



## Follow-Up— California Department of Developmental Services

It Can Do More to Ensure That Regional Centers  
Comply With the Legislature's Cost-Containment  
Measures Under the Lanterman Act

Report 2015-501

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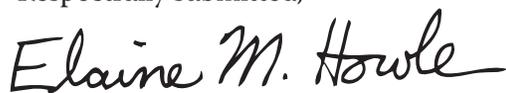
The Governor of California  
President pro Tempore of the Senate  
Speaker of the Assembly  
State Capitol  
Sacramento, California 95814

Dear Governor and Legislative Leaders:

This report presents the results of a follow-up audit of the California Department of Developmental Services (Developmental Services) related to certain recommendations made in 2010 by the California State Auditor (state auditor). In August 2010 the state auditor issued a report titled *Department of Developmental Services: A More Uniform and Transparent Procurement and Rate-Setting Process Would Improve the Cost-Effectiveness of Regional Centers* (Report 2009-118). At the time, we recommended that Developmental Services require regional centers—nonprofit entities the department contracts with to coordinate services for Californians with developmental disabilities (consumers)—to document the basis of their vendor selection and specify which comparable vendors were evaluated to ensure that they chose the least costly vendor as state law requires. In addition, we recommended that Developmental Services review a sample of this documentation as part of its biennial fiscal audits of the State’s regional centers. Developmental Services has declined to implement these recommendations stating it believes that it does not have the authority to do so, a contention with which we continue to disagree.

This report concludes that Developmental Services continues to miss an opportunity for ensuring regional centers comply with one of the Legislature’s cost-containment measures under state law. Our review of a sample of consumer files found that all five regional centers we visited lacked practices that would allow Developmental Services or other independent observers to verify that the least costly provider of comparable services was being selected, and if not, why. As we originally noted in our 2010 audit, absent such documentation, Developmental Services cannot ensure planning teams select the least costly vendor when appropriate. Consequently, given Developmental Services’ continued decision that it will not implement our recommendations, we believe it would be prudent for the Legislature to amend state law and direct regional centers to document the vendor cost analyses that the planning team performs when creating a consumer’s Individual Program Plan. Further, the Legislature should require that Developmental Services verify that such steps are actually performed in practice.

Respectfully submitted,



ELAINE M. HOWLE, CPA  
State Auditor

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## Summary

### Results in Brief

The California Department of Developmental Services (Developmental Services) continues to miss an opportunity for ensuring that regional centers comply with one of the Legislature's cost-containment directives under the Lanterman Developmental Disabilities Services Act (Lanterman Act). According to our August 2010 report titled *Department of Developmental Services: A More Uniform and Transparent Procurement and Rate-Setting Process Would Improve the Cost-Effectiveness of Regional Centers*, Report 2009-118 (2010 audit), Californians with developmental disabilities (consumers) may obtain community-based services via California's network of 21 regional centers—private, nonprofit organizations receiving primary funding and oversight from Developmental Services. Determining what services are needed and which vendors are used for these services is primarily a joint decision, one that the consumer, the consumer's family or representatives if needed, and the regional center staff make. This group, collectively referred to under statute as a *planning team*, is ultimately responsible for identifying the consumer's needs and establishing his or her Individual Program Plan (IPP).

During the State's fiscal crisis, the Legislature enacted cost-containment measures in several state programs to help balance the State's annual budgets. Among the numerous cost-containing measures adopted, the Legislature and the governor focused on reducing costs under the Lanterman Act by enacting an indefinite rate freeze and adjustable rate ceilings, which became effective in February 2008, on what regional centers could pay vendors. They also subsequently required in July 2009 that regional centers procure services from the least costly vendor of comparable service that can meet the needs of the consumer.<sup>1</sup> However, neither the July 2009 Lanterman Act amendment nor other state law or regulation defines comparable service for use in the vendor selection process. When the State implemented the 2009 measure, it was facing a multibillion dollar budget deficit and the Legislature expected this cost-cutting measure would save the State's General Fund in excess of \$23 million. Among the findings contained in the 2010 audit, the California State Auditor (state auditor) found that neither state law nor Developmental Services required planning teams to document their cost analyses when selecting among multiple vendors. As a result, the 2010 audit noted there is no way to determine whether planning teams are selecting the lowest cost vendor when state law requires

### Audit Highlights . . .

*Our follow-up audit of the California Department of Developmental Services' (Developmental Services) progress in addressing issues we raised in our 2010 audit, highlighted the following:*

