



WELCOME TO 2017!

**ACCOUNTING PROCEDURES
&
INFORMATION**

CELEBRATING OVER 50 YEARS OF SERVICE!

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WELCOME TO 2017!

We would like to take this opportunity to provide you with a review of our bookkeeping, payroll, accounting, and tax services. This information helps ensure that you receive the highest possible value and quality from our services. As you prepare for 2017, please consider the following as your “Top Five” reminders of ways to get the most value from our services.

TOP FIVE REMINDERS FOR 2017

- 1. Direct Dial Telephone Lines** – Each member of the Healthcare Management Consultants’ Team has his/her own direct dial telephone line for your convenience. Please see page 21 for specific listings.
- 2. Depositing 401k Deferrals** - Safe Harbor rule regulations require that employee contributions and plan loan repayments must be made to the plan by no later than the seventh (7th) business day following the time the employee could have otherwise received cash in order to be protected by the safe harbor regulation.
- 3. Bank Statements** - We are encouraging our clients to sign up for online banking and provide us with online access to view your bank statements. If online banking is not available to you, we request that you direct your bank to mail us a duplicate copy.
- 4. QuickBooks Online (QBO)** – We highly recommend that you move forward with implementing our new Quick Books Online service. QBO provides the very latest in proactive, virtual accounting for your practice. This service includes customized monthly financial statements with virtual online access for on-demand 24/7 viewing at your convenience from any location.
- 5. Credit Card Statements** – Due to recent reports from several of our colleagues describing unauthorized use of company credit cards by employees, we now require that copies of the statements be sent to us each month. In addition, we **highly recommend** that a doctor/owner review the credit card statement for accuracy and approve it by initialing it prior to payment.

BOOKKEEPING SERVICES

At Healthcare Management Consultants (HMC), our goal is to provide you with timely and accurate financial information about your business. Doctors have trusted HMC to address and meet the multi-faceted business needs of their growing and thriving practices for over 50 years. Since the early days of providing accounting, tax and collection services, our comprehensive menu of services has evolved to over 20 practice accounting and business management consulting services. From new practice start-up assistance and strategic planning to payroll, human resources, coding analysis and retirement plan administration, HMC has helped doctors ease the burden of business ownership and experience greater peace of mind. HMC keeps the business side of the practice healthy so doctors can focus on keeping their patients healthy.

QUICKBOOKS ONLINE

For enhanced data security and ease-of-use, Healthcare Management Consultants will be transitioning our clients to a cloud-based accounting and bookkeeping software – QuickBooks Online (QBO). In the last year, QBO has overtaken its older sibling, QuickBooks Desktop, in terms of subscribers and annual growth. The “cloud” has officially caught up to the accounting world, and we strongly recommend utilizing QBO in order to take advantage of the following:

- Clear overview of your current financial position, in real-time.
- Multi-user access makes it easy to collaborate online with your team and Healthcare Management Consultants’ advisors.
- Cloud-security – your data lives in the cloud, not on your hard drive.
- Automatic synchronization with your business bank account – transactional data is automatically downloaded into your QBO account daily.
- Offsite data backup to the cloud comes standard – no data loss if you have a hard drive crash.
- Access your account through any computer, phone or tablet with an internet connection.
- Print checks and record transactions.
- Automatic and seamless integration with online dashboard reporting tools.
- Payroll services available.
- Everything operates online, so there’s nothing to install.
- Updates are automatic.

HMC will help you with set-up and training. If operational or technical questions arise, simply call your HMC representative! Speak directly to your HMC representative rather than dialing an impersonal “1-800” support number and being placed in a call center queue.

QBO allows you to write and print professional checks from your office printer. The software takes you through an easy-to-use process to quickly create a check. You can print as you go, or batch your checks to print all at once later.

At the end of each processing period, we will use the transactional data from your QBO account to prepare your practice’s financial reporting dashboard and offer analysis and advice regarding your financial position.

BANK STATEMENTS

Please contact your bank regarding online banking. We will need our own online login credentials for “viewing-only” of your accounts, credit cards and loans. Please note: We will not be able to initiate any transactions with our “viewing-only” credentials.

Once we receive your bank statement, we balance the information to your books and process your monthly financial statements. We then return your original statement to you with your monthly financials. We send any notices we receive from your bank to your office immediately so that you can make your corrections in your checkbook and/or contact your patient about a returned check.

By using QuickBooks Online/Full Service Payroll (QBO/FSP), we will access your checkbook online and make the adjustments for you!

PRACTICE MANAGEMENT REPORTS

Your practice management software will record your daily charges and receipts. We require these month-end reports to incorporate charges and receipts into your financial statements. Please fax/mail charges and adjustments to us each month.

