

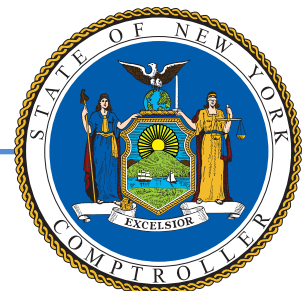
New York City Department of Small Business Services

Selected Programs to Assist Businesses in New York City

Report 2022-N-1 | March 2024

OFFICE OF THE NEW YORK STATE COMPTROLLER
Thomas P. DiNapoli, State Comptroller

Division of State Government Accountability



Audit Highlights

Objectives

To determine whether the New York City Department of Small Business Services provided available services under the Energy Cost Savings Program and the Business Preparedness and Resiliency Program, and whether Small Business Advocates and Compliance Advisors provided services to assist businesses in opening, operating, and expanding their businesses. We also sought to determine whether the services were provided in accordance with the applicable requirements of each program, including eligibility and the value of rebates granted. The audit covered the period from July 2018 through May 2022.

About the Program

The New York City Department of Small Business Services' (SBS) mission is to help “unlock economic potential and create economic security for all New Yorkers by connecting New Yorkers to good jobs, creating stronger businesses, and building thriving neighborhoods across the five boroughs.” Previously known as the Department of Business Services, SBS is tasked with helping businesses throughout New York City start, operate, and expand. Through its programs, SBS provides direct assistance as well as facilitates services from other entities, such as financial institutions, to aid businesses. In our prior audit, *Selected Aspects of Supporting Small Businesses (2020-N-10)*, we reviewed the Employee Retention Grant program and SBS' actions to implement the Small Business First initiative. In light of the importance of helping local businesses, we are auditing additional SBS business assistance programs. This audit covers three programs under the Division of Business Services: the Energy Cost Savings Program (ECSP), the Business Preparedness and Resiliency Program (BPREP), and a program to assist small businesses by providing the services of Compliance Advisors (CAs) and Small Business Advocates (SBAs). The three programs were selected because each addresses a different service to provide small businesses the support across the business life cycle from startup to growth that will help them to remain in business. ECSP helps businesses obtain a rebate to reduce energy costs. It was initiated before the Department of Business Services' name changed to SBS, and subsequently refocused on small businesses. As a result, ECSP continues to assist businesses of various sizes. BPREP assists businesses affected by Superstorm Sandy and educates businesses on how to prepare for potential future disasters. CAs and SBAs provide regulatory advice, helping businesses understand key City rules and requirements and how to avoid and respond to violations. The three programs we examined are briefly described below:

- ECSP allows businesses to qualify for reduced costs for energy provided to them by regulated utilities. During fiscal year 2020, the 418 businesses participating in this program had savings of \$11.3 million, with \$138.5 million in cumulative savings.
- CAs and SBAs are SBS professionals who specialize in helping small business owners comply with City regulations. From July 2018 through October 2020:
 - CAs, who provide on-site compliance consultations, reported 2,255 contacts with businesses.
 - SBAs, who provide in-person support to help businesses understand key City rules and requirements, reported 7,507 contacts with businesses.
 - An additional 2,568 services were provided by both CAs and SBAs.
- BPREP provided grants of up to \$3,000 to businesses in the Superstorm Sandy flood zone to prepare for emergencies. During the period August 2017 to August 2020, 334 businesses received benefits under this program totaling \$942,942.

Key Findings

SBS provides services to help businesses start and comply with City regulatory requirements. While providing valuable services, our audit showed that the agency needs to improve in other areas, such as monitoring businesses' continued eligibility for program benefits. For example, to maintain their 12-year eligibility for the rebates, ECSP businesses were required to submit an annual report to document the current status of the recipient's eligibility under ECSP such as the type of business conducted at the eligible premises and change in the occupancy or ownership. We found that none of the 60 businesses sampled submitted the required annual reports for the entire contract period, yet they received rebates totaling \$2,870,464. The average rebate was \$47,841 – ranging from \$145 to \$461,191, based on the utility bill, which could be electricity and/or gas.

