



Commonwealth of Massachusetts  
Office of the State Auditor  
Suzanne M. Bump

*Making government work better*

Official Audit Report – Issued December 30, 2014

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## Guidewire Inc.

For the period July 1, 2011 through March 31, 2014





Commonwealth of Massachusetts  
Office of the State Auditor  
Suzanne M. Bump

*Making government work better*

December 30, 2014

Dr. Cornelia Daniel, Chair  
Board of Directors  
Guidewire Inc.  
551 East Columbus Avenue  
Springfield, MA 01105

Dear Dr. Daniel:

I am pleased to provide this performance audit of Guidewire Inc. This report details the audit objectives, scope, and methodology for the audit period, July 1, 2011 through March 31, 2014. My audit staff discussed the contents of this report with management of the agency.

I would also like to express my appreciation to Guidewire Inc. for the cooperation and assistance provided to my staff during the audit.

Sincerely,

A handwritten signature in blue ink, appearing to read "SMBump".

Suzanne M. Bump  
Auditor of the Commonwealth

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## EXECUTIVE SUMMARY

In accordance with Chapter 11, Section 12, of the Massachusetts General Laws, the Office of the State Auditor has conducted a performance audit of certain activities of Guidewire Inc. (Guidewire) for the period July 1, 2011 through March 31, 2014. The purpose of our audit was to determine whether Guidewire complied with laws, regulations, and contract requirements applicable to its state contracts.

Guidewire is a not-for-profit human-service agency that supports individuals with intellectual disabilities, autism spectrum disorders, and psychiatric conditions. During fiscal year 2012, Guidewire incurred a loss of \$709,677. During the same fiscal year, the chief executive officer (CEO) submitted her resignation; ultimately, a new CEO was appointed. In response to the fiscal year 2012 loss, Guidewire made a number of changes that led it from operating at a loss to generating a small profit.

Our audit confirmed that Guidewire has established adequate internal control policies and procedures in the areas reviewed that were related to our audit objectives. We did not identify any significant deficiencies in those areas.

## OVERVIEW OF AUDITED ENTITY

Guidewire Inc. (Guidewire), located in Springfield, Massachusetts, was incorporated on December 27, 1982 under the provisions of Chapter 180 of the Massachusetts General Laws as a not-for-profit human-service agency<sup>1</sup> for the purpose of providing residential and day support services to individuals diagnosed with intellectual disabilities, autism spectrum disorders, and psychiatric conditions. (A more detailed description of Guidewire's programs is included in the appendix to this report.) As of March 31, 2014, Guidewire had approximately 409 full- and part-time employees.

During fiscal years 2012 and 2013, Guidewire received revenue from the following sources:

### Summary of Revenue

Revenue Source	Fiscal Year 2012	Fiscal Year 2013
Department of Developmental Services	\$14,417,708	\$11,982,314
Department of Children and Families	1,231,979	831,256
Department of Mental Health	936,301	855,962
Massachusetts Rehabilitation Commission	373,939	368,199
Massachusetts Commission for the Blind	236,367	285,454
Other Massachusetts State Agency Purchase of Service (POS)	83,395	168,979
Massachusetts State Agency Non-POS	186,800	219,581
Massachusetts Local Quasi-Government	43,428	–
Client Resource and Private Client Fees	968,256	916,835
Other	76,161	74,995
<b>Total Assistance and Fees</b>	<b><u>\$18,554,334</u></b>	<b><u>\$15,703,575</u></b>

For the same periods, Guidewire reported changes in net assets as follows:

### Guidewire Statement of Activities and Change in Net Assets

Description	Total Fiscal Year 2012	Total Fiscal Year 2013
<b>Revenue and Other Support</b>		
Program Service Fees	\$18,478,173	\$15,628,580
Contributions and Gifts	944	–
Other	76,161	74,995
<b>Total Revenue and Other Support</b>	<b><u>18,555,278</u></b>	<b><u>15,703,575</u></b>

1. Guidewire was originally incorporated under the name Brown and Sullivan. On May 19, 1999, it became Sullivan and Associates, Inc. On January 10, 2011, it changed its name to Guidewire Inc.