PAYROLL SERVICES

HMC recommends QuickBooks Online/Full Service Payroll (FSP) for payroll processing for your office:

QBO/FSP – Advantages include:

- Tax tables always current and up-to-date.
- Pay salaried employees with one easy step.
- Pay hourly employees by simply entering hours worked.
- Specialized reports to help with paying taxes.
- Direct deposit available.

SHREDDING SERVICE

HIPAA compliance standards now require strict security procedures to ensure the confidentiality of your patients’ Protected Health Information (PHI). We recommend either of the services below. Each offers on-site mobile document destruction with customized service plans for your office.

Shred South	704-873-8130	http://shredsouth.com	sbograd@shredsouth.com
Shred-it	980-228-9600	www.shredit.com	

SOCIAL SECURITY & MEDICARE TAX (FICA) RATES FOR 2017

FICA tax rates are 7.65% (6.2% Social Security and 1.45% Medicare) of the first \$127,200 for employees (the employer's share remains unchanged at 6.2%). There is no dollar amount limit for the Medicare (1.45%) portion of this tax. Also, earnings above \$200,000 must have an additional 0.9% for Medicare withheld. These changes are effective for all payroll paid on or after January 1, 2017.

In addition, for self-employed persons, the rates are 15.3% on the first \$127,200 and 2.90% of all earnings above \$127,200.

We continue to recommend that your tax deposit be made on the same date as your payroll. You do not have adequate funds to pay the payroll if you cannot also pay the tax deposit! Make a tax deposit for each payroll written. The penalty for underpayment of payroll taxes is severe. **SEE PAGE 12 FOR TAX DEPOSIT RULES!**

Please remember that any salary or bonus amounts paid to a doctor of a corporation on or after January 1, 2017 must have Social Security and Medicare withheld at the combined rate of 7.65% of the gross amount. Failure to withhold properly could cause a penalty to be charged.

ICD-10-CM, CPT AND HCPCS CODING BOOKS

Coding books may be purchased through various vendors such as AMA, Ingenix, PMIC and the American Academy of Professional Coders.

- AMA: <http://commerce.ama-assn.org/store/> or call 800-621-8335
- Ingenix: www.optum360coding.com or call 800-464-3649, Option #1
- PMIC: <http://pmiconline.stores.yahoo.net> or call 800-633-7467
- CPC (Certified Professional Coders): www.aapc.com or call 800-626-2633 and then choose online store.

EMPLOYEE BUSINESS EXPENSES

We recommend that all business related expenses be paid from your corporation or business account. The standard mileage rate for 2017 automobile expense is **\$0.535** per mile.

We advise that each individual doctor in the group have an account maintained in his or her name for dues and memberships, travel and lodging while at professional meetings, and automobile expenses, if applicable. Please note that while all of these expenses may be 100% reimbursable to the employee, some of them may not be fully deductible by the corporation or business for income tax purposes. Deductions for most club dues and PAC's (political action committee) are prohibited.

To aid you in providing documentation necessary for reimbursement of these expenses, we are enclosing a form on which to submit your expenses. You may copy this form for use by your practice. No reimbursement can be paid without the submission of the form along with

substantiating documentation. If reimbursement is made without documentation of expenses incurred, you have a “non-accountable” plan and the amount paid is likely to be taxed to the employee in the event of an audit. Please attach a copy of the form to the check copy you mail to HMC. Cash advances to attend meetings should be avoided. Thank you for helping us to maintain accurate records for your practice.

INDEPENDENT CONTRACTORS

We are often asked about the use of an “employee” as an independent contractor. In this case, you would not withhold income taxes or be liable for fringe benefits for this individual. There are very few situations in which an independent contractor relationship exists. Some questions to be asked in arriving at the determination of whether an individual is an independent contractor include:

A. **Does behavioral control over worker exist?** Behavioral control focuses on whether the business has the right to direct or control how the work is done (e.g., how the worker performs the specific task for which he or she is hired). Factors include:

1. **To what extent are instructions given and taken?** An employee is generally subject to the business instructions about when, where and how to work; an independent contractor is not. Even if no instructions are given, sufficient behavioral control may exist if the employer has the **right to control** how the work results are achieved. Pertinent evidence includes
 - a. Needing prior approval before proceeding
 - b. Rendering services personally
 - c. Hiring, supervising, and paying assistants
2. **What training does the business give the worker?** Employees may be trained to perform services in a particular manner. Independent contractors ordinarily use their own methods. The business’s orientation course, safety seminars, and voluntary unpaid educational programs are to be disregarded.

