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- Marcia Miladinov

Back row: Chip Dennig - Barnes Dennig, Tom Ducro - UC Physicians, Inc., John Gillespie - Medical Center Fund of Cincinnati, Brad Chaffin - Barnes Dennig  
 Front row: Rich Batterberry - Barnes Dennig, Bob Maue - UC Physicians' Department of Radiology, Marcia Miladinov, UC Physicians Orthopedics Center

## A Positive Accounting Prognosis

### UC Physicians uses Barnes Dennig to diagnose, prescribe tax and audit services

As a collective of approximately 50 different medical practice groups, UC Physicians is a \$100 million entity that presents its own unique set of accounting and audit challenges.

Affiliated with the University of Cincinnati College of Medicine, the practice groups worked for several years with a large, international accounting firm. This provider was engaged to prepare annual financial statement audits and tax returns for each of the practice groups, in accordance with their mostly not-for-profit status requirements. But UC Physicians' personnel working with that accounting firm found themselves growing increasingly discontented with the level of service and responsiveness they received.

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“Price was going up, service was going down, and continuity of staff was increasingly becoming a factor—we were training new people each year,” recalls John Gillespie, Executive Director of the Medical Center Fund of Cincinnati, one of the entities included in the UC Physicians family.

“We weren’t their best business—and we weren’t satisfied,” agrees Tom Ducro, CFO for UC Physicians, Inc.

So, in summer 2005, UC Physicians put out a request for proposals to handle their accounting and audit needs. Key selection criteria included responsiveness of team members and directors, an increased level of service, better communication, demonstrated expertise with the standards specific to not-for-profit entities, and audit staff continuity. After evaluating several proposals, the selection committee chose Barnes Dennig to provide audit and tax services for all of the UC Physicians’ practice groups.

Although Barnes Dennig Director Rich Batterberry had worked with some of the practice groups several years before at his previous firm (Spaeth & Batterberry, which merged with Barnes Dennig in 1999), and Barnes Dennig had conducted an employee benefit plan audit for the radiology practice for five years, the UC Physicians’ selection committee made their decision based on a variety of other factors.

“We were looking for someone who, instead of coming in handling our audit and tax preparation with a different team each year, would help us set some standards and requirements for submissions so that each practice group looked more alike to streamline the process,” explains Marcia Miladinov, Senior Business Administrator for the UC Physicians Orthopedics Center.

“It was also crucial that the selected provider demonstrate a thorough understanding of the UC Physicians’ structure. While many proposals seemed to take a more sales-oriented approach,” says Ducro, “Barnes Dennig invested the time to analyze and evaluate the project’s scope before preparing a proposal.”

“We were very, very fearful that—since our organization is comprised of approximately 50 different entities—if we selected the wrong firm they might come in and get stuck in quicksand they didn’t expect,” he notes. “Barnes Dennig really took the time to come back for multiple visits, whereas some people quoted and never even came by. We really felt like they had the best overall understanding of what they were getting into.”

In the fall of 2005, UC Physicians selected Barnes Dennig as their CPA firm. Work began with dividing the practice groups among the three Barnes Dennig Directors heading up the project: Rich Batterberry, Brad Chaffin and Chip Dennig.

“We tried to divide the entities by common staff in order to keep a consistent balance of who they work with from our firm,” says Batterberry. “We also tried to balance the amount of work each of the three directors involved were going to handle in order to ensure that each practice group gets good service.”

Additionally, Barnes Dennig has focused on treating the work for each entity as its own unique client account, a change from the approach taken in the past. “We treat them as 50 different clients, and therefore each one deserves the attention from beginning to end as we would give to any of our clients,” Chaffin observes.

Once the different practice groups were divided and work began, the UC Physicians’ accounting team noted an immediate difference in procedure when compared to their previous service providers.

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“With Barnes Dennig, the Director meets individually with the practice at the beginning of the audit and presents an individualized audit program,” says Bob Maue, CFO for the UC Physicians’ Department of Radiology. To the relief of everyone on the UC Physicians accounting team, familiar faces from the Barnes Dennig audit and tax preparation teams have returned each year of the engagement, saving time and eliminating the need to “retrain” the auditors.

At the conclusion of each practice group’s audit, but before the final report is issued, the Barnes Dennig Director and team leader return to discuss the contents of the audit report. Additions or comments are made at that time. “That’s a vast change over what we had done in the past, and shows the practices actually have more say in what goes in their audit than before,” continues Maue.

Miladinov agrees. “Barnes Dennig uses the management letter to make recommendations, and nothing’s sacred. They really get in, roll up their sleeves and examine the issues very seriously.”

Several of the UC Physicians entities have benefited from this in-depth approach. Gillespie says he found Barnes Dennig’s guidance on structuring documentation when handling deposits and disbursements for the Medical Center Fund in a different manner to be not only helpful, but surprising. “Their input helped tighten up what we were already doing, but it was a level of detail and drilling down that I never would have expected to get from our CPA firm,” he notes. “It was a pleasant surprise.”

Another element of the project has been Barnes Dennig’s efforts to work with all of the UC Physicians practice groups to standardize reporting across the organization. Two areas in particular, establishing a consistent definition of modified cash reporting and the handling of fixed assets, have been resolved effectively, observes Maue. “Barnes Dennig gave us good feedback on what they think is acceptable and unacceptable,” he says. “That shows their commitment to not only making our life easier, but it also helps them tremendously so they know how to apply different standards from practice to practice.”

As with all of Barnes Dennig’s clients, says Dennig, the key to a successful relationship is communication, both internal and external. “We have monthly meetings internally to make sure that everyone working on this engagement is using a best practices approach,” he explains. “And Rich, Brad and I attend the quarterly UC Physicians’ Senior Accountant meetings to address any questions or issues, share updates on project status across practice groups, and make suggestions.”

Those recommendations, coupled with the continuity of staff and the hands-on approach taken by the three Barnes Dennig Directors, have impressed Ducro and his team.

“With Barnes Dennig, we have infinitely more face time,” Ducro concludes. “Every year we sit down together to try to figure out how to make the process more efficient on both ends.”



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