- » *Some of the Legislature's previous cost-containment measures appear to have been implemented effectively.*
- » *It remains unclear whether regional centers and consumers' planning teams are consistently reviewing vendor cost when state law requires them to do so.*
- *The five regional centers we visited lacked practices that would demonstrate they were selecting the least costly provider when applicable or justify if the least costly provider was not selected.*
- *Developmental Services cannot ensure that planning teams are selecting the least costly provider of comparable services that meet the consumer's needs.*

<sup>1</sup> California Welfare and Institutions Code, sections 4681.6, 4689.8, and 4691.9 established the indefinite rate freeze and the rate ceiling, and Section 4648 established the requirement for regional centers to select the least costly provider among vendors offering comparable services.

that they do so. The state auditor recommended that Developmental Services require regional centers and their planning teams to document how they chose the least costly vendor, when required under state law, and then review a sample of this documentation as a part of the department's biennial audits of the State's regional centers. Developmental Services declined to implement these recommendations, stating it believes that it does not have the authority to do so, a contention with which we continue to disagree.

This follow-up audit shows that some of the Legislature's previous cost-containment measures are being successfully implemented based on our review of 200 expenditures that five regional centers collectively incurred. However, it remains unclear whether regional centers and their planning teams are consistently reviewing vendor cost when state law requires them to do so. Our review of a sample of IPPs and case notes found that all five regional centers we visited lacked practices that would allow Developmental Services or other independent observers to verify that they were selecting the least costly provider offering comparable services meeting the needs of the consumer, and if the least costly provider was not selected, why not. As we originally noted in our 2010 audit, without such documentation, Developmental Services cannot ensure that planning teams are selecting the least costly vendor when appropriate. Consequently, we believe it would be prudent for the Legislature to amend state law and to direct regional centers to document the vendor cost analyses that the planning team performs to choose among multiple vendors of a service when creating a consumer's IPP. Further, the Legislature should require that Developmental Services verify that such steps are actually performed in practice.

### **Recommendations**

If the Legislature wishes to better guard against future cost increases under the Lanterman Act, it should amend existing law to require that planning teams document vendor cost considerations when they offer comparable services meeting the consumer's needs and that regional centers retain that documentation. Specifically, for consumer needs that the planning team decides will be addressed by a vendor, the Legislature should require the planning team to document the following:

- Whether multiple vendors offer comparable services needed by the particular consumer.
- Whether any particular vendor offering comparable services was deemed unacceptable by the planning team and why.

- Whether the least costly vendor offering comparable services was ultimately selected, and if not, why.

To further ensure that the planning team consistently chooses the least costly vendor when state law requires, the Legislature should direct Developmental Services to audit compliance with the documentation requirements.

To ensure that regional centers and their planning teams are using consistent criteria when determining whether multiple vendors exist, the Legislature should define the phrase *comparable service* for the purpose of the 2009 amendment to the Lanterman Act. One way the Legislature could do this would be to define *comparable service* as a service of the type required in the consumer's treatment plan and that the planning team has reviewed and found to meet the needs of the consumer.

### **Agency Comments**

Because we did not make specific recommendations to Developmental Services, it did not need to respond in writing to the follow-up report. Nevertheless, we offered the department the opportunity to respond and it elected not to do so.

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## Introduction

### Background

The Lanterman Developmental Disabilities Services Act (Lanterman Act), originally enacted in 1969 and subsequently amended, established the State's responsibility for providing services to individuals with developmental disabilities (consumers) and created a network of regional centers to meet this responsibility. There are currently 21 regional centers throughout the State, and as shown in the Figure on the following page; the regional centers generally operate over large areas and can serve one or more counties. The California Department of Developmental Services (Developmental Services) is charged with overseeing the regional centers. The Lanterman Act defines *developmental disabilities* as cerebral palsy, epilepsy, autism, or other intellectual disabilities that originated before the consumer turned 18 years of age and that can be expected to continue indefinitely.

