

**REPORT
ON THE
HOME OFFICE AUDIT**

**KELLY AND SCOTT'S CARE HOME
DELANO, CALIFORNIA**

**FISCAL PERIOD ENDED
DECEMBER 31, 2010**

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

**Section Chief: Michael Harrold
Audit Supervisor: Linda King
Auditor: Inosencia Aparicio**



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

December 23, 2011

Kelly Baumgardner, Administrator
Kelly and Scott's Care Home
1324 5th Place
Delano, CA 93215

KELLY AND SCOTT'S CARE HOME
FISCAL PERIOD ENDED DECEMBER 31, 2010

We have examined the Medi-Cal Home Office Cost Report for the fiscal period ended December 31, 2010. 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 Comparison of Reported and Audited Home Office Cost 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. Comparison of Reported and Audited Home Office Cost 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.

Kelly Baumgardner
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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

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COMPARISON OF REPORTED AND AUDITED
HOME OFFICE COST

HOME OFFICE:
KELLY AND SCOTT'S CARE HOME

FISCAL PERIOD ENDED:
DECEMBER 31, 2010

CHAIN COMPONENTS 1	MEDI-CAL NUMBER 2	FISCAL YEAR END 3	REPORTED COST 4	AUDITED COST 5	VARIANCE 6
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(From Sch 2, Col 6) (Col 5 - Col 4)

1.	Kelly and Scott's - 5th Dr	LTC80184G	12/31/10	\$63,090	\$25,703	(\$37,387)
2.	Kelly and Scott's - 5th Place	LTC80367F	12/31/10	63,555	25,892	(37,663)
3.	Kelly and Scott's - # 3 Indiana	LTC80179G	12/31/10	61,204	24,935	(36,269)
4.					0	0
5.					0	0
6.					0	0
7.					0	0
8.					0	0
9.					0	0
10.					0	0
11.					0	0
12.					0	0
13.					0	0
14.					0	0
15.					0	0
16.					0	0
17.					0	0
18.					0	0
19.					0	0
20.					0	0
21.					0	0
22.					0	0
23.					0	0
24.					0	0
25.					0	0

TOTALS

				\$187,849	\$76,530	(\$111,319)
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SUMMARY OF DIRECT AND ALLOCATED POOL COST

HOME OFFICE:
KELLY AND SCOTT'S CARE HOME

FISCAL PERIOD ENDED:
DECEMBER 31, 2010

CHAIN COMPONENTS 1	MEDI-CAL NUMBER 2	FISCAL YEAR END 3	DIRECT EXPENSES 4	POOLED EXPENSES 5	TOTAL DIRECT & POOLED FACILITY EXPENSE 6
			(From Sch 4)	(From Sch 3)	(Col 4 + Col 5)
1. Kelly and Scott's - 5th Dr	LTC80184G	12/31/10	\$0	\$25,703	\$25,703
2. Kelly and Scott's - 5th Place	LTC80367F	12/31/10	0	25,892	25,892
3. Kelly and Scott's - # 3 Indiana	LTC80179G	12/31/10	0	24,935	24,935
4.			0	0	0
5.			0	0	0
6.			0	0	0
7.			0	0	0
8.			0	0	0
9.			0	0	0
10.			0	0	0
11.			0	0	0
12.			0	0	0
13.			0	0	0
14.			0	0	0
15.			0	0	0
16.			0	0	0
17.			0	0	0
18.			0	0	0
19.			0	0	0
20.			0	0	0
21.			0	0	0
22.			0	0	0
23.			0	0	0
24.			0	0	0
25.			0	0	0
TOTALS			<u>\$0</u>	<u>\$76,530</u>	<u>\$76,530</u>
			(To Sch 1)		

ALLOCATION OF POOLED EXPENSES

HOME OFFICE:
KELLY AND SCOTT'S CARE HOME

FISCAL PERIOD ENDED:
DECEMBER 31, 2010

PART I - ALLOCATION BETWEEN PROVIDER AND NONPROVIDER COMPONENTS

FACILITY 1	Allocation Statistics Base: Accumulated Cost	Percent 3	Allocation Pool Expenses 4
Program Services (Adj 1)	1,352,001	100.0000%	\$76,530
Nonprogram Services (Adj)		0.0000%	0
TOTAL	1,352,001	100.0000%	\$76,530

(From Sch 5)

PART II - ALLOCATION TO INDIVIDUAL CHAIN COMPONENTS

CHAIN COMPONENTS	MEDI-CAL NUMBER	Audit Adjustment	Allocation Statistic: (Client Days)	Allocated Pool Expense (Col 3 X UCM)
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1.	Kelly and Scott's - 5th Dr	LTC80184G	2,174	\$25,703
2.	Kelly and Scott's - 5th Place	LTC80367F	2,190	25,892
3.	Kelly and Scott's - # 3 Indiana	LTC80179G	2,109	24,935
4.				0
5.				0
6.				0
7.				0
8.				0
9.				0
10.				0
11.				0
12.				0
13.				0
14.				0
15.				0
16.				0
17.				0
18.				0
19.				0
20.				0
21.				0
22.				0
23.				0
24.				0
25.				0

TOTALS

6,473 \$76,530

(To Sch 2)

UNIT COST MULTIPLIER (UCM) (Pooled Expenses/Patient Days)	11.822957
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DIRECT ALLOCATION OF EXPENSES TO CHAIN COMPONENTS