B. **Do financial controls over worker exist?** These factors illustrate whether there is a right to direct or control how the business aspects of the worker’s activities are conducted:

1. **Can the worker realize a profit or incur a loss?** An independent contractor can make a profit or loss whereas employees can only make a profit. IRS discloses that the worker’s dependence on the job is NOT a factor.
2. **Is the worker’s investment significant?** An independent contractor often has a significant investment in the equipment or facilities he or she uses in performing services for someone else. However, a significant investment is not required. Pertinent evidence includes:
 - a. Amount of unreimbursed expenses
 - b. Payment of business and/or travel expenses
 - c. Furnishing of tools and materials

- d. Analysis of lease arrangements between worker and business. The IRS has listed business expenses expected to be found on the taxpayer's business return.
3. **To what extent does the worker make his or her services available to the general public?** Pertinent evidence includes:
 - a. Yellow Page advertising
 - b. Working for more than one firm
 - c. Identifying when advertising is not required (e.g., use of word-of-mouth advertising and having long-term contracts).
 4. **How does the business pay the worker?** An employee is generally paid by the hour, week or month. An independent contractor is generally paid a flat fee or by the job, even though it is common in some professions, such as law and accounting, to pay hourly. The payment of commissions indicates both are possible.
- C. **What type of relationship between the parties exists?** These factors illustrate how the worker and the business perceive their relationship between each other:
1. **Does a written contract exist that describes the relationship the parties intend to create?** This is a new factor generally considered of lesser importance by the IRS (but more important by the courts!) as the *substance*, not the *label*, governs the worker's status. A written contract contains other evidence, e.g., method of compensation, what expenses are unreimbursed, and *how* work is to be performed.
 2. **Does the business provide the worker with employee-type benefits, such as insurance, a pension plan, vacation pay, or sick pay?** Employee benefits are *only* paid to employees! The IRS surprisingly discloses that W-2's do not necessarily indicate employee status and that self-employed workers generally will not be recharacterized as the business's employees.
 3. **How permanent, on-going, is this relationship?** Permanent and indefinite relationships indicate an employer-employee relationship whereas, the IRS divulges, long-term and temporary relationships are not important evidence (e.g., independent contractors can have long-lasting relationships).
 4. **To what extent are the services performed by the worker a key aspect of the regular business of the company?** Is the success of the business dependent, to an appreciable degree, upon the worker's performance? If so, an employer-employee relationship exists.

Do not treat an individual as an independent contractor just because it seems to be easier or cheaper to do it that way. Officers and Directors can be held personally liable for payroll taxes assessed as a result of an "independent contractor" being reclassified as an employee by the IRS.

The independent contractors that you do identify and maintain a relationship with need to provide you with their mailing address and Employer Identification Number or Social Security number. You need this information from your attorney and your property owner if your office is

rented. Other individuals/firms that may qualify as independent contractors include building/leasehold improvement services, lawn maintenance services, and computer repair/maintenance services. These companies or individuals must be given a W-9 (copy attached) when services are contracted, if at all possible, and certainly prior to any payments. Please fax us a copy of the W-9 to use for processing of 1099's at year-end.

COMPUTING HOURLY PAY RATES FOR EMPLOYEES

To compute an hourly rate for any employee who is paid based on a 40-hour week, the following table may be used:

TYPE OF PAY PERIOD	DIVIDE SALARY BY THIS NUMBER OF HOURS
Weekly	40
Bi-Weekly	80
Semi-Monthly	86.665
Monthly	173.33

COMMON MISPERCEPTIONS OF PAYROLL PERIODS

There are some common misperceptions regarding semi-monthly and bi-weekly payroll periods that are helpful to clarify from time to time. *Semi-monthly* payroll periods are two pay periods each month usually on the 15th and last day of the month. *Bi-weekly* pay periods fall every other week on the same day of the week such as every other Friday. Examples are as follows:

Semi-Monthly: There are **24** pay periods during the year. An employee making \$30,000 per year would have a regular salary of \$1,250 ($\$30,000 \div 24$) under the semi-monthly pay period scale.

Bi-Weekly: There are **26** pay periods during the year. An employee making \$30,000 per year would have a regular salary of \$1,153.85 ($\$30,000 \div 26$) under the bi-weekly pay period scale. Each check is slightly smaller under this scale compared to the semi-monthly scale since there are 26 pay periods versus only 24 pay periods under the semi-monthly scale.

Notes:

- Sometimes the bi-weekly pay scale is referred to as “bi-monthly.” The term “bi-monthly” is incorrect as it means every other month rather than every other week.
- A payroll is considered to have taken place in the month of the actual check date. For example, if you issue a paycheck dated November 2, for the pay period ending October 31, all associated costs/transactions are deemed “November payroll.”

HEALTHCARE MANAGEMENT CONSULTANTS ACCOUNTING PROCEDURES

WRITING CHECKS – PAYROLL

The top portion of your check is for payroll information only. This area should be filled out so that we can accurately record the gross pay and withholding taxes.