Description	Total Fiscal Year 2012	Total Fiscal Year 2013
<b>Expenses</b>		
Program Services	17,441,783	13,795,811
Administration	1,886,067	1,782,782
<b>Total Expenses</b>	<u>19,327,850</u>	<u>15,578,593</u>
<b>Other Increases/(Decreases)</b>	62,895	(19,606)
<b>Change in Net Assets</b>	(709,677)	105,376
<b>Net Assets at Beginning of Year</b>	<u>1,008,326</u>	<u>298,649</u>
<b>Net Assets at End of Year</b>	<u>\$ 298,649</u>	<u>\$ 404,025</u>

During fiscal year 2012, Guidewire incurred a loss of \$709,677. During the same fiscal year, the former chief executive officer (CEO) submitted her resignation effective August 26, 2011. An interim CEO was appointed and subsequently became the new CEO. Shortly after the start of fiscal year 2013, Guidewire's new CEO and the chief financial officer executed a new management plan to reduce agency costs and increase revenue. Some of the key strategic initiatives of the plan included a 10% reduction in senior management compensation, elimination of management and other administrative positions by layoff and attrition, reduction of the work week from 40 to 35 hours for certain hourly administrative and support employees, reduction of overtime costs, and exploration of alternative sources of revenue. These changes resulted in year-over-year change in net income of approximately \$815,000, from a loss of \$709,677 during fiscal year 2012 to an operating profit of \$105,376 during fiscal year 2013.

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## AUDIT OBJECTIVES, SCOPE, AND METHODOLOGY

In accordance with Chapter 11, Section 12, of the Massachusetts General Laws, the Office of the State Auditor has conducted a performance audit of certain activities of Guidewire Inc. (Guidewire) for the period July 1, 2011 through March 31, 2014.

We conducted this performance audit in accordance with 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. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Below is a list of our audit objectives, indicating each question we intended our audit to answer; the conclusion we reached regarding each objective; and, if applicable, where each objective is discussed in the audit findings.

Objective	Conclusion
1. Were certain expenses, which Guidewire charged against its state contracts, reasonable and allowable?	Yes
2. Did Guidewire follow applicable laws and regulations in its policies and procedures for contract administration?	Yes
3. Did Guidewire's board of directors provide adequate oversight over agency operations?	Yes

We determined that internal controls over the following areas were relevant to our audit objectives:

- expenses
- contract administration
- board governance

Our audit confirmed that Guidewire has established internal control policies and procedures that provide reasonable assurance that organizational objectives and compliance obligations are met and that associated risks such as those for fraud, waste, and abuse are minimized. For the reviewed areas

related to our audit objectives, we did not identify any significant deficiencies warranting attention by those responsible for governance.

To accomplish our objectives, we performed the following activities:

- We conducted a survey to obtain an understanding of the types of programs Guidewire operates, and we performed a risk analysis to identify areas for potential further analysis.
- We examined financial records, both electronic and hardcopy, including pertinent source documents, and the Uniform Financial Statements and Independent Auditor's Reports that Guidewire is required to file with the Commonwealth's Operational Services Division (OSD) annually.
- We identified and reviewed applicable laws, rules, and regulations pertinent to our audit objectives, including regulations published by OSD's Division of Purchased Services (808 Code of Massachusetts Regulations) and the Commonwealth's terms and conditions for human and social services.
- We reviewed board meeting minutes, organizational charts, policies and procedures, and internal financial reports.
- We determined the reliability of data from Guidewire's electronic accounting system by tracing certain electronic transactions to original source documents as well as performing other electronic tests of records and making relevant inquiries. We determined that the data from the system were sufficiently reliable for the purposes of our audit.
- We conducted a judgmental sample of certain transactions for review, primarily using a risk-based methodology. We did not project the sample results to the total population.

We also reviewed audit reports prepared by independent public accountants as well as oversight agency monitoring reports. At the conclusion of our audit fieldwork, we provided a copy of our draft audit report to the chief executive officer and the chair of the board of directors for review and comments.



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## APPENDIX

### Guidewire Inc. Program Descriptions<sup>2</sup>

#### *Clinical Support*

*The Guidewire Clinical Team is comprised of Board Certified Behavioral Analysts and Licensed Mental Health Counselors, all supervised by a full time Licensed Clinical Psychologist Doctorate Level Board Certified Behavioral Analyst. Each program participant is assigned an individual Treating Clinician from this team. The Treating Clinician oversees all aspects of the individual's clinical programming, including clinical assessment and treatment plan development, staff training, progress monitoring, and direct clinical service provision. The Treating Clinician works closely with the Residential Team to coordinate and support any necessary external clinical services, such as psychiatry, additional counseling, or educational/vocational providers. We monitor progress and performance through objective daily behavioral data collection, and compile and share this information with outside providers so that they make better informed treatment decisions.*

#### *Autism and Other Pervasive Developmental Disorders*

*Guidewire, Inc. is committed to providing high quality best practices based services to individuals diagnosed with Autism, Asperger's Disorder, and other Pervasive Developmental Disorders. We are guided by our mission of providing every individual with positive, unconditional regard and a belief that success and **acceptance are the only options**.*

#### *Key Features*

- *Focus on developing and refining communication and social skills*
- *Emphasis on skill building and independence*
- *Comprehensive behavioral programming . . .*
- *Behavioral and Environmental supports to overcome challenging behaviors and develop more adaptive problem solving skills*
- *Community based, with an emphasis on helping individuals to become active members of their communities*
- *Data-based program development and evaluation*
- *Team approach, where identifying the needs and preferences of the individual are an integral part of the process*
- *Programs supervised by highly trained, experienced clinicians, including Board Certified Behavior Analysts and Licensed Psychologists*

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2. The text of this appendix is quoted from Guidewire's website at <http://guidewireinc.com>.

