REPORT
ON THE
HOME OFFICE AUDIT

OUR HOUSE RESIDENTIAL CARE, INC.
MADERA, CALIFORNIA

FISCAL PERIOD ENDED
DECEMBER 31, 2011

Audits Section - Fresno
Financial Audits Branch
Audits and Investigations
Department of Health Care Services

Section Chief: Michael Harrold
Supervisor: Kristina Nacino
Auditor: Wen Li

State of California—Health and Human Services Agency
Department of Health Care Services

TOBY DOUGLAS
Director

EDMUND G. BROWN JR.
Governor

December 31, 2012

Carolyn Pipes, Owner
Our House Residential Care, Inc.
109 East Central Avenue
Madera, CA 93638

OUR HOUSE RESIDENTIAL CARE, INC.
FISCAL PERIOD ENDED DECEMBER 31, 2011

We have examined the Medi-Cal Home Office Cost Report for the fiscal period ended December 31, 2011. Our examination was made under the authority of Section 14170 of the Welfare and Institutions Code and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the data presented in the Summary of Audited Home Office Costs to Health Care Facilities represents a proper determination of home office allowable costs for the above fiscal period in accordance with Medi-Cal reimbursement principles. The audited home office cost will be incorporated, by separate adjustment, into each applicable facility audit report.

This audit report includes the:

1. Summary of Audited Home Office Costs to Health Care Facilities and Supporting Schedules

2. Audit Adjustments Schedule

If you disagree with the decision of the Department, the results of the home office audit may only be appealed through each individual facility's audit report. Please refer to the appeal instructions in each facility's audit report.

Financial Audits Branch / Audits Section – Fresno
1782 East Bullard Avenue, Suite 101, Fresno, CA 93710-5856
Telephone : (559) 446-2458 / Fax : (559) 446-2477
Internet Address: www.dhcs.ca.gov

If you have questions regarding this report, you may call the Audits Section—Fresno at (559) 446-2458.

Original Signed by

Michael A. Harrold, Chief
Audits Section—Fresno
Financial Audits Branch

Certified

TABLE OF CONTENTS

SCHEDULES

1 - COMPARISON OF REPORTED AND AUDITED HOME OFFICE COST

2 - SUMMARY OF DIRECT AND ALLOCATED POOL COST

3 - ALLOCATION OF POOLED EXPENSES

4 - DIRECT ALLOCATION OF EXPENSES TO CHAIN COMPONENTS

5 - STATEMENT OF REIMBURSABLE COSTS

STATE OF CALIFORNIA

SCHEDULE 1

COMPARISON OF REPORTED AND AUDITED
HOME OFFICE COST

HOME OFFICE:
OUR HOUSE RESIDENTIAL CARE, INC.

FISCAL PERIOD ENDED:
DECEMBER 31, 2011

CHAIN COMPONENTS 1	MEDI-CAL NUMBER 2	FISCAL YEAR END 3	REPORTED COST 4	AUDITED COST 5	VARIANCE 6
				(From Sch 2, Col 6)	(Col 5 - Col 4)
1. Our House - Westgate	LTC80042F	12/31/2011	$82,401	$71,097	($11,304)
2. Our House - Williams	LTC80056F	12/31/2011	83,352	71,917	(11,435)
3. Our House - Sunset	LTC80070F	12/31/2011	83,352	71,917	(11,435)
4. Our House - Shannon	LTC80146F	12/31/2011	83,352	71,917	(11,435)
5. Our House - Berry	LTC80145F	12/31/2011	81,601	70,408	(11,193)
6. Our House - Westberry	LTC80358F	12/31/2011	83,352	71,917	(11,435)
7.					
8.					
9.					
10.					
11.					
12.					
13.					
14.					
15.					
16.					
17.					
18.					
19.					
20.					
21.					
22.					
23.					
24.					
25.					
TOTALS			$497,410	$429,173	($68,237)

STATE OF CALIFORNIA

SCHEDULE 2

SUMMARY OF DIRECT AND ALLOCATED POOL COST

HOME OFFICE:
OUR HOUSE RESIDENTIAL CARE, INC.