PERIOD ENDING	The last day of your payroll for this period	
HOURS	Number of hours worked for this period	
RATE	Rate of pay per hour or salary amount	
REGULAR EARNINGS	Total pay for the period, without overtime (OT)	
OVERTIME AND OTHER	Amount earned for OT and/or bonus, etc.	
TOTAL EARNINGS	Total amount earned during pay period	
FICA	Amount deducted for Social Security and Medicare taxes	See Circular E, Employer's Tax Guide Booklet – 7.65% up to \$127,200, then 1.45% for earnings over \$127,200
FEDERAL W/H	Amount of tax deducted for Federal	See Circular E, Employer's Tax Guide Booklet or download from: www.irs.gov ; 1. Search Forms & Pubs 2. List of current forms & pubs 3. Publ 15 Circular E, Employer's Tax Guide 2016'
STATE W/H	Amount of tax deducted for State	NC Withholding Tables can be downloaded from: www.dor.state.nc.us/forms 1. Click on 'Withholding' 2. Then choose 'NC-30'

Note: Use the remaining blank boxes on the payroll check for any other deductions from your employee, such as insurance, garnishments, etc.

WRITING CHECKS – PAYABLES

DATE	Date invoice is to be paid	Date you are writing the check
DESCRIPTION	Identification of purchase	If you are unsure of how the purchase should be categorized, attach a copy of the invoice or write your own description of the purchase
AMOUNT	Total to be paid	
ACCOUNT NUMBER	HMC Account Number from your Master Chart of Accts	

Once this information is determined, type the check as outlined.* Fold the check with the payee name and address showing in the window of the envelope for mailing or distribution.

***Present the check for signature by the doctor with the invoice clipped to the check. If the check is for a refund, attach the patient’s account card or computer report. All checks should be signed. Signature stamps are not allowed.**

MUST DO RULES FOR HANDLING MONEY

Good business practice includes effective cash controls. Please carefully review the rules below to be certain they are followed in your business.

- Divide the duties of handling cash between two or more people.
- Write a receipt for every payment.
- Record every charge and payment daily in your electronic accounting program (or on the pegboard if office is not yet using an electronic program).
- All daily report totals must be verified each day, either in your electronic accounting program or on the pegboard (if office is not yet using an electronic program).
- Daily deposit of each day’s payments is required. The deposit must be made immediately after balancing the daily totals. Use a night deposit box if necessary. If you are not able to deposit the money on the same day it is received, consider changing your “day” to run from an afternoon through the next morning and close out your “day” at noon.
- Deposit slips must be prepared in duplicate. Name and amount of each check must be listed along with the total amount of cash and coins. Double check that you have entered the total correctly on the deposit slip as banks are increasingly reluctant to correct errors of less than \$5.
- The deposit must equal the daily audit or daily summary report for computer users or the payment column of the day sheet for pegboard users. If a discrepancy is found, an explanation of the amount and cause of the error must be made on the sheet. Computer

users must save incorrect daily summary sheets to provide an audit trail for the corrections made. Pegboard users must not erase or white out entries on day sheets or ledger cards. Draw a single line through the incorrect entry on the ledger card or day sheet and reprocess the transaction correctly on the next available blank line.

- A petty cash fund must be maintained to make change for patients. Keep a separate petty cash fund to pay for postage due and other incidental expenses.
- Do not cash checks for employees out of cash from a daily deposit! Allowing such a practice invites abuse.
- All day sheets or computer reports as well as deposit slips must be stored in chronological order with the most recent report on top.
- All controls such as spot-checking individual transactions, deposit slips, ledger cards or computer accounts must be utilized by the owners of the practice as well as the office manager or administrator.
- All checks written for accounts payable must be presented to a doctor/owner for signature with the invoice attached to the check. This includes the requirement to attach a ledger card or computer account printout in the case of refund checks. Only a doctor/owner of the firm must sign checks.
- Routing slips, pegboard Superbills or receipts must be pre-numbered and each slip accounted for at the end of each day.
- Only a doctor/owner must be permitted to authorize a write-off or reduction of a patient's account balance.
- All employees with access to cash must be bonded and informed of the coverage. Insurance companies usually prosecute dishonest employees.
- Employees must be required to take at least one vacation week per year (five or more consecutive days).
- Accounting and financial records (including insurance claim forms) must not be taken home by employees.
- *Always* check references of job applicants. Personal character references are generally worthless. Request and check references of former employers. Listen carefully for what is not said if the reference is less than glowing. A good source for online background checks is www.netdetective.com or www.castlebranch.com.
- Violation of any of the above rules is grounds for dismissal.

EMBEZZLEMENT NOTICE

There is no system that can totally protect you from embezzlement. Although we strive to help you and your employees implement proper cash controls, we cannot guarantee prevention of theft of any description.

While our presence in your office may help to deter theft or embezzlement, we make no representation that we audit your books, and we do not guarantee that theft or embezzlement can be detected. If you believe that any of the above rules are not being enforced in your office, please call us immediately.

