

## Dr. Fiddle's Records

The records in Dr. Fiddle's file folder include:

---

### Receipts

- ★ A pile of receipts with dates from 2013–2014 for cash payments made to the Poland Springs water delivery man by the practice's office manager, who advanced the money from her own pocket and was reimbursed in full in late 2014. Accounting entries to record the receipt of the water deliveries and the reimbursement of the office manager were never made.
  - ★ Receipts for minor holiday gifts that Dr. Fiddle charged to her personal Visa card in 2012 and 2013 and gave to the doorman, janitor and others in her practice's office building. Accounting entries to record the gifts as practice expenses and to reimburse Dr. Fiddle were made in the years the gifts were purchased.
  - ★ Receipts for state fees that Dr. Fiddle's practice has paid and recorded to renew her license to practice medicine every year since graduation from medical school. The fees were consistently paid by the practice manager and recorded by the practice's accountant.
  - ★ Receipts for travel expenses that Dr. Fiddle charged to her personal Visa card while traveling to and from a five-day continuing medical education seminar in Miami and another five days of relaxation in Miami Beach.
  - ★ Miscellaneous receipts for about \$5,500 of supplies, such as paint, wallpaper and upholstery materials, that Dr. Fiddle and her husband used to redecorate the office over a number of weekends. While at the design center, Dr. Fiddle also purchased a new couch for \$5,300. The design center manager knows Dr. Fiddle well, so he just gave her an invoice and told her to have the practice mail a check, which it has not yet done.
- 

### Letters

- ★ A letter from Dr. Fiddle's ex-husband to her accountant, suggesting that she change from the accrual to the cash basis of accounting for her practice because it will "amp up" net income on a one-time basis, thus increasing the practice's profitability and reducing his child support payments. No decision has yet been made.
- ★ A letter from the regional medical society announcing that Dr. Fiddle has been selected as "Physician of the Year" by her colleagues at the local hospital.

## Dr. Fiddle's Records

- ★ A letter from the local Rotary Club thanking Dr. Fiddle for donating two boxes of cotton swabs (cost about \$13.47) for use in their recent blood drive. They were pulled from inventory on short notice and no accounting entry was made.
  - ★ A letter from Dr. Fiddle's car leasing agency offering a large discount if she pays off her car in full by the end of next month.
- 

## Bills

- ★ An envelope full of answering service bills paid and accounted for between 2005 and 2007.
  - ★ A \$450 unpaid bill from Dr. Fiddle's landscaper for emergency plowing of the practice's parking lot during a snowstorm in December 2014. The bill was just received and has not yet been paid or accounted for.
  - ★ A credit card statement for college textbooks that Dr. Fiddle bought from Amazon and charged to the practice's credit card when her daughter unexpectedly ran out of cash. The practice's accountant has not yet recorded the transaction or paid the credit card company.
- 

## Checks

- ★ Copies of 2014 cancelled checks from a psychologist to whom Dr. Fiddle subleases a spare exam room three days a week. They were deposited and recorded upon receipt.
  - ★ A cancelled \$100.00 check from Dr. Fiddle's brother, who insisted on paying her for an old postage meter she got rid of when she converted her office to stamps.com last year. The meter was fully depreciated and worthless at the time she gave it away and no accounting transaction was recorded.
- 

## Other

- ★ A schedule of revenues and expenses associated with a series of special Saturday flu shot clinics Dr. Fiddle conducted in her office but forgot to give to her accountant.
- ★ A schedule of outstanding charges for several patients who, upon insurance verification following treatment by Dr. Fiddle, were discovered to be uninsured and unable to pay

## Dr. Fiddle's Records

their bills. The charges had been recorded as both revenues and accounts receivable at the time of service.

- ★ A copy of Dr. Fiddle's schedule that notes the time Dr. Fiddle spends as a Basic Life Support instructor at the local Red Cross. The schedule shows she volunteers one Monday per quarter.
- ★ A set of published guidelines from the Internal Revenue Service that require a change in the estimated useful life of diagnostic equipment in Dr. Fiddle's office when recording depreciation in 2015 and beyond.
- ★ A court-ordered \$100,000 malpractice judgment against the practice dated 08/31/2014 that the practice is obligated to pay at the rate of \$20,000 per year beginning in 2015, even though Dr. Fiddle is considering early retirement in three years, when her daughter finishes college. This liability was never recorded.
- ★ An appraisal report from a local CPA that shows the estimated value of Dr. Fiddle's practice if she decides to sell it.
- ★ A formal notice regarding a state unemployment payroll tax increase that was recently approved by the state legislature retroactive to July 2014 and for which payment will be due within six weeks. Dr. Fiddle has not yet given this notice to her accountant.
- ★ An estimate of 2015 royalties from a patent on a new, untested medical diagnostic device that Dr. Fiddle bought last year from a colleague who invented but sold it because she is about to retire in Bermuda.
- ★ An estimate of required software modifications to Dr. Fiddle's computer system to make the system compliant with new ICD-10 coding rules that will take effect next October; the programmer has been clear that he cannot confirm the associated fees until he "gets into" Dr. Fiddle's antiquated system and determines the full scope of work.
- ★ A recent insurance appraisal report showing that a painting in Dr. Fiddle's office, which the practice purchased for \$250 upon opening, has become a cult favorite that is now worth more than \$50,000 on eBay.
- ★ Notes within Dr. Fiddle's patient schedule, which indicate that she provides medical services for the practice's janitor, accountant and collection agent at a discounted charge as a courtesy. This policy has not yet been reported to her accountant, who recorded the visits as if these people's insurance companies were going to pay full charges.

**Dr. Fiddle's Records**

- ★ An IRS form 1099-Int that summarizes interest paid by Last National Bank on the practice's checking account last year. The practice's accountant has been recording the interest income monthly.