

**DEPARTMENT OF DEVELOPMENTAL SERVICES'**  
**AUDIT OF**  
**CREATIVE MINDS ADP, INC.**

**Programs and Services:**

Activity Center – HL0516

Supported Living Services – PL1293

Transportation-Additional Component – HL0528

Audit Period: July 1, 2018, through June 30, 2019

**Audit Section**

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# CREATIVE MINDS ADP, INC.

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## EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited Creative Minds ADP, Inc. (CM). The audit was performed upon the Activity Center (AC), Transportation-Additional Component (TAC), and Supported Living Services (SLS) for the period of July 1, 2018, through June 30, 2019.

The audit disclosed the following issue of non-compliance:

### **Finding 1: Supported Living Services – Unsupported Billings**

The review of CM's SLS program, Vendor Number PL1293, revealed that CM had a total of \$1,506 of unsupported billings to North Los Angeles County Regional Center (NLACRC).

The total of the finding identified in this audit amounts to \$1,506, which is due back to DDS. A detailed discussion of this finding is contained in the Finding and Recommendation 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 CM's programs were compliant with the W&I Code, California Code of Regulations (CCR), Title 17, State and Federal laws and regulations and the regional centers' contracts with CM for the period of July 1, 2018, through June 30, 2019.

### **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 CM, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of CM'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 CM complied with W&I Code and CCR, Title 17. Any complaints that DDS' Audit Section was aware of regarding non-compliance with laws and regulations were also reviewed and addressed during the course of the audit.

The audit scope was determined by reviewing the programs and services provided to three regional centers that utilized CM's services during the audit period. DDS audited services provided to North Los Angeles County Regional Center (NLACRC), Frank D. Linderman Regional Center (FDLRC) and Westside Regional Center (WRC). These three regional centers were chosen due to the large volume of services utilized by the centers as measured by Purchase of Service (POS) expenditures.

CM provided six different types of services, of which DDS audited three. Services chosen were based on the amount of POS expenditures invoiced by CM. By analyzing the 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.

### **Activity Center**

During the audit period, CM operated one AC programs. The audit included the review of one of CM's AC programs, Vendor Number HL0516, SC 505 and testing was done for the sampled months of May 2019 and June 2019.

### **Supported Living Services**

During the audit period, CM operated one SLS programs. The audit included the review of one of CM's SLS programs, Vendor Number PL1293, SC 896 and testing was done for the sampled months of May 2019 and June 2019.

### **Transportation-Additional Component**

During the audit period, CM operated one TAC programs. The audit included the review of one of CM's TAC programs, Vendor Number HL0528, SC 880 and testing was done for the sampled months of May 2019 and June 2019.

### **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 finding and conclusion 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 the vendor's 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 centers.
- Analyzed the vendor's payroll and attendance/service records to determine if the appropriate level of staffing was provided.

- Reviewed the vendor's general ledger, payroll records and trial balance 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 Finding and Recommendation section, CM had finding of non-compliance with the requirements of CCR, Title 17.

## **VIEWS OF RESPONSIBLE OFFICIALS**

DDS issued a draft audit report on Thursday, May 26, 2022. The finding in the report were discussed during an exit conference via Microsoft Teams with CM on Thursday, June 2, 2022. DDS received CM's written response to the draft audit report via email on Monday, June 13, 2022. CM stated that CM accepts the finding.

## **RESTRICTED USE**

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

## FINDING AND RECOMMENDATION

### Finding 1: Supported Living Services – Unsupported Billings

The review of CM's SLS program, Vendor Number PL1293, for the sampled months of May 2019 and June 2019, revealed that CM had unsupported billings for services billed to NLACRC. Unsupported billings occurred due to a lack of appropriate documentation to support the units of service billed to NLACRC and non-compliance with the CCR, Title 17.

DDS reviewed the direct care service hours documented on the eRSP Claimed Activity Detail Report and compared those hours to the direct care service hours billed to NLACRC. DDS noted that the direct care service hours on the eRSP Claimed Activity Detail Report reconciled with the vendor's payroll hours. CM was not able to provide appropriate supporting documentation for 53 hours of services billed. The lack of documentation resulted in unsupported billings to NLACRC in the amount of \$1,506, which is due back to DDS. (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:**

CM must reimburse to DDS \$1,506 for the unsupported billings. In addition, CM should comply with the CCR, Title 17 as stated above to ensure that proper documentation is maintained to support the amounts billed to NLACRC.

**VENDOR'S Response:**

CM stated in its response dated Monday, June 13, 2022, that CM agreed with the finding. (Attachment B)

# **ATTACHMENT A**

## **CREATIVE MINDS ADP, INC.**

**To request a copy of the attachment for this audit report, please contact the DDS Audit Section at (916) 654-3695.**

## **ATTACHMENT B – VENDOR’S RESPONSE**

### **CREATIVE MINDS ADP, INC.**

**To request a copy of the vendor’s response to the audit finding, please contact the DDS Audit Section at (916) 654-3695.**

**ATTACHMENT C – DDS’ EVALUATION OF CM’s RESPONSE**

DDS evaluated Creative Minds ADP, Inc’s (CM) written response to the draft audit report, dated Monday, June 13, 2022, and determined that CM does not desire to challenge nor dispute the report and would follow through with the actions and recommendations provided in the draft report.