

**DEPARTMENT  
OF  
DEVELOPMENTAL SERVICES'  
AUDIT  
OF  
UBALDO F. SANCHEZ, PHD**

**Programs and Services:**

Interdisciplinary Assessment Service – ZS1018  
Specialized Health, Treatment & Training Services – P19343  
Travel Reimbursement – PR0907  
Specialized Therapeutic Services (Age 3-20) – PG0693  
Early Start Specialized Therapeutic Services – PR0805  
Specialized Therapeutic Services (Age 21+) – PG0694

Audit Period: January 1, 2021, through December 31, 2022

**Audit Section**

**Auditors:** Alimou Diallo, Chief of Vendor Audit Unit  
Lucy Lao-Hernandez, Supervisor  
Vitaliy Bondar, Auditor

# UBALDO F. SANCHEZ, PHD

## TABLE OF CONTENTS

	Pages
EXECUTIVE SUMMARY .....	1
BACKGROUND.....	2
OBJECTIVE, SCOPE, AND METHODOLOGY .....	2
CONCLUSION .....	5
VIEWS OF RESPONSIBLE OFFICIALS .....	5
RESTRICTED USE .....	5
FINDINGS AND RECOMMENDATIONS.....	6
ATTACHMENT A .....	13
ATTACHMENT B – VENDOR’S RESPONSE .....	14
ATTACHMENT C – DDS’ EVALUATION OF UFS’ RESPONSE.....	15

## EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited Ubaldo F. Sanchez, PhD (UFS). UFS provided psychological evaluations to four regional centers consumers. The audit was performed upon the Interdisciplinary Assessment Service (IAS), Specialized Health, Treatment & Training Services (SHTTS), Travel Reimbursement (TR), Specialized Therapeutic Services (STS) (Age 3-20), Early Start Specialized Therapeutic Services (ESSTS), STS (Age 21+) for the period of January 1, 2021, through December 31, 2022.

The audit disclosed the following issues of non-compliance:

**Finding 1: Specialized Health, Treatment & Training Services – Unsupported Billings**

The review of UFS's SHTTS program, Vendor Number P19343, revealed that UFS had a total of \$135,770 of unsupported billings to Tri-Counties Regional Center (TCRC).

**Finding 2: Specialized Therapeutic Services (Age 3-20) – Unsupported Billings**

The review of UFS's STS (Age 3-20) program, Vendor Number PG0693, revealed that UFS had a total of \$74,484 of unsupported billings to North Bay Regional Center (NBRC) and Redwood Coast Regional Center (RCRC).

**Finding 3: Early Start Specialized Therapeutic Services – Unsupported Billings**

The review of UFS's ESSTS program, Vendor Number PR0805, revealed that UFS had a total of \$53,787 of unsupported billings to RCRC.

**Finding 4: Specialized Therapeutic Services (Age 21+) – Unsupported Billings**

The review of UFS's STS (Age 21+) program, Vendor Number PG0694, revealed that UFS had a total of \$2,608 of unsupported billings to RCRC.

The total of the findings identified in this audit amounts to \$266,649, which is due back to DDS. A detailed discussion of these findings is 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 UFS's programs were compliant with the W&I Code, California Code of Regulations (CCR), Title 17, State laws and regulations and the regional centers' contracts with UFS for the period of January 1, 2021, through December 31, 2022.

### **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 UFS, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of UFS'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 UFS 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 four regional centers that utilized UFS's services during the audit period. DDS audited services provided to NBRC, RCRC, San Andreas Regional Center (SARC), and TCRC. These four regional centers were chosen due to the large volume of services utilized by the centers as measured by purchase of service (POS) expenditures.

UFS provided six different types of services, of which DDS audited six. Services chosen were based on the amount of POS expenditures invoiced by UFS. By analyzing the information received from the vendor, an internal control questionnaire and a risk analysis,

it was determined that a sample period of two calendar years 2021 and 2022 would be sufficient to fulfill the audit objectives.

### **Interdisciplinary Assessment Service**

During the audit period, UFS operated one IAS program. The audit included the review of UFS's IAS program, Vendor Number ZS1018, SC 056 and testing was done for the calendar years 2021 and 2022.

### **Specialized Health, Treatment & Training Services**

During the audit period, UFS operated one SHTTS program. The audit included the review of UFS's SHTTS program, Vendor Number P19343, SC 103 and testing was done for the calendar year 2021 and sampled months January 2022 through June 2022.

### **Travel Reimbursement**

During the audit period, UFS operated one TR program. The audit included the review of UFS's TR program, Vendor Number PR0907, SC 105 and testing was done for the calendar years 2021 and 2022.

