



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

*Making government work better*

Official Audit Report – Issued July 13, 2016

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## Venture Community Services Inc.

For the period July 1, 2013 through December 31, 2015





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

*Making government work better*

July 11, 2016

Ms. Donna Peters, Board Chair  
Venture Community Services Inc.  
1 Picker Road  
Sturbridge, MA 01566

Dear Ms. Peters:

I am pleased to provide this performance audit of Venture Community Services Inc. This report details the audit objectives, scope, and methodology for the audit period, July 1, 2013 through December 31, 2015. My audit staff discussed the contents of this report with management of the organization.

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

Sincerely,

A handwritten signature in blue ink, appearing to read "SMB", written in a cursive style.

Suzanne M. Bump  
Auditor of the Commonwealth

cc: Mike Hyland, President and Chief Executive Officer, Venture

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## **EXECUTIVE SUMMARY**

Venture Community Services Inc. is a not-for-profit human-service agency that provides educational, training, residential, health, employment, and other services to developmentally disabled people living primarily in central and eastern Massachusetts. Venture's total revenue amounts for fiscal years 2014 and 2015 were \$28,028,887 and \$30,897,256, respectively, of which approximately 75% came from contracts with the Commonwealth's Department of Developmental Services.

In accordance with Section 12 of Chapter 11 of the Massachusetts General Laws, the Office of the State Auditor (OSA) has conducted a performance audit of certain activities of Venture for the period July 1, 2013 through December 31, 2015. The purpose of this audit was to determine whether Venture's use of credit cards, custody of certain client funds, and compliance with the reporting requirements of the Supplier Diversity Program were consistent with applicable laws, regulations, contractual terms and conditions, and other guidance. This audit was conducted as part of OSA's ongoing efforts to audit human-service contract activity by state agencies and to promote accountability, transparency, and cost-effectiveness in state contracting.

Our audit revealed no significant instances of noncompliance that must be reported under generally accepted government auditing standards.

## OVERVIEW OF AUDITED ENTITY

Venture Community Services Inc., located in Sturbridge, was incorporated on January 2, 1975 under Chapter 180 of the Massachusetts General Laws as a not-for-profit human-service agency. During our audit period, Venture operated programs that provided various services, including adult foster care, community day programs, community residences, transportation, and training and education for developmentally disabled people living primarily in Central and Eastern Massachusetts. A detailed description of the programs that Venture operated during our audit period appears in the appendix to this report.

During the audit period, Venture received revenue from the following sources.

### Summary of Revenue

Revenue Source	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016*
<b>Department of Developmental Services</b>	\$ 20,783,835	\$ 23,151,131	\$ 12,195,219
<b>Medicaid—Direct Payment</b>	2,258,894	2,318,164	1,175,287
<b>Massachusetts Local Government</b>	2,299,459	2,559,368	1,609,655
<b>Private Client Third Party / Other Offsets</b>	12,041	10,755	5,410
<b>Contributions, Gifts, Legacies, Bequests</b>	196,089	78,582	51,915
<b>Other Revenue</b>	467,412	959,024	354,216
<b>Client Resources</b>	1,815,784	1,764,160	925,495
<b>Other Massachusetts State Agency Purchase of Service</b>	195,373	604	0
<b>Department of Elementary and Secondary Education</b>	0	55,468	0
<b>Total</b>	<u>\$ 28,028,887</u>	<u>\$ 30,897,256</u>	<u>\$ 16,317,197</u>

\* Through December 31, 2015

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## AUDIT OBJECTIVES, SCOPE, AND METHODOLOGY

In accordance with Section 12 of Chapter 11 of the Massachusetts General Laws, the Office of the State Auditor has conducted a performance audit of certain activities of Venture Community Services Inc. for the period July 1, 2013 through December 31, 2015.

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 and the conclusion we reached regarding each objective.

Objective	Conclusion
1. Does the organization have, and follow, formal policies for credit-card use?	Yes
2. Are credit-card expenditures reasonable, documented, and allowable?	Yes
3. Does the organization comply with regulations pertaining to client fund maintenance where it is the representative payee? <sup>1</sup>	Yes
4. Did the organization comply with the Supplier Diversity Program's reporting requirements under Executive Order 524, and was the reported information accurate?	Yes

With respect to the activity that was pertinent to our audit objectives, during our audit period Venture spent \$1,228,766 through 27 different credit-card accounts, was the representative payee for approximately 131 clients and processed \$3,734,398.90 of gross revenue on their behalf, and reported spending a total of \$30,351 with three vendors under the Supplier Diversity Program.

To achieve our objectives, we gained an understanding of the internal controls we deemed significant to our audit objectives and evaluated the design and effectiveness of those controls, which were as follows:

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1. According to the Social Security Administration's website, "Some [Social Security beneficiaries] need assistance in managing their benefits. Payments to these individuals are paid through a representative payee who receives the check on behalf of the beneficiary and provides for [the beneficiary's] personal needs."

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- credit-card expenses
  - the Supplier Diversity Program
  - client funds where the organization was the representative payee

To accomplish our objectives, we identified and reviewed applicable laws, rules, and regulations that were pertinent to our audit objectives, including regulations published by the Operational Services Division's (OSD's) Division of Purchased Services (Title 808 of the Code of Massachusetts Regulations).

We also performed the procedures described below.

