



Dr. Dean C. Bellavia's

A~D~D~I~C~T Your Financial Systems

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A~D~D~I~C~T your Financial Systems (to control your income and expenses)

1. Create your Past Due Control system to make sure you collect all that is due you
2. Create you're A.P & Payroll system..... to account for the expense aspect of business
3. Create you're Purchasing (supplies) Control system to lessen waste and expense
4. Create your Daily Cash Control system to make sure what you collect goes in the bank

Create your Past Due Control System (To make sure you collect all that is due you)

System's Responsible Persons: Financial Coordinator or (name) _____

System's Analysis Person (who collects statistics): Financial Coordinator or (name) _____

Realistic **A**nalysis Time Frame: 1-2 weeks to determine the state of your past due accounts

Realistic **D**ecision Time Frame: 1-2 weeks for DR to review the analysis and decide what to do

Realistic **D**esign Time Frame: 2-3 weeks to complete the system design

Realistic **I**mplementation Time Frame: 3-6 months to work with the program

Realistic **C**ritique Time Frame: 1 week at the end of 6 months of implementation

Realistic **T**weaking Time Frame: 2 weeks to modify and implement any system design changes

Analyze:

- ☐ Which patient accounts are past due 30, 60 and 90+ days
- ☐ Which insurance accounts are past due 30, 60 and 90+ days
- ☐ The percentage past due; = (Total Amount Past Due) ÷ (Total Past Due + AVG Mo. Collections for past 3 mo.)
For example, if you are \$24,680 past due this month and your collections for the past three months are \$84,678, \$79,334 and \$92,087, then your past due percentage is:
$$(\$24,680) \div (\$24,680 + [\$84,678 + \$79,334 + \$92,087] \div 3) = (\$24,680) \div (\$24,680 + \$85,366) = 22\%$$
- ☐ If your past due percentage is less than 20%...great; if not, you need past due control.

Decide:

- ☐ Who will be in charge of Past Due Control (Financial Coordinator? or someone else if she can't handle it)
- ☐ When you will start your Past Due Control Program

Design:

- ☐ Use Appendix-C: Past Due Accounts Control System for details to base your design on
- ☐ The forms, letters etc., to operate the system

Implement:

- ☐ The program you designed, making sure the person in charge has everything she needs
- ☐ If not the Financial Coordinator, make sure the responsible person gets the monthly past due statistics

Critique:

- ☐ You should calculate your past due percentage every month for upward or downward *trends*.
- ☐ Use Appendix-D: Critiquing your Past Due Control System for an overall critique

Tweak:

- ☐ Redesign and implement any procedures, letters, forms, etc., to better collect your past due accounts
- ☐ Find another responsible person if the past due accounts are not getting under control

CHECK OFF THE BOXES OF THE STEPS YOU HAVE COMPLETED



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Create your A.P. and Payroll Systems (to account for the expense aspect of business)

System's Responsible Persons: Financial Coordinator or (name) _____

System's Analysis Person (who collects statistics): Financial Coordinator or (name) _____

Realistic **A**nalysis Time Frame: 1-2 weeks to determine the state of these systems

Realistic **D**ecision Time Frame: 1-3 weeks for the DR to decide on the systems

Realistic **D**esign Time Frame: 1-3 weeks to complete the system design of get the agencies in place

Realistic **I**mplementation Time Frame: 3-6 months to work with the system

Realistic **C**ritique Time Frame: 1 week at the end of 6 month to critique the implementation designs

Realistic **T**weaking Time Frame: 2-4 weeks to modify and implement any design changes

Analyze:

- ☐ Whether your bills are being paid on time and whether you are getting past due penalties
- ☐ Whether your payroll is accurate and paid on time

Decide:

- ☐ Who will be in charge of Accounts Payable (Financial Coordinator? Spouse, Accountant, etc.)
- ☐ If not your accountant, what system should she use (one-write checks, Quick-Books, etc.)
- ☐ Who will be in charge of Payroll *Checks* (Financial Coordinator? Spouse, Accountant, etc.)
- ☐ When is the best payroll period (monthly, semi-monthly, bi-weekly or weekly)
- ☐ How you will get payroll information to the person calculating payroll and writing the checks
- ☐ Who will get the purchasing invoices to the responsible A.P. person to pay the check

Design:

- ☐ Use Appendix-E: One-Write A.P. and Payroll Control Systems for details *if used*
- ☐ The use of the Quick-Books or other system to pay and account for the A.P. &/or Payroll
- ☐ The A.P. expense categories for reporting (see Appendix-E pages 8-9)

Implement:

- ☐ The A.P. program you designed, making sure the person in charge has everything she needs
- ☐ If not the Financial Coordinator, make sure the responsible person gets the monthly payroll and invoices information

Critique:

- ☐ Use Appendix-F: Critiquing you're A.P. & Payroll Control System for an overall critique

Tweak:

- ☐ Redesign and implement any procedures, forms, etc., to better control you're A.P. and Payroll
- ☐ Find another responsible person or agency if the systems are not under control

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Create your Purchasing (supplies) Control System (to lessen waste and expense)

System's Responsible Persons: Financial Coordinator (name) _____ & Clinical Coordinator (name) _____

System's Analysis Person (who collects statistics): Clinical Coordinator or (name) _____