In addition, we do not accept responsibility for the accuracy of your receipts or disbursements. The financial statements we prepare for you are based on the information we receive from your office and as such are unaudited. We will continue to keep you informed of well-designed systems that, when utilized properly, should deter theft. Even these systems, however, are implemented to "keep the honest people honest." We can only attempt to limit the opportunity to embezzle.

We ask your cooperation and participation in installing and maintaining systems of cash control. Please be alert for unusual occurrences that may indicate funds are being misappropriated and discuss the incidences with us immediately. You are your best auditor.

IDENTITY THEFT INFORMATION FOR TAXPAYERS AND VICTIMS

We take these matters very seriously and take every precaution to ensure that our client data remains confidential and safe.

From the IRS | FS-2015-2, January 2015

Identity theft presents a challenge to businesses, organizations and governments, including the Internal Revenue Service. The IRS meets the challenge of tax-related identity theft and is making progress against it with an aggressive strategy of prevention, detection and victim assistance.

Tax-related identity theft remains a top priority for the IRS in 2015. This year, the IRS continues to take new steps and strong actions to protect taxpayers and help victims of identity theft and refund fraud.

Tax-related identity theft occurs when someone uses a stolen Social Security number to file a tax return to claim a fraudulent refund. A taxpayer's SSN can be stolen through a data breach, a computer hack or a lost wallet. Although identity theft affects a small percentage of tax returns, it can have a major impact on victims by delaying their refunds.

Here are some tips to protect you from becoming a victim, and steps to take if you think someone may have filed a tax return using your name and Social Security number:

Tips to Protect You From Becoming A Victim of Identity Theft

- Do not carry your Social Security card or any documents that include your Social Security number (SSN) or Individual Taxpayer Identification Number ITIN).
- Do not give a business your SSN or ITIN just because they ask. Give it only when required.
- Protect your financial information.
- Check your credit report every 12 months.
- Review your Social Security Administration earnings statement annually.
- Secure personal information in your home.
- Protect your personal computers by using firewalls and anti-spam/virus software, updating security patches and changing passwords for Internet accounts.
- Do not give personal information over the phone, through the mail or on the Internet unless you have initiated the contact or you are sure you know who you are dealing with.

RETIREMENT CONTRIBUTION LIMITATIONS

For 2017, the 401(k) elective deferral remains at \$18,000 and the Catch-up 401(k) contributions for employees aged 50+ remains \$6,000. The maximum contribution for Defined Contribution plans has increased to \$54,000. Adding the Catch-up contribution brings the total to \$60,000. The annual compensation limit has increased to \$270,000.

The limit for participants in a SIMPLE-IRA retirement plan remains \$12,500 with the Catch-up contribution for employees aged 50+ remaining at \$3,000 for a total of \$15,500.

The Defined Benefit Annual Benefit Maximum has increased to \$215,000. The definition of Highly Compensated Employee remains \$120,000. The Individual Retirement Account contribution limit remains the same at \$5,500. The Catch-up contribution for an IRA remains at \$1,000.

The ability to contribute directly to a Roth IRA is phased out between \$186,000 - \$196,000 of the Adjusted Gross Income for married taxpayers filing a joint return. For single taxpayers, the phase out is from \$118,000 - \$133,000. If your income is higher and you wish to contribute to a Roth IRA, please call us. It can be done by following a few extra steps.

RULES FOR DEPOSITING FEDERAL PAYROLL TAXES

Federal payroll taxes are those withheld from all employees' gross wages. The employer must deposit Federal and Social Security taxes that are withheld, and the employer must match the Social Security and Medicare portions.

Your Federal tax deposit (FTD) must be made by using the Electronic Federal Tax Payment System (EFTPS). We provide forms for you to easily organize your calls to make each deposit. If you would like to file Federal & State taxes through the Internet, see page 14, "**Filing Tax Payments Online.**"

If you are depositing tax for :	The quarter is:
January, February or March	1st quarter
April, May or June	2nd quarter
July, August or September	3rd quarter
October, November or December	4th quarter

The date of your payroll determines the timing of deposits. You owe these taxes when you pay the wages, not when your payroll period ends. The rules on the following page tell you how often to deposit taxes.