For CAs and SBAs, SBS did not keep complete records of the visits and the documentation to support the information provided to the businesses. The files SBS provided were missing required documents, such as checklists documenting the items covered during the visit and the recommendations made to the business, and, in some cases, did not contain the name of the business receiving the service. Compliance checklists are an essential part of the documentation generated during on-site visits. We sampled a total of 50 businesses that were reported as receiving a combined total of 74 services from SBS and found that 26 unique businesses did not have sufficient documentation to support that 33 services were provided.

Similarly, for BPREP, SBS did not keep accurate records of webinars and attendees from businesses accessing disaster recovery tools.

Key Recommendations

- Develop a process to ensure that all correspondence between SBS and the businesses receiving the rebate under ECSP are documented, including landlord acknowledgments, property tax bills, and renovation and construction costs, as well as annual reports for continuing eligibility determinations.
- Remind ECSP businesses that they are required to file an annual report and other documents.
- Ensure that the checklists created during SBA and CA visits are complete, are issued to the business owners, provide clear recommended actions to be taken by the business owners, and are retained.



Office of the New York State Comptroller Division of State Government Accountability

March 14, 2024

Kevin D. Kim
Commissioner
New York City Department of Small Business Services
1 Liberty Street
New York, NY 10006

Dear Commissioner Kim:

The Office of the State Comptroller is committed to helping State agencies, public authorities, and local government agencies manage their resources efficiently and effectively. By so doing, it provides accountability for the tax dollars spent to support government operations. The Comptroller oversees the fiscal affairs of State agencies, public authorities, and local government agencies, as well as their compliance with relevant statutes and their observance of good business practices. This fiscal oversight is accomplished, in part, through our audits, which identify opportunities for improving operations. Audits can also identify strategies for reducing costs and strengthening controls that are intended to safeguard assets.

Following is a report of our audit of the New York City Department of Small Business Services entitled *Selected Programs to Assist Businesses in New York City*. This audit was performed pursuant to the State Comptroller's authority under Article V, Section 1, of the State Constitution and Article III of the General Municipal Law.

This audit's results and recommendations are resources for you to use in effectively managing your operations and in meeting the expectations of taxpayers. If you have any questions about this report, please feel free to contact us.

Respectfully submitted,

Division of State Government Accountability

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Glossary of Terms

Term	Description	Identifier
SBS	New York City Department of Small Business Services	<i>Auditee</i>
BPREP	Business Preparedness and Resiliency Program	<i>Key Term</i>
CA	Compliance Advisors	<i>Key Term</i>
Dynamics	Microsoft Dynamics	<i>Key Term</i>
ECSP	Energy Cost Savings Program	<i>Key Term</i>
SAT	Self-Assessment Tool	<i>Key Term</i>
SBA	Small Business Advocates	<i>Key Term</i>

Background

The New York City Department of Small Business Services' (SBS) mission is to help “unlock economic potential and create economic security for all New Yorkers by connecting New Yorkers to good jobs, creating stronger businesses, and building thriving neighborhoods across the five boroughs.” Previously known as the Department of Business Services, SBS is tasked with helping small businesses start, operate, and expand. Through its programs, SBS provides direct assistance as well as facilitates services from other entities, such as financial institutions, to aid businesses. In our prior audit, *Selected Aspects of Supporting Small Businesses (2020-N-10)*, we reviewed the Employee Retention Grant program and SBS' actions to implement the Small Business First initiative. In light of the importance of helping local businesses, we are auditing additional SBS business assistance programs. This audit covers three programs under the Division of Business Services: the Energy Cost Savings Program (ECSP), the Business Preparedness and Resiliency Program (BPREP), and a program to assist small businesses by providing the services of Compliance Advisors (CAs) and Small Business Advocates (SBAs). The three programs were selected because each addresses a different service to provide small businesses the support across the business life cycle from startup to growth that will help them to remain in business.