FISCAL PERIOD ENDED:
DECEMBER 31, 2011

CHAIN COMPONENTS 1	MEDI-CAL NUMBER 2	FISCAL YEAR END 3	DIRECT EXPENSES 4 (From Sch 4)	POOLED EXPENSES 5 (From Sch 3)	TOTAL DIRECT & POOLED FACILITY EXPENSE 6 (Col 4 + Col 5)
1. Our House - Westgate	LTC80042F	12/31/2011	$0	$71,097	$71,097
2. Our House - Williams	LTC80056F	12/31/2011	0	71,917	71,917
3. Our House - Sunset	LTC80070F	12/31/2011	0	71,917	71,917
4. Our House - Shannon	LTC80146F	12/31/2011	0	71,917	71,917
5. Our House - Berry	LTC80145F	12/31/2011	0	70,408	70,408
6. Our House - Westberry	LTC80358F	12/31/2011	0	71,917	71,917
7.					
8.					
9.					
10.					
11.					
12.					
13.					
14.					
15.					
16.					
17.					
18.					
19.					
20.					
21.					
22.					
23.					
24.					
25.					
TOTALS			$0	$429,173	$429,173 (To Sch 1)

STATE OF CALIFORNIA SCHEDULE 3

ALLOCATION OF POOLED EXPENSES

HOME OFFICE:
OUR HOUSE RESIDENTIAL CARE, INC.

FISCAL PERIOD ENDED:
DECEMBER 31, 2011

PART I - ALLOCATION BETWEEN PROVIDER AND NONPROVIDER COMPONENTS

FACILITY 1	Allocation Statistics Base: Accumulated Cost 2	Percent 3	Allocation Pool Expenses 4
Program Services (Adj)	$497,410	100.0000%	$429,173
Nonprogram Services (Adj)	0	0.0000%	0
TOTAL	$497,410	100.0000%	$429,173

(From Sch 5)

PART II - ALLOCATION TO INDIVIDUAL CHAIN COMPONENTS

CHAIN COMPONENTS	MEDI-CAL NUMBER	Audit Adjustment	Allocation Statistic: (Patient Days)	Allocated Pool Expense (Col 3 X UCM)
1. Our House - Westgate	LTC80042F		2,165	$71,097
2. Our House - Williams	LTC80056F		2,190	$71,917
3. Our House - Sunset	LTC80070F		2,190	$71,917
4. Our House - Shannon	LTC80146F		2,190	$71,917
5. Our House - Berry	LTC80145F		2,144	$70,408
6. Our House - Westberry	LTC80358F		2,190	$71,917
7.				
8.				
9.				
10.				
11.				
12.				
13.				
14.				
15.				
16.				
17.				
18.				
19.				
20.				
21.				
22.				
23.				
24.				
25.				
TOTALS			13,069	$429,173

(To Sch 2)

UNIT COST MULTIPLIER (UCM) (Pooled Expenses/Patient Days)	32.839008

STATE OF CALIFORNIA

SCHEDULE 4

DIRECT ALLOCATION OF EXPENSES TO CHAIN COMPONENTS

HOME OFFICE:
OUR HOUSE RESIDENTIAL CARE, INC.

FISCAL PERIOD ENDED:
DECEMBER 31, 2011

			Expense Directly Allocable to Chain Component				
CHAIN COMPONENTS 1	MEDI-CAL NUMBER	REPORTED TOTAL (Col F) 2	Overhead expense 3	specify expense 4	specify expense 5	specify expense 6	AUDITED TOTAL 7
			(Adj)	(Adj)	(Adj)	(Adj)	
1. Our House - Westgate	LTC80042F	$0	$0	$0	$0	$0	$0
2. Our House - Williams	LTC80056F	0	0	0	0	0	0
3. Our House - Sunset	LTC80070F	0	0	0	0	0	0
4. Our House - Shannon	LTC80146F	0	0	0	0	0	0
5. Our House - Berry	LTC80145F	0	0	0	0	0	0
6. Our House - Westberry	LTC80358F	0	0	0	0	0	0
7.							
8.							
9.							
10.							
11.							
12.							
13.							
14.							
15.							
16.							
17.							
18.							
19.							
20.							
21.							
22.							
23.							
24.							
25.							
TOTALS		$0	$0	$0	$0	$0	$0

(To Sch 2)

STATE OF CALIFORNIA SCHEDULE 5

STATEMENT OF REIMBURSABLE COSTS

HOME OFFICE:
OUR HOUSE RESIDENTIAL CARE, INC.

