



## **GRID Alternatives**

Grant Agreements G17-EZEV-01, G19-EZEV-01, and G21-EZEV-01  
Fiscal Compliance Audit

Report No. 25-3900-021  
July 2025

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Final reports are available on our website at <https://oreports.dof.ca.gov/report.html>.

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Gavin Newsom ■ Governor

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Transmitted via e-mail

July 24, 2025

Michelle Buffington, Division Chief  
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**Final Report—GRID Alternatives Fiscal Compliance Audit**

The California Department of Finance, Office of State Audits and Evaluations, has completed its fiscal compliance audit of GRID Alternatives' (GRID) Grant Agreements G17-EZEV-01, G19-EZEV-01, and G21-EZEV-01, issued by the California Air Resources Board.

The enclosed report is for your information and use. GRID's response to the report findings is incorporated into this final report. GRID agreed with our findings. We appreciate GRID's assistance and cooperation during the engagement, and its willingness to implement corrective actions. This report will be placed on our website.

If you have any questions regarding this report, please contact Zachary Stacy, Manager, or Edwina Troupe, Supervisor, at (916) 322-2985.

Sincerely,

Original signed by:

Cheryl L. McCormick, CPA  
Chief, Office of State Audits and Evaluations

cc: On following page

cc: Lucina Negrete, Assistant Division Chief, Mobile Source Control Division, California Air Resources Board  
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# BACKGROUND, SCOPE, AND METHODOLOGY

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## BACKGROUND

The California Air Resources Board (CARB) is California's lead agency for climate change programs and oversees all air pollution control efforts to attain and maintain health-based air quality standards.<sup>1</sup>

GRID Alternatives (GRID) is an installer of clean energy technologies and solar projects that serve low-income households and communities and enables those communities to access a variety of clean mobility and battery storage incentive programs.<sup>2</sup>

GRID works with CARB to administer the One-Stop-Shop Pilot Project, later renamed the Access Clean California Program (Program). The Program identifies and partners with nonprofits, community-based organizations, and similar grassroots organizations to provide resources for outreach to low-income communities to learn about and apply for clean transportation and energy incentive programs. The Program focuses on developing and maintaining a single application for low-income consumers to apply for CARB's Low Carbon Transportation Equity Projects.<sup>3</sup> CARB awarded GRID three grants to implement the Program as follows:

- **Grant Agreement G17-EZEV-01** – CARB awarded \$4,999,653 to execute subcontracts with key project partners, design a Minimum Viable Product (MVP) scope, launch the MVP for beta testing and statewide use, and perform other Program-related tasks.<sup>4</sup> The awarded amount does not include GRID's planned contribution of \$1,020,733 for in-kind services. The grant was amended four times to modify the grant provisions and disbursement schedule, and to extend due dates.
- **Grant Agreement G19-EZEV-01** – CARB awarded \$6,000,000 to execute subcontracts with key project partners, provide technical assistance, case management, and Program publicity, finalize the Capacity Building Implementation Plan, launch the Access Clean California Centralized Application and Income Verification Pilot, and perform other Program-related tasks.<sup>5</sup> The grant was amended four times to modify the grant provisions and disbursement schedule, and to extend due dates.
- **Grant Agreement G21-EZEV-01** – CARB awarded \$6,675,000 to execute subcontracts with key project partners, expand the Access Clean California Centralized Application and Income Verification system, support CARB for the

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<sup>1</sup> Excerpts obtained from <https://ww2.arb.ca.gov/about>.

<sup>2</sup> Excerpts obtained from <https://gridalternatives.org/what-we-do>.

<sup>3</sup> Excerpts obtained from <https://ww2.arb.ca.gov/our-work/programs/access-clean-california>.

<sup>4</sup> MVP is an application development approach practiced by technology firms, in which a new product or website is launched with sufficient features to satisfy early adopters, in order to begin collecting real user data and feedback as early as possible.

<sup>5</sup> The amount does not include the in-kind services contribution, which was planned for grant G17-EZEV-01, but in accordance with terms identified in the FY 2017-18 Grant Solicitation, it applies to this grant as well.