- A. **Semi-Monthly Rule:** Applies to employers with total Federal payroll tax liability of over \$50,000 during the “look back period.”
1. If your payroll is made on a Wednesday, Thursday, or Friday, a tax deposit is due by the following Wednesday regardless of the amount due.
 2. If your payroll is made on a Saturday, Sunday, Monday or Tuesday, a tax deposit is due by Friday regardless of the amount due.
- B. **Monthly Rule:** If your total Federal payroll tax liability was \$50,000 or less during the ‘look back period’ you are allowed to use this rule for 2017. You are required to make a tax deposit for each month on or before the fifteenth of the following month.
- C. **\$100,000 Rule:** If your accumulated taxes reach \$100,000 or more on all payrolls accumulated within a reporting period, you must make a deposit for the entire amount on the next banking day. This one-day deposit requirement overrides any other deposit rule. An example would be an employer having a normal payroll with a tax liability of \$30,000 on a Wednesday, and then a separate bonus payroll with a tax liability of \$70,000 the following Friday (all within the same bi-weekly period). In this case, the next day deposit rule applies. This can be tricky because the bonus payroll in and of itself did not result in a \$100,000 tax liability, but both pay distributions combined resulted in a total tax liability of \$100,000. Additionally, if the employer is a monthly depositor, then they need to be careful during bonus months to make certain they do not surpass the \$100,000 tax liability threshold for that entire month.
- D. **HMC Rule:** Make the FTD the same day you write payroll checks. Make a FTD for each payroll written! The penalty for late payment is severe.

EFTPS Reminder: *Remember the payment settlement date is the next banking day after you file (or make) your deposit through the EFTPS system.*

FILING AND PAYING TAXES ONLINE

Clients who have Internet access may now pay federal and state taxes via the Internet. Federal taxes such as 940, 941, 1120, etc. may be paid through the EFTPS website. State withholding and sales tax payments may be paid through the NC Department of Revenue website. You may also file your state withholding payment coupon online versus mailing the paper copy.

FEDERAL TAX PAYMENT

- A. **If you are not currently using EFTPS, you must now do so.** Call HMC to process the enrollment form. If you are a new EFTPS user, you need to obtain a password and have your TIN (Federal Tax Identification Number or Social Security Number), PIN (the number you normally use when paying federal tax deposits by phone) and the last eight digits of your Trace Number (found on your confirmation update letter from EFTPS). If you have misplaced this letter, please call 800-555-4477 and request your Trace Number or ask that a new letter be sent to you.
- B. Call 800-982-3526 and it will prompt you for the above information:
- TIN: (#####)
 - PIN: (####)
 - Trace #: (#####)
 - Press: (1)
 - Write down the temporary password they give you. (#####)
- C. “Ready to File and/or Pay Online?”
- Log-on to www.eftps.gov
 - Click “Make A Payment”
 - On the login screen, tab through the fields to fill in the information requested. After you enter your temporary password, you will be able to change the password and choose your own. The new password must have six to eight characters that are alpha/numeric.

NC STATE TAX PAYMENTS

There are now two options for remitting tax payments to the state of NC as outlined below:

Option 1:

- Log-on to www.dor.state.nc.us
- On the home page, in the box on the right, under “eServices”, “File & Pay-Businesses”, click on “Withholding”.
- Click on the yellow box where it asks “Ready to File and/or Pay Online?”
- You will go through a series of screens that will need to be filled in for processing your withholding forms and paying your taxes.

Option 2:

- There is a new way to file online and pay NC taxes, as well as store payment and business information via www.dornc.com.

- Glide, (do not click) your mouse over “eServices” and choose “Businesses”.
- Choose ‘Register a Business’ and you will be prompted to create a user ID and password through North Carolina Identity Management Service (NCID).
- Follow the directions outlined on the “Electronic Services for Businesses” page found when choosing “e-Business Center”.

FORM NC-4 FOR NORTH CAROLINA EMPLOYEES

Every North Carolina employer must have all new employees complete an Employee’s Withholding Allowance Certificate, either Form NC-4 EZ or Form NC-4.

- **Form NC-4 EZ:** This form will likely suffice for most employees. **Employees should understand Form NC-4 EZ can still be used even if an employee plans to itemize deductions for their tax filing.**
- **Form NC-4:** This form may provide more precise withholding figures, but will require historical tax return information and estimation of 2016 income, deductions, and credits by the employee.

Withholding for employees failing to file Form NC-4 EZ or Form NC-4 must be **“Single” with no allowances.**

If you use a payroll service, report any changes in NC withholding status to your payroll provider. If you prepare your payroll manually, recalculate the NC tax per the percentage method described in the new instruction package or obtain the new withholding booklet by downloading from www.dorncc.com or by calling 877-252-3052. Please call your HMC Client Account Representative if you have any problems!

MONTHLY ACCOUNTING CHECKLIST

Please e-mail, mail or fax the following as soon as possible following the last business day of each month:

- _____ Monthly practice management reports or cash report (as requested by your consultant).
- _____ Line of credit & loan statements from lenders with breakdown of principal & interest.
- _____ Credit card statements (MasterCard, VISA, American Express, or Discover).
- _____ Invoices for purchase of furniture, computer equipment or medical equipment.
- _____ Copies of any new equipment leases.
- _____ Out-of-pocket expenses (not paid or reimbursed from business checking account).
- _____ Malpractice and health/disability insurance invoices (showing breakdown between providers/staff).
- _____ Description of “other” deposits (non-patient related income).

