

**DEPARTMENT  
OF  
DEVELOPMENTAL SERVICES'  
AUDIT  
OF  
CREATIVE SUPPORT**

**Programs and Services:**

Supported Living Services – P24397, P20538

Supported Living Services Vendor Administration – P20539

Independent Living Program – HM0206

Community Integration Training – PW1342

Audit Period: July 1, 2014, through June 30, 2015

**Audit Section**

**Auditors:** Mike Masui, Chief of Vendor Audits  
Ermias Tecele, Supervisor  
Chai Saefong, Auditor  
Mark Garcia, Auditor

# CREATIVE SUPPORT

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## EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) audited Creative Support (CS). The audit was performed upon the Supported Living Services (SLS), Supported Living Services Vendor Administration (SLSA), Independent Living Program (ILP), and Community Integration Training (CIT) for the period of July 1, 2014, through June 30, 2015.

The audit disclosed the following issues of non-compliance:

**Finding 1: Supported Living Services – Unsupported Billings and Failure to Bill**

The review of CS' SLS program, Vendor Numbers P24397 and P20538, revealed that CS had unsupported billings, as well as failures to bill both the Regional Center of Orange County (RCOC) and Westside Regional Center (WRC) for services with appropriate support. CS had a total of \$28,732 of unsupported billings and a total of \$6,168 for supported services for which it failed to bill.

**Finding 2: Supported Living Services Vendor Administration – Unsupported Billings**

The review of CS' SLSA program, Vendor Number P20539, revealed that CS had unsupported billings. CS had a total of \$250 of unsupported billings.

**Finding 3: Independent Living Program – Unsupported Billings and Failure to Bill**

The review of CS' ILP program, Vendor Number HM0206, revealed that CS had unsupported billings, as well as failures to bill RCOC for services with appropriate support that it failed to bill RCOC. CS had a total of \$123 of unsupported billings and a total of \$1,018 for supported services which it failed to bill.

**Finding 4: Community Integration Training – Unsupported Billings and Failure to Bill**

The review of CS' CIT program, Vendor Number PW1342, revealed that CS had unsupported billings, as well failures to bill WRC for services with appropriate support. CS had a total of \$1,316 of unsupported billings and a total of \$3,209 for supported services, which it failed to bill.

The net total of unsupported billings identified in this audit amounts to \$22,814 and is due back to DDS. A detailed discussion of these findings are contained in the Findings and Recommendations section of this report.

## **BACKGROUND**

DDS is responsible, under the Lanterman Developmental Disabilities Services Act, for ensuring that persons with developmental disabilities receive the services and supports they need to lead more independent, productive, and normal lives. DDS contracts with 21 private, nonprofit regional centers that provide fixed points of contact in the community for serving eligible individuals with developmental disabilities and their families in California. In order for regional centers to fulfill their objectives, they secure services and supports from qualified service providers and/or contractors. Pursuant to the Welfare and Institutions (W&I) Code, Section 4648.1, DDS has the authority to audit those service providers and/or contractors that provide services and supports to persons with developmental disabilities.

## **OBJECTIVE, SCOPE, AND METHODOLOGY**

### **Objective**

The audit was conducted to determine whether CS' SLS, SLSA, ILP, and CIT programs were compliant with the W&I Code, California Code of Regulations (CCR), Title 17 and the regional centers' contracts with CS for the period of July 1, 2014, through June 30, 2015.

### **Scope**

The audit was conducted in accordance with the Generally Accepted Government Auditing Standards (GAGAS) issued by the Comptroller General of the United States. The auditors did not review the financial statements of CS, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of CS's internal controls to gain an understanding of the transaction flow and invoice preparation process, as necessary, to develop appropriate auditing procedures. The audit scope was limited to planning and performing audit procedures necessary to obtain reasonable assurance that CS complied with the W&I Code and CCR, Title 17. Also, any complaints that DDS' Audit Section was aware of regarding non-compliance with laws and regulations were reviewed and addressed during the course of the audit.

The audit scope was determined by reviewing the programs and services provided to 14 regional centers that utilize CS's services during the audit period. Of the 14 regional centers, DDS audited services provided to the following two regional centers: RCOC and WRC. These two regional centers were chosen due to the large volume of services utilized by the centers as measured by Purchase of Service (POS) expenditures.

CS provided eight different types of services, of which DDS audited four based on the amount of POS expenditures invoiced by CS. Analyzing information received during a pre-audit meeting with the vendor, an internal control questionnaire, and a risk analysis, it was determined that a two-month sample period would be sufficient to fulfill the audit objectives.