Clean Transportation Symposium event, and other Program-related tasks. The grant was amended two times to increase the grant amount, modify the grant provisions and disbursement schedule, and update key project personnel.

## SCOPE

At the request of CARB, the California Department of Finance, Office of State Audits and Evaluations, conducted a fiscal compliance audit of the following grant agreements:

<u>Grant Agreement</u>	<u>Audit Period</u>
G17-EZEV-01	October 10, 2018 through May 1, 2021
G19-EZEV-01	February 17, 2020 through December 20, 2023
G21-EZEV-01	April 1, 2022 through May 21, 2024 <sup>6</sup>

The audit objective was to determine whether the Program's expenditures were in compliance with applicable grant agreements, guidelines, and statutes. GRID management is responsible for ensuring accurate financial reporting and compliance with applicable laws, regulations, and grant requirements. CARB is responsible for the state-level administration of the Program.

GRID submitted disbursement requests detailing its expenditures by cost category as follows:

### Schedule of Claimed Amounts

	Agreement		
	G17-EZEV-01	G19-EZEV-01	G21-EZEV-01
Cost Category	Claimed	Claimed	Claimed <sup>7</sup>
Project Implementation	\$ 4,749,653	\$ 5,700,000	\$ 4,811,858
Administration	250,000	300,000	229,148
<b>Total Claimed Expenditures</b>	<b>\$ 4,999,653</b>	<b>\$ 6,000,000</b>	<b>\$ 5,041,006</b>

CARB engaged an independent public accounting and consulting firm to conduct a separate, incentive program review of GRID. This review is distinct from our fiscal compliance audit. Any findings and conclusions of the incentive program review are based on an independent evaluation and do not encompass this fiscal compliance audit.

## METHODOLOGY

To plan the audit, we gained an understanding of the grants and Program and identified relevant criteria by interviewing CARB and GRID personnel, and reviewing the grant solicitation, grant application, grant agreements and amendments, the Final Guidance document, and entity websites.

We conducted a risk assessment, including evaluating whether GRID's key internal controls significant to our audit objective were properly designed. Key internal controls evaluated focused on review and approval of grant expenditures, recording of financial information, timekeeping, and reporting processes related to expenditures. Our assessment included

<sup>6</sup> Finance conducted an interim audit of Grant Agreement G21-EZEV-01 because the grant period ends March 31, 2026.

<sup>7</sup> CARB awarded \$6,675,000 and GRID claimed \$5,041,006 per the disbursement request submitted in May 2024.

conducting interviews and process walkthroughs with GRID personnel related to grant expenditures and reporting.

Additionally, we assessed the reliability of data from GRID's Paycom system. To assess the reliability of the labor reports generated by this system, we interviewed GRID personnel, examined existing documents, and performed data analytics. We determined the data were sufficiently reliable to address the audit objective.

Based on the results of our planning, we developed specific methods for gathering evidence to obtain reasonable assurance to address the audit objective. Our methods are detailed in the Table of Methodologies.

**Table of Methodologies**

Audit Objective	Methods
<p><b>Objective 1:</b> Determine whether the Program's expenditures were in compliance with applicable grant agreements, guidelines, and statutes.</p>	<ul style="list-style-type: none"> <li>• Selected the most quantitatively significant disbursement request from each grant, resulting in 3 of 27 disbursement requests selected, representing 28 percent of the claimed Project Implementation costs. Determined whether the selected expenditures were allowable, grant-related, supported, and incurred within the grant period by reviewing executed grant agreements and amendments, disbursement requests, executed subcontracts, invoices, payroll registers, timesheets, canceled checks, and bank statements, and comparing to relevant criteria.</li> <li>• Determined whether contractor and vendor payments and labor costs were claimed more than once by performing analytical procedures on selected disbursement requests with overlapping dates.</li> <li>• Determined whether reports accurately reflected expenditure amounts by reviewing the Status Reports, Final Reports, and disbursement requests and tracing them to executed contracts, contract amounts, vendor invoices, and labor reports.</li> <li>• Determined whether reporting requirements were met by reviewing two Final Reports and one Status Report to confirm they contained the information required by the grant agreements and verified whether the Final Reports and all the G21-EZEV-01 Status Reports were submitted by the required due dates.</li> <li>• Selected the most quantitatively significant in-kind services contributions, representing 96 percent. Determined whether the selected contributions were valid and supported by reviewing a funding report, labor report, and payroll registers.</li> </ul>

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 objective. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

## CONCLUSION

Based on the procedures performed and evidence gathered, we obtained reasonable assurance that the Program's expenditures were in compliance with applicable grant agreements, guidelines, and statutes, except as described in Findings 1, 2, and 3.