The purpose of the ECSP is to motivate industrial and commercial development by encouraging businesses to relocate to targeted areas of New York City and providing incentives to businesses already located in such areas to expand or to improve their industrial and commercial space. ECSP assists such businesses by reducing and regulating energy costs. ECSP is designed to promote relocation in these areas through partial rebates of utility bills of the business premises. There are various avenues to access the ECSP program. One of the avenues is “Special Eligible Premises” for buildings that have previously undergone capital improvements and have been approved by ECSP for lower energy costs for qualified commercial and industrial tenants. The program changed its focus on October 31, 2000, from all businesses to small businesses in order to align with the transition of the New York City Department of Business Services to SBS. As a result, ECSP continues to assist businesses of various sizes. During fiscal year 2020, the 418 businesses participating in this program had savings of \$11.3 million, with \$138.5 million in cumulative savings.

BPREP aims to help small businesses deal with the impact of natural disasters such as hurricanes and other emergency events. This initiative helps business owners citywide develop an emergency preparedness plan, provides free on-site risk assessments, and awards emergency readiness grants of up to \$3,000 to businesses impacted by Superstorm Sandy. During the period August 2017 to August 2020, 334 businesses were awarded grants under this program totaling \$942,942. The program has helped an additional nearly 700 small businesses citywide develop emergency preparedness plans. BPREP also offers free emergency preparedness in-person workshops and webinars to business owners across the City to educate them about reducing loss and maintaining control during any disruption.

SBS offers on-site compliance consultations with CAs to make it easier for storefront businesses to start, operate, and grow in the City. CAs work directly with new and existing businesses looking to open and operate in New York City; visit small businesses throughout the five boroughs and help business owners understand how to comply with City rules and regulations and how to avoid or respond to common violations; provide technical assistance to small business owners and storefront businesses ahead of an inspection by a City regulatory agency such as the Department of Health and Mental Hygiene and the Department of Sanitation; and conduct visual walk-throughs of the space and pinpoint potential areas in need of improvements before an inspection from City officials. During the COVID-19 pandemic, this program was conducted virtually. The beneficiaries of this program consist of mainly food and beverage establishments, but also include storefront businesses and retail establishments. CAs further helped support the Open Restaurants Program, a new citywide program operated by the Department of Transportation (DOT) during the pandemic. This allowed full-service restaurants to open roadway and sidewalk seating for their customers. The CAs provided specific consultations with respect to compliance with DOT regulations as restaurants used street and sidewalk space to conduct their business.

Another way to provide in-person support is through the deployment of SBAs. These professionals help businesses understand key City rules and requirements and how to avoid fines and violations. They connect with government agencies and help businesses obtain permits and licenses. SBAs also coordinate plan reviews and inspections from various City agencies and help businesses understand how to resolve any potential violations.

From July 2018 through October 2020, CAs reported 2,255 contacts with businesses, SBAs reported 7,507 contacts with businesses, and an additional 2,568 services were provided by both CAs and SBAs.

The current system used by SBS to record and track information regarding services provided by CAs and SBAs is Microsoft Dynamics (Dynamics). Prior to Dynamics, SBS used Salesforce, which was decommissioned in July 2019.

Audit Findings and Recommendations

SBS' function is to aid small businesses through programs designed to facilitate operations, ease financial burdens, assist with compliance, and, in the case of possible violations, help businesses understand how to resolve them. As part of its continuous assistance to small businesses, SBS has the role of a facilitator to ensure that the programs it has in place are providing the necessary assistance so that small businesses across New York City continue to grow.

We found that SBS assisted businesses through ECSP and BPREP and CA and SBA services; however, SBS did not follow through after the awards or rebates were distributed to the businesses. For example, for ECSP, SBS did not monitor businesses' continued eligibility for program benefits by ensuring that required annual reports were filed. We determined that none of the 60 businesses sampled for ECSP filed the annual report to document the current status of the recipient's eligibility under ECSP such as the type of business conducted at the eligible premises and change in the occupancy or ownership. In addition, there was insufficient documentation to support that 26 businesses received 33 CA and/or SBA services. Without documentation, there is less assurance that the businesses receive the information about City regulations that small businesses need to navigate to start, grow, and remain in business, and SBS is less able to evaluate the program to identify both promising practices as well as areas of improvement.

Energy Cost Savings Program

Participants in ECSP are required to file an annual report, which is stated in the letter of approval. Additionally, the Commissioner of SBS can remove a business from ECSP for non-compliance with this requirement. We found that all 60 sampled businesses did not submit the annual reports required for continuing rebates for the entire 12-year period, while receiving rebates in their enrolled ECSP utility accounts.