FISCAL PERIOD ENDED:
DECEMBER 31, 2011

ACCOUNT DESCRIPTION 1	REPORTED POOLED COSTS 2	COST AUDIT ADJUSTMENTS 3	POOLED COST SUBTOTAL 4	DIRECT COST 5	AUDITED POOLED COSTS 6
	(Adj 1-2)	(Adj 3-9)	(Col 2 + Col 3)	(Adj)	(Col 4 - Col 5)
1. Salaries-Officers	$198,790		$198,790		$198,790
2. Salaries-Other	56,971		56,971		56,971
3. Payroll Taxes	35,723		35,723		35,723
4. Employee Benefits	25,110		25,110		25,110
5. Travel	295		295		295
6. Entertainment			0		0
7. Automobile	32,701	(32,178)	523		523
8. Depreciation-Building			0		0
9. Depreciation-Equipment			0		0
10. Other Depreciation and Amortization			0		0
11. Leases and Rentals			0		0
12. Interest-Mortgages			0		0
13. Interest-Other	7,060	(6,666)	394		394
14. Taxes and Licenses	12,118	(12,118)	0		0
15. Legal and Accounting	3,815		3,815		3,815
16. Insurance	6,961	(6,961)	0		0
17. Telephone			0		0
18. Utilities	4,918		4,918		4,918
19. Office Supplies	14,041		14,041		14,041
20. Nonprogram			0		0
21. Other (Specify)			0		0
22. Workman Compensation	59,203		59,203		59,203
23. Therap (Facility Wide Software)	8,353	(6,905)	1,448		1,448
24. Count Me In	621		621		621
25. Security	4,800	(2,800)	2,000		2,000
26. Meeting/Inservice Expense	4,665		4,665		4,665
27. Mileage	4,043		4,043		4,043
28. Scholaship Program	637		637		637
29. Dietary	1,070		1,070		1,070
30. Charitable Contributions	708	(708)	0		0
31. First Aid	1,974		1,974		1,974
32. Finger Prints	2,169		2,169		2,169
33. Ourting Expense	4,593	(4,593)	0		0
34. Supplies	10,763		10,763		10,763
TOTAL EXPENSES	$502,102	($72,929)	$429,173	$0	$429,173
				(To Sch 4)	(To Sch 3)

Provider Name	Fiscal Period	Provider NPI	Adjustme
OUR HOUSE RESIDENTIAL CARE, INC.	JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	N/A	9

Report References										
	Cost Report			Audit Report						
Adj. No.	DHS 3099 Page or Exhibit	Line	Col.	Sch.	Line	Col	Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjustec
							MEMORANDUM ADJUSTMENTS			
1	2	1-34	6	5	1-34	2	Various Expenses To include reported expenses in cost report Schedule 2, Column (for proper cost reporting 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304			
2	2	35	6	5	35	2	Total To correct the provider's mathematical error. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	$497,410	$4,692	$502,102

Provider Name	Fiscal Period	Provider NPI	Adjustme
OUR HOUSE RESIDENTIAL CARE, INC.	JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	N/A	9

Report References										
	Cost Report			Audit Report						
Adj. No.	DHS 3099 Page or Exhibit	Line	Col.	Sch.	Line	Col	Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjustec
							ADJUSTMENTS TO REPORTED POOLED COSTS			
3	2	7	6	5	7	3	Automobile	$32,701	($32,178)	$523
	2	33	6	5	33	3	Outing Expense	4,593	(4,593)	0
							To eliminate vehicle related expenses that do not belong to the audited period, to agree with the vendor invoices and due to lack of documentation. 42 CFR 413.5, 413.9(c)(3), 413.20 and 413.24 CMS Pub. 15-1, Sections 2102.3, 2300, 2302.1 and 2304			
4	2	13	6	5	13	3	Interest-Other	$7,060	($6,666)	$394
							To eliminate interest expense not related to patient care and due to lack of documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2102.3, 2300 and 2304			
5	2	14	6	5	14	3	Taxes and Licenses	$12,118	($12,118)	$0
							To eliminate tax expense due to lack of documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304			
6	2	16	6	5	16	3	Insurance	$6,961	($6,961)	$0
							To eliminate insurance expense due to lack of documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304			
7	2	23	6	5	23	3	Therap (Facility Wide Software)	$8,353	($6,905)	$1,448
							To eliminate software expense to agree with the vendor's invoice. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304			

Provider Name	Fiscal Period	Provider NPI	Adjustme
OUR HOUSE RESIDENTIAL CARE, INC.	JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	N/A	9

Report References										
	Cost Report			Audit Report						
Adj. No.	DHS 3099 Page or Exhibit	Line	Col.	Sch.	Line	Col	Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjustec
							ADJUSTMENTS TO REPORTED POOLED COSTS			
8	2	25	6	5	25	3	Security To eliminate security expense to agree with the provider's records and due to lack of documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	$4,800	($2,800)	$2,000
9	2	30	6	5	30	3	Charitable Contributions To eliminate charitable contribution expense not related to patient care, and due to lack of documentation. 42 CFR 413.5(c)(7), 413.9(c)(3), 413.20 and 413.24 CMS Pub. 15-1, Sections 2102.3, 2105.7, 2300 and 2304	$708	($708)	$0