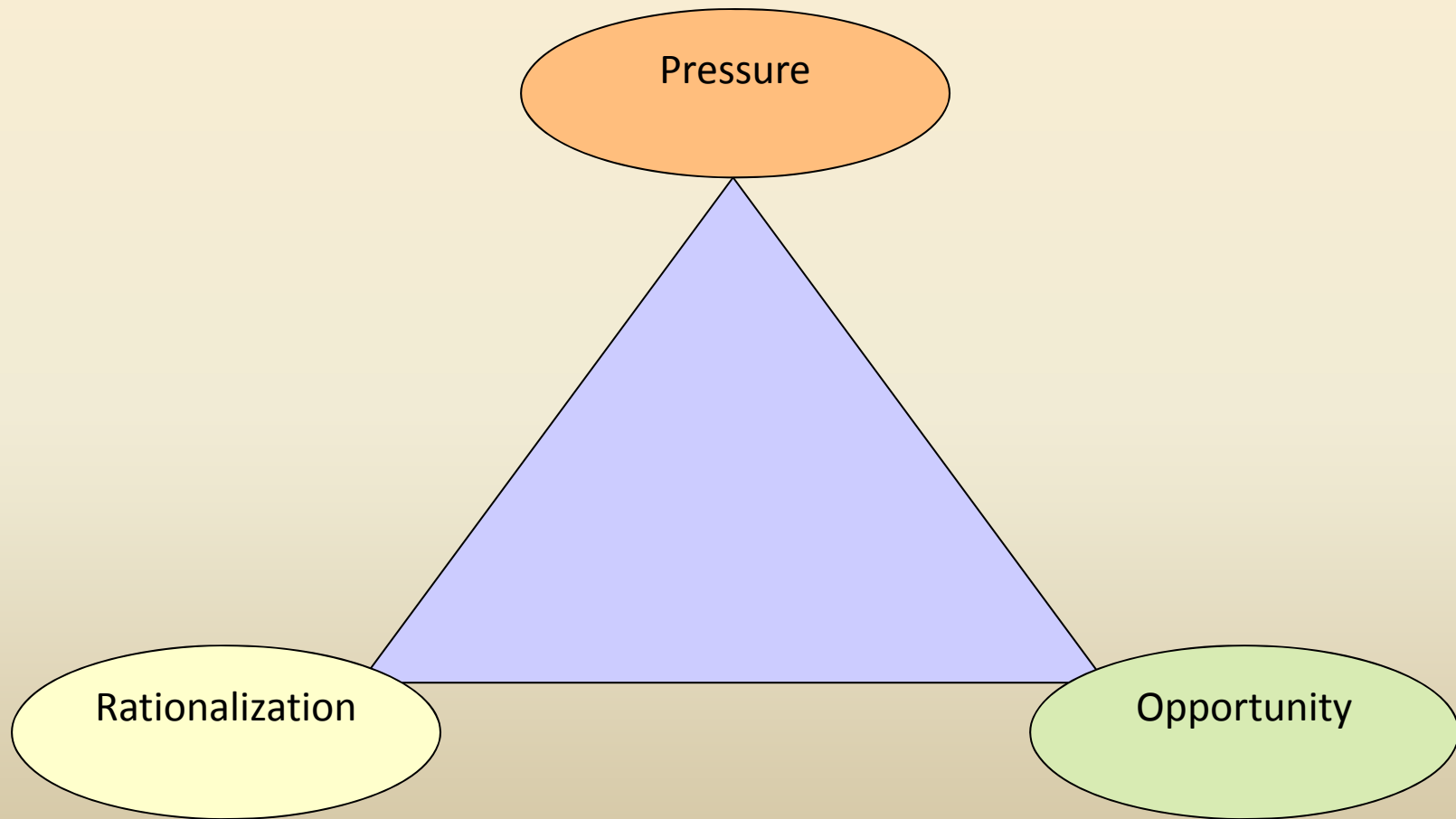
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# The Fraud Triangle

