

Summary: Investigation Confirms City of Derby Made Improper Withdrawals of NPS Grant Funds

Report Date: February 22, 2017

The OIG investigated allegations that the City of Derby, CT, made two unauthorized withdrawals of National Park Service (NPS) funds from its Save America's Treasures grant to restore the Sterling Opera House in Derby. NPS informed us that the first withdrawal was for \$10,000 and occurred without any request for approval or supporting documentation. The second withdrawal was for \$100,000 and allegedly occurred after Derby was explicitly told that its payment request had been disapproved.

We confirmed that Derby officials improperly withdrew NPS funds totaling \$110,000. A Derby official withdrew \$10,000 from the grant without obtaining the required approval. Seven months later, Derby made a \$150,000 withdrawal request, which NPS denied because the architectural design drawings did not comply with the Secretary of the Interior's Standards for the Treatment of Historic Properties. After being told that the request was disapproved, the same Derby official who withdrew the \$10,000 circumvented the approval process and withdrew \$100,000 without notifying NPS. We further discovered that Derby did not comply with several of the administrative grant conditions.

When interviewed, the official and the official's supervisor stated that they were unaware of the rules and proper procedures, and they could not provide an explanation for not complying with the grant provisions. Our investigation found, however, that NPS informed Derby through several communications and documents that it had to request approval before obtaining reimbursement from the grant.

In a settlement agreement with the Office of the United States Attorney, Eastern District of Connecticut, dated January 31, 2017, the City of Derby agreed to repay the \$110,000 in three installments by February 1, 2019.

This is a summary of an investigative report that was issued to NPS.

