

MEMORANDUM TO DOCTORS & OFFICE MANAGERS

SUBJECT: CONTROL OF CASH

Good business practices include good cash controls. Now is the time to review controls in your office by comparing the following positive statements to cash control policies in your office.

1. Cash handling - including receiving, posting, totaling, and depositing should be done by more than one person.
2. Receipts should be prepared for all payments. Offices using encounter forms should make sure patients are given the original copy of the encounter forms when they leave. The office copy should ALWAYS BE A PHOTO OR NCR COPY.
3. Receipts or encounter forms should be serially numbered and all forms should be accounted for prior to your daily closing and balancing.
4. Receipts should be tallied and deposited daily. All deposit items other than cash should be listed on the deposit slip by type and maker. Offices with computer systems should require this to be done manually in the handwriting of the responsible employee.
5. Only principals of the firm should sign checks. (If there is more than one principal, check signing responsibility should be done by just one principal. Such responsibility may be rotated on a quarterly basis or longer period.) Before signing checks, insist on seeing invoices or bills.
6. There should be a control, such as permitting only a principal or senior aide to authorize an account receivable to be written-off or reduced. Offices with computer systems should insist on a monthly review of write-off entries by report.
7. The petty cash fund should be carefully monitored and cash counted each time the fund is reimbursed.
8. Serially numbered checks should be used. All checks should be accounted for. Someone other than the person writing the checks should reconcile the bank account monthly.
9. Statements should be sent on all open balance accounts monthly.
10. Overall collections and a ratio to charges should be reported monthly. Trends should be noticed and examined.
11. All employees having access to cash should be bonded - and told they are bonded. Bonding companies usually prosecute employees involved on embezzlement.
12. All offices should have written policies on cash control with deviation as grounds for immediate dismissal. These policies should spell out exactly how to make deposits, how to issue receipts, what time of day to close, what reports to generate and all other procedures involving cash and accounts receivable.

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13. Employees handling cash should be required to take at least one vacation each year of five (5) consecutive business days.
14. Accounting, financial or patient records should not be taken home by employees.
15. New or prospective employees should be carefully screened.
16. It should be an established policy to prohibit employees from cashing personal checks in the office. Borrowing from daily receipts, the change fund, or petty cash should be forbidden.

While our monthly presence in your office may help in deterring dishonest employees, **we make no representation that we audit your accounts**. Our presence in your office is not a guarantee, and we make no such warranties that your office is safe from dishonest employees. We will assist you with implementing and monitoring a cash control policy. Please discuss this with us as it affects your office.