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September 16, 2026

The Honorable Orice W. Brown
Acting Comptroller General of the United States
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Acting Comptroller General Brown:

In addition to my recent request for GAO review of the Citizens–Lebanon Water Supply Program associated with Indiana's LEAP Research and Innovation District and its use of federally capitalized Drinking Water State Revolving Fund (DWSRF) financing, I write to request a separate GAO review of the significant federal nexus involving the Indiana Economic Development Corporation (IEDC) and the rapidly expanding LEAP Research and Innovation District.

This separate request concerns federal funds received, administered, distributed, or utilized by IEDC and related entities; the extent to which federal resources have directly or indirectly supported IEDC and LEAP activities; and the adequacy of federal oversight, internal controls, financial reporting, and compliance governing those funds.

Expansion of IEDC and LEAP

Beginning in 2022, IEDC significantly expanded its authority and economic-development activities while receiving hundreds of millions of dollars in additional state resources and undertaking major land acquisitions, infrastructure commitments, contractual arrangements, and other activities associated with LEAP and other projects. During this same period, IEDC administered significant federal funds through multiple federal programs.

Recent audit and forensic findings raise serious questions about whether existing state and federal controls were adequate to protect federal taxpayers and ensure proper accountability.

Prior Federal Audit Findings

IEDC's FY2024 audit identified a significant deficiency in financial reporting after management discovered that $550,000 of prior-period federal expenditures had been omitted from IEDC's FY2023 Schedule of Expenditures of Federal Awards, understating reported federal expenditures.

The same audit identified a separate material weakness in internal control over federal-program compliance, including inaccurate federal financial reporting and untimely required performance reports. These findings are particularly significant given IEDC's administration and expenditure of substantial federal resources.

FTI Forensic Review

The concerns became substantially more serious following the October 2, 2025 forensic review by FTI Consulting, which identified 45 findings and observations involving governance, internal controls, contracting, conflicts, compliance, and financial oversight. A copy of the FTI report is attached for GAO's review.

Importantly, the FTI review itself was limited. FTI expressly stated that its procedures did not constitute an audit under generally accepted auditing standards or an attestation engagement, that information provided to it was not independently verified, and that it did not conduct a detailed transaction review. FTI further cautioned that its procedures should not be expected to identify all errors, irregularities, or potential fraud.

FTI therefore identified significant concerns despite conducting a review that was not designed to comprehensively trace transactions, independently verify underlying information, or determine whether wrongdoing occurred. These findings raise important federal questions regarding the integrity of federal financial reporting, the adequacy of controls over federal funds, and the oversight exercised by responsible federal agencies.

Federal Nexus to LEAP

The rapid expansion of LEAP also raises broader questions about the extent to which federal resources may have directly or indirectly supported land acquisition, infrastructure, utilities, financing, incentives, or other activities necessary to facilitate the district's development. This is particularly important where federal and state funding streams, state instrumentalities, nonprofit entities, contractors, subrecipients, and other entities may intersect.

The Citizens–Lebanon water project addressed in my prior request raises an additional concern relevant to this broader review. The project involves extraordinarily large financing through Indiana's DWSRF, a revolving fund capitalized in part with federal EPA funds. Under the SRF framework, states designate certain projects as "equivalency" projects that are subject to additional federal requirements, including Single Audit requirements, while other SRF-financed projects may not be subject to the same federal oversight requirements. Given the extraordinary size of the Citizens–Lebanon financing and its direct connection to LEAP, GAO should examine how these loans were classified, whether they were designated as equivalency projects, what federal audit and compliance requirements consequently applied or did not apply, and whether their classification resulted in substantially less federal oversight despite the project's significant reliance on a federally capitalized financing program.

State Audit and Oversight Concerns

I have also contacted the Indiana Legislative Council Audit and Financial Reporting Subcommittee regarding the adequacy of state audit and legislative oversight of IEDC and

LEAP, including the effectiveness of the State Board of Accounts examination process, prior audit findings, and the significant issues subsequently identified by FTI. A copy of that letter is attached for GAO's reference.