Developed By Donald R. Cressey

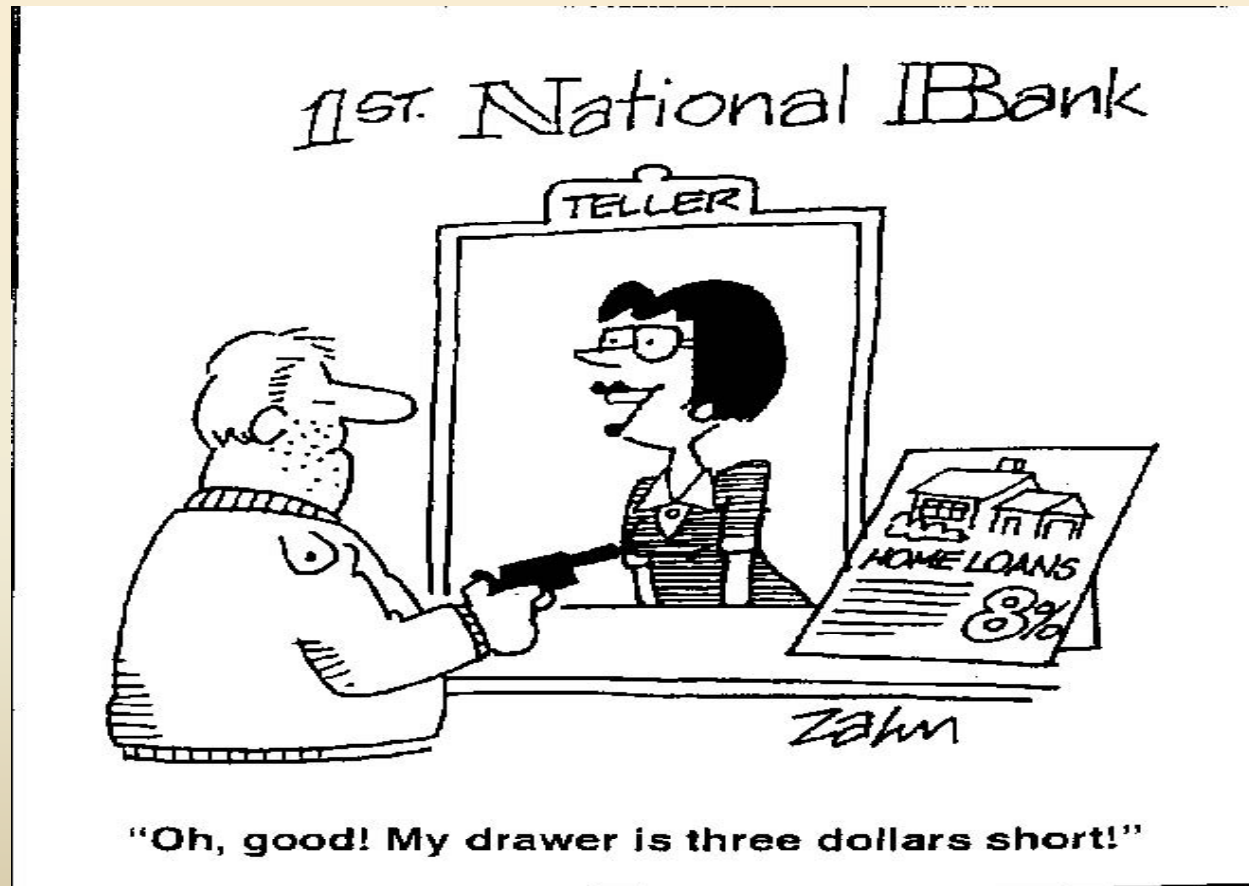


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## Where Employee Theft Can Occur



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## Where Employee Theft Can Occur

1. Accounts Receivable/Cash In
2. Accounts Payable/Cash Out
3. Payroll

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Horror Stories...  
Let's hear from you



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# Protecting Your Practice From The Hidden Threat

- General Comments
  - Practice Culture Sets The Standard
    - Tone At The Top
    - Integrity
  - Internal Controls
    - Personal Financial Oversight
    - Segregation Of Duties

## Protecting Your Practice From The Hidden Threat

- Cash In
  - Numbered documents
  - Separation of duties
  - Checks restrictively endorsed
  - Patient billing complaints investigated independently
  - Daily reconciliations and deposits

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# Protecting Your Practice From The Hidden Threat

- Cash Out
  - Separate check writer and signer
    - No Signature Stamps
  - Require and review supporting documentation
  - Bank statements mailed to physician's home or CPA
  - Bank reconciliation by CPA
  - Positive Pay
  - Fidelity Bond

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# Protecting Your Practice From The Hidden Threat

- Payroll
  - Review
    - Employee
    - Hours
    - Deductions

## Conclusion

- An Ounce of Prevention ...
  - Fraud sometimes undetected
  - Discovery of fraud is disruptive
  - Recovery not easy
  - Any way you cut it, the prevention is less expensive than the cure

## Conclusion

- The Biggest Deterrent To Employee Theft Is The Knowledge That Someone Else Will Be Reviewing The Work
  - Your goal is to create a culture and a system that encourages your staff to:  
“Work like Mom is watching”

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