



U.S. Department of Education
Office of Inspector General

Douglas County School District's Use of Elementary and Secondary School Emergency Relief Funds

March 31, 2025
ED-OIG/F24NY0205

FLASH REPORT



NOTICE

Statements that managerial practices need improvements, as well as other conclusions and recommendations in this report, represent the opinions of the Office of Inspector General. The appropriate Department of Education officials will determine what corrective actions should be taken.

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UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF INSPECTOR GENERAL

Audit Services

March 31, 2025

Jhone M. Ebert
Superintendent of Public Instruction
Nevada Department of Education
700 E. Fifth Street
Carson City, NV 89701

Dear Superintendent Ebert:

Enclosed is our final report, "Douglas County School District's Use of Elementary and Secondary School Emergency Relief Funds," Control Number ED-OIG/F24NY0205. This report incorporates the comments you provided in response to the draft report. The U.S. Department of Education's policy is to expedite audit resolution by timely acting on findings and recommendations. Therefore, if you have any additional comments or information that you believe may have a bearing on the resolution of this flash review, you should send them directly to the following Department of Education official, who will consider them before taking final Departmental action on this flash review:

Hayley Sanon
Acting Assistant Secretary
Office of Elementary and Secondary Education
U.S. Department of Education
400 Maryland Avenue, SW
Washington, D.C. 20202

We appreciate your cooperation during this review. If you have any questions, please contact me at (202) 987-0173 or Sean.Dawson@ed.gov.

Sincerely,

/s/

Sean Dawson
Assistant Inspector General for Audit

Enclosure

Results in Brief

Douglas County School District's Use of Elementary and Secondary School Emergency Relief Funds



Why the OIG Performed This Work

Congress passed three coronavirus relief acts within a 1-year period that provided more than \$275 billion for an Education Stabilization Fund to prevent, prepare for, and respond to the coronavirus, which the President declared as a national emergency in March 2020. This included \$189.5 billion for Elementary and Secondary School Emergency Relief (ESSER), funds intended to provide vital support to States, local educational agencies, and schools to address the impact of the coronavirus. Support, in part, includes activities designed to help students and educators safely return to and sustain in-person instruction, and that address the educational inequities exacerbated by the coronavirus pandemic and students' social, emotional, mental health, and academic needs.

Ensuring that ESSER funds are used for allowable purposes is critical to help address the needs of students and educators. The Douglas County School District (Douglas) was allocated approximately \$4.1 million in American Rescue Plan (ARP) ESSER funds to support 16 schools serving about 5,312 students.

We performed this review to determine whether Douglas expended ARP ESSER grant funds for allowable purposes in accordance with applicable requirements.

What Did the OIG Find?

We determined that of the 16 expenditures that we reviewed, 12 were allowable and in accordance with applicable requirements. Four expenditures totaling \$5,416 were unallowable because they were for advertising and public relations costs prohibited under the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 Code of Federal Regulations part 200).

Additionally, we found that Douglas complied with key Federal procurement requirements, including those covering the procurement methods to be followed and contract cost, price, and provisions, when procuring the goods or services associated with each ARP ESSER expenditure we reviewed.

What Is the Impact?

Payments made for prohibited advertising and public relations costs are considered improper payments. Improper payments can negatively impact the integrity of Federal programs, erode public trust in a non-Federal entity such as a local educational agency, and waste taxpayer resources.

What Are the Next Steps?

We made one recommendation to address the unallowable expenditures that we identified to ensure ARP ESSER funds are used in accordance with applicable requirements.

The Nevada Department of Education agreed with our finding and recommendation. We summarized the Nevada Department of Education's comments and provided the OIG's response at the end of the finding. We also provided the Nevada Department of Education's comments at the end of the report (see [Nevada Department of Education Comments](#)).

Purpose

The objective of this flash review was to determine whether the Douglas County School District (Douglas) expended American Rescue Plan (ARP) Elementary and Secondary School Emergency Relief (ESSER)¹ grant funds for allowable purposes in accordance with applicable requirements. This flash review report presents the results of our review.

Douglas County School District

Douglas County School District, located in Minden, Nevada, is a local educational agency (LEA) in a distant town setting with 16 schools serving about 5,312 students.

Douglas was allocated approximately \$4.1 million in ARP ESSER funds and as of November 29, 2024, had expended 100 percent of its funds. According to Nevada's Federal Relief Tracker, Douglas budgeted 41.9 percent of funds for staff, 26.8 percent for supplies, 28.7 percent for services, and 2.6 percent for other purposes.² Douglas' approved ARP ESSER plan was to use its funds, in part, to address learning loss as a result of the coronavirus pandemic by investing in instructional strategies; teacher training; educational technology; and support for instructional skills recovery. The remainder of its funds were to be used, in part, for providing social and emotional mental health services, summer learning, and supplemental after school programs; purchasing cleaning supplies; and cleaning facilities.