Realistic **A**nalysis Time Frame: 2-4 weeks to determine the state of your purchasing control system

Realistic **D**ecision Time Frame: 1-2 weeks for DR to review the analysis and decide what to do

Realistic **D**esign Time Frame: 1-3 months to complete the system design criteria

Realistic **I**mplementation Time Frame: 3-6 months to work with the systems

Realistic **C**ritique Time Frame: 1 week after 6 months to see if the purchasing is under control

Realistic **T**weaking Time Frame: 1-2 months to modify and implement any design changes

Analyze:

- ☐ Whether you have about 2-3 months of all supplies that are actually used on hand
- ☐ Which supplies you typically run out of and why
- ☐ Which unused supplies should be thrown away, sent back, dead-stored or sold to others
- ☐ Which *new* supplies might be ordered in place of unused supplies
- ☐ Whether you are overpaying for supplies and where they can be purchased cheaper

Decide:

- ☐ Who will be the person in charge of clinical supplies and who will be in charge of clerical supplies
- ☐ Which supplies will not be used and what new supplies will be used and when

Design:

- ☐ Use Appendix-G: Purchasing (supplies) Control System for your design
- ☐ How you will lay out your supplies on the storage shelves for 2-3 months worth of supplies
- ☐ Use the "Inventory Control Worksheet" to design your "Purchasing Control Form" that matches your storage shelves layout
- ☐ A control system (it is best to use an Excel® spreadsheet) listing the vendors (with the best products, services and prices) and your order history with them

Implement:

- ☐ Set up your supplies shelves to hold 2-3 months worth of each supply
- ☐ Choose starting dates and implement your Clinical and clerical purchasing order systems

Critique:

- ☐ Use Appendix-H: Critiquing you're Purchasing Control System for an overall critique

Tweak:

- ☐ Redesign any forms, shelf-spacing, vendors, etc., to better control your purchasing
- ☐ Find another responsible person (an analyzer personality) to control the purchasing if not working out

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Create your Daily Cash Control System (to make sure what you collect goes in the bank)

System's Responsible Persons: Financial Coordinator (name) _____

System's Analysis Person (who collects statistics): Financial Coordinator (name) _____

Realistic **A**nalysis Time Frame: 2-4 weeks to analyze current systems and any weaknesses

Realistic **D**ecision Time Frame: 1-2 weeks for DR to review the analysis and decide what to do

Realistic **D**esign Time Frame: 1-2 months to complete the systems design and have the forms, etc., printed

Realistic **I**mplementation Time Frame: 1 week to implement the new systems

Realistic **C**ritique Time Frame: 1 week after 6 months of implementation

Realistic **T**weaking Time Frame: 2 weeks to modify and implement any design changes, forms, etc.

Analyze:

- ☐ Whether the cash/checks coming into the practice is deposited in the bank
- ☐ Whether you are receiving and depositing the insurance checks (check against insurance *accounts*)
- ☐ Whether credit card payments are being deposited into your accounts (check against CC stubs or computer entries)
- ☐ Whether records and appliance miscellaneous charges at the chair (on Tx Chart?) are being billed and paid for.
- ☐ Whether there is a lot of "mistake adjustments" due to the front desk posting daily payments to the wrong accounts.
- ☐ The Appendix-B Critique may also be used to analyze your present systems

Decide:

- ☐ Which present systems you will keep because they are working well
- ☐ Which present systems you will replace because they are not getting the job done
- ☐ Who will be responsible for collecting the statistics and when to collect them
- ☐ What will the time frame procedure will be to change over the systems

Design:

- ☐ Use Appendix-A for the Daily Cash & Charge Control systems you might use and adapt them to your practice.
- ☐ Refer to your computer operations manuals and support to clean up any systems that are not working correctly for you

Implement:

- ☐ One system at a time, starting from the one that does not rely on the others (e.g., implementing the charge control before implementing the cash control systems)
- ☐ Choose a starting date to change over and make sure all involved are aware of it and are trained in the new system

Critique:

- ☐ Use Appendix-B to critique your implementations
- ☐ Use your original analysis findings to see if there is any improvement

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Tweak:

- ☐ Make any changes in forms, programs or procedures that are not working as effectively as they should
- ☐ Clean up any of the problems found in your critique above.

Enhance your Financial Systems above with the following pearls: (Click on the links below.)

- ☐ Financial Pearl: **Vaccinating Against the Embezzlement Virus:**
http://www.thebioengineeringco.com/index.php?option=com_k2&view=item&id=174:vaccinating-against-the-embezzlement-virus&Itemid=766
- ☐ Financial Pearl: **Past Due Control:** http://www.thebioengineeringco.com/index.php?option=com_k2&view=item&id=237:create-your-past-due-control-system&Itemid=766
- ☐ Financial Pearl: **Where's the Money: Part-I, Production:**
http://www.thebioengineeringco.com/index.php?option=com_k2&view=item&id=183:the-associate-question
- ☐ Financial Pearl: **Where's the Money: Part-II, Collections:**
http://www.thebioengineeringco.com/index.php?option=com_k2&view=item&id=273:where-s-the-money-part-ii-collections&Itemid=766
- ☐ Financial Pearl: **Where's the Money: Part-III, Net:**
http://www.thebioengineeringco.com/index.php?option=com_k2&view=item&id=272:where-s-the-money-part-i-production&Itemid=766

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