- We obtained and reviewed Venture's organization chart and financial records, both electronic and hardcopy, including pertinent source documents and the Uniform Financial Statements and Independent Auditor's Reports that Venture filed with OSD annually.
- We interviewed key officials and reviewed all the minutes of the meetings of the Venture board of directors that occurred during our audit period.
- We identified and reviewed applicable laws, regulations, agency policies, and procedures relevant to our audit objectives, as well as the Commonwealth's general contract terms and conditions for human- and social-service contracts, which applied to Venture's state contracts.
- We obtained an understanding of Venture's credit-card policies and procedures and determined whether key procedures, such as transaction approvals, were followed and whether proper accounts were charged for their related expenses.
- We obtained an understanding of processing of credit-card expenses and of the handling of client funds where Venture was the representative payee.
- Credit-card expenses for the audit period totaled \$1,228,766 from 27 credit-card accounts. For administrative expenses, we judgmentally selected a nonstatistical sample of 228 credit-card expenditures, totaling \$82,441 out of a population of \$260,700, to determine whether amounts were charged to proper accounts and were allowable costs.
- We judgmentally selected a nonstatistical sample of 25 client fund accounts, out of the 131 accounts where Venture was the representative payee, to determine whether the required annual evaluations of clients' ability to handle money were performed. We also reviewed whether the bank reconciliations of client funds were properly prepared and reviewed and whether selected monthly bank statements contained any unusual transactions.
- We reviewed the annual filing of expenditures under the Supplier Diversity Program to confirm that reported expenditures were correct and that the vendors were state-certified.

Whenever sampling was used, we applied a nonstatistical approach, and as a result, we were not able to project our results to the population.

Because our primary source of evidence was hardcopy documents, such as monthly credit-card statements, source document charge slips, purchase requisitions, and approved vendor invoices, we did not need to address the reliability of electronically processed data.



## APPENDIX

### Venture Community Services Inc. Program Descriptions<sup>2</sup>

#### Adult Foster Care

*The Venture Adult Foster Care (AFC) program provides support to individuals who require supervision and daily assistance with personal care. This program offers a safe and secure setting with health and social supports to allow people to stay in their community of choice.*

#### Community Day Programs

*Venture Community Services understands the value in offering innovative programs and services that will assist individuals in reaching their full potential. Part of Venture's continuum of care includes two day habilitation programs that encourage wellness, independence, and skill development. By placing a special emphasis on the uniqueness of each person and providing a supportive environment, Venture provides individuals with life skills that promote self-esteem and community involvement. Individuals are also encouraged to select the activities of their choice based upon their personal preferences.*

#### Community Residences

*Venture Community Services strives to empower individuals by providing them with resources and support in community-based residences across Massachusetts. Through innovative practices, expertly trained staff, and cutting-edge facilities, we provide opportunities to those we support by helping them navigate the path toward self-determination. Staff teach skills in most areas of daily living, including personal care, medication management, meal preparation, budgeting, safety, public transportation, access to community services, and recreational activities. Venture also offers quality clinical services that assist each individual in reaching their goals.*

*Venture has also led the way in designing and constructing many residences that are equipped to support individuals with significant medical needs. These homes offer state of the art lift systems, adaptive equipment, increased handicapped accessibility, and skilled nursing care.*

*Residents are empowered to live and participate in the fabric of their neighborhood. Partnerships within the community are encouraged and advanced to provide a comprehensive range of opportunities to all individuals based upon their personal interests and unique abilities.*

#### Individual Supports

*This program supports individuals with disabilities who live independently in the community and provides them with the skills needed to maintain a stable and fulfilling environment. Each participant receives highly individualized services that reflect personal needs and preferences.*

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2. The text of this appendix is quoted from the Venture Community Services Inc. website at <http://www.venturecs.org>.

## Shared Living

*Venture's Shared Living Program focuses on providing people with developmental disabilities a compatible home environment to enrich their lives. Providers welcome adults with developmental disabilities into their homes, lives and families. The ultimate goal is for the individual and provider to establish a mutually supportive relationship.*

## Supported Employment

*Venture's Supported Employment Program provides people with developmental disabilities the support and training needed to experience personal growth and success in the workplace. This model helps individuals achieve independence and self-esteem through competitive employment, encouraging them to work within their communities and develop new skills to assist them in their careers. Individuals are placed in environments that best suit their interests, preferences, and abilities. Together with their job coach, the individual develops and works toward established goals.*

## Training and Education

*Venture Community Services is committed to empowering employees and community members through ongoing education and innovative training opportunities that cultivate talents. The culturally diverse, multidisciplinary team of expertly trained professionals strives to broaden the perspectives and enrich the lives of all employees. Venture's leadership model embraces the core values of honesty, respect, integrity, innovation, and compassion with the goal of developing a strong, capable, and compassionate workforce.*

## Transportation

*Safe and reliable transportation is a vital resource for individuals looking to maximize their independence and involvement in their community. Venture provides ambulatory and wheelchair transportation services to individuals with physical and developmental disabilities throughout Massachusetts, offering access to day habilitation programs, vocational training, volunteer sites, and jobs on a daily basis. Venture's professionally trained drivers and monitors operate 15-passenger vans, minivans, and fully handicapped-accessible vehicles to provide reliable transportation in a supportive environment.*

## Youth and Family Services

*Through a partnership with Wayside Youth & Family Support Network we provide home-based services through The Children's Behavior Health Initiative (CBHI), Department of Mental Health (DMH) and Department of Children and Families (DCF). This collaboration increases the availability of high quality community connected mental health and child welfare services for children and families of Southern Worcester County.*