

Dos and Don'ts If You Suspect Fraud

Make it a point to carefully review your practice's financial reports daily. Follow these steps if you notice any irregularities or suspect fraud:

DO'S:

- Stay calm.
- Be discreet so staff is not aware of your suspicions.
- Behave naturally so you don't alert staff that you're investigating a possible irregularity. It's better that staff is unaware of your concern in the event that it's unfounded.
- After-hours, when no one else is in the practice, back up all relevant data, records and make photocopies of relevant paperwork.
- Notify your lawyer discretely, preferably from home, of your concerns and to get information about relevant employment laws. Your lawyer may advise you to contact a certified fraud examiner or forensic accountant to review the books.
- Determine the extent of the loss and where the money is going; the investigation may reveal the staffer is pocketing co-pays.
- Contact law enforcement when you have enough hard evidence to pursue criminal charges. This may require a certain minimum amount of theft.
- Confront the embezzler with the evidence in the presence of others so they can serve as witnesses. Your accountant, bookkeeper, or other advisor might serve as witnesses; it may not be a good idea to involve other practice staff. Having this discussion in front of credible witnesses may reduce the risk of physical violence or claims of unfair dismissal.
- Remove the individual from the premises. When doing so, accompany the person from the moment of firing, while he or she collects his/her belongings, until he or she leaves the practice. This should prevent the now former employee from performing any acts of retribution.
- Create and implement new procedures and protocols for handling money within the practice. The new system should include checks and balances to minimize the likelihood of future thefts.
- Attempt to recover the amount embezzled unless the cost of recovery exceeds the value of the lost funds.

DON'TS:

- Don't panic.
- Don't appear agitated, ask unusual questions or request unusual reports.
- Don't bring in a fraud examiner or forensic accountant during business hours. Direct them to contact you on your cell or home phone only. Under no circumstances should they call your office.
- Don't change vendors, banks or financial advisors during the investigation.
- Don't upgrade your computer software, increase the number of technical support calls or change back up protocols.
- Don't contact law enforcement yet.
- Don't confront anyone whom you suspect of committing fraud if you lack the proof to back it up. Doing so could put you at risk for defamation claims, wrongful termination lawsuit or other legal issues. Delaying termination until you have sufficient evidence will less likely lead to severance related liability issues

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