## **Supported Living Services**

During the audit period, CS operated two SLS programs. The audit included the review of both programs and testing was done for the months of April and May 2015. The program and vendor numbers audited are listed below:

- Supported Living Services, Vendor Numbers P24397 and P20538, Service Code 896

## **Supported Living Services Vendor Administration**

- During the audit period, CS operated one SLSA program. The audit included the review of CS' SLSA program and testing was done for the months of April and May 2015. The program and vendor number audited were Supported Living Services Vendor Administration, Vendor Number P20539, Service Code 894.

## **Day Program**

During the audit period, CS operated five day programs. The audit included the review of CS' day programs and testing was done for the months of April and May 2015. The programs and vendor numbers audited are listed below:

- Independent Living Program, Vendor Number HM0206, Service Code 520
- Community Integration Training, Vendor Number PW1342, Service Code 055

## **Methodology**

The following methodology was used by DDS to ensure the audit objectives were met. The methodology was designed to obtain a reasonable assurance that the evidence provided was sufficient and appropriate to support the findings and conclusions in relation to the audit objectives. The procedures performed included, but were not limited to, the following:

- Reviewed vendor files for contracts, rate letters, program designs, POS authorizations, and correspondence pertinent to the review.
- Interviewed regional center staff for vendor background information and to obtain insight into the vendor's operations.
- Interviewed vendor staff and management to gain an understanding of its accounting procedures and processes for regional center billing.
- Obtained and reviewed the vendor's internal control questionnaire.

- Reviewed vendor service/attendance records to determine if the vendor had sufficient and appropriate evidence to support the direct care services billed to the regional center(s).
- Analyzed the vendor's payroll and attendance/service records to determine if the appropriate level of staffing was provided.
- Reviewed the vendor's payroll records to determine the vendor's costs.
- Interviewed the vendor's Executive Director, Administrator, and Program Coordinators, for vendor background information and to gain understanding of accounting procedures and financial reporting process.

## **CONCLUSION**

Based upon items identified in the Findings and Recommendations section, CS had findings of non-compliance with the requirements of CCR, Title 17.

## **VIEWS OF RESPONSIBLE OFFICIALS**

DDS issued a draft audit report on November 9, 2017. The finding in the report was discussed during a telephone conference call with Kathleen Turner, CS' Executive Director, on November 17, 2017. DDS received CS's response dated December 8, 2017. Ms. Turner stated that CS does not dispute the findings.

## **RESTRICTED USE**

This report is solely for the information and use of DDS, the Department of Health Care Services, RCOC, WRC, and CS. This restriction is not intended to limit distribution of this report, which is a matter of public record.

## FINDINGS AND RECOMMENDATIONS

### **Finding 1: Supported Living Services – Unsupported Billings and Failure to Bill**

The review of CS' SLS program, Vendor Numbers P24397 and P20538, for the sampled months of April and May 2015 revealed that CS had both unsupported billings, as well as failures to bill both WRC and RCOC for services with appropriate support .

Unsupported billings occurred due to the lack of appropriate documentation to support the units of service billed to WRC and RCOC. The failure to bill occurred when CS had appropriate supporting documentation, but it did not bill WRC or RCOC.

CS was not able to provide appropriate supporting documentation for services billed. The lack of documentation resulted in unsupported billings to WRC and RCOC in the amount of \$28,732.

In addition, CS provided appropriate supporting documentation for services that were not billed to WRC and RCOC. This resulted in an unbilled amount of \$6,168; therefore, the net amount of \$22,564 is due back to DDS for unsupported billings. (See Attachment A)

W&I Code, Section 4648.1(e)(1) states:

“(e) A regional center or the department may recover from the provider funds paid for services when the department or the regional center determines that either of the following has occurred:

- (1) The services were not provided in accordance with the regional center’s contract or authorization with the provider, or with applicable state laws or regulations.”

CCR, Title 17, Section 54326(a)(3) and (10) states:

“(a) All vendors shall:

- (3) Maintain records of services provided to consumers in sufficient detail to verify delivery of the units of service billed: ...
- (10) Bill only for services which are actually provided to consumers and which have been authorized by the referring regional center.”

CCR, Title 17, Section 50604(d) and (e) states:

- “(d) All service providers shall maintain complete service records to support all billing/invoicing for each regional center consumer in the program...
- (e) All service providers’ records shall be supported by source documentation.”

