TO: Beth Eby, Chief Executive Officer
Creative Options, Inc.

FROM: Shelly Marie Martin - *Shelly Marie Martin - OIGH*
Inspector General

DATE: January 06, 2026

RE: Desk Audit Report – Creative Options, Inc.

Background

Consistent with State laws and regulations, the Maryland Office of the Inspector General for Health (OIGH) conducts a desk audit of health care providers to ensure that State funds have been expended in accordance with Maryland Department of Health (MDH) guidelines.

Creative Options, Inc. (COI) located in Rosedale, Maryland, is a nonprofit organization established to assist individuals with developmental disabilities to become more self-sufficient and integrated into the community. During the audit period (July 1, 2021 to June 30, 2024), COI received $364,340 from MDH to support its mission.

Results of Review

The OIGH determined that no money is due to either party. In addition, the OIGH identified an area which controls can be improved. Details regarding this issue, along with the OIGH's recommendation is included in the attached report.

We also wish to acknowledge the cooperation extended to us during the audit by COI.

cc: Marlana Hutchinson, Deputy Secretary, Developmental Disabilities Administration

Office of the Inspector General for Health

Desk Audit Report

January 06, 2026

Creative Options, Inc.

July 1, 2021 through June 30, 2024

Maryland Office of the Inspector General for Health

<u>Desk Audit Report: Creative Options, Inc.</u>

The Office of the Inspector General for Health's (OIGH) External Audit Division has performed a desk audit on the accounts and records of Creative Options, Inc (COI) relative to its contracts with the Maryland Department of Health (MDH)'s Developmental Disabilities Administration (DDA) for the period July 1, 2021 through June 30, 2024.

Objectives of the Examination

The OIGH conducted the audit to:

- Determine the amount of program revenue received and allowable expenditures incurred by the program for the contracts.
- Determine any amount due to the State or to the provider resulting from the operation of the programs during the audit period.
- Determine whether financial matters were conducted in accordance with the MDH's Human Services Agreements Manual (HSAM).

Audit Scope and Methodology

To accomplish our audit objectives, our audit procedures included inquiries of appropriate personnel, inspections of documents and records, and tests of transactions. Generally, transactions were selected for testing based on auditor judgment, which primarily considers risk, the timing or dollar amount of the transaction, or the significance of the transaction to the area of operation reviewed. Unless otherwise specifically indicated, neither statistical nor non-statistical audit sampling was used to select the transactions tested. Therefore, the results of the tests cannot be used to project those results to the entire population from which the test items were selected.

Except as noted in the subsequent paragraph, this performance audit was conducted in accordance with generally accepted government auditing standards (GAGAS). These standards require auditors to plan and execute the audit to obtain sufficient and appropriate evidence to provide a reasonable basis for findings and conclusions based on the audit objectives. We believe the evidence obtained provides a reasonable basis for the findings and conclusions presented in this report.

In accordance with GAGAS, a Peer Review is required to be conducted at least once every three years by an independent external firm. Peer Reviews serve as periodic evaluations of the quality and effectiveness of an organization's audit work and internal quality control systems. The Office of the Inspector General for Health (OIGH) External Audit Division has not undergone a Peer Review to date. However, the division has expressed its intention to comply with GAGAS Peer Review standards and has tentatively arranged for a peer review to take place in May 2027. Until the peer review is concluded, the OIGH External Audit Division remains non-compliant with the GAGAS Peer Review requirements.

Presentation of Audit Schedules

This report contains the following schedules:

- Schedule SC: Schedule of Contracts Audited

- Schedule of MDH Form 440 and GL Variances

Internal Control

COI's management is responsible for establishing and maintaining effective internal control. Internal control is a process designed to provide reasonable assurance that objectives pertaining to the reliability of financial records, effectiveness, and efficiency of operations, including the safeguarding of assets and compliance with applicable laws, rules, and regulations are achieved. As this was a desk audit, the OIGH did not assess Creative Options, Inc's internal control system.

Conclusion

As a result of procedures performed, in accordance with the examination objectives set forth above, the OIGH determined that no money is due to MDH.

Appeal Rights – Appeals to the Division of Cost Accounting and Reimbursement

If you wish to appeal the audit findings, you must notify Nedina Broy Stevenson, Division of Cost Accounting and Reimbursement at Nedinabroy.stevenson@maryland.gov by **February 06, 2026.**

Second Request for Corrective Action Plan

The provider's Corrective Action Plan (CAP) should be submitted to Isis Powell at isis.powell@maryland.gov in writing by **February 06, 2026.** The CAP should indicate whether the provider concurs or does not concur with the audit findings and recommendations. Concurrences should include a statement of actual or planned corrective actions to be taken and estimated completion dates. If the provider does not concur, the provider should explain why they do not concur.

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Schedule SC

CREATIVE OPTIONS, INC.
SCHEDULE OF CONTRACTS DESK AUDITED
FISCAL YEARS 2022 THROUGH 2024

CONTRACTS	PCA	PROGRAM	2022	2023	2024
		DDA			
MR865ISS	P210G	INDIVIDUAL SUPPORT SERVICES (ISS)	$ 130,201	$ 129,274	$ 104,865
		Total Contracts Desk Audited by Fiscal Year	**$ 130,201**	**$ 129,274**	**$ 104,865**
		Total Number of Contracts Desk Audited			**3**
		Total Contract Dollars Desk Audited			**$ 364,340**

Findings and Recommendations

Reconciliations

Finding 1 – MDH Form 440 and General Ledger Variances
Expenditures reported on Annual Reports (MDH Form 440) did not always agree with COI's General Ledgers.

Analysis
The OIGH's review of MDH Form 440s and COI's General Ledgers disclosed discrepancies between amounts reported in the Annual Report MDH Form 440s and general ledgers. See schedule below for more details:

Creative Options Inc. Schedule of MDH Form 440 and GL Variance				
Fiscal Year	Contract Number	Contract Description	Finding Description	Amount Due to (from) MDH
2023	MR865ISS	Individual Support Services (ISS)	Reported Expenditure and General Ledger Variance	$ 3,528
2022	MR865ISS	Individual Support Services (ISS)	Reported Expenditure and General Ledger Variance	(3,528)
Total Due to (from) MDH				**$ -**

Criteria
Human Services Agreement Manual (HSAM) Section 2210.05 states, *"The audit reviews expenditures and revenues to determine if they are consistent with the approved budget and supported by adequate documentation, in accordance with generally accepted accounting principles, and/or the grant contract agreement."*

Recommendation 1
The OIGH recommends that COI:
Ensure all expenditures recorded in MDH Form 440s agree with amounts reflected in the General Ledger.

Audit Team

Chau Nguyen, CPA
Acting Chief Auditor

Isis Powell
Audit Supervisor

Tsehaye Ambaye
Staff Auditor

Audit Job Number: 344