We found four businesses, with 10 utility accounts, received over the maximum allotted rebates for gas and electric. Four utility accounts were over the 35% maximum rebate for natural gas (two at 51%, one at 79%, and one at 83%) and six utility accounts were over the maximum 45% electricity rebate, ranging from 62% to 89%. The 35% and 45% rebate caps became effective after October 31, 2000. As the rebate applications for the four businesses were dated after October 31, 2000, each was subject to caps. Our review also showed five businesses received rebates exceeding the maximum allotment of \$10,000 per employee each year for the duration of the eligibility period.

In addition, we found one business received rebates for 11 months beyond the maximum rebate period of 12 years, and another business did not have a certificate of eligibility for the rebates received for fiscal year 2020.

We also determined the files for all 60 businesses that received rebates, totaling \$2,870,464, were incomplete. The average rebate was \$47,841 – ranging from \$145 to \$461,191, based on the utility bill, which could be electricity and/or gas.

The following are examples of the missing documentation to support eligibility:

- Five businesses lacked documentation attesting to renovation or construction expenditures.
- Four businesses lacked property real estate tax bills.
- Six businesses lacked documentation whereby the landlord acknowledged the property's participation in ECSP.

Additional rebates are available for businesses that use co-generation. We found that two of the four businesses did not submit monthly reports, which are required for the additional rebates for each month they received these rebates. While SBS officials advised us that the businesses and utility companies are aware of the reporting requirements and are in compliance, we did not receive any records to support their statements.

Recommendations

1. Develop a process to ensure that all correspondence between SBS and the businesses receiving the rebate under ECSP are documented, including landlord acknowledgments, property tax bills, and renovation and construction costs as well as annual reports for continuing eligibility determinations.
2. Remind ECSP businesses that they are required to file an annual report and other documents.
3. Ensure that businesses are in compliance with the requirements such as not exceeding the \$10,000-per-employee cap and that they are not awarded rebates in excess of the maximum 35% for gas and 45% for electricity.

Educate Small Businesses

SBS can make it easier for storefront businesses to start, operate, and grow by working directly with new and existing businesses in New York City. They do this through the efforts of their CAs and SBAs. CAs visit small businesses throughout the five boroughs to help business owners understand how to comply with City rules and regulations and avoid common violations. In addition, they participate in outreach activities to both educate businesses with targeted compliance information as well as to market other services offered by SBS. They often work in conjunction with SBAs.

SBAs establish long-term relationships with businesses and work with them to help navigate and succeed in a complex regulatory environment. They do this by:

- Facilitating interactions with the City on behalf of the business owner;
- Guiding and educating business owners on how to apply for licenses and permits and expediting applications; and
- Providing guidance to address violations.

We sampled a total of 50 businesses that were reported as receiving a combined total of 74 services from SBS. Twenty businesses received services from CAs, 20 received services from SBAs, and 10 businesses received services from both. We found that 26 unique businesses did not have sufficient documentation to support that 33 services were provided.

Compliance Advisors

The 20 businesses sampled received 32 services from CAs. According to SBS' procedures, two types of consultations are offered: an express consultation and a full consultation. An express consultation covers a review of three to five violations that pertain to the business while a full consultation addresses the full checklist of potential violations and can vary from 60 to 90 minutes. Services are currently recorded in Dynamics. The previous system of record, Salesforce, was decommissioned in July 2019. According to office procedures, CAs are to update the client's Inspection Record with notes about the consultation, compliance issues encountered, and any photos from the consultation. This information results in the generation of a checklist, which should be emailed to the business owner and interested project representatives.

We requested documentation supporting whether the services were provided by the CAs to each business. We were advised by SBS that proof of services includes screenshots of the lead that initiated the process and the related compliance checklist. While SBS provided screenshots of the Dynamics system (the leads) and compliance checklists (which documented key violations and areas of non-compliance, such as sanitary conditions for food service businesses), for 13 services to 10 businesses, the checklists did not have any identifying information to support they were related to the lead provided. An additional two services to one of the businesses did not have an accompanying compliance checklist. Moreover, we did not see evidence to document the in-field visits or emails to the business owners providing them with their compliance consultation checklist for any of the services provided.