**Recommendation:**

CS must reimburse DDS \$22,564 for unsupported billings. In addition, CS should develop and implement policies and procedures to ensure that proper documentation is maintained to support the amounts billed to WRC and RCOC.

**CS’ Response:**

Kathleen Turner, CS’ Executive Director, submitted a response dated December 8, 2017 stating that CS will not dispute the findings.

See Attachment C for the full text of CS’ response to the draft audit report and Attachment D for DDS’ evaluation of CS’ response.

**Finding 2: Supported Living Services Vendor Administration – Unsupported Billings**

The review of CS’ SLSA, Vendor Number P20539, for the sampled months of April and May 2015 revealed that CS had unsupported billings.

Unsupported billings occurred due to a lack of appropriate documentation to support the units of service billed to RCOC.

CS was not able to provide appropriate supporting documentation for one consumer. The lack of documentation resulted in unsupported billings to RCOC in the amount of \$250; therefore, \$250 is due back to DDS for unsupported billings. (See Attachment B)

W&I Code, Section 4648.1(e)(1) states:

- “(e) A regional center or the department may recover from the provider funds paid for services when the department or the regional center determines that either of the following has occurred:

- (1) The services were not provided in accordance with the regional center’s contract or authorization with the provider, or with



applicable state laws or regulations.”

CCR, Title 17, Section 54326(a)(3) and (10) states:

“(a) All vendors shall:

- (3) Maintain records of services provided to consumers in sufficient detail to verify delivery of the units of service billed: ...
- (10) Bill only for services which are actually provided to consumers and which have been authorized by the referring regional center.”

CCR, Title 17, Section 50604(d) and (e) states:

- “(d) All service providers shall maintain complete service records to support all billing/invoicing for each regional center consumer in the program...
- (e) All service providers’ records shall be supported by source documentation.”

**Recommendation:**

CS must reimburse DDS \$250 for unsupported billings. In addition, CS should develop and implement policies and procedures to ensure that proper documentation is maintained to support the amounts billed to RCOC.

**CS’ Response:**

Kathleen Turner, CS’ Executive Director, submitted a response dated December 8, 2017 stating that CS will not dispute the findings.

See Attachment C for the full text of CS’ response to the draft audit report and Attachment D for DDS’ evaluation of CS’ response.

**Finding 3: Independent Living Program – Unsupported Billings and Failure to Bill**

The review of CS’ ILP, Vendor Number HM0206, for the sampled months of April and May 2015 revealed that CS had both unsupported billings, as well as appropriate support for services that it failed to bill to RCOC.

Unsupported billings occurred due to a lack of appropriate documentation to support the units of service billed to RCOC. The failure to bill occurred when CS had appropriate supporting documentation, but it did not bill RCOC.

CS was not able to provide appropriate supporting documentation for 4 hours of services billed. The lack of documentation resulted in unsupported billings to RCOC in the amount of \$123.

In addition, CS provided appropriate supporting documentation for 32 hours of service that were not billed to RCOC. This resulted in an unbilled amount of \$1,018 therefore, the net amount of \$895 is due back to CS for the failure to bill. (See Attachment B)

W&I Code, Section 4648.1(e)(1) states:

“(e) A regional center or the department may recover from the provider funds paid for services when the department or the regional center determines that either of the following has occurred:

(1) The services were not provided in accordance with the regional center’s contract or authorization with the provider, or with applicable state laws or regulations.”

CCR, Title 17, Section 54326(a)(3) and (10) states:

“(a) All vendors shall:

(3) Maintain records of services provided to consumers in sufficient detail to verify delivery of the units of service billed: ...

(10) Bill only for services which are actually provided to consumers and which have been authorized by the referring regional center.”

CCR, Title 17, Section 50604(d) and (e) states:

“(d) All service providers shall maintain complete service records to support all billing/invoicing for each regional center consumer in the program...

(e) All service providers’ records shall be supported by source documentation.”

**Recommendation:**

CS should develop and implement policies and procedures to ensure that proper documentation is maintained to support the amounts billed to RCOC and to ensure all appropriate billings are submitted to the regional center.

## CS' Response:

Kathleen Turner, CS' Executive Director, submitted a response dated December 8, 2017 stating that CS will not dispute the findings.

See Attachment C for the full text of CS' response to the draft audit report and Attachment D for DDS' evaluation of CS' response.