Other (please explain) _____

LABOR LAW WORKPLACE POSTERS

Federal law requires employers to display U.S. Department of Labor posters where employees can readily see them. **You do not have to purchase these posters from any source.** Just follow the instructions below to obtain **FREE** posters either by Internet or postal mail.

FOR THOSE *WITH* INTERNET ACCESS:

- Go to the website www.dol.gov/osbp/sbrefa/poster/main.htm which will take you to the “By Topic: Workplace Posters”:
- Under “Workplace Posters” click on “Equal Employment Opportunity Is the Law” Poster or “EEO is the Law Supplement”. The posters will open in color but will print in black and white also on a single 8 1/2 x 11-inch page. You may also obtain free copies at <http://www1.eeoc.gov/employers/poster.cfm>

For the next required poster, under “By Topic: Workplace Posters”:

- Click on “Employee Rights Under the Fair Labor Standards Act” Poster (FLSA) – Minimum Wage”
- The first paragraph, under “Revised: July 2016” will guide you to a description of DOL poster requirements as well as links to printable posters.
- It is only available in PDF format, so you must have Adobe® Acrobat® Reader® version 5 or later. If you do not have Adobe, you may contact the U.S. Department of Labor at 866-487-2365 ext. 365.

FOR THOSE *WITHOUT* INTERNET ACCESS:

For the **Equal Employment Opportunity** poster, call 800-669-3362 or fax 513-489-8692 with your company name, address and number of posters needed.

For the **Federal Minimum Wage** poster and any other federal required posters, call the Office of Small Business Programs at 888-972-7332 or U.S. Department of Labor at 202-693-0200.

GUIDE TO RECORD RETENTION

Medical Records*

Patient Charts	Permanently
Patient Charts-Alternative (adults).....	Seven (7) years after the most recent Encounter **
Patient Charts-Alternative (minors).....	Age of majority plus statute of limitations
Medical Correspondence (to patients, to referrers about patients, etc.).....	Permanently with chart
X-rays	Permanently with chart

****As a general rule, however, if your organization bills any federal program for services rendered, retain those records for at least 10 years pursuant to the False Claims Act.**

Retention Requirements

The principal legal requirements governing retention of office medical records are found in the doctor licensing regulations.

In the case of an adult patient, doctors are required to maintain the patient’s medical record for seven years from the last date-of service.

In the case of a minor patient, doctors are required to maintain the patient’s medical record for the longer of:

- Seven years from the last date-of-service, and
- An extended period after the patient reaches 18 (one year if the doctor is a medical doctor and two years if the doctor is an osteopathic doctor).

Doctors also should consider the following when establishing a retention policy for office medical records:

Documentation Requirements for Claims Payment

Some payers require medical records to be maintained for a specified period of time. For example, although the Medicare law and regulations do not explicitly require retention of medical records, doctors who submit claims electronically must sign an agreement that requires them to “retain all original source documentation and medical records pertaining to any such particular Medicare claim for a period of at least six years and three months after the bill is paid.”

In addition, regardless of whether a payer explicitly imposes a medical records retention requirement, payers usually require documentation to support payment of a claim. As a practical matter, the medical record for a service should be maintained as long as payment of the claim can be challenged.

***State Guidelines vary - check with your professional liability carrier or your healthcare attorney.**

Tax & Financial Records*

Accounts Payable Ledger.....	Permanently
Accounts Receivable Ledger - Annual	Six (6) years after the due date of the practice tax return
Accounts Receivable Ledger - Monthly	Two (2) years
Bank Statements with cancelled checks.....	Six (6) years after the due date of the practice tax return
Capital Asset Records	Six (6) years after the due date of the practice tax return for the year in which the asset is disposed
Cash Receipts Journals.....	Six (6) years after the due date of the practice tax return
Check Register	Six (6) years after the due date of the practice tax return
Daysheets	Six (6) years after the due date of the practice tax return
Deeds, Mortgages, and Bills of Sale	Permanently
Deposit Books & Slips.....	Six (6) years after the due date of the practice tax return
Depreciation Schedules.....	Permanently
Encounter Forms	Six (6) years after the due date of the practice tax return
Financial Statements – Annual (Year-end).....	Permanently
Financial Statements – Periodic	Two (2) years
General Ledger.....	Permanently
Income Tax Returns (Correspondence & Audits).....	Permanently
Income Tax Returns (Federal & State)	Permanently
Insurance Policies (Expired)	Three (3) years
Insurance Records, Current Accident Reports, Claims, Policies, etc.	Permanently
IRA & Keogh Plan Contributions, Rollovers, Transfers and Distributions	Permanently
Paid Invoice - Expenses	Six (6) years after the due date of the practice tax return
Payroll Ledger.....	Six (6) years after the due date of the practice tax return
Payroll Tax Returns	Permanently
Petty Cash Vouchers	Three (3) years
Stock and Bond Certificates (Canceled)	Seven (7) years
Vouchers for Payments to Vendors, Employees, etc. (Includes allowances and reimbursement of employees, officers, etc., for travel and entertainment expenses).....	Seven (7) years