In response to our preliminary findings, SBS stated that "modifications have been made in Dynamics to ensure that unique identifiers are added to the compliance checklist to ensure that services can be linked to leads. Updates to Dynamics are continually being made to ensure it works efficiently and effectively."

Small Business Advocates

Our sample also included 20 businesses that received 21 services from SBAs. We were advised by SBS officials that the documentation to support these services would consist of screenshots of the lead as well as information from either the Timeline section of Dynamics or archived spreadsheets from Salesforce, depending on when the service was provided, that would document the project details or outcomes of the services. In our sample of 20 businesses that received services, six businesses (that were provided with seven services) had no information to support that the services were provided.

In response to our preliminary findings, SBS stated that “modifications have been made in Dynamics to ensure that unique identifiers are added to the compliance checklist. Updates to Dynamics are continually being made to ensure it works efficiently and effectively.”

Compliance Advisors and Small Business Advocates

Our sample also included 10 businesses that received a total of 21 services from both CAs and SBAs (11 from CAs and 10 from SBAs), and we requested documentation to support that the services were provided. SBS provided screenshots of the Dynamics system, compliance checklists, and archived Salesforce information in a spreadsheet. We reviewed the documentation as well as the compliance checklists provided. Four of 11 services (to four businesses) could not be associated with the spreadsheet from Salesforce, and the documentation was insufficient to support the CA services provided. Additionally, four services to four businesses did not have an accompanying compliance checklist. There was no documentation related to the services for seven of the 10 businesses receiving services from SBAs. (Note: Of the businesses and services discussed here, nine businesses and 11 services were unique.)

We accompanied CAs during their scheduled visits to eight businesses to gain a better perspective of the services they provide to businesses regarding how to stay compliant, navigate regulatory issues, and avoid non-compliance and fines. The range of issues discussed included health code violations, outdoor seating, expansion to offer additional products, and how to appeal fines where the business owner believes a summons was issued erroneously.

Based on our review of these programs, we concluded that, overall, the services were providing value to the businesses assisted, but SBS needs to improve its monitoring of businesses’ compliance with the requirements and documentation of the services that were delivered to determine effectiveness and whether they improved the businesses’ condition.

Recommendations

4. Require unique identifiers and signatures by the CAs on the compliance checklists.
5. Ensure that the checklists created during SBA and CA visits are complete, are issued to the business owners, provide clear recommended actions to be taken by the business owners, and are retained.

Business Preparedness and Resiliency Program

BPREP also offers free emergency preparedness in-person workshops and webinars to business owners across the City to educate them about reducing loss and maintaining control during any disruption. SBS provided a list of 442 business participants that attended webinars/workshops available via BPREP between

August 21, 2018 and June 13, 2020. The data contained the first and last names of participants, the name of the business, registration date, and course description. We selected a judgmental sample of 20 participants, based on the unique webinar/workshops offered by SBS, distributed evenly across offerings from 2018–20. We also selected webinars/workshops that reported the highest and lowest number of participants.

We requested course materials and attendance records of the participating businesses to have reasonable assurance that the courses were available and that the services were provided. Following our request, SBS provided examples of webinar ads, emails, and a PowerPoint presentation to demonstrate that the courses were available to the public. Also, based on our own research, we were able to locate the majority of past events on Eventbrite, a free third-party online ticketing platform that allows event organizers to host events on their website.

Additionally, to enhance BPREP capabilities, SBS is developing a Self-Assessment Tool (SAT), a digital translation of the risk assessment previously provided in person. The SAT aims to create a one-stop location where small business owners in the City can assess their business preparedness for unexpected events and access tailored recommendations, educational courses, a digital library with relevant resources, and a community forum.

According to SBS officials, the SAT implementation is phased, and was projected to be finalized by December 2023. Per SBS, the tool will offer businesses a unique opportunity to explore how a disaster or disruption may affect key business drivers and discover ways to address vulnerabilities via tailored recommendations. This was a joint effort involving SBS' program management office and the Office of Technology and Innovation (formerly DoITT) with the webpage hosted on the NYC Business Portal.