¹ ESSER is one of multiple emergency relief funds comprising the Education Stabilization Fund, which was first authorized and funded under the Coronavirus Aid, Relief, and Economic Security Act (March 27, 2020), and for which Congress later provided additional funding under the Coronavirus Response and Relief Supplemental Appropriations Act (December 27, 2020) and the ARP (March 11, 2021). Under ESSER, the U.S. Department of Education awarded grants to State educational agencies for the purpose of providing local educational agencies with emergency relief funds to address the impacts that the coronavirus pandemic had on elementary and secondary schools and their students.

² This information is from the Nevada Department of Education's [Federal Relief Tracker](#), which is updated periodically.

What We Did

We selected and reviewed 16 non-personnel ARP ESSER expenditures (30 percent) from a total population of 53 non-personnel expenditures for the period July 1, 2023, through June 30, 2024.³ We used a judgmental, risk-based process to select 6 of these expenditures and a non-statistical random sample process to select the other 10 expenditures. The 16 expenditures represented \$1,044,260 (90 percent) of the total \$1,158,197 in non-personnel ARP ESSER expenditures during our review period.

We reviewed each expenditure to determine whether it was (1) connected to the coronavirus pandemic and intended to prevent, prepare for or respond to the pandemic, including its impact on the social, emotional, mental health, and academic needs of students; (2) an authorized use of ARP ESSER funds under applicable law and regulations; and (3) reasonable and necessary and otherwise permissible under the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 Code of Federal Regulations (C.F.R.) part 200). We also performed additional work, as needed, to determine whether Douglas complied with key Federal procurement requirements, specifically those covered under 2 C.F.R. sections 200.320 (methods of procurement to be followed), 200.324 (contract cost and price), and 200.327 (contract provisions), when procuring the goods or services associated with each non-personnel expenditure. We interviewed Douglas officials to gain a basic understanding of how they used ARP ESSER funds, and their processes for approving and monitoring ARP ESSER expenditures.

An LEA could use ARP ESSER funds for a broad range of activities listed in any of the coronavirus relief acts and identified in U.S. Department of Education guidance, including any activities authorized by several Federal education laws.

What We Found

We determined that of the 16 expenditures reviewed, 12 (75 percent) were allowable and in accordance with applicable requirements. Four (25 percent) expenditures totaling \$5,416 were unallowable because they were for advertising and public relations costs prohibited under 2 C.F.R. section 200.421(e). Additionally, we found that Douglas complied with key Federal procurement requirements, including those covered under 2 C.F.R. sections 320 (methods of procurement to be followed); 200.324 (contract cost

³ We limited the scope of our review to non-personnel expenditures; personnel expenditures were excluded because Douglas' non-personnel expenditures represented 97 percent of the total expenditures within our review period.

and price); and 200.327 (contract provisions) when procuring the goods or services associated with each ARP ESSER expenditure.

Unallowable Expenditures

Douglas improperly charged \$5,416 to its ARP ESSER grant for four expenditures for advertising and public relations costs. Douglas categorized these expenditures—which included apparel for district staff, a working lunch, parade registration, and pins for years of service—as being for “activities necessary to maintain the operation and continuity of services, employing existing staff, and coordinating activities.” However, the expenditures were associated with an LEA marketing project that involved Douglas contracting for services to “develop branding, marketing, promotion, and communication with current and prospective stakeholders.” Further, Douglas did not explain how this use of funds helped the district prevent, prepare for, or respond to the coronavirus pandemic. The Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 C.F.R. part 200) provides for specific circumstances under which costs for advertising and public relations are allowable, and U.S. Department of Education guidance on the ESSER program identifies various types of outreach to students and families as permissible uses of grant funds. However, based on our review of all available information, we concluded that these four expenditures were unallowable.

According to 2 C.F.R. section 200.421(e), unallowable advertising and public relations costs include, among other things, costs of meetings or other events related to other activities of the entity, including displays, demonstrations, and exhibits; costs of promotional items and memorabilia; and costs of advertising and public relations designed solely to promote the recipient or subrecipient. Therefore, these expenditures should not have been charged to the ARP ESSER grant or any other Federal grant.

Although no other expenditures we reviewed were improperly charged to the ARP ESSER grant, there may have been improper charges to one of the LEA’s ARP ESSER or other Federal grants in periods not covered by our review. Improper payments can negatively impact the integrity of Federal programs, erode public trust in non-Federal entities such as LEAs, and waste taxpayer resources.

What We Recommend

We recommend that the Acting Assistant Secretary for the Office of Elementary and Secondary Education require the Nevada Department of Education to require Douglas to—

1. Return to the U.S. Department of Education the \$5,416 that Douglas improperly charged to the ARP ESSER grant for its LEA marketing project or reallocate the funds to other allowable costs. Identify any additional improper charges to the ARP ESSER grant for the LEA marketing project, including those made during periods not covered by our review, and if applicable, return the funds to the U.S. Department of Education or reallocate them to other allowable costs.