### Regional Centers Play an Important Role Under the Lanterman Act

The Lanterman Act places the responsibility for procuring needed services for consumers with the regional centers, including assessing whether consumers are eligible for those services. Once a consumer is found to be eligible, a planning team consisting minimally of a regional center representative, the consumer, and when appropriate, the consumer's parents or representatives, determines the services and supports to be provided. Specifically, the Lanterman Act requires the planning team to develop an Individual Program Plan (IPP) that establishes the goals for the consumer and states how these goals will be met, including the use of specific service providers or vendors. Further, an IPP may include services designed to assist the consumer in satisfying certain needs and achieving personal goals concerning living arrangements, work opportunities, and community interaction. A variety of services are available to consumers and their families, from community-based day programs that help consumers improve their social skills in community settings to early intervention services for at-risk infants and their families. Supported living services help consumers establish and maintain a safe, stable, and independent life in their own homes; in-home respite services provide temporary nonmedical care and supervision to consumers living with their families, and supportive employment services provide job coaches who help consumers learn or perform jobs at businesses in the community.



## Consumers and Their Representatives Have a Strong Voice in Deciding Which Vendors Are Selected

Once an initial assessment confirms the consumer's eligibility for services under the Lanterman Act, the planning team identifies the goals and services needed to support the consumer. In the Lanterman Act, the Legislature expressed its intent that the IPP be centered on the consumer and his or her family and that it take into account the needs and preferences of the consumer and the family, where appropriate. The IPP should also promote community integration; an independent, productive, and normal life; and a stable and healthy environment. The Legislature also expressed its intent that the provision of services to consumers and their families be effective in meeting the goals stated in the IPP, reflect the preferences and choices of the consumer, and reflect the cost-effective use of public resources.

The IPP is developed through a structured process that determines the consumer's needs. The consumer and, when appropriate, the authorized representatives actively participate in this process.<sup>2</sup> Further, state law requires that decisions concerning the consumer's goals, objectives, and needed services and supports—as noted in the IPP—be made by agreement between the regional center representative and the consumer or authorized representative when appropriate.

Thus, consumers and their families have a strong voice in the IPP development process. For example, particular services provided under an IPP cannot continue unless the consumer or authorized representative is satisfied and the regional center representative and the consumer or authorized representative agree that reasonable progress is being made toward achieving the objectives stated in the IPP. Further, the consumer and the authorized representative may decline to approve portions of the IPP and may make use of the State's fair hearing process, including ultimately pursuing relief in court.

When selecting a vendor to provide services to the consumer, state law requires that the planning team consider not only the proven abilities of the vendor but also the consumer's choice. In instances when the planning team's review determines that more than one vendor can adequately provide comparable services

<sup>2</sup> For the purposes of our audit report, we refer to a consumer's parents, legal guardians, conservators, and representatives collectively as *authorized representatives*. Such authorized representatives may consent to medical treatment on behalf of the consumer.

### Selected Statutorily Required Considerations for Selecting Vendors

The regional center, consumer, or authorized representative shall consider all of the following when selecting a vendor to provide consumer services and supports:

- A vendor's ability to deliver quality services that can accomplish all or part of an Individual Program Plan (IPP).
- A vendor's success in achieving the objectives set forth in the IPP.
- Where appropriate, the existence of licensing, accreditation, or professional certification.
- The cost of providing services or supports of comparable quality by different providers, if available, shall be reviewed, and the least costly available provider of comparable service consistent with the particular needs of the consumer and family as identified in the IPP, shall be selected. The consumer shall not be required to use the least costly provider if it will result in the consumer moving from an existing provider of services or supports to more restrictive or less integrated services or supports.
- The consumer or authorized representatives' choice of vendors.

Source: California State Auditor's analysis of Welfare and Institutions Code, Section 4648(a)(6).

that meet the needs of the consumer as identified in the IPP, the planning team is required to select the least costly vendor from the pool of acceptable vendors after considering all the factors described in the text box.

### Developmental Services Is Responsible for Ensuring Uniformity and Consistency of Services Provided to Consumers Throughout the State

Developmental Services is charged with ensuring that all regional centers operate consistently and that they comply with the Lanterman Act. State law authorizes Developmental Services to adopt regulations in consultation with regional centers that prescribe uniform budgeting, administrative, and reporting practices regarding the number and costs of services the regional centers purchase. In addition, state law requires Developmental Services to audit the regional centers to ensure that they comply with the Lanterman Act's fiscal requirements.

