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Title 22@ Social Security

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Division 3@ Health Care Services

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Subdivision 1@ California Medical Assistance Program

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Chapter 5@ ADULT DAY HEALTH CARE

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Article 5@ ADMINISTRATION

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Section 54413@ Financial Reporting

54413 Financial Reporting

(a)

The adult day health care provider shall maintain financial records on an accrual basis and shall submit to the Department an annual audit performed by an independent certified public accountant. All verified financial statements shall be filed with the Department as soon as practical after the close of the center's fiscal year, and in any event, within a period not to exceed 90 days thereafter. The Department may grant exceptions to this time limit, for good cause.

(b)

The audit report prepared by the independent certified public accountant shall include a table of contents and at least the following: (1) A balance sheet reflecting the assets, liabilities and net worth of the adult day health care provider at the close of the fiscal year under audit. (2) A statement of income and expenses reflecting all sources and amounts of income and expenses. (3) A statement of changes in financial position, reflecting the adult day health care provider's sources and applications of funds and the net increase or decrease in working capital for the fiscal year just ended. (4) All notes relating to the financial statements specified in (1), (2) and (3). (5) A statement that the audit was conducted in accordance with generally accepted auditing standards and, further where in the accountant's opinion, the financial statements fairly present the financial position, results of operations and changes in financial position in

conformity with generally accepted accounting principles applied on a consistent basis. If the accountant is unable to express an unqualified opinion, this shall be stated in his report and the report shall specify the reason or reasons. (6) Financial statements shall be public records.

(1)

A balance sheet reflecting the assets, liabilities and net worth of the adult day health care provider at the close of the fiscal year under audit.

(2)

A statement of income and expenses reflecting all sources and amounts of income and expenses.

(3)

A statement of changes in financial position, reflecting the adult day health care provider's sources and applications of funds and the net increase or decrease in working capital for the fiscal year just ended.

(4)

All notes relating to the financial statements specified in (1), (2) and (3).

(5)

A statement that the audit was conducted in accordance with generally accepted auditing standards and, further where in the accountant's opinion, the financial statements fairly present the financial position, results of operations and changes in financial position in conformity with generally accepted accounting principles applied on a consistent basis. If the accountant is unable to express an unqualified opinion, this shall be stated in his report and the report shall specify the reason or reasons.

(6)

Financial statements shall be public records.

(c)

Upon the Department's written request, the adult day health care provider shall authorize the accountant to allow representatives of the Department to inspect any and all working papers relating to the preparation of the audit report, including notes, computation, work sheets and rough drafts at the accountant's place of business during normal business hours. The accountant's costs of producing records for inspection and the costs incurred in the reproduction of documents shall be borne by the Department.

(d)

When delivery of adult day health care is dependent in part upon affiliates, combined financial statements shall be prepared, and as a minimum disclose: (1) The financial position of the provider separate from the combined totals. (2) Inter-entity adjustments and eliminations. (3) An independent accountant's opinion in writing, indicating why combined statements are not appropriate.

(1)

The financial position of the provider separate from the combined totals.

(2)

Inter-entity adjustments and eliminations.

(3)

An independent accountant's opinion in writing, indicating why combined statements are not appropriate.

(e)

A quarterly report shall be submitted by the center to the Department. The report shall include:(1) A balance sheet. (2) Revenue and expenses by cost center, including but not limited to salaries and staff benefits by work classification, equipment, contracts, consultation, training and travel. Cost centers shall include:(A) Medical and nursing. (B) Physical therapy. (C) Occupational therapy.

(D) Speech therapy. (E) Psycho-social services. (F) Nutrition. 1. Transportation incidental to provision of meals. 2. Nutritional counseling. (G) Supportive services. 1. Recreation. 2. Art, music and dance therapy. 3. Services not included in other cost centers. (H) Administration. 1. Office supplies and equipment. 2. Postage. 3. Furniture. 4. Publications and printing. 5. Liability insurance. 6. Telephone, telegraph. 7. Reproduction. 8. Legal consultation. 9. Audit expenses. 10. Rent. 11. Utilities. 12. Maintenance. (I) Space. 1. Rent or mortgage payment. 2. Facility insurance. 3. Utilities. 4. Housekeeping supplies and equipment. 5. Maintenance supplies and equipment. 6. Repairs. 7. Facility license fees. 8. Janitorial service. (J) Transportation. 1. Insurance. 2. Parking fees. 3. Overnight storage fees. 4. Vehicle license fees. 5. Purchased transportation services. 6. Vehicle supplies. 7. Vehicle maintenance. 8. Amortization. (2) Such financial records shall be filed with the Department as soon as practical after the end of the licensee's fiscal quarter and, in any event, within a period not to exceed 30 days thereafter.

(1)

A balance sheet.

(2)

Revenue and expenses by cost center, including but not limited to salaries and staff benefits by work classification, equipment, contracts, consultation, training and travel.

