

# Keeping Your Money Safe: Cash Controls and Security for Physician Practices

Steve Gillies, BA

No orthopedic surgeon wants to believe that a trusted employee would steal from the practice. Yet, a 2006 Association of Certified Fraud Examiners survey of health care businesses revealed that 12.4% of respondents had suffered cash losses, and 19.1% had been victims of skimming, cash stolen before it is entered on the books.<sup>1</sup> At KarenZupko & Associates (KZA), we often see evidence that money and supplies have been stolen from practices. One could easily be yours.

A \$20 copay, \$120 from a self-paying patient, \$25 coinsurance—these payments pass through the hands of your staff every day, and those that go missing can really add up. Turning a blind eye and saying, “My employees would never do that,” are not part of a responsible business strategy. Instead, you should make sure that your practice has procedures in place for keeping cash safe and for removing temptations from potentially dishonest employees.

## KNOW WHO IS WORKING FOR YOU

Nobody can predict the future, but running a background check before offering a candidate a job is a good step to have in your hiring process. Identifying a potentially high-risk employee is prudent. Many thefts by employees arise from personal financial situations—mounting debt, a health problem, a spouse’s lost job. In addition, verifying what an applicant puts on a resume gauges that person’s honesty.

Zupko<sup>2</sup> outlined the numerous red flags discovered during background checks—everything from degrees not earned to multiple bankruptcies and felony convictions. She recommended including on employment applications an attestation statement indicating that any employment offer is contingent on the results of a background check. She also recommended consulting an attorney about responsible use of background check information when making hiring decisions. Companies such as Select Smart ([www.selectsmart.net](http://www.selectsmart.net)) offer easy and affordable pre-employment screening packages for \$75 to \$100. Background checks are a simple and essential tool for protecting your practice.

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## KEEP YOUR CASH AND CHECKS IN A “DROP SAFE”

Past behavior is not always an indicator of future behavior, so background checks are only the first step in ensuring the security of your office. Even if you have the seemingly most reliable and honest employees, you need to minimize the possibility of theft. Just follow one very simple rule: *Lock up your cash and checks.* Make a “drop safe,” along with a locked change drawer, the standard in your physician practice. A drop safe, much like the slots or drops on a postal mailbox, can easily be accessed for deposits by staff who collect cash or check payments. Once these deposits are made, the lock secures the body of the safe from unauthorized entry, and an anti-fishing baffle prevents would-be thieves from accessing anything through the slot. A drop safe makes your cash and checks easy to secure and nearly impossible for anyone but approved managers or doctors to retrieve, thereby strongly protecting you from larceny and check tampering.

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**“Make a ‘drop safe,’ along with a locked change drawer, the standard in your physician practice.”**

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Prices for drop safes range from less than \$100 to more than \$1000. Cost tends to rise with size, lock complexity, and security level. When shopping for a drop safe, you should make security your prime concern but will also need to determine what size safe you need and how much you are willing to spend. KZA surveyed several online retailers, including BUYaSafe.com, Corporate Safe Specialists, Dean Safe Company, and Nationwide Safes, about the range and variety of safes that are currently available. A brief explanation of the variety of locks available will help in your purchasing decision:

- *Single lock.* The least secure lock, the one-key lock, sells for between \$40 and \$225 and is available only in small sizes.
- *Dual lock.* With a two-key lock, responsibility falls on 2 people—the employee who performs the daily close and the manager or physician who handles deposits. The cost, double that of a single-lock safe, ranges from \$119 to \$439. Like the single lock, the dual lock is available only

## Daily Close Sheet

Today's Date: \_\_\_\_\_ Preparer's Initials: \_\_\_\_\_

Encounter forms: # \_\_\_\_\_ through # \_\_\_\_\_

Matched with Appointment Schedule? Y N

	A Encounter Forms/Procedure Tickets/Quotes	B Drawer Totals	C Report/Day Sheet
<b>Charges</b>			
1. Daily charges			
<b>Time Of Service (TOS) Payments</b>			
2. Cash			
3. Checks			
4. Credit Cards			
<b>5. Total</b>			
<b>Over/Under</b>			
<b>Pre-Procedure Deposits</b>			
6. Cash			
7. Checks			
8. Credit Cards			
<b>9. Total</b>			
<b>Mailed-In Payments</b>			
10. Patient			
11. Insurance			
<b>12. Total</b>			
<b>Today's Total Deposit</b>			
Lines 5+9+12			

### Attachment The Following Source Documents

- TOS Check Copies     Credit Card Slips     TOS Receipts  
 Appointment Schedule     Encounter Forms     Bank Deposit Slip  
 Deposit Receipt     Mailed-in Check Copies     EOBs  
 Daily Close Reports

Many practice management information systems will produce a report equivalent to this one.