In our previous audit titled *Department of Developmental Services: A More Uniform and Transparent Procurement and Rate-Setting Process Would Improve the Cost-Effectiveness of Regional Centers*, Report 2009-118 (2010 audit), we noted that a California Supreme Court ruled in 1985 that Developmental Services has the ability to promote the cost-effectiveness of providing services to

consumers. In the 2010 audit, we also noted that the Legislature had enacted various cost-containment measures under the Lanterman Act in response to the State's fiscal crisis and we recommended that Developmental Services take steps to ensure that one of those cost-containment measures—the requirement that planning teams select the least costly provider when appropriate—is followed in practice by the regional centers. Specifically, the 2010 audit recommended that Developmental Services require the regional centers to document the basis of all IPP-related vendor selections and specify which comparable services (when available) were evaluated. The 2010 audit further recommended that Developmental Services verify compliance with this requirement through its existing reviews or its audit process.

## Scope and Methodology

California Government Code, Section 8546.1(d), authorizes the California State Auditor (state auditor) to conduct additional follow-up audit work on statutorily mandated or legislatively requested financial and performance audits. The 2010 audit was requested by the Joint Legislative Audit Committee. In February 2015 the state auditor initiated a follow-up audit to evaluate the status of certain issues deemed important based on our professional judgment. The Table lists the objectives of our follow-up audit and our methods for addressing them.

**Table**  
**Audit Objectives and the Methods Used to Address Them**

	AUDIT OBJECTIVE	METHOD
1	For a sample of service-related purchases by regional centers, evaluate whether regional centers performed an assessment of comparable services and selected the least costly available provider.	Using data obtained from the California Department of Developmental Services (Developmental Services) Uniform Fiscal System (UFS), we randomly selected 200 expenditures collectively charged by five regional centers. This purpose did not require a data reliability assessment. Instead, we needed to gain assurance the population was complete. Because this is a follow-up audit on previous recommendations, we did not perform completeness testing of these data. We then visited each regional center and reviewed each regional center's policies and procedures regarding how planning teams should document, if at all, consideration of vendor cost as part of the vendor selection process.
2	For each contract we select, compare the contract rate to the statewide median rate to identify cost savings (if any).	We researched the applicable median rates and other applicable criteria relevant to the charge codes appearing in our sample of 200 transactions described in audit objective number 1. All 200 transactions we tested were either below the applicable median rate or had valid exceptions as prescribed in state law.
3	Estimate statewide cost savings by extrapolating the testing results from our sample of service provider contracts.	Since our testing of 200 transactions did not result in any errors, we did not extrapolate an error rate to the population of all regional center expenditures.

Source: California State Auditor's determination of the audit objectives for this follow-up audit, and information and documentation identified in the table column titled *Method*.

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## Audit Results

### **Regional Centers We Visited Paid Vendor Rates That Were Compliant With State Law, but Doubts Remain as to Whether the Centers Are Consistently Selecting the Least Costly Vendors When Applicable**

The provision of services to individuals with developmental disabilities (consumers) under the Lanterman Developmental Disabilities Services Act (Lanterman Act) currently operates in an environment of cost controls that the Legislature established during the recent recession. In January 2008 the former governor convened an extraordinary session of the Legislature to address the State's fiscal crisis. During this extraordinary session, the Legislature passed several cost-cutting reforms in an attempt to balance the State's budget, including rate freezes and adjustable rate ceilings for certain services that regional centers procure under the Lanterman Act. As the State was still facing a fiscal crisis 18 months later, the former governor convened another extraordinary session of the Legislature in July 2009. As before, the Legislature adopted several proposals to contain costs, one of which required the planning teams at regional centers to select the least costly vendor under certain conditions. A legislative analysis estimated that requiring selection of the least costly vendor when appropriate would result in savings of over \$23 million to the State's General Fund.

Although the State's financial condition is improving, our follow-up audit found that the Legislature should be cautious about removing the rate freezes or rate ceilings currently in place in order to continue to contain costs. Our review of 200 expenditures across five regional centers found that all items we tested complied with the rate freeze and rate ceiling provisions when applicable. However, the California Department of Developmental Services (Developmental Services) has not taken steps to verify that planning teams—those that develop a consumer's Individual Program Plan (IPP) and select the vendors to provide the services—consistently choose the least costly vendor when multiple vendors satisfactory to the planning team provide a particular service. As was the case in our 2010 audit titled *Department of Developmental Services: A More Uniform and Transparent Procurement and Rate-Setting Process Would Improve the Cost-Effectiveness of Regional Centers*, Report 2009-118 (2010 audit), the regional centers we reviewed all lacked documentation that demonstrated whether vendor cost was a consideration in selection, and if not, why not. Therefore, without the rate freezes and cost ceilings currently in place, the State will have limited ability to contain IPP costs.