### **Specialized Therapeutic Services (Age 3-20)**

During the audit period, UFS operated one STS (Age 3-20) program. The audit included the review of UFS's STS program, Vendor Number PG0693, SC 115 and testing was done for the calendar years 2021 and 2022.

### **Early Start Specialized Therapeutic Services**

During the audit period, UFS operated one ESSTS program. The audit included the review of UFS's ESSTS program, Vendor Number PR0805, SC 116 and testing was done for the calendar years 2021 and 2022.

### **Specialized Therapeutic Services (Age 21+)**

During the audit period, UFS operated one STS (Age 21+) program. The audit included the review of UFS's STS program, Vendor Number PG0694, SC 117 and testing was done for the calendar years 2021 and 2022.

## **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 UFS to gain an understanding of the vendor's accounting procedures and processes for regional center billing.
- Interviewed DDS psychologist experts to determine the number of reasonable hours to complete psychological assessments or evaluations.
- 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.

## **CONCLUSION**

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

## **VIEWS OF RESPONSIBLE OFFICIALS**

DDS issued a draft audit report on July 3, 2024. The findings in the report were discussed at an exit conference with UFS on July 31, 2024. Subsequent to the exit conference, on September 2, 2024, UFS submitted a response to the draft audit report via email written by [REDACTED] Law firm on behalf of UFS. In the response, UFS disagreed with all the findings, however UFS did not provide any additional documentation for all the findings of unsupported billings due to a lack of supporting documentation for the units of service billed to the regional centers and non-compliance with the CCR, Title 17.

## **RESTRICTED USE**

This report is solely for the information and use of DDS, Department of Health Care Services, NBRC, RCRC, SARC, TCRC and UFS. This restriction is not intended to limit distribution of this report, which is a matter of public record.

## FINDINGS AND RECOMMENDATIONS

### Finding 1: Specialized Health, Treatment & Training Services – Unsupported Billings

The review of UFS's SHTTS program, Vendor Number P19343, for the months of January 2021 through June 2022, revealed that UFS had unsupported billings for services billed to TCRC. Unsupported billings occurred due to billing for maximum authorized service hours, a lack of supporting documentation for the units of service billed to TCRC and non-compliance with the CCR, Title 17.

DDS reviewed UFS' documentation for psychological assessment or evaluation services and noted that UFS billed the maximum authorized hours for the psychological evaluations for each consumer served. UFS did not document actual hours of service and could not provide supporting documentation for service hours billed.

Without UFS' documentation to support the billings, the audit team sought assistance from DDS' Clinical Services Branch and the respective regional centers clinical and psychologist experts to determine the average time it will take to complete a psychological evaluation. DDS' Clinical Services Branch and the regional centers clinical and psychologist experts determined that an average of 10 hours was a reasonable number of hours to complete a psychological assessment or evaluation. These hours of services included the review of records, administration of tests, direct observation, semi-structured interviews. The average number of hours to complete a psychological assessment or evaluation was compared to the hours billed to TCRC.

UFS was not able to provide appropriate supporting documentation for 1,922 billed hours. The lack of documentation resulted in unsupported billings to TCRC in the amount of \$135,770, 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:**

UFS must reimburse to DDS \$135,770 for the unsupported billings. In addition, UFS should comply with the CCR, Title 17 as stated above to ensure that proper documentation is maintained to support the amounts billed to TCRC.

**Vendor’s Response:**

UFS disagreed with the finding, however, UFS did not provide any additional documentation for the unsupported billings.

See Attachment B for the full text of UFS’s response to the draft audit report and Attachment C for DDS’ evaluation of UFS’s response.

**Finding 2: Specialized Therapeutic Services (Age 3-20) – Unsupported Billings**

The review of UFS’s STS (Age 3-20) program, Vendor Number PG0693, for calendar years 2021 and 2022, revealed that UFS had unsupported billings for services billed to NBRC and RCRC. Unsupported billings occurred due to a lack of supporting documentation for the units of service billed to NBRC and RCRC and non-compliance with the CCR, Title 17.

DDS reviewed UFS’ documentation for psychological assessment or evaluation services and noted that UFS billed the maximum authorized hours for the psychological evaluations for each consumer served. UFS did not document actual hours of service and could not provide supporting documentation for service hours billed.

Without UFS' documentation to support the billings, the audit team sought assistance from DDS' Clinical Services Branch and the respective regional centers clinical and psychologist experts to determine the average time it will take to complete a psychological evaluation. DDS' Clinical Services Branch and the regional centers clinical and psychologist experts determined that an average of 10 hours was a reasonable number of hours to complete a psychological assessment or evaluation. These hours of services included the review of records, administration of tests, direct observation, semi-structured interviews. The average number of hours to complete a psychological assessment or evaluation was compared to the hours billed to NBRC and RCRC.

