



Detecting Employee Theft

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Overview

You expect your clients to be pro-active with the care of their pets. ImproMed recommends you exercise the same care for your veterinary business. Even though theft cannot be prevented 100%, there are some things you can do to help deter the attempt. ImproMed Infinity offers reports that can show suspicious patterns or “red flags”. If you are not familiar with the reports mentioned here, it’s time to get acquainted.

Sometimes these reports are looked at only from the financial aspect, and sadly, only looked to as security tools after the fact. Monitored activities using ImproMed Infinity reports will help you learn to look beyond the numbers. General office processes can set the tone for a safer, less vulnerable business.

Report Descriptions

These reports can be found from within the Reports Module:

Accounts Receivable Reports: Summary Aged Trial Balance

The Summary Aged Trail Balance report will list all clients who owe you money, all clients you owe money to (usually from returns, credits, or deposits). Typically, this report is printed right after processing the accounts receivable at closing and before selecting, printing, and updating statements; however, it can be printed anytime.

This report's information is based on the last daily closing:

- ✓ Selection criteria
- ✓ Client Number and Name
- ✓ Last Payment Date and Amount
- ✓ 0-30, 31-60, 61-90 and Over 90 Age Category Details
- ✓ Total of each Age Category
- ✓ Percent total of each Age Category
- ✓ Total AR Due

Financial Reports: Transaction Report

The Transaction Report shows you information about each transaction that happened during the day. What this report will show you:

- ✓ Invoice number
- ✓ Patient number and transaction type, such as:
 - ✗ Interest Charge
 - ✗ Completed Invoice
 - ✗ Payment on Account
 - ✗ Product Removal
 - ✗ Cancelled Payment
 - ✗ Cancelled Invoice
 - ✗ Credit Balance Refund
 - ✗ Payment Amount Change
- ✓ Client Number and Name, Patient Name
- ✓ Subtotal of services given, discounts, tax, total due, and new AR balance.
- ✓ The cashier that rang up the transaction.
- ✓ Payment methods, if any, used on the transaction.

Financial Reports: Write Offs Report

The Write Offs Report shows the write off total and the Transaction Report will indicate any transaction that is a write off within a given time frame. With the Write Offs Report, you can actually list those clients who have had balances written off within a time frame you specify. The report will show you:

- ✓ Date
- ✓ Client Number and Name
- ✓ Write Off Amount
- ✓ Cashier who did the Write Off

Financial Reports: Discount Summary & Client Discount Report

Both of these reports show you the totals for your Client Discount Flags within your specified time frame. The difference between the two reports is one is grouped by Discount Flag and the other is grouped by client. The information is basically the same:

- ✓ Discount Name (Client Name and ID on the Client Discount Report)
- ✓ Price Before Discount
- ✓ Discount Amount
- ✓ Additional Invoice Discounts (Given on the Payment screen)

Log Reports: Invoice Log

The Invoice Log gives a list of every action that has taken place during the invoicing process in order to provide an audit trail based on these transactions. Every time an item is added to, removed from, modified, or concluded on an invoice, it will print on the Invoice Log. The report prints the name of the client and patient involved as well as the product name and id, date and time entered, type of action, employee and cashier or operator, date and time performed, quantity, and price. If there is ever a question about what has taken place on an individual's account, the invoice log gives every step along the way. The report can also be used as a deterrent for those employees with bad intentions in mind.

For each item displayed, this report shows you the following:

- ✓ Client and Patient names
- ✓ Product names and ID
- ✓ Date and Time Entered
- ✓ What type of action was performed

For example, if the operator removes the product from an estimate or transfers to a declined product list.

- ✓ Employee name and Cashier/Operator Code
- ✓ Date and Time Performed
- ✓ Quantity and Price

Product Reports: Fee Exception Report

The Fee Exception Report will show any under/over charges made as a result of the modification of a product's price during invoicing. You may print only under charges, only over charges, or both. You may specify to print for only products invoiced, only products stored, or both. This can be set as a daily report but we suggest you print it as a specified daily report for your eyes only. For each employee selected, this report shows:

- ✓ Date Entered
- ✓ Product Code and Description
- ✓ Invoice Number
- ✓ Client Number and Patient Number
- ✓ Quantity invoiced
- ✓ Default fee of the product invoiced
- ✓ Fee actually charged for the product invoiced
- ✓ The Difference in the Default fee from the charged fee
- ✓ Percentage of Fee
- ✓ Employee Totals for the Quantity, Default Fee, Charged Fee, and Difference

Product Reports: Products Invoiced

Products Invoiced Report is similar to the Transaction Report:

- ✓ Invoice number
- ✓ Indicates any product removals
- ✓ Client Name, Client Number
- ✓ Patient Name and Number
- ✓ Date and Time Completed
- ✓ Employee Number assigned to each service on the transaction.
- ✓ Product Names and Codes included on the transaction.
- ✓ Quantity, Price and whether the product is Taxed (price includes discounts given by changing the price on the enter products screen or given on the payment screen)