***The Regional Centers We Visited Complied With Applicable Rate Caps Established in the Statute***

The Legislature enacted cost-control measures in 2008 that appear to be an effective method to contain regional center spending on consumer services and supports. In 2008 the Legislature amended the Lanterman Act with two cost-containment measures at the regional centers in an effort to address the projected fiscal year 2008–09 budget deficit. With these amendments, the Legislature generally prohibited regional centers from paying certain existing service providers a rate higher than the rate in effect on June 30, 2008 (rate freeze). It also prevented the regional centers from negotiating rates for new providers that are higher than the lower rate of either the statewide or regional center median rate for service providers in the applicable service code category.

As a result of our 2010 audit, Developmental Services revised its fiscal audit procedures to include a review of the regional centers' compliance with rate-freeze requirements, thereby providing a control to ensure that regional centers are paying appropriate rates for services. Further, as part of our current follow-up audit, we reviewed a total of 200 consumer-related service transactions at five locations—Central Valley Regional Center, Eastern Los Angeles Regional Center, Far Northern Regional Center, Golden Gate Regional Center, and Valley Mountain Regional Center. Based on the results of our testing, we found no instances in which the regional centers' payments exceeded the applicable rate freeze or the median rate, when applicable, for the type of service being procured. Thus, we conclude that the regional centers we visited are adhering to these two cost-control measures.

***Developmental Services Has Not Taken Steps to Monitor Whether Regional Centers Are Choosing the Least Costly Vendor When More Than One Provides Comparable Services***

Despite the effectiveness of the cost-control measures described above, it remains unclear whether regional centers and consumers' planning teams could be more cost-effective when selecting vendors offering comparable services. For example, a planning team that selects a vendor who charges less than the statewide median rate does not guarantee that this vendor is also the most cost-effective solution. Since at least 1993, the Lanterman Act has required planning teams to consider the cost of providing IPP services and supports of comparable quality by different providers. But in late July 2009, the Legislature amended the Lanterman Act to require that planning teams take the extra step of reviewing cost differences among vendors who offer—in the view of the

*It remains unclear whether regional centers and consumers' planning teams could be more cost-effective when selecting vendors offering comparable services.*

planning team—a comparable service that meets the consumer’s needs. While neither this amendment nor any other state law or regulation defines comparable service, this amendment to the Lanterman Act requires planning teams to select the least costly provider of a comparable service that can meet the needs of the consumer. However, state law does not require regional centers, or their IPP teams, to document their vendor selection decisions so as to demonstrate that they are choosing the least costly vendors when required, which is why we recommended in our 2010 audit that Developmental Services establish a means to monitor compliance with this requirement. However, Developmental Services has not taken steps to implement our recommendation; instead, in response to our 2010 audit, Developmental Services stated that it was concerned about its authority to perform such a function but would instead send a memo to regional centers reminding them of their responsibilities under state law. However, the memo that Developmental Services sent did not require regional centers to document the reasons for selecting a particular vendor, nor did it require them to indicate that the least costly vendor of a comparable service had been selected.

Our current follow-up audit at five regional centers confirms a consistent lack of documentation that would allow an independent, outside observer to evaluate whether regional centers are considering vendor costs when required to do so. Although we found no instances in which the payments made by regional centers exceeded the applicable rate freeze or median rate for the type of service being procured, none of the five regional centers documented their vendor selection process in a manner that would allow evaluation of whether the IPP team selected the lowest cost vendor when so required. Specifically, the five regional centers we visited have guidelines requiring staff to consider cost-effectiveness when choosing from among service providers offering comparable services, but these guidelines do not specifically instruct staff to document the rationale used for selecting a vendor and the extent to which the vendor’s cost played a role in the decision. For example, Far Northern Regional Center’s guidelines for purchase of service simply state that when more than one provider offers similar services of similar quality, preference should be given to the one with the most economical rate; however, the guidelines also state that decisions regarding cost-effectiveness will be made on an individual basis, taking into account the needs of the consumer. Far Northern Regional Center’s executive director stated that regional centers must create an array of services and supports that are sufficiently complete to meet the needs and choices of each person, and that the least costly service comes into play only when there are vendors offering comparable services that will meet the needs of the family. The executive director explained that the regional center does not require staff to document the vendor

*Our current follow-up audit at five regional centers confirms a consistent lack of documentation that would allow an independent, outside observer to evaluate whether regional centers are considering vendor costs when required to do so.*

selection process because it is too labor-intensive to write an analysis detailing the variety of factors considered when choosing a vendor.