### **Finding 4: Community Integration Training – Unsupported Billings and Failure to Bill**

The review of CS' CIT program, Vendor Number PW1342, for the sampled months of April and May 2015 revealed that CS had both unsupported billings, as well as appropriate support for services that it failed to bill to WRC.

Unsupported billings occurred due to a lack of appropriate documentation to support the units of service billed to WRC. The failure to bill occurred when CS had appropriate supporting documentation, but it did not bill WRC.

CS was not able to provide appropriate supporting documentation for 31 hours of services billed. The lack of documentation resulted in unsupported billings to WRC in the amount of \$1,316.

In addition, CS provided appropriate supporting documentation for 75 hours of service that were not billed to WRC. This resulted in an unbilled amount of \$3,209; therefore, the net amount of \$1,893 is due back to CS for the failure to bill. (See Attachment B)

W&I Code, Section 4648.1(e)(1) states:

“(e) A regional center or the department may recover from the provider funds paid for services when the department or the regional center determines that either of the following has occurred:

- (1) The services were not provided in accordance with the regional center's contract or authorization with the provider, or with applicable state laws or regulations.”

CCR, Title 17, Section 54326(a)(3) and (10) states:

“(a) All vendors shall:

- (3) Maintain records of services provided to consumers in sufficient detail to verify delivery of the units of service billed: ...
- (10) Bill only for services which are actually provided to consumers

and which have been authorized by the referring regional center.”

CCR, Title 17, Section 50604(d) and (e) states:

- “(d) All service providers shall maintain complete service records to support all billing/invoicing for each regional center consumer in the program...
- (e) All service providers’ records shall be supported by source documentation.”

**Recommendation:**

CS should develop and implement policies and procedures to ensure that proper documentation is maintained to support the amounts billed to WRC and to ensure all appropriate billings are submitted to the regional center.

**CS’ Response:**

Kathleen Turner, CS’ Executive Director, submitted a response dated December 8, 2017 stating that CS will not dispute the findings.

See Attachment C for the full text of CS’ response to the draft audit report and Attachment D for DDS’ evaluation of CS’ response.

Creative Support  
Summary of Findings  
Audit Period: July 1, 2014 through June 30, 2015

Attachment A

Finding #	Vendor #	Svc Code	Description	Unit Type	Unsupported Billings		Failure to Bill		Net Due to DDS			
					A	B	C	D	Amount			
					Units	Amount	Units	Amount	E = B - D			
Sub code	Sample Months April and May 2015				Units	Amount	Units	Amount	Net			
<b>Supported Living Services</b>												
1	P24397	896	Category A									
			GN2R	8 hours minimum per month	Tier	*N/A	\$ -	*N/A	\$ -	\$ -		
			GN3R	12 hours minimum per month	Tier	*N/A	4	*N/A	4	-		
			GN4R	16 hours minimum per month	Tier	*N/A	456	*N/A	277	179		
			GN5R	32 hours minimum per month	Tier	*N/A	223	*N/A	566	(343)		
			GN6R	48 hours minimum per month	Tier	*N/A	11	*N/A	1,498	(1,487)		
			GN7R	64 hours minimum per month	Tier	*N/A	1,271	*N/A	647	624		
			Sub Total						\$ 1,965	\$ 2,992	\$ (1,027)	
			Category B									
				IH19	Reduce IHSS Hours	Hourly	136	\$ 1,442	15	156	\$ 1,286	
				VN1R	Training and Habilitation	Hourly	-	-	7	166	(166)	
				VN2R	Personal Attendant	Hourly	281	5,226	28	525	4,701	
	VN2R2	1:2 Personal Attendant	Hourly	80	746	1	9	737				
	VN3R	Specialized Support	Hourly	281	5,904	2	42	5,862				
	VN3R2	1:2 Specialized Support	Hourly	-	-	-	-	-				
	VN4R	Awake Overnight	Hourly	-	7	52	772	(765)				
	VN5R	Asleep Overnight	Hourly	1	15	21	269	(254)				
	VN6R	Admin 15%	Monthly	1,440	1,440	95	95	1,345				
	VN7R	Consultant/Coordinator	Hourly	62	1,846	10	300	1,546				
Sub Total					2,281	\$ 16,626	231	2,334	\$ 14,292			
P20538	896	(Blank)	Monthly Budget Consumers	Monthly	*N/A	\$ 7,639	*N/A	\$ 842	\$ 6,797			
		(Blank)	Casa De Amma Consumers	Monthly	*N/A	2,502	*N/A	-	2,502			
		Sub Total						\$ 10,141	\$ 842	\$ 9,299		
Total for Finding 1						\$ 28,732	\$ 6,168	\$ 22,564				

