

Questions raised about \$10M in Medicaid funds

Audit finds UCP management faulty

By ANEMONA HARTOCOLLIS

United Cerebral Palsy Associations of New York State, a charitable agency serving the mentally retarded, shows a pattern of "internal management problems" that raise questions about its use of at least \$10 million in Medicaid funds during 1979 and 1980, an audit has found.

The audit, released yesterday by state officials, also concluded that United Cerebral Palsy billed New York State for \$112,296 in clothing purchases that could not be documented, while maintaining a boutique at a Staten Island institution.

The agency, which spends about \$31 million annually, is the largest private operator of institutions and group homes under contract to the state.

A private auditing firm, retained by the state Office of Mental Retardation and Developmental Disabilities, reviewed two of its institutions, the Karl D. Warner Center in Willowbrook and the Nina Eaton Center in Ocean Breeze. The facilities house about 500 patients.

The investigation was hampered by "missing pages" from financial ledgers and "invoices filed in the wrong accounting period," according to the auditor, Deloitte, Haskins & Sells.

Nonetheless, the report criticized "substantial pilferage" at the Warner Center, the agency's competitive bidding practices, its lease of a New Jersey warehouse and discrepancies in docu-

ments recording the personal funds of mentally retarded patients, including deceased patients.

"That's the kind of thing that reflects an internal management problem," said Paul Puccio, deputy director of the division of program planning and policy analysis in the Office of Mental Retardation. "UCP is a very big operation that has grown rapidly over the years, and it has been very tough on them and tough on us."

The audit of United Cerebral Palsy's business practices, paid for by a \$12,850 state contract, stemmed from a series of articles published in the Advance last June. The Medicaid review, supported by a \$19,000 state allocation, was a routine procedure mandated by federal regulations.

"We understand that you asked us to perform these procedures in response to certain allegations made by the news media concerning operational deficiencies existing at the Centers," Deloitte, Haskins & Sells wrote in its report.

Puccio said Robert Schonhorn, executive director of United Cerebral Palsy, has indicated he will appeal the auditor's judgment that he has received overpayments from the state of Medicaid and clothing funds.

One of the Advance articles, based on interviews with United Cerebral Palsy employees and

Page 1
of
2 Pages