Product Reports: Products Stored

The Products Stored report is very similar to the Products Invoiced report, except these are products that have not been concluded, thus they will not show on the Transaction Report. You may specify to list all stored products or to list only those that are still on file after the amount of days you specify. The Products Stored report shows:

- ✓ Client Name, Client Number
- ✓ Patient Name and Number
- ✓ Practice ID
- ✓ Date and Time Entered/Performed (depends on the report option selected)
- ✓ Employee ID assigned to each service on the transaction.
- ✓ Product Names and Codes included on the transaction.
- ✓ Quantity, Price and whether the product is taxed (price includes discounts given by changing the price on the enter products screen)

Product Reports: Products Stored - Deleted

The Products Stored - Deleted report prints a listing of products that are still on open invoices, product lists (Declined, Deferred, Recommended), or have been removed from open invoices. The report will print the Client Name and Client Account ID, Patient Name and Patient Account ID, Practice the products are stored in, the day and time the products were entered or performed, Employee ID, Product Name, Product Code, quantity entered, price, and if the product was charged tax. The Products Stored - Deleted report shows:

- ✓ Client Name, Client Number
- ✓ Patient Name and Number
- ✓ Date and Time Entered
- ✓ Employee Number assigned to each service on the transaction.
- ✓ Product Names and Codes included on the transaction.
- ✓ Quantity, Price and whether the product is taxed (price includes discounts given by changing the price on the enter products screen)

Inventory Reports: Inventory Adjustments

The Inventory Adjustments report is your paper trail to show any activity on any inventory items transacted that day. For each item transacted, this report will show you:

- ✓ Inventory item name and number.
- ✓ Starting quantity on hand for that day.
- ✓ Ending quantity on hand for that day.
- ✓ Any activity such as Receipts, Invoiced, Removals
- ✓ Quantity change
- ✓ Cost change
- ✓ Employee who made the adjustment
- ✓ Cashier
- ✓ Notes
- ✓ Total Cost of Inventory (at time of printing)

Inventory Reports: Purchase History & Returns to Vendor

The Purchase History report can be printed by P.O. number, by Receipts or by Vendor. It lists the following:

- ✓ Date
- ✓ Inventory Item Description and Code
- ✓ P.O. Number
- ✓ Vendor Name
- ✓ Type of transaction (ordered, received)
- ✓ Units, Cost

The Returns to Vendor report shows:

- ✓ Inventory Item Description and Code
- ✓ Quantity Returned, Cost and Lot
- ✓ Employee returning
- ✓ Storage Location it came out of
- ✓ Reason for Return

Check your receipts against your returns.

Monitored Activities

Unauthorized Discounts

Unauthorized discounts could represent a significant loss in value of production. If a discount is provided it will print as part of the transaction detail on the Transaction Report. These are the percent or dollar amount discounts given at the payment screen. Discounts can also be given at the service level by assigning a client discount flag or changing the price of the product.

You will see these on the Product Report, Product Discount Report, Client Discount Report and Fee Exception Report. Keep track of products invoiced with a negative price on the Products Invoiced Report. Make sure your discounts are in line with what your business can afford to give.

Example: The same operator is quick to smooth things over with a client by giving a discount or price adjustment. While they may not think they are stealing from you, unless you get a handle on this and make a policy whereby discounts always need to be authorized, you are losing precious income. You need to emphasize the value of the services and products you offer, not just to this person, but to everyone!

Stealing From the Cash Drawer

Cash transactions and cancelled transactions can mean cash is being skimmed from the register. A decline or unusually small increase in cash or credit sales could mean that some sales are not being recorded.

Use the Transaction Report to see how many times your OTC or Cash Sales client has been used and who is using it. Do you know how many cancelled transactions are on your reports every day? Check your appointment book and/or sign-in sheet to see if the client came in that day. Look to see if it was cancelled during or after printing. The client may have gotten a receipt, but a cancelled transaction allows collected money to walk out the door. (Note: the Cashier Balance Report is basically the Transaction Report sorted by cashier. You can use this to see if there is one cashier in particular that consistently doesn't ring up the same volume as other cashiers.)

Example: Using the OTC or Cash Sale client is a way to give the client a correct invoice, but not leave a trail of what client may have been used to steal money. Legitimate cancelled transactions will happen from time to time, but not usually for the same cashier and/or mostly during their shift.

Cash Overages are another thing to look out for. This is more of an indication of employee theft than cash shortages.

Example: Invoices go through with even dollar amounts. Let's say three invoices were done for \$32.45, \$53.29, \$11.89 where the client does not want the receipt. It usually is not convenient to take the money right then, in front of the customers and co-workers. Later when it is quiet, what will be taken from the till is more likely going to be the even \$30.00, \$50.00 and \$10.00. That will leave the overage of \$7.63.

