

In addition to the missing \$54,000 escrow account discovered in the June review of HEA's book, auditors also discovered other glaring problems.

The audit said that HEA had apparently used no "objective, standardized means" to select the 25 retarded persons then in the program, and, consequently, there was no evidence that the individuals were eligible under the federal Medicaid program for the high level of personal care they were getting. The Medicaid payments, \$540 a month per client, are paid for the purpose of serving the special needs of some profoundly retarded individuals. Program auditor Thomas Articola told Newsday, "We had no way of assessing whether they were eligible because the proper testing had not been done."

The auditors also found that HEA had issued five blank checks to the Carmine Telesca Company of Babylon, which supplied about \$50,000 worth of furnishings for the houses—a procedure that auditor Neal Isaacs called "highly unusual." The audit also said that HEA could produce no evidence that three bids had been solicited for the merchandise purchased from Telesca, as required by the state, but auditors were told by HEA officials that the bids existed. Telesca told Newsday he did not bid.

The auditors also criticized HEA's telephone bills that averaged more than \$1,000 a month and said, "The agency should take steps to reduce its long distance calls immediately." The auditors added that the \$10,200 in HEA'S annual budget for telephones "is excessive for a locally operated program." HEA told the auditors that the calls were made to Albany to try to acquire money for the program.

Finally, the auditors reported that, when they arrived at HEA's headquarters in Smithtown on June 5 as they had previously informed HEA they would do, the books were not available and did not become available until June 7. The auditors reported that they were told by HEA that the accountant had the records and was out of town. "I've been doing professional audits for seven years and never came in when books were not available," Isaacs told Newsday. A re-audit by the state is scheduled for mid-January.

Bouklas and Goldberg left abruptly during an interview with Newsday, before many questions were asked, and refused to talk with reporters again. Christine Carpenter, president of the five-member board of HEA, also refused to discuss the program with Newsday.

Bouklas and Goldberg then told OMRDD that they would respond to questions in writing if they were submitted by Newsday through OMRDD. Newsday declined.

"In any new program you have documentation problems," said Cora Hoffman, OMRDD's Director of Community Relations in discussing the audit report. "Those kids who used to be living at Willowbrook are a hell of a lot better in this program. The program does not meet the standards we wish it would, and we have given the agency a 90-day period to correct deficiencies noted in the audit."

The audit report contains no mention of HEA's board meetings, which according to Goldberg, were held at the Watermill Restaurant. Bills totaling more than \$750 for dinner meetings at the Watermill during these alleged board meetings were paid with state funds. When a representative from Flanagan's office asked to see copies of minutes from the meetings, Goldberg was unable to find any. Such use of state funds is "totally inappropriate," said Hoffman.

The audit report also did not note other costs that Flanagan finds questionable. For example, Harold Lightstone, a BOCEs teacher, said that he was paid \$3,400 to transport furniture for three of the houses from a state warehouse in Albany to Long Island. HEA's budget also allowed \$2,034 a year for each resident's food, while the Long Island regional office allowed \$1,350 year for residents of other community homes.

Introne said that the state's 1-year contract with HEA expires Jan. 31 and that a decision will be made whether to renew the program "after the results of a re-audit are in." HEA submitted a plan to the state to correct the problems found in the audit. The re-audit is scheduled for mid-January, Introne said. Hoffman said that other agencies could take over the program if the results of the audit are unsatisfactory.