UFS was not able to provide appropriate supporting documentation for 856 billed hours. The lack of documentation resulted in unsupported billings to NBRC and RCRC in the amount of \$74,484, 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:**

UFS must reimburse to DDS \$74,484 for the unsupported billings. In addition, UFS should comply with the CCR, Title 17 as stated above to ensure that proper documentation is maintained to support the amounts billed to NBRC and RCRC.

**Vendor's Response:**

UFS disagreed with the finding, however, UFS did not provide any additional documentation for the unsupported billings.

See Attachment B for the full text of UFS's response to the draft audit report and Attachment C for DDS' evaluation of UFS's response.

**Finding 3: Early Start Specialized Therapeutic Services – Unsupported Billings**

The review of UFS's ESSTS program, Vendor Number PR0805, for calendar years 2021 and 2022, revealed that UFS had unsupported billings for services billed to RCRC. Unsupported billings occurred due to a lack of supporting documentation for the units of service billed to RCRC and non-compliance with the CCR, Title 17.

DDS reviewed UFS' documentation for psychological assessment or evaluation services and noted that UFS billed the maximum authorized hours for the psychological evaluations for each consumer served. UFS did not document actual hours of service and could not provide supporting documentation for service hours billed.

Without UFS' documentation to support the billings, the audit team sought assistance from DDS' Clinical Services Branch and the respective regional centers clinical and psychologist experts to determine the average time it will take to complete a psychological evaluation. DDS' Clinical Services Branch and the regional centers clinical and psychologist experts determined that an average of 10 hours was a reasonable number of hours to complete a psychological assessment or evaluation. These hours of services included the review of records, administration of tests, direct observation, semi-structured interviews. The average number of hours to complete a psychological assessment or evaluation was compared to the hours billed to RCRC.

UFS was not able to provide appropriate supporting documentation for 577 billed hours. The lack of documentation resulted in unsupported billings to RCRC in the amount of \$53,787, 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:**

UFS must reimburse to DDS \$53,787 for the unsupported billings. In addition, UFS should comply with the CCR, Title 17 as stated above to ensure that proper documentation is maintained to support the amounts billed to RCRC.

#### **Vendor’s Response:**

UFS disagreed with the finding, however, UFS did not provide any additional documentation for the unsupported billings.

See Attachment B for the full text of UFS’s response to the draft audit report and Attachment C for DDS’ evaluation of UFS’s response.

#### **Finding 4: Specialized Therapeutic Services (Age 21+) – Unsupported Billings**

The review of UFS’s STS (Age 21+) program, Vendor Number PG0694, for calendar years 2021 and 2022, revealed that UFS had unsupported billings for services billed to RCRC. Unsupported billings occurred due to a lack of

supporting documentation for the units of service billed to RCRC and non-compliance with the CCR, Title 17.

DDS reviewed UFS' documentation for psychological assessment or evaluation services and noted that UFS billed the maximum authorized hours for the psychological evaluations for each consumer served. UFS did not document actual hours of service and could not provide supporting documentation for service hours billed.

Without UFS' documentation to support the billings, the audit team sought assistance from DDS' Clinical Services Branch and the respective regional centers clinical and psychologist experts to determine the average time it will take to complete a psychological evaluation. DDS' Clinical Services Branch and the regional centers clinical and psychologist experts determined that an average of 10 hours was a reasonable number of hours to complete a psychological assessment or evaluation. These hours of services included the review of records, administration of tests, direct observation, semi-structured interviews. The average number of hours to complete a psychological assessment or evaluation was compared to the hours billed to RCRC.

UFS was not able to provide appropriate supporting documentation for 30 billed hours. The lack of documentation resulted in unsupported billings to RCRC in the amount of \$2,608, 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:**

UFS must reimburse to DDS \$2,608 for the unsupported billings. In addition, UFS should comply with the CCR, Title 17 as stated above to ensure that proper documentation is maintained to support the amounts billed to RCRC.

**Vendor’s Response:**

UFS disagreed with the finding, however, UFS did not provide any additional documentation for the unsupported billings.

See Attachment B for the full text of UFS’s response to the draft audit report and Attachment C for DDS’ evaluation of UFS’s response.

## **ATTACHMENT A**

**UBALDO F. SANCHEZ, PHD**

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

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

**UBALDO F. SANCHEZ, PHD**

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

## **ATTACHMENT C – DDS' EVALUATION OF UFS' RESPONSE**

**To request a copy of the Department's evaluation of UFS' response to the audit findings, please contact the Audit Services Branch at (916) 654-3695.**