Invoice Reprints

Reprinting an invoice may “benefit” more than just the client. Invoice reprints are not transactions so they do not show on any of the above reports, only the original invoice will. In fact, it does print with the original date invoiced, however, a client can overlook that. We recommend you use password protection as well as make yourself aware of how many and what invoices are being reprinted. It is advised you check this statistic often.

To check this, open up Patient Processing, click on the “History” tab, and click the “Invoices” button. In the invoice history list, look at the “Print Count” column to see the number of times that invoice has been reprinted. You may need to adjust your pencil button view settings to see this column.

Only allow trusted employees to reprint an invoice for a client. You can do this by setting up a password on all invoice reprints.

Example: Invoices for common individually sold items are made under the Cash Sale or OTC. The most common of these is pet food. Instead of issuing the client an invoice, they issue a reprint of the OTC invoice, give the client the item and take the money.

Sales Returns

Increase in overall sales returns might represent a concealment of accounts receivable payments. These returns are recorded on the Transaction Report as does the product removal, invoice removal, or a negative balance. On the product report, you will see these as services with a negative price. These could also be discounts, but something you should watch for nonetheless.

Example: A \$100.00 invoice is put through for a client and the balance is put on account. A cash payment of \$25.00 is received. Instead of taking a cash payment in, a write-in service with a description of “payment on account” is put through with a negative price of \$25.00. The client’s account is now \$25.00 less, but the employee just walked off with \$25.00 more in their pocket.

Bad-Debt Write-Offs

Unusual bad-debt write-offs could be covering up a fraudulent scheme. Anytime you see an amount for write-offs on your Summary Report, check the Transaction, Product, or Write Off reports to see who was written off and who did the write-off. Again, only a trusted person should do write-offs.

Example: A client makes a purchase and pays for it but does not want a receipt. Instead of concluding the invoice, the invoice is placed on account. The money is pocketed. The client is flagged not to get statements or be charged interest. The balance will later be written off. While not the smartest way to do the deed, it certainly is something to look for as it has happened.

Example: An invoice is put through for a product and put on account under a fictitious client. Again, the client AR flags are changed for no interest or statements. The product is removed from the clinic and later on, that debt will be “paid” with a write-off.

Inventory Shortages

Inventory shortages could indicate fictitious purchases, unrecorded sales, or employee pilferage. Track purchase orders, whether computerized or written, to see how often an item is ordered. Compare them against what was received. Look for “returns to vendor”; they may have walked out the door instead. Use the inventory adjustments report or one of the purchase history reports to verify the quantity on hand as above. Profit declines and increases in expenses could be a sign that cash is being siphoned off illegitimately.

Use the Inventory Adjustments report to see what was dispensed. Activity is clearly marked as received, invoiced, adjusted, stored, ordered etc. Pick an item you feel may be targeted and count to make sure what is reported is what is on the shelf. Refer back to the Product and Transaction reports to verify and who invoiced or returned the item. Also use the Inventory Adjustments report to follow items that were added to an invoice and removed.

Example: The client is asked if they would like a copy of their invoice and they decline. The Review feature in Patient Processing is used to view the total so the amount can be collected. The money is pocketed. The stored invoice is deleted.

Collections

Slow collections can be a device to mask embezzlement. Get a Summary Aged Trial Balance report to show who owes you and any credit balances (as a result of deposits, returns in normal cases) at least monthly to see how those older balances are being handled.

Example: Clients may be paying but those payments could be taken as a “loan”. Check the last payment date and amount against the balance over 90 days. You can show the last payment date and amount on the client’s statement for another layer of security.

Example: Be aware of your credit balances. Over time, clients move, lose their pet, or just find another clinic. They may not even be aware of the credit. This credit can be dispensed as cash to zero out the account. And the cash walks out the door with the employee who did it.

Preventative Steps

Whatever steps you do take, do them consistently and on a regular basis. You are in the business of preventative medicine. Apply those principles to keep your business healthy.

- ✓ **Review your reports everyday** - Make sure to do this quietly, but in front of your employees. Let them know you watch your statistics everyday. You know how busy you are and what kind of numbers you should be generating. Your reports should reflect the numbers you expect.
- ✓ **Establish policies** - Make them known to all of your staff; stick to them.
- ✓ **Balance the drawer once in a while** - See if there are any security gaps in your process. Some clinics have a different person make the deposit than who balances the drawer.
- ✓ **Survey your clients** - Ask if they were given a receipt or experienced any unusual discounts or invoice printouts.
- ✓ **Have a sign-in sheet** - Check this against your appointment book and your Transaction Report at the end of the day.
- ✓ **Buddy System** - Always have more than one person at the front desk.
- ✓ **Be Proactive** - If you suspect someone, it is your business. Have someone trusted watch that person.
- ✓ **Password protection** - Only allow certain trusted employees to make transaction corrections. Change passwords when employees leave.
- ✓ **Compare your invoices to your appointment book** - Are any transactions listed for clients that were not seen that day? Why?
- ✓ **Use Infinity's Identity Theft Defender** - This will help protect any sensitive information that your client may give the business for an employee's hidden agenda.