

Important steps to keep finances healthy

Specialist medical accountant Andrew Burwood has some ideas for practice managers on how to deal with the relentless squeeze on practice finances

Sadly, the days of handing your accountant a large box of papers at the end of the year without keeping an eye on profitability and cash flow on a regular basis are gone.

Making Tax Digital (MTD) is on its way and you need to be aware of the implications and ensure that your software will be compliant. Quarterly electronic submissions will need to be made to HMRC from your staging date, further emphasising the need to keep your records up-to-date.

Keep control of practice income streams

Primary care support services for practice in England have been provided by Capita since 1st September 2015, resulting in payments being received from multiple sources rather than one and inevitably much confusion along the way. Practice managers should know how much income is owed to their practice, where it will come from and make sure that it is always received.

Prepare a budget and monitor it regularly

Practice managers are under constant pressure to manage cash flow and profitability, not least to avoid partners having to reduce their drawings or, worse still, having to pay money into the practice to pay bills and staff on time. Having a budget that you can monitor against actual figures is an absolute priority. Your accountant will be able to help you put a system in place. It can be linked to your accounting software and, given the MTD regime coming soon, now could be the time to consider a cloud-based service.

Review employment status

The IR35 employment rules have been in force for a number of years but now affect medical practices due to the inclusion of public authorities in the legislation.

The onus is now on the practice to determine whether or not an individual, even if working via a limited company, should actually be employed by the practice, rather than being treated as a locum. This is not to say that you can no longer use locums unless you employ them, but you do need to take responsibility for compliance with the legislation. Your accountant will be able to help you in this area.

Prioritise bookkeeping

While MTD and budgeting are good enough reasons alone to keep on top of practice finances, there is also the additional stress incurred from not doing so. A reconciled bank account on a weekly basis will help you know exactly how cash flow is looking. It might also allow you to have more productive discussions with your partners over practice finances, including how much money they can take in drawings.

Speak to your accountant regularly

Your accountant should be providing you with more than just a compliance service. They can help you with budgeting, improving profitability, working capital management, contract changes, collaborative working, working at scale, partnership changes, partner drawings, accounting software ... the list goes on. The more your accountant understands your business, the more they can help you to



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‘Discuss your workload with colleagues and other practice managers in your area who may be able to suggest better solutions’

make it a better one.

Consider recruiting a clinical pharmacist

Your healthcare team is under more pressure than ever before to meet patient demand and remain safe. GPs and nurses are in short supply and the position shows very few signs of improving in the short term. While the clinical pharmacist route will not work for every practice, there are some success stories out there so it is definitely worth considering.

Beware of cyber security issues

We often hear from clients who have received emails that appear to be from HMRC advising them that they are due a refund, or an email from someone who is stranded overseas and needs a loan to get home. Or even an email claiming that they are the beneficiary of a large

inheritance and a small payment to sort out the administration will complete the transaction. Have you received an email that appears to be from one of your partners asking you to make an electronic payment on their behalf? This is becoming more prevalent and some practice managers have paid out thousands of pounds in error with no chance of recovery. You must remain vigilant and ensure that all requests are genuine.

Review monthly superannuation contributions

Is superannuation being deducted from your Open Exeter statements correctly? Watch out for non-deduction, incorrect deduction or deductions for partners and salaried GPs who are no longer working with you. This is a common problem and it takes time to correct.

Share the workload

Who in your team can help you with the day-to-day management of accounts? You are the practice manager and you need to keep control, but that does not mean that you have to do everything. Discuss your workload with colleagues and other practice managers in your area who may be able to suggest better solutions. Look at technology, too; the pace of change is rapid. **PM**



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