This state oversight inquiry is separate from the federal review requested here. However, given the significant intersection of state and federal resources, the adequacy of the state examination process is relevant to understanding whether federal funds and federally supported activities were subject to sufficient controls, examination, and oversight.

Requested GAO Review

Accordingly, I request that GAO conduct a separate review of IEDC and LEAP addressing the following:

Federal Funding. Identify significant federal funds received, administered, distributed, or utilized by IEDC and related entities from 2022 to the present, including the federal agencies and programs involved, amounts received or expended, recipients and subrecipients, and authorized purposes.

Federal Nexus to LEAP. Determine the extent to which federal funds, federally capitalized financing, grants, loans, tax incentives, or other federal resources directly or indirectly supported or facilitated LEAP, including land acquisition, infrastructure, utilities, economic-development incentives, financing, or related activities.

DWSRF Classification and Oversight. Examine how the substantial DWSRF financing associated with the Citizens–Lebanon water project was classified, including whether the loans were designated as equivalency or non-equivalency assistance; who made those determinations and on what basis; what federal audit, reporting, procurement, compliance, and other requirements applied or did not apply as a result; and whether the classification of these loans resulted in materially less federal oversight of a major infrastructure project directly supporting LEAP.

Federal Financial Controls. Evaluate whether IEDC and related entities maintained adequate internal controls, accounting systems, documentation, reporting, and compliance procedures for federal funds.

Federal Agency Oversight. Determine whether responsible federal agencies adequately assessed and monitored risks associated with federal funds administered through IEDC, particularly as IEDC's authority, expenditures, contractual commitments, and LEAP activities expanded significantly.

Prior Federal Audit Findings. Review the circumstances and federal implications of the FY2024 audit findings involving the omitted $550,000 in prior-period federal expenditures, the significant deficiency in financial reporting, and the material weakness in internal control over federal-program compliance, including whether these findings warranted additional federal review or corrective action.

FTI Findings. Determine whether any of FTI's 45 findings and observations involving governance, contracting, conflicts, internal controls, compliance, or financial oversight affected federal funds, federally supported activities, federal reporting, procurement, or subrecipient oversight.

Flow of Federal Funds. Determine whether federal funds associated with IEDC or LEAP flowed through subsidiaries, nonprofit entities, contractors, subrecipients, financing entities, or other organizations in ways that created additional transparency, internal-control, or accountability risks.

Federal Response and Referrals. Determine what relevant federal agencies knew about the prior audit findings and FTI findings, what actions they took in response, and whether any matters were referred to federal Inspectors General, law enforcement, or other investigative authorities.

Additional Safeguards. Determine whether additional federal controls, audit procedures, reporting requirements, or congressional action are warranted to protect federal taxpayers and ensure accountability for federal resources administered through state economic-development entities and large development projects such as LEAP.

Separate and Additional GAO Review

This request is separate from my prior request concerning the Citizens–Lebanon water project and DWSRF financing. That request addresses a specific federally capitalized financing program and related water infrastructure. This request asks GAO to examine the broader federal nexus involving IEDC and LEAP, including federal funding, financial reporting, internal controls, compliance, and federal agency oversight.

Taken together with the concerns raised in my attached letter to the Indiana Legislative Council Audit and Financial Reporting Subcommittee and the findings identified in the attached FTI forensic review, these issues raise significant questions about the adequacy of state and federal oversight of IEDC and LEAP.

Given the significant federal nexus and the material effects of LEAP on Indiana's Fifth Congressional District, I respectfully request that GAO undertake this separate review and advise my office regarding its intended scope.

Thank you for your attention to this important matter.

Sincerely,

Victoria Spartz

Victoria Spartz
Member of Congress

Attachments:

Letter to the Chairman, Indiana Legislative Council Audit and Financial Reporting Subcommittee, September 2026

FTI Consulting, *Indiana Economic Development Corporation Forensic Review*, October 2, 2025

cc:
Indiana State Board of Accounts