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### ***Young Adult Services***

*Guidewire, Inc. is committed to providing high quality best practices based services to young adults diagnosed with various psychiatric, development and behavioral disorders. We are guided by our mission of providing every individual with positive, unconditional regard and our belief that success and **acceptance is the only option.***

#### ***Key Features***

- *Instruction in independent life skills such as personal living, household management, community interaction and employment skills*
- *Emphasis on learning the social and problem solving skills necessary for successful community integration*
- *Focus on adjustment to the challenges of adulthood*
- *Behavioral and environmental supports for overcoming challenging behaviors*
- *Community based, with an emphasis on helping individuals to become active members of their communities*
- *Data-based program development and evaluation*
- *Team approach, where identifying the needs and preferences of the individual are an integral part of the process*

### ***Adult Residential Life Skills Program***

*Guidewire, Inc. is committed to providing high quality best practices based services to individuals diagnosed with various mental health issues. . . .*

*We specialize in helping individuals break the cycle of residential instability.*

*Many of the individuals we support have histories of significant behavioral problems, resulting in chaotic, unstable program placement. . . .*

#### ***Key Features***

- *Stable and secure residential and day program environments*
- *Emphasis on skill building and independence*
- *Behavioral and Environmental supports for overcoming challenging behaviors and developing more adaptive problem solving strategies*
- *Community based, with an emphasis on helping individuals to become active members of their communities*
- *Data-based program development and evaluation*

- *Team approach, where identifying the needs and preferences of the individual are an integral part of the process*

### ***Deaf / Hard of Hearing Services***

*Guidewire, Inc. provides support to Deaf / Hard of Hearing people with developmental disabilities and/or mental health concerns. These services are available in the Springfield and Pittsfield areas.*

*These services include:*

- *Individualized community based residential and day supports.*
- *Deaf staff who naturally bring their culture and communication to the people they support.*
- *Hearing staff who are proficient in American Sign Language and has received training on deaf culture.*
- *Access to additional Interpreter Services through the Massachusetts Commission for the Deaf and Hard of Hearing (MCDHH) to include interpreters for Deaf / hard of hearing staff at meetings.*
- *Coordination with Massachusetts Rehabilitation Commission staff (MRC).*
- *Homes equipped with adaptive technology/equipment to include [video relay service].*

### ***Respite Services***

*Guidewire, Inc. offers a variety of planned and emergency respite services for adults in need of respite support for reasons including but not limited to:*

- *Assessment/Diagnostic needs*
- *Caregiver illness*
- *Planned vacations*
- *Emergency staffing*
- *Loss of placement*

*Our respite services are flexible and individualized to include:*

- *1:1 Staffing or more if needed*
- *Emergency on-call backup 24 hours a day*
- *Treatment plan development for use across all settings*

### ***Day Supports: Solutions and Solutions, Too***

*Solutions is an alternative community based program for adults who have not been successful in "traditional" day/vocational programs.*

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*The mission of Solutions is to provide a wide range of educational, vocational, recreational, and leisure programs that will enable all participants to find pursuits that will stimulate their interest, increase their self-esteem, and help them achieve their full potential. . . .*

*Solutions also specialize in supporting the unique needs of people with significant behavioral challenges. Each participant is encouraged to find their own personal solution.*

*The programs offer:*

- *Art Classes*
- *Exercise Programs*
- *Community Programs*
- *Academic Programs*
- *Vocational Training*
- *Volunteer Programs*

***Nursing Support***

*The Nursing Department at Guidewire, Inc. is comprised of Massachusetts Board Certified Registered Nurses, Licensed Practical Nurses, and [Medication Administration Program] Compliance Managers. The primary goal of the Nursing Department at Guidewire, Inc. is to promote and maintain good health in tandem with each individual's Health Care Provider. Guidewire accomplishes that goal through the following interventions.*

***Prevention of Health Care Issues . . .***

***Health Care Oversight . . .***

***Medication Administration Program . . .***

***Medication Administration Compliance . . .***

***Staff Education***