We requested documentation to support the progress of the SAT and a listing of registered users/business profiles created through the SAT. In response to our request, SBS provided the following: a business requirements document (August 2021) that outlines the SAT; a project overview of the SAT; an email stating that the soft launch was available and ready on March 2022; the SAT logic map, which describes the step-by-step functionality of the SAT; and an estimated time line/project road map to support the progress of the initiative.

Although this documentation supports the timeline for the SAT, we did not receive documents to demonstrate the tool can retain business-specific information, such as a listing of the registered users or business profiles created through the SAT, which would help customize recommendations. In response to our subsequent requests, SBS stated that the SAT application does not have the back-end database capabilities to support the creation of accounts. According to the March 2022 soft launch, both registered and non-registered users were able to access and complete the SAT, but, as of the time of our inquiry, the SAT did not retain the information. SBS officials stated that the system's ability to save BPREP information will be available in the November 2023 release for registered users. As of May 2022,

tracking information was not available and the NYC Business Portal does not allow for tracking accounts created specifically for the BPREP tool. Without retaining this information, SBS may not be able to appropriately understand the audience served as well as evaluate and improve the program.

Recommendation

- 6.** Develop capabilities to effectively monitor SAT use, including activity and trends to appropriately understand the audience served as well as evaluate and improve the program.

Audit Scope, Objectives, and Methodology

The objectives of our audit were to determine whether SBS provided available services under ECSP and BPREP, and whether SBAs and CAs provided services to assist businesses in opening, operating, and expanding their businesses. We also sought to determine whether the services were provided in accordance with the applicable requirements of each program, including eligibility and the value of rebates granted. The audit covered the period from July 2018 through May 2022.

To accomplish our objectives and assess related internal controls, we interviewed SBS management and staff responsible for initializing, documenting, and monitoring utility rebates; disaster recovery help tools; and SBA and CA services.

We used a non-statistical sampling approach to provide conclusions on our audit objectives and to test internal controls and compliance. We selected both judgmental and random samples. However, because we used a non-statistical sampling approach for our tests, we cannot project the results to the respective populations, even for the random samples. Our samples, which are discussed in detail in the body of our report, included:

- A random sample of 60 businesses of the 418 businesses that received ECSP rebates to test whether they met the eligibility requirements and their rebate amounts were correctly calculated;
- A random sample of 20 businesses that received SBA services from a population of 4,188 to test whether they had received services;
- A random sample of 20 businesses from the 1,568 that received CA services to test whether they had received services;
- A random sample of 10 businesses from a population of 1,745 that received both SBA and CA services to test whether they had received services.
- A judgmental sample of 20 participants in BPREP workshops based on course, total participation, type of entity, and year the course was presented to test whether the courses were available and services were provided.

We also accompanied CAs to eight businesses during April and May 2022 to observe the services provided.

We obtained data from various systems, including Dynamics and Salesforce, and assessed the reliability of that data by reviewing existing information, interviewing officials knowledgeable about the system, and tracing to and from source data. We determined the data from these systems was sufficiently reliable for the purposes of this report.

Statutory Requirements

Authority

The audit was performed pursuant to the State Comptroller's authority as set forth to the State Comptroller's authority under Article V, Section 1, of the State Constitution and Article III of the General Municipal Law.

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

Reporting Requirements

We provided a draft copy of this report to SBS officials for their review and comment. Their comments were considered in preparing this final report and are attached in their entirety at the end of it.

In response to our draft report, SBS stated that it is developing the technology used for the CA and other SBS programs that will improve the information available about the services provided to businesses. In addition, it will strengthen controls over the compliance with certain ECSP program requirements such as annual reporting, and correspondence from all businesses receiving benefits. Regarding SAT, SBS is monitoring usage on a regular basis to understand website traffic and trends. We are pleased that SBS has taken or is in the process of implementing the recommendations.

Within 180 days after final release of this report, we request that the Commissioner of the New York City Department of Small Business Services report to the State Comptroller, advising what steps were taken to implement the recommendations contained herein, and if the recommendations were not implemented, the reasons why.