**Total for Finding 1**      **\$ 22,564**

\*Not Applicable - Due to Tier rates/Monthly rates  
\*\*Numbers are rounded to nearest whole unit/amount

Creative Support  
Summary of Findings  
Audit Period: July 1, 2014 through June 30, 2015

Attachment B

Net Due to DDS

Finding #	Vendor #	Svc Code	Description	Unit Type	Unsupported Billings		Failure to Bill		Amount
					A	B	C	D	E = B - D
					Units	Amount	Units	Amount	Net

Sub Code    Sample Months April and May 2015

**Supported Living Services**  
**Vendor Administration**

2	P20539	894	(Blank)	Vendor Administration	Monthly	N/A	\$ 250	N/A	\$ -	\$ 250
<b>Total for Finding 2</b>							<b>\$ 250</b>		<b>\$ -</b>	<b>\$ 250</b>

**Independent Living Service**

3	HM0206	520	(Blank)	1:1 Staffing Ratio	Hourly	4	\$ 123	32	\$ 1,018	\$ (895)
<b>Total for Finding 3</b>							<b>\$ 123</b>		<b>\$ 1,018</b>	<b>\$ (895)</b>

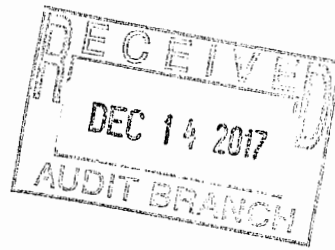
**Community Intergration Training**

4	PW1342	55	VN1A	1:1 Staffing Ratio	Hourly	31	\$ 1,316	75	\$ 3,209	\$ (1,893)
			VN2R	1:2 Staffing Ratio	Hourly	-	-	-	-	-
<b>Total for Finding 4</b>							<b>\$ 1,316</b>		<b>\$ 3,209</b>	<b>\$ (1,893)</b>

	Due to DDS	Due to CS
Total for Finding 1	\$ 22,564	-
Total for Finding 2	250	-
Total for Finding 3		(895)
<u>Total for Finding 4</u>		<u>(1,893)</u>
<b>Total Net Due</b>	<b><u>\$ 22,814</u></b>	<b><u>\$ (2,788)</u></b>

\*Numbers rounded to nearest whole unit/amount

Edward Yan, Manager  
Department of Developmental Services  
Audit Section  
1600 Ninth Street, Room 230, MS 2-10  
Sacramento, CA 95814



12/8/2017

Dear Mr. Yan:

I agree with the results of the audit of Creative Support; however, please note the reason for the findings was not that we did not provide all the services billed but that we did not have adequate documentation of the services provided. We have implemented an electronic time keeping system that will minimize the errors associated with using staff-prepared payroll documents for billing purposes. We have continued to refine the system and training of staff to ensure more accurate payroll documentation to support billings correctly.

Your team was very professional and courteous; we appreciated their diligence and feedback. They informally noted that some of the rate systems we had (e.g., WRC Cost Statement forms and RCOC Budget forms) were very complex and confusing and recommended that we request a more simplified rate system to facilitate the billing process. We agree with the recommendation but unfortunately, we do not have control over the systems developed by regional center management so, as stated above, we have continued to refine our electronic time keeping system to support more accurate billing.

Thank you,

*Kathleen Taylor*

Executive Director  
Creative Support

## **THE DEPARTMENT OF DEVELOPMENTAL SERVICES' EVALUATION OF CREATIVE SUPPORT'S RESPONSE**

DDS evaluated Creative Support's written response dated December 8, 2017 to the draft audit report and determined that CS agreed with the draft audit report findings. Below is a summary of the vendor's response as well as the DDS' evaluation of the vendor's response.

### **Creative Support's Response:**

*Creative Support agreed with the results of the audit. However, CS stated that the reason for the findings was not that CS did not provide the services but the lack of adequate documentation of the services provided. CS further stated that they have implemented an electronic time keeping system to minimize errors associated with staff prepared payroll documents for billing purposes.*

### **DDS' Evaluation:**

Creative Support agreed with DDS' findings and did not provide additional supporting documents. Therefore, no adjustment is made.

### **Conclusion:**

Creative Support did not provide any additional supporting evidence that would result in a reduction of the findings.