Similarly, Golden Gate Regional Center's IPP development procedures require that staff consider the most cost-effective service that will meet the consumer's needs. However, according to its chief of administration and finance, that regional center does not require its staff to document vendor comparisons and determinations of the least costly provider when selecting services because the law does not require it to do so. As a result, neither we nor any independent observer can verify that these regional centers are complying with the requirement to choose the least costly vendor of comparable services that meet a consumer's needs.

When we shared our observations with Developmental Services and again asked why it had not taken additional steps to implement our recommendations, its chief legal counsel (chief counsel) told us that although Developmental Services' responsibility is, among other things, to promote cost-effectiveness in the operations of the regional centers, the regional centers are responsible for providing services and Developmental Services does not participate in the IPP planning process. Moreover, the chief counsel confirmed that Developmental Services does not have a process to ensure that regional centers select the least costly acceptable provider of a comparable service. In support of his position, he referenced a 1985 California Supreme Court decision that ruled that Developmental Services is without authority to dictate or control which vendor the regional center and consumer selects. Further, the chief counsel told us that imposing a requirement that regional centers document specific factors in selecting vendors during the IPP process may be viewed as an unlawful attempt by Developmental Services to control the regional center's operation relating to the IPP and vendor selection process.

***Developmental Services' perspective that it lacks the authority to implement our recommendations misconstrues the 1985 California Supreme Court's ruling it cited.***

According to our legal counsel, however, Developmental Services' perspective that it lacks the authority to implement our recommendations misconstrues the 1985 California Supreme Court's ruling it cited. In that legal case, Developmental Services attempted, without statutory authorization, to require regional centers to effectively reduce services provided to consumers under the Lanterman Act.<sup>3</sup> In contrast, implementing our recommendations would merely require Developmental Services to exercise its already existing regulatory and auditing authority to ensure compliance with the July 2009 amendment to the

<sup>3</sup> *Association for Retarded Citizens – California v. Department of Developmental Services* (1985) 38 Cal. 3d 384.

Lanterman Act. The Lanterman Act authorizes Developmental Services to adopt regulations in consultation with regional centers regarding reporting of regional center service purchases. According to our legal counsel, adopting a regulation that requires regional centers to document a planning team's compliance with the July 2009 amendment to the Lanterman Act, which relates to regional center purchases of services, would be a reasonable exercise of their regulatory authority. Likewise, our legal counsel believes that Developmental Services' review of a representative sample of the documentation for compliance with this amendment would be a reasonable exercise of its statutory authority to audit regional centers. As a result, a court would likely conclude that Developmental Services' implementation of the recommendations would be a reasonable exercise of its legal authority under the Lanterman Act and would not violate the 1985 California Supreme Court decision. Moreover, according to our legal counsel, implementing the recommendations would further Developmental Services' role in promoting the cost-effectiveness of the operations of regional centers.

Given Developmental Services' continued decision that it will not implement our recommendations, our current report is redirecting some of the original recommendations we made to Developmental Services and offering them instead to the Legislature should it wish to pursue legislation that further ensures cost containment under the Lanterman Act.

### **Recommendations**

If the Legislature wishes to better guard against future cost increases under the Lanterman Act, it should amend existing law to require that planning teams document, and that regional centers retain documentation of, vendor cost considerations when they offer comparable services that meet the consumer's needs. Specifically, for consumer needs that the planning team decides will be addressed by a vendor, the Legislature should require the planning team to document the following:

- Whether multiple vendors offer comparable services needed by the particular consumer.
- Whether any particular vendor was deemed unacceptable by the planning team and why.
- Whether the least costly vendor offering comparable services was ultimately selected, and if not, why.

To further ensure that the planning team consistently chooses the least costly vendor when required under state law, the Legislature should direct Developmental Services to audit compliance with the documentation requirements suggested in the previous recommendation.

To ensure that regional centers and their planning teams are using consistent criteria when determining whether multiple vendors offer comparable services, the Legislature should define the phrase *comparable service* for the purpose of the 2009 amendment to the Lanterman Act. One way the Legislature could do this would be to define *comparable service* as a service of the type required in the consumer's treatment plan and that the planning team has reviewed and found as meeting the needs of the consumer.

We conducted this audit under the authority vested in the California State Auditor by Section 8543 et seq. of the California Government Code and according to generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives specified in the Scope and Methodology section of the report. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Respectfully submitted,



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