Nevada Department of Education's Comments

The Nevada Department of Education agreed with the finding and recommendation. The Nevada Department of Education stated that it implemented corrective actions for Douglas to return the \$5,416 improperly charged to the ARP ESSER grant. This included issuing a management letter with the current status and progress on addressing the finding, with an expectation that Douglas' repayment will be completed by June 1, 2025.

OIG Response

The Nevada Department of Education's proposed corrective actions, if implemented as described, are partially responsive to our recommendation. Its planned return of funds identified as improperly charged to the ARP ESSER grant is responsive to the first part of our recommendation. However, its proposed corrective actions do not address the second part of our recommendation, which recommends that the Nevada Department of Education identify any additional improper charges to the ARP ESSER grant for the LEA marketing project, including those made during periods not covered by our review, and if applicable, return the funds to the U.S. Department of Education or reallocate them to other allowable costs.

Appendix A. Scope and Methodology

Our review covered Douglas' ARP ESSER expenditures from July 1, 2023, through June 30, 2024, our review period. We limited the scope of our review to ARP ESSER funds because Douglas' ARP ESSER funds represented the highest dollar amount (\$4.1 million) of all ESSER funds (\$6.5 million) that were allocated to them. We also limited our internal control work to gain a basic understanding of the process that Douglas used to account for ARP ESSER funds, including the accounting system and accounting codes used by Douglas. We conducted our review remotely from October 2024 through January 2025. We discussed the results of our review with Douglas officials on January 14, 2025.

Sampling Methodology

To determine whether Douglas expended ARP ESSER grant funds during our review period for allowable purposes in accordance with applicable requirements, we selected and reviewed 16 non-personnel expenditures (30 percent) from a total population of 53 non-personnel expenditures using a combination of judgmental, risk-based and non-statistical random sample processes. The 16 expenditures represented \$1,044,260 (90 percent) of the total \$1,158,197 in non-personnel ARP ESSER expenditures during our review period. We selected 6 of these 16 expenditures using a judgmental, risk-based process in which we considered 1 or more of the following criteria: high-dollar transaction, vague purchase description, or unique vendor description. We selected the other 10 expenditures using a non-statistical random sample process. Since the expenditures were selected using both judgmental, risk-based and non-statistical random sample processes, the results of our testing cannot be projected to the universe of ARP ESSER expenditures.

Use of Computer-Processed Data

We relied on computer-processed data from Douglas' accounting system, which included data from the LEA's general ledger. Douglas provided this information in a PDF document, which we converted to a spreadsheet. To assess the completeness of the expenditure data in the spreadsheet, we compared total expenditures in the spreadsheet to the total expenditures in the four quarterly expenditure reports that Douglas submitted to the Nevada Department of Education for our review period. To assess the reliability of the expenditure data in the spreadsheet, we reviewed supporting documentation, such as invoices and proof of payment, for our sample of 16 expenditures. We did not identify any issues and concluded that the expenditure data in the spreadsheet were reliable for their intended use in this review.

Compliance with Standards

We conducted our work in accordance with the Office of Inspector General quality control standards and the Council of the Inspectors General on Integrity and Efficiency “Quality Standards for Federal Offices of Inspector General,” which require that we conduct our work with integrity, objectivity, and independence. We believe that the information obtained provides a reasonable basis for our conclusions.

Appendix B. Acronyms and Abbreviations

ARP	American Rescue Plan
C.F.R.	Code of Federal Regulations
Douglas	Douglas County School District
ESSER	Elementary and Secondary School Emergency Relief
LEA	local educational agency

Nevada Department of Education's Comments

Joe Lombardo
Governor

Jhone M. Ebert
Superintendent of
Public Instruction



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MEMORANDUM

TO: Sean Dawson, Assistant Inspector General
Office of Inspector General, U.S. Department of Education

FROM: Megan Peterson, Deputy Superintendent, Student Investment Division
Nevada Department of Education

DATE: March 17, 2025

SUBJECT: Response to Recommendations for ED-OIG/F24NY0205

This memorandum serves to provide a response to the draft flash report "Douglas County School District's Use of Elementary and Secondary School Emergency Relief Funds" issued on February 27, 2025.

Pursuant to findings that four expenditures totaling \$5,416 were unallowable because they were for advertising and public relations costs prohibited under the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 Code of Federal Regulations part 200), the Nevada Department of Education has reviewed the report and is in agreement with the finding and recommendation.

Regarding the corrective action that Douglas County School District return the \$5,416 improperly charged to the ARP ESSER grant, the Department has issued a management letter regarding the current status and progress toward remediation for this finding, and anticipate that repayment should occur no later than June 1, 2025.

cc: Jhone Ebert, Superintendent of Public Instruction
Amelia Thibault, Office of Division Compliance
Amber Reid, Office of District Support Services