## FINDINGS AND RECOMMENDATIONS

### Finding 1: Reporting and Tracking of In-Kind Services Needs Improvement

GRID did not report in-kind services provided in the Final Reports for Grant Agreements G17-EZEV-01 and G19-EZEV-01, and could not demonstrate that it provided the required amount of in-kind services.

According to both Grant Agreements, Exhibit A, Section J-2, GRID must include all funds expended on in-kind services in its Final Reports. Further, CARB's 2017-18 Grant Solicitation states that the grantee's application, including the budget, will be incorporated into the grant agreement, and the budget should include a description of any planned in-kind services. The solicitation also states that CARB may award a new grant agreement for fiscal year 2019-20, under the same terms and conditions as the original grant. CARB's applicant scoring was based partly on the applicant's available resources to implement the project successfully, and points were awarded to applicants whose application budget contained in-kind services.

GRID's application budget indicated that \$1,020,733, representing 17 percent of Grant Agreement G17-EZEV-01 funding, would come from in-kind services. Grant Agreement G17-EZEV-01 incorporates the application budget, including the committed in-kind services. Additionally, although in-kind services were not included in Grant Agreement G19-EZEV-01's Budget Summary, the same terms and conditions as Grant Agreement G17-EZEV-01 were to apply.

In response to our inquiry regarding in-kind services, GRID examined its books and records and provided documentation to support that it provided some in-kind services during the grant terms. However, the amount of in-kind services provided could not be determined since the labor costs used as support could not be tied to the Program. GRID indicated it experienced program staff turnover and had not established a system to track the value of in-kind services or the programs the in-kind services benefited, resulting in in-kind services not being reported in the Final Reports or being able to be tied to the Program.

In-kind services add to a program's overall value and not tracking or reporting them may result in inaccurate financial reports, potentially misrepresenting the program's actual cost. Additionally, in-kind services were a consideration in awarding the grants. To the extent in-kind services were not provided, the Program did not receive the benefit as originally intended.

**Recommendations:**

- A. Develop a system to track funds expended on in-kind services and report the value of in-kind services provided in the Final Reports.
- B. Ensure that in-kind services reported in the Final Reports are supported and can be linked to the program(s) that benefited from them.

**Finding 2: Advance Funding for Work Not Completed**

GRID claimed reimbursement for subcontractor work before the work was completed, resulting in GRID receiving advance funding.<sup>8</sup> In 36 of 37 expenditures tested, GRID submitted disbursement requests based on executed subcontracts but did not provide invoices confirming that the work was completed. The Disbursement Schedules for all the Grant Agreements indicate that funds will be disbursed in accordance with Exhibit A, Section H-2. Exhibit A, Section H-2 requires GRID to provide documentation of work completed by subcontractors to justify the project implementation costs claimed.

According to GRID, it provided CARB with executed subcontracts to support the amounts requested to reduce the administrative burden on GRID and CARB having to review lengthy disbursement requests. Additionally, CARB accepted executed subcontracts as support because it considered them to be program deliverables based on the Disbursement Schedule. However, by requesting reimbursement before subcontractor work is completed, GRID risks overbilling CARB for unfinished work. For example, Finance noted one instance under Grant Agreement G19-EZEV-01 where GRID received advance funding of \$30,000 for an AmeriCorps fellow; however, GRID could only support that \$22,528 was expended, resulting in \$7,472 in questioned costs.

**Recommendations:**

- A. Remit \$7,472 to CARB.
- B. Revise the disbursement request process to ensure that claims only reflect completed work.
- C. In instances where advance funding has occurred, determine whether all work was completed and remit any funding to CARB for work that cannot be substantiated.

