

Schatz & Company, Inc.

“Relieving the Stress & Pressure from Your Practice & Life”

How to Protect Yourself Against Embezzlement

Can you afford to lose \$50,000?

- The average cost of dental practice embezzlement is **\$50,000**
- **33%** of dental practices nationwide are being embezzled at any one time
- **70 - 80%** of dental practices nationwide have been embezzled at some time

So how do you protect yourself? First, understand the main reasons why employees steal.

- 1) Need: Justified to support their lifestyle or family.
- 2) Revenge: An irritated or angry employee steals to “get back” at the Doctor or practice. Employees in this case are usually acting “in the moment.”
- 3) Thrills: An excitement the employee receives by stealing. They often consider it a “game.”

Consider these **common justifications** for embezzlement.

- “The doctor is making enough money. He won’t miss it.”
- “I should have gotten that raise. So I took what I deserved.”
- “I steal because it’s allowed. Everyone else is doing it.”

Remember, embezzlement usually **starts small** with stealing time, supplies, and petty cash and then **it grows** into something larger. Therefore, create a culture in your office that has zero tolerance for stealing of any type.

Also, set the example. If employees see you grabbing money from petty cash or taking supplies, they may eventually follow your example.

How can you spot embezzlement? Look for the following:

- A shift in behavior
- Unusual working hours
- Poor work performance
- Defensiveness when questioned
- A personal lifestyle that does not match salary (cars, clothes, hobbies)
- Your working as hard, but less money is deposited
- You “have a feeling”

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When you suspect someone of embezzlement DO NOT

- Wrongly accuse the employee of theft
- Act alone when approaching the employee
- Detain or restrain an employee
- Defame the employee.

However, always take action. You must act!

- Obtain legal council if you suspect an employee is stealing
- Conduct an audit of all systems (when staff is not present)
- Understand how the money flows through your practice
- Determine what action you want to take and understand the consequences & costs

Schatz & Company can help you through this difficult process. **We've helped numerous practices** spot embezzlement, take the appropriate action, and then put systems in place to protect the practice from future embezzlement.

In fact, **prevention is the key**.

- 1) Create the culture that does not tolerate theft and embezzlement. And, set up a clear communication channel for when employees witness questionable behavior.
- 2) Do not hire the potential thief. Conduct a thorough background check and pre-employment screening.
- 3) Make it hard to steal by implementing effective internal controls. Have proper checks and balances between who handles the money and who writes out the deposit. And always have your bank statements sent to your home.

We can show you how to **set up the right internal controls** to safeguard yourself against embezzlement. We can also show you simple techniques for monitoring your business regularly—or if you prefer we can monitor your financial activity for you.

Schatz & Company works hard to help you keep more of your hard-earned money. Contact us today and let us offer you **peace of mind**.