

**REPORT
ON THE
HOME OFFICE AUDIT**

**STEELE'S QUALITY LIVING
LINDSAY, 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: Dianna Morgan**



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

December 12, 2011

Pam Steele, President
Steele's Quality Living
20015 Road 212
Lindsay, CA 93247

STEELE'S QUALITY LIVING
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.

Pam Steele
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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:
STEELE'S QUALITY LIVING

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.	Steele's Quality Living - Road 212	1790900074	12/31/10	\$66,537	\$18,059	(\$48,478)
2.	Steele's Quality Living - Vassar	1861643728	12/31/10	78,067	21,188	(56,879)
3.					0	0
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

				\$144,604	\$39,247	(\$105,357)
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SUMMARY OF DIRECT AND ALLOCATED POOL COST

HOME OFFICE:
STEELE'S QUALITY LIVING

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. Steele's Quality Living - Road 212	1790900074	12/31/10	\$0	\$18,059	\$18,059
2. Steele's Quality Living - Vassar	1861643728	12/31/10	0	21,188	21,188
3.			0	0	0
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>\$39,247</u>	<u>\$39,247</u>
			(To Sch 1)		

ALLOCATION OF POOLED EXPENSES

HOME OFFICE:
STEELE'S QUALITY LIVING

FISCAL PERIOD ENDED:
DECEMBER 31, 2010

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 1)	\$797,598	100.0000%	\$39,247
Nonprogram Services (Adj)		0.0000%	0
TOTAL	\$797,598	100.0000%	\$39,247

(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.	Steele's Quality Living - Road 212	1790900074	1,812	\$18,059
2.	Steele's Quality Living - Vassar	1861643728	2,126	21,188
3.				0
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

3,938 \$39,247

(To Sch 2)

UNIT COST MULTIPLIER (UCM) (Pooled Expenses/Patient Days)	9.966227
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DIRECT ALLOCATION OF EXPENSES TO CHAIN COMPONENTS

HOME OFFICE:
STEELE'S QUALITY LIVING

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.	Steele's Quality Living - Road 212	1790900074	\$0	\$0	\$0	\$0	\$0
2.	Steele's Quality Living - Vassar	1861643728	0	0	0	0	0
3.			0	0	0	0	0
4.			0	0	0	0	0
5.			0	0	0	0	0
6.			0	0	0	0	0
7.			0	0	0	0	0
8.			0	0	0	0	0
9.			0	0	0	0	0
10.			0	0	0	0	0
11.			0	0	0	0	0
12.			0	0	0	0	0
13.			0	0	0	0	0
14.			0	0	0	0	0
15.			0	0	0	0	0
16.			0	0	0	0	0
17.			0	0	0	0	0
18.			0	0	0	0	0
19.			0	0	0	0	0
20.			0	0	0	0	0
21.			0	0	0	0	0
22.			0	0	0	0	0
23.			0	0	0	0	0
24.			0	0	0	0	0
25.			0	0	0	0	0
TOTALS			\$0	\$0	\$0	\$0	\$0

(To Sch 2)

STATEMENT OF REIMBURSABLE COSTS

HOME OFFICE:
STEELE'S QUALITY LIVINGFISCAL 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)	(Col 2 + Col 3)	(Adj)	(Col 4 - Col 5)
1. Salaries-Officers	\$0		\$0		\$0
2. Salaries-Other	0		0		0
3. Payroll Taxes	0		0		0
4. Employee Benefits	1,545		1,545		1,545
5. Travel	0		0		0
6. Entertainment	0		0		0
7. Automobile	54,426	(54,426)	0		0
8. Depreciation-Building	0		0		0
9. Depreciation-Equipment	0		0		0
10. Other Depreciation and Amortization	0		0		0
11. Leases and Rentals	1,420		1,420		1,420
12. Interest-Mortgages	0		0		0
13. Interest-Other	0		0		0
14. Taxes and Licenses	800		800		800
15. Legal and Accounting	4,085		4,085		4,085
16. Insurance	18,661		18,661		18,661
17. Telephone	13,238	(13,238)	0		0
18. Utilities	2,849		2,849		2,849
19. Office Supplies	5,791		5,791		5,791
20. Nonprogram	0		0		0
21. Other-	86		86		86
22. Advertising	292		292		292
23. Bank Charges and Financing	357		357		357
24. Business Meals	5,313	(5,313)	0		0
25. Security	0		0		0
26. Postage	262		262		262
27. Training	0		0		0
28. Consultants	0		0		0
29. Dues & Subscriptions	600		600		600
30. Groceries	2,500		2,500		2,500
31. Home Operations & Maintenance	32,380	(32,380)	(0)		(0)
32. Security			0		0
33.			0		0
34.			0		0
TOTAL EXPENSES	\$144,604	(\$105,357)	\$39,247	\$0	\$39,247
				(To Sch 4)	(To Sch 3)

Provider Name		Fiscal Period		Provider NPI		Adjustme						
STEELE'S QUALITY LIVING		JANUARY 1, 2010 THROUGH DECEMBER 31, 2010		N/A		2						
Adj. No.	DHS 3099 Page or Exhibit	Report References			Line	Col	Sch.	Line	Col	As Reported	Increase (Decrease)	As Adjustec
		Cost Report	Line	Col.								
1	5	1	1	3	1	1	3	N/A	2	0	797,598	797,598
<p>Program Services (Accumulated Cost) To include the accumulated cost statistic for informational purposes. 42 CFR 413.20, 413.24 and 413.50 CMS Pub. 15-1, Sections 2300, 2304 and 2306</p>												
<u>MEMORANDUM ADJUSTMENT</u>												

Provider Name		Fiscal Period		Provider NPI		Adjustme				
STEELE'S QUALITY LIVING		JANUARY 1, 2010 THROUGH DECEMBER 31, 2010		N/A		2				
Adj. No.	DHS 3099 Page or Exhibit	Report References				Line	Col	As Reported	Increase (Decrease)	As Adjustec
		Cost Report	Line	Col.	Sch.					
2	2	7	6	5	7	3	3	\$54,426	(\$54,426)	\$0
	2	17	6	5	17	3	3	13,238	(13,238)	0
	2	24	6	5	24	3	3	5,313	(5,313)	0
	2	31	6	5	31	3	3	32,380	(32,380)	0
<p align="center">ADJUSTMENT TO REPORTED POOLED COSTS</p> <p>Automobile</p> <p>Telephone</p> <p>Business Meals</p> <p>Home Operating and Maintenance</p> <p>To eliminate home office expenses due to lack of supporting documentation.</p> <p>42 CFR 413.20 and 413.24</p> <p>CMS Pub. 15-1, Sections 2300 and 2304</p>										