**Figure.** Sample Daily Close Sheet.

in smaller sizes (6 × 4 × 12 inches to 13 × 8 × 12 inches), which likely are adequate for small groups.

- *Combination lock.* Smaller combination drop safes cost \$100 to \$150; larger versions cost about \$1500.

- *Electronic lock.* For about \$100 more than a combination lock, you can get a lock with more advanced technology and increased security—which might be best for large group practices with many transactions.

Look for these Underwriters Laboratories (UL) ratings when shopping for a drop safe:

- *Rated B for burglary.* UL gives a safe a B rating only after an intensive test in which UL experts, armed with power drills and welding torches, attack the safe for 15 minutes but fail to break in.

- *UL 350.* This fire-resistance rating means that paper money and checks placed inside the safe will not reach flammable temperature for 1 hour or more.

In making the simple investment of a drop safe, you can protect yourself not only from theft and accidental cash loss but from other disasters, such as fires and floods.

## INSTITUTE A PROPER DAILY CLOSE

Physically securing cash and checks has an immediate, obvious impact. You can look at your safe and know where your money is. Just as important, though less obvious, your

practice needs to establish cash-control procedures to prevent missing charges and skimming. Most important, your office needs to institute a proper daily close procedure. Think of a daily close as a postsurgical count. Having continual perfect counts may leave a physician questioning whether they are necessary, until a patient develops an infection from a forgotten sponge. In the same way, many physicians do not realize the importance of having cash controls until a theft occurs. Securing money in a drop safe is good but only if you are sure that the amount you have in the safe is correct. Each day, make sure to follow 4 steps before closing the office: (1) properly account for patients seen in the office, (2) post time-of-service collections, (3) process mailed-in checks, and (4) prepare your daily close packet.

### Properly Account for Patients Seen in the Office

At the end of each day, have the receptionist generate a final appointment schedule. Each patient must have a corresponding encounter form that includes charge information or is marked *canceled* or *no-show*. Some information systems automate this process, whereas others require manual reconciliation. Research and resolve any missing forms before the receptionist leaves for the day.

### Post Time-of-Service Collections

Credit cards are an increasingly popular payment method, but many patients still use cash and personal checks. Throughout the day, the receptionist and the check-out staff accept a variety of payments: copays, surgical deposits, prior balances. Post all these transactions at time of service—not the next day, not at week's end. Ensure that the full patient payment is posted in the computer system. Make sure that each paying patient gets a computer-generated payment receipt. Never allow staff to claim that they were "too busy" to print a receipt. Handwritten receipts can easily be manipulated, and money "sidetracked" into someone's pocket. An official

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**"Most important, your office needs to institute a proper daily close procedure."**

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computer receipt shows that the patient has verified that his or her entire payment was entered. Give the patient one copy and keep the other copy with the encounter form. Balance these receipts with the employees' computer system transaction summary reports. If they do not match, more research is required before the day can be closed.

### Process Mailed-In Checks

Each day by mail, practices receive checks from insurance payers and from patients with remaining balances due. Have an employee other than the payment poster open the mail and remove, photocopy, and tally the checks; then the checks can

be deposited while the payment poster works from the check photocopies and the explanation-of-benefits (EOB) statements. Not only does this method avoid a delay in depositing checks (there is no need to wait for the posting to be completed), but, more important, the only way that funds can be diverted is if the person opening the mail is collaborating with the payment poster.

### Prepare Your Daily Close Packet

Detail all these totals on a daily close sheet similar to the one that appears in the Figure. You will then have a snapshot of all your business transactions. This snapshot can be used as a check-and-balance for money-handling employees and can help with financial projections, prove the work and volume of the practice, support you in an Internal Revenue Service audit, and serve as the basis for the accurate monthly financial statements that are needed for loans or tax purposes. In your daily close packet, include this sheet plus these source documents:

- Computerized daily close reports.
- Encounter forms.
- Appointment schedules.
- Copies of time-of-service checks.
- Copies of mailed-in checks.
- EOBs that arrived with insurance checks.
- Credit card slips.
- Bank deposit slip.
- Deposit receipt.

These documents can be scanned and stored on a computer disk (clearly labeled with the date) to reduce physical storage space and speed retrieval time.

### SUMMARY

Although absolutely vital to the security of a practice, background checks, a drop safe, and a daily close cannot substitute for continual oversight. With these procedures in place, you should then perform a random audit on your daily close once each quarter. Constant vigilance still plays the most crucial role in preventing embezzlement. As the saying goes, “employees respect what management inspects.” Be sure to take the time to evaluate your cash-handling procedures and to work with your accountant or an outside consultant to introduce needed changes. Only by taking proactive cash-control measures can you reduce the risk of becoming the victim of theft in your own office.

### AUTHOR’S DISCLOSURE STATEMENT

The author reports no actual or potential conflict of interest in relation to this article.

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