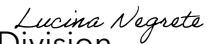


To: Steven S. Cliff, Ph.D., Executive Officer   
Through: Christopher Grundler, Deputy Executive Officer  
From: Lucina Negrete, Assistant Division Chief, Mobile Source Control Division   
Date: February 23, 2026  
Subject: Bay Area Air Quality Management District Audit Executive Memo

The California Air Resources Board (CARB) conducted a Program Review and Fiscal Compliance Audit of the Bay Area Air Quality Management District (Bay Area AQMD or District).

Third-party contractors conducted the Program Review and Fiscal Compliance Audit. Crowe, LLP completed the Program Review and the California Department of Finance's Office of State Audits and Evaluations (Department of Finance) completed the fiscal compliance audit. The review covered grant implementation for fiscal years 2015-16 through 2021-22. The Department of Finance did not conduct a fiscal compliance audit for the Goods Movement Emission Reduction Program (GMERP).

The reviews assessed the District's administration of several district incentive programs, including:

- Carl Moyer Memorial Air Quality Standards Attainment Program (Moyer)
- Community Air Protection Program Incentives (CAP)
- Funding Agricultural Replacement Measures for Emission Reductions (FARMER)
- Proposition 1B Goods Movement Emission Reduction Program (GMERP)
- Clean Cars 4 All (CC4A)
- Volkswagen Environmental Mitigation Trust for California (VW)
- Low Carbon Transportation Incentives and Air Quality Improvement Program (LCTI)
- Lower Emission School Bus Program (LESBP)

## Summary of Findings

The Program Review found that the District administered its programs efficiently and achieved significant emissions reductions. It reported no issues with the District's compliance with statutes or program guidelines. Although the Program Review Final Report (dated January 1, 2025) includes several recommendations, CARB is committed to working with the Bay Area AQMD to address them.

In contrast, the Department of Finance's Fiscal Compliance Audit identified two findings:

- **Unallowable Timekeeping Methods:** Paid time off (PTO) was charged directly to the Moyer, CAP, CC4A, FARMER, LCT, and VW programs during the period the leave was taken rather than when it was accrued. PTO was also charged as direct labor instead of being included in the fringe benefit rate.

- The Bay Area AQMD has resolved this issue by updating its accounting system to properly track and allocate PTO in accordance with program requirements.
- **Match Funding Requirements - LCT/AQIP:** The District was unable to meet the required match funding levels for the LCT/AQIP program within the grant period.
  - While initial documentation provided after the grant period was insufficient to support an adjustment, CARB reviewed additional documentation submitted by the District and felt the District met the match requirement because the shortfall was attributable to pandemic impacts. Based on this review, CARB resolved the issue and accepted the documentation as adequate to substantiate the circumstances.

The Bay Area AQMD has acknowledged both findings and has taken corrective actions. CARB management has met with District staff to review these resolutions and agrees with the steps the District has taken.

### **Program Accomplishments**

The Districts' successful incentive programs include Moyer, CAP, FARMER, GMERP, CC4A, LCT, and Volkswagen Environmental Mitigation Trust Program, establishing themselves as an integral part in assisting with the goal of reducing harmful emissions within California.

The amount of funding spent and emission reductions achieved from the District programs and fiscal years audited are listed below:

### **Community Air Protection Incentives**

- Program funds the emissions reductions through clean air projects in disadvantaged and low-income communities as well as communities selected to participate in the Community Air Protection Program.
- Administered over \$148 million from FY 2015-16 to 2021-22
- Emission reductions: 2,500 tons NO<sub>x</sub>, 100 tons ROG, 90 tons PM, 36,000 metric tons GHG, 80 tons PM<sub>2.5</sub>

### **Carl Moyer Program**

- Program funds went to the adoption of cleaner than required vehicles, engines, and equipment.
- Administered over \$80 million from FY 2015-16 to 2021-22
- Emission reductions: 298 tons NO<sub>x</sub>, 92 tons ROG, 11 tons PM

### **Proposition 1B Goods Movement Emission Reduction Program**

- Program funds went to reducing harmful emissions from sources like trucks, locomotives and marine vessels.
- Administered \$36.3 million from FY 2015-16 to 2021-22
- Emission reductions: 5.5 million pounds NO<sub>x</sub>, 54,000 pounds PM<sub>2.5</sub>

### **Volkswagen Environmental Mitigation Trust**

- Program funds were aimed at reducing the excess lifecycle NOx emissions caused by VW's use of illegal emission testing defeat devices.
- Administered \$15 million for Zero-Emission Freight and Marine Projects and \$10 million for Light-Duty Infrastructure from 2016-17 to 2021-22
- Emission reductions: 99.3 tons NOx

### **Clean Cars 4 All**

- Program funds went to the reduction of harmful emissions through voluntary car scrappage programs focusing on promoting advanced technology for low-income California residents.
- Administered \$19.2 million from FY 2019-20 to 2021-22
- Emission reductions: 17,384 metric tons GHG, 26,229 pounds NOx, 1,367 pounds PM2.5, 5,371 pounds ROG

### **FARMER Program**

- Program funds went to funding projects to reduce harmful emissions in the agriculture sector in California.
- Administered \$8 million from FY 2017-18 to 2021-22
- Emission reductions: 105 tons NOx, 14 tons ROG, 9 tons diesel PM, 8 tons PM2.5, 975 tons GHG

### **Low Carbon Transportation Incentives**

- Program funds were aimed at reducing emissions from the transportation sector, which is a significant source of greenhouse gases and air pollutants in California.
- Administered \$2.7 million from FY 2016-17 to 2021-22
- Emission reductions: 2,030 metric tons GHG, 3,190 pounds NOx, 70 pounds PM2.5, 410 pounds ROG

We extend our sincere thanks to the Bay Area AQMD staff for their cooperation with CARB, Crowe LLP, and the Department of Finance throughout the review. Bay Area AQMD has contributed vital air quality improvements to California and provided opportunities to numerous grantees within the state to reduce public exposure to harmful emissions.

If you have any questions about the report, please contact Maritess Sicat, Branch Chief, Mobile Source Control Division, at [Maritess.Sicat@arb.ca.gov](mailto:Maritess.Sicat@arb.ca.gov).

#### Attachments

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