**Finding 3: Report Submission Requirements Not Met**

GRID did not submit the required reports in a timely manner. Specifically, the Final Report for Grant Agreement G17-EZEV-01 was submitted on May 11, 2021, ten days after the due date. Additionally, four of the six Status Reports for Grant Agreement G21-EZEV-01 were submitted between 28 and 143 days late. Grant Agreement G17-EZEV-01 Exhibit A, Section C, requires GRID to submit the Final Report no later than May 1, 2021. Grant Agreement G21-EZEV-01 Exhibit A, section I, requires GRID to submit Status Reports at a minimum of three-month intervals.

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<sup>8</sup> Subcontracts included agreements with non-affiliated vendors and affiliated entities.

GRID indicated it communicated often with CARB on grant activities, which was supported by PowerPoint presentations and meeting minutes; however, GRID did not prioritize the reporting requirements, resulting in delayed reporting. When reports are not submitted timely, it hinders CARB's ability to monitor progress, track grant expenditures, and ensure funds are being used appropriately.

**Recommendation:**

- A. Strengthen and prioritize GRID's reporting practices to ensure timely submission of reports to CARB.





June 26, 2025

Cheryl L. McCormick, CPA  
Chief, Office of State Audits and Evaluations  
915 L Street  
Sacramento, CA 95814-3706

Re: Confidential Draft Report—GRID Alternatives Fiscal Compliance Audit

Dear Ms. McCormick,

We have received the confidential report from the fiscal compliance audit of the GRID Alternatives (GRID) Grant Agreements G17-EZEV-01, G19-EZEV-01, and G21-EZEV-01, issued by the California Air Resources Board. This letter serves as GRID Alternatives' timely response.

Thank you for your thorough audit. GRID is committed to the careful stewardship of funds awarded by the California Air Resources Board (CARB) and has reviewed the findings and recommendations to help us improve where possible. Please see below for our responses to the findings and recommendations:

**Finding 1: Reporting and Tracking of In-Kind Services**

GRID acknowledges that details on in-kind services provided were not included in the Final Reports as they should have been and will ensure future Final Reports include details on in-kind services rendered, per recommendations A and B.

GRID did provide calculations estimating the monetary value of the in-kind labor provided, but did not allocate that labor to a program-specific billing code. As stated in our initial solicitation proposal, we provide cross-programmatic outreach and marketing services to our clients, enabling them to access multiple clean energy and clean transportation programs at once, which embodies the spirit of and reason behind the Access Clean California program. We

encourage CARB and the Department of Finance to provide grantees flexibility in how program labor is tracked and reported to encourage cross-programmatic work that is both more cost-effective and furthers CARB's program goals.

## **Finding 2: Advance Funding for Work Not Completed**

GRID acknowledges the lack of support for the AmeriCorps Fellowship and will return \$7,472 to CARB, either as a lump sum payment or as a credit on a subsequent disbursement request, pending CARB's instructions. GRID has since adjusted our billing practices to only include completed work on disbursement requests, per Recommendation B. If and when GRID does need advanced payment, we will comply with CARB's advance payment and reconciliation process and show proof of work completed. As for Recommendation C, GRID is already well past the document retention requirement, which is listed in Grant Agreement G17-EZEV-01 as 3 years from the submission of the Final Report, which was submitted on May 11, 2021. As such, GRID will work with CARB to determine if a formal review is appropriate, but will be conducting an internal review regardless to determine whether all work was completed.

## **Finding 3: Report Submission Requirements Not Met**

GRID acknowledges that the Final Report for Grant Agreement G17-EZEV-01 was submitted late and is committed to the timely submission of future reports, per Recommendation A. We would like to note, however, that throughout the grant period, GRID did provide CARB reports on quarterly basis separate from the status reports provided as part of the disbursement requests, which were submitted less frequently to reduce the administrative burden on both GRID and CARB staff.

GRID looks forward to reviewing the final report from the Department of Finance and to the continued improvement of our processes to ensure the good stewardship of CARB funds.

Sincerely,

Original signed by:

Taylor Sieben

Senior Program Manager, Access Clean CA