***Many of these documents are obviously maintained electronically. We recommend downloading this file to a disk or CD for storage as indicated.**

Employer

Employee Personnel Records (After termination) Two (2) years
Employment Applications..... One (1) year
Employee Eligibility Form (I-9)* Three (3) years after date of hire

OR

One (1) year after date of termination, whichever is later

Payroll Records

Employee Demographics – Name, Address, SSN, Gender, DOB,
Occupation, Job Classification..... Four (4) years
Records of Total Compensation..... Four (4) years
Tax Forms Permanently
Records of Time Worked (Time Cards/Attendance Sheets) Four (4) years
Record of Payments to Annuity, Pension, Accident, Health
or Other Fringe benefit plans Four (4) years
Reports of wages subject to withholding & actual taxes
withheld..... Four (4) years

Other

Accident Reports / Claims (Settled cases) Seven (7) years
Correspondence, General Two (2) years
Correspondence, Legal and Important Matters Permanently
Correspondence, Routine with Customers or Vendors Two (2) years
Explanation of Benefits (EOBs) Seven (7) years
Minute Books of Directors, Stockholders, Bylaws & Charter Permanently
OSHA Medical Records..... 30 years plus term of employment
OSHA Training Records Three years (3) from training date
Trademark Registrations, Patents & Copyrights..... Permanently

***These should be kept separate from employee’s personnel file.**

EMPLOYEE EXPENSE REIMBURSEMENT VOUCHER

MONTH: _____ YEAR: _____

LOCATION OF MEETING: _____ DATE: _____

TO MY EMPLOYER:

During the month, I incurred expenses connected with my employment. I understand the rules and policy for reimbursement and certify that all such expenses are related to my employment. I am attaching substantiating documentation including receipts and other proof of my expenditures.

DESCRIPTION OF EXPENSE	AMOUNT
1. Meeting registration fees and commercial travel and lodging while away from home.	\$ _____
2. Dues and membership expenses.	\$ _____
3. Meals. Please break this expense down:	
▪ 50% deductible by employer	\$ _____
▪ 50% reimbursable but not deductible	\$ _____
4. Entertainment. Please break this expense down:	
▪ 50% deductible by employer	\$ _____
▪ 50% reimbursable but not deductible	\$ _____
5. Auto travel. Miles x \$0.535 per mile	\$ _____
6. Telephone-Business portion and long-distance business calls made from personal telephone.	\$ _____
7. Advertising / Promotion expense incurred on behalf of employer.	\$ _____
8. Other employment related expenses: _____ _____ _____	\$ _____
TOTAL REIMBURSEMENT	\$ _____

SIGNATURE

DATE

HMC CONTACT INFORMATION

Salisbury		Southern Pines	
Main Office Number:	704-636-7828	Main Office Number	910-692-4488
Fax Number	704-633-8433	Fax Number	910-692-1789
2 nd Fax Number	704-636-7171		

HMC web site:	www.healthcaremgmt.com
General HMC e-mail:	info@healthcaremgmt.com
The Dental CFO™ web site	www.thedentalcfo.com
General Dental CFO™ e-mail	info@dentalcfo.com

Consultants	Direct Lines
Carpenter, David	910-692-1370
Dagenhart, Todd	704-645-2102
Jordan, Stan	704-645-2113
Loeblein, Tom	704-645-2103
Norris, Tim	704-645-2107
Director of Communications	
Boucher-Bessent, Sandy	704-645-2119
Director of Client Services	
Shirley, Nancy	704-645-2109
Account Executives	
Cauble, Tamela	704-216-3162
Fender, Taylor	704-645-2112
Whaley, Charles	704-645-2105
Account Representatives	
Brown, Jennifer	910-692-1372
Harris, Penny	704-645-2101
Rutkofske, Miyuki	910-692-1368
Stone, Brenda	704-216-3165
Van Arsdale, Beth	910-692-1369
Webb, Stephanie	704-216-3164
A/R, Coding Assistance, Managed Care, & Compliance	
Brown, Cheri	704-216-3161
Human Resources & Corporate Document Assistance	
Norris, Tim	704-645-2107
Retirement Plan Administration	
Poteat, Donna	704-645-2111
Sekulski, Christine	704-645-2108
Project Manager	
Honeycutt, Leah Ann	704-645-2100
Executive Assistant	
Markham, Lisa	704-645-2118