Cost centers shall include: (A) Medical and nursing. (B) Physical therapy. (C)

Occupational therapy. (D) Speech therapy. (E) Psycho-social services. (F) Nutrition. 1.

Transportation incidental to provision of meals. 2. Nutritional counseling. (G)

Supportive services. 1. Recreation. 2. Art, music and dance therapy. 3. Services not

included in other cost centers. (H) Administration. 1. Office supplies and equipment. 2.

Postage. 3. Furniture. 4. Publications and printing. 5. Liability insurance. 6. Telephone,

telegraph. 7. Reproduction. 8. Legal consultation. 9. Audit expenses. 10. Rent. 11. Utilities. 12. Maintenance. (I) Space. 1. Rent or mortgage payment. 2. Facility insurance. 3. Utilities. 4. Housekeeping supplies and equipment. 5. Maintenance supplies and equipment. 6. Repairs. 7. Facility license fees. 8. Janitorial service. (J) Transportation. 1. Insurance. 2. Parking fees. 3. Overnight storage fees. 4. Vehicle license fees. 5. Purchased transportation services. 6. Vehicle supplies. 7. Vehicle maintenance. 8. Amortization.

(A)

Medical and nursing.

(B)

Physical therapy.

(C)

Occupational therapy.

(D)

Speech therapy.

(E)

Psycho-social services.

(F)

Nutrition. 1. Transportation incidental to provision of meals. 2. Nutritional counseling.

1.

Transportation incidental to provision of meals.

2.

Nutritional counseling.

(G)

Supportive services. 1. Recreation. 2. Art, music and dance therapy. 3. Services not included in other cost centers.

1.

Recreation.

2.

Art, music and dance therapy.

3.

Services not included in other cost centers.

(H)

Administration. 1. Office supplies and equipment. 2. Postage. 3. Furniture. 4. Publications and printing. 5. Liability insurance. 6. Telephone, telegraph. 7. Reproduction. 8. Legal consultation. 9. Audit expenses. 10. Rent. 11. Utilities. 12. Maintenance.

1.

Office supplies and equipment.

2.

Postage.

3.

Furniture.

4.

Publications and printing.

5.

Liability insurance.

6.

Telephone, telegraph.

7.

Reproduction.

8.

Legal consultation.

9.

Audit expenses.

10.

Rent.

11.

Utilities.

12.

Maintenance.

(I)

Space. 1. Rent or mortgage payment. 2. Facility insurance. 3. Utilities. 4. Housekeeping supplies and equipment. 5. Maintenance supplies and equipment. 6. Repairs. 7. Facility license fees. 8. Janitorial service.

1.

Rent or mortgage payment.

2.

Facility insurance.

3.

Utilities.

4.

Housekeeping supplies and equipment.

5.

Maintenance supplies and equipment.

6.

Repairs.

7.

Facility license fees.

8.

Janitorial service.

(j)

Transportation.1. Insurance. 2. Parking fees. 3. Overnight storage fees. 4. Vehicle license fees.

5. Purchased transportation services. 6. Vehicle supplies. 7. Vehicle maintenance. 8.

Amortization.

1.

Insurance.

2.

Parking fees.

3.

Overnight storage fees.

4.

Vehicle license fees.

5.

Purchased transportation services.

6.

Vehicle supplies.

7.

Vehicle maintenance.

8.

Amortization.

(2)

Such financial records shall be filed with the Department as soon as practical after the end of the licensee's fiscal quarter and, in any event, within a period not to exceed 30 days thereafter.

(f)

Every affiliated company shall: (A) Furnish, upon request, to the provider and to the Department financial reports relevant to the disposition of funds paid to the affiliated company by the provider. Reports shall be: 1. Prepared in accordance with generally accepted accounting principles. 2. Provide all financial data required by provider to fulfill its obligations to the Department for financial reporting. (B) Make all books and records available for inspection by the Department and the United States Department of Health, Education and Welfare for a term of at least four years.

(A)

Furnish, upon request, to the provider and to the Department financial reports relevant to the disposition of funds paid to the affiliated company by the provider. Reports shall be: 1. Prepared in accordance with generally accepted accounting principles. 2. Provide all financial data required by provider to fulfill its obligations to the Department for financial reporting.

1.

Prepared in accordance with generally accepted accounting principles.

2.

Provide all financial data required by provider to fulfill its obligations to the Department for financial reporting.

(B)

Make all books and records available for inspection by the Department and the United States Department of Health, Education and Welfare for a term of at least four years.

(g)

Each adult day health provider shall maintain adequate financial resources to carry out its obligations. The level of such resources shall be determined for each

provider by the Department and shall include, but will not necessarily be limited to, the following: (1) Ability to meet current obligations when due. (2) Revenue and expense trends.

(1)

Ability to meet current obligations when due.

(2)

Revenue and expense trends.