HOME OFFICE:
KELLY AND SCOTT'S CARE HOME

FISCAL PERIOD ENDED:
DECEMBER 31, 2010

CHAIN COMPONENTS 1	MEDI-CAL NUMBER	REPORTED TOTAL (Col F) 2	Expense Directly Allocable to Chain Component				AUDITED TOTAL 7
			specify expense 3 (Adj)	specify expense 4 (Adj)	specify expense 5 (Adj)	specify expense 6 (Adj)	
1.	Kelly and Scott's - 5th Dr LTC80184G	\$0	\$0	\$0	\$0	\$0	\$0
2.	Kelly and Scott's - 5th Place LTC80367F	0	0	0	0	0	0
3.	Kelly and Scott's - # 3 Indiana LTC80179G	0	0	0	0	0	0
4.		0	0	0	0	0	0
5.		0	0	0	0	0	0
6.		0	0	0	0	0	0
7.		0	0	0	0	0	0
8.		0	0	0	0	0	0
9.		0	0	0	0	0	0
10.		0	0	0	0	0	0
11.		0	0	0	0	0	0
12.		0	0	0	0	0	0
13.		0	0	0	0	0	0
14.		0	0	0	0	0	0
15.		0	0	0	0	0	0
16.		0	0	0	0	0	0
17.		0	0	0	0	0	0
18.		0	0	0	0	0	0
19.		0	0	0	0	0	0
20.		0	0	0	0	0	0
21.		0	0	0	0	0	0
22.		0	0	0	0	0	0
23.		0	0	0	0	0	0
24.		0	0	0	0	0	0
25.		0	0	0	0	0	0
TOTALS		\$0	\$0	\$0	\$0	\$0	\$0

(To Sch 2)

STATEMENT OF REIMBURSABLE COSTS

HOME OFFICE:
KELLY AND SCOTT'S CARE HOMEFISCAL PERIOD ENDED:
DECEMBER 31, 2010

ACCOUNT DESCRIPTION 1	REPORTED POOLED COSTS 2	COST AUDIT ADJUSTMENTS 3	POOLED COST SUBTOTAL 4	DIRECT COST 5	AUDITED POOLED COSTS 6
		(Adj 2-3)	(Col 2 + Col 3)	(Adj)	(Col 4 - Col 5)
1. Salaries-Officers	\$108,000	(\$108,000)	\$0		\$0
2. Salaries-Other	18,251		18,251		18,251
3. Payroll Taxes	2,739		2,739		2,739
4. Employee Benefits			0		0
5. Travel			0		0
6. Entertainment			0		0
7. Automobile	9,680		9,680		9,680
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			0		0
14. Taxes and Licenses	6,757	(2,551)	4,206		4,206
15. Legal and Accounting	8,271		8,271		8,271
16. Insurance	15,370		15,370		15,370
17. Telephone	3,250		3,250		3,250
18. Utilities	931		931		931
19. Office Supplies	3,230	(192)	3,038		3,038
20. Nonprogram			0		0
21. Other (Specify) Gifts	4,431	(533)	3,898		3,898
22. Advertising	15		15		15
23. Bank Charges and Financing	281		281		281
24. Dues and Associations			0		0
25. Business Meals	3,957		3,957		3,957
26. Maintenance			0		0
27. Donations			0		0
28. Household Supplies	843		843		843
29. Outside Services			0		0
30. Education/Training Exp Staff			0		0
31. Consulting - Social Worker	1,800		1,800		1,800
32. Patient Misc. Expense	42	(42)	0		0
33.			0		0
34.			0		0
TOTAL EXPENSES	* \$187,848	(\$111,318)	\$76,530	\$0	\$76,530
				(To Sch 4)	(To Sch 3)

* Due to rounding error does not foot \$1

Provider Name		Fiscal Period				Provider Number		Adjustment	
KELLY AND SCOTT'S CARE HOME		JANUARY 1, 2010 THROUGH DECEMBER 31, 2010				N/A		3	
Report References		Audit Report							
Cost Report									
Adj. No.	DHS 3099 Page or Exhibit	Line	Col.	Sch.	Line	Col	As Reported	Increase (Decrease)	As Adjusted
1	5	1	1	3	1	2	0	1,352,001	1,352,001
<p>Program Services To include the accumulated cost statistics for informational purposes. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2304 and 2308</p>									
<u>MEMORANDUM ADJUSTMENT</u>									

Provider Name		Fiscal Period				Provider Number		Adjustment		
KELLY AND SCOTT'S CARE HOME		JANUARY 1, 2010 THROUGH DECEMBER 31, 2010				N/A		3		
Adj. No.	DHS 3099 Page or Exhibit	Report References		Audit Report		As Reported	Increase (Decrease)	As Adjusted		
		Line	Col.	Line	Col.					
ADJUSTMENTS TO REPORTED COSTS										
2	2	14	6	5	14	6	Taxes and Licenses	\$6,757	(\$2,551)	\$4,206
	2	19	6	5	19	6	Office Supplies	3,230	(192)	3,038
	2	21	6	5	21	6	Other - Specify Gifts	4,431	(533)	3,898
	2	32	6	5	32	6	Patient Misc. Expenses	42	(42)	0
To reconcile the reported expenses to agree with the provider's general ledger.										
42 CFR 413.20 and 413.24										
CMS Pub 15-1, Sections 2300 and 2304										
3	2	1	6	5	1	6	Salaries - Officers	\$108,000	(\$108,000)	\$0
To eliminate salaries of officer due to lack of documentation.										
42 CFR 413.20 and 413.24										
CMS Pub. 15-1, Sections 900, 902.3, 902.4, 904, 2300 and 2304										
W&I Code 14124.2(b)										