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MDA Services: Why Dental CPAs Are Warning about Potential Employee Dishonesty

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By Reva Darling
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Why Dental CPAs Are Warning about Potential Employee Dishonesty

The current economic climate, with inflationary pressures, high interest rates, and the threat of recession, sets the stage for increased embezzlement against dental

practices. The MDA-endorsed embezzlement protection and investigation firm, Prosperident, notes that economic uncertainty often leads to people becoming desperate. Consequently, Prosperident is now cautioning practice owners to step up their vigilance against employee theft.

With that in mind, and in addition to reviewing and updating policies and internal controls that can make it more difficult for embezzlers to succeed in diverting funds, this may also be a good time to initiate a relationship with a dental CPA firm — instead of just relying on a bookkeeper or CPA generalist. Why? Because a dental CPA often is the first person to flag financial irregularities or outlier production information that can be earmarks of theft.

For example, a dental CPA may notice that the profitability of a practice does not align with its production. While this could indicate excessive variable expenses, it might also indicate that funds are being diverted from the practice to a dishonest employee. Your dental CPA is in a good position to evaluate why production and profitability are not aligning as expected.

I've spoken to several dentists whose dental CPA was the first to raise the red flag about potential embezzlement. One admitted he dismissed the caution for years, believing that the employee would never steal from him. Eventually, he paid attention to the ongoing warnings from the dental CPA and discovered significant losses through embezzlement.

Embezzlement is more common than you may think. A CPA specializing in working with dentists provides you with more than just an in-and-out categorization of your bills. A dental CPA provides you with meaningful insights into your insurance write-offs and the economic health of your practice. Be aware that manipulating insurance write-offs and other adjustments is a common way for thieves to make your money disappear into their pock-

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Dental Business Specialists
989-778-6605 or LoobyDBS.com

Protect Yourself from Embezzlement:

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ets. Unusual write-offs and adjustments can alert a dental CPA to a potential problem.

According to Prosperident, requests for investigation of employee theft spike during tax-filing season in the spring as a result of the documentation review associated with preparing practices' tax returns. Again, dental CPAs are in the best position to sound the alarm bell.

Yes, a dental CPA's services may cost more than a bookkeeper or non-specialist CPA, but working with someone who knows your profession, can benchmark your practice's performance against other like-sized practices in the market. Someone who truly understands where your risks lie can make a big difference in your long-term profitability.

The MDA endorses Dental Business Specialists for dental CPA services and tax filing. Dental Business Specialists is owned by Looby Baumgarten Certified Public Accountants and has expertise in dental accounting and tax planning and preparation. DBS offers a discount to new MDA clients using its tax and accounting services.

To reach DBS, please call 989-778-6605 or visit LoobyDBS.com. If you wish to set up procedures to safeguard against employee theft or need help investigating suspected embezzlement, contact Prosperident at 888-398-2327 or visit Prosperident.com/michigan for a confidential discussion. An MDA member discount is available. ●

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