Agency Comments



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By Electronic Mail

December 22, 2023

Carmen Maldonado
Audit Director
NYS Office of the State Comptroller
Division of State Government Accountability
59 Maiden Lane, 21st Floor
New York, NY 10038

SUBJECT: New York City Department of Small Business Services (SBS) Selected Programs to Assist Businesses in New York City (Report 2022-N-1, November 2023)

Dear Ms. Maldonado,

Please find enclosed the SBS's response to the NYS Office of the State Comptroller Audit Report.

If you have any questions, please do not hesitate to contact us.

Sincerely,

Ismail Mohamed

Ismail Mohamed

Assistant Commissioner

CC: Kevin Kim, Commissioner

Dynishal Gross, Executive Deputy Commissioner



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Energy Cost Savings Program (ECSP) Recommendations #1 - #3

Recommendations:

1. Develop a process to ensure that all correspondence between SBS and the businesses receiving the rebate under ECSP are documented, including landlord acknowledgments, property tax bills, and renovation and construction costs as well as annual reports for continuing eligibility determinations.
2. Remind ECSP businesses that they are required to file an annual report and other documents.
3. Ensure that businesses are in compliance with the requirements such as not exceeding the \$10,000-per-employee cap and that they are not awarded rebates in excess of the maximum 35% for gas and 45% for electricity.

SBS Response:

SBS is constantly improving program processes and procedures. Currently there are systems in place to track requisite support documentation and correspondence as part of the ECSP application process. Each file contains a due diligence document checklist indicating that all items are submitted to file and were reviewed at time of approval. Although the audit period was FY 20, applications for businesses receiving benefits in that year were submitted in prior years, including some that are approximately 12 year old, and these records needed to be retrieved from an archive offsite.

The annual notice, with an accompanying survey, is sent on the anniversary of each beneficiary's start date as a reminder to each active recipient to provide the requested information. Two weeks after the notice is sent a reminder email sent. If SBS doesn't receive a response, the unit calls the company as an additional follow-up.

SBS also gleans pertinent information from monthly utility reports, including continued operation, and rate provided, indicating commercial or industrial use for all active recipients, providing an additional tool to detect status updates and changes.

The agency is planning technology enhancements to automate functionality including annual reporting, correspondence generation/ tracking as well as easier flagging if/when benefits exceed dollar caps.

Compliance Advisors and Small Business Advocates (NYC Business Express Services Team – NYC BEST) Recommendations #4 & #5

Recommendations:



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4. Require unique identifiers and signatures by the CAs on the compliance checklists.
5. Ensure that the checklists created during SBA and CA visits are complete, are issued to the business owners, provide clear recommended actions to be taken by the business owners, and are retained.

SBS Response

SBS will aim to implement the recommendations as part of our overall plans to improve the use of technology. Prior to the migration to Dynamics, the Compliance Consultation Checklist was given to the business owner and a copy was retained by SBS. The checklist was integrated within the last few years when we migrated to Dynamics and we continually look to improve upon service delivery. Currently the Compliance Consultation Checklist has the Lead Number on the top page, but we will have the Lead Number added to every page and include the signature of the Compliance Advisor. The NYC BEST Team will work with Technology to implement the changes to the checklist over the next few months.

The Small Business Advocates do not use a checklist, but we will develop one to integrate into their work. The checklist for the Small Business Advocate will need to be designed, mapped out to ensure that it encompasses multiple industries, complex rules and regulations and then developed in the Dynamics system. The NYC BEST Team will work with Technology to incorporate this in the system within the next calendar year.

Business Preparedness and Resiliency Program (BPrep) Recommendations #6

Recommendations

6. Develop capabilities to effectively monitor SAT use, including activity and trends to appropriately understand the audience served as well as evaluate and improve the program.

SBS Response:

SBS monitors the SAT usage on a regular basis via such tools as Google Analytics to understand website traffic and trends, including comparing data against various marketing efforts conducted to ensure resource broad dissemination. We are assessing other technological tools to improve how we monitor SAT usage. Additionally, the agency is looking into enhancing current tracking functionalities to further capture visitor/user behavior insights, which together with other BPREP datasets, including qualitative data, would inform future tool refinements.

Contributors to Report

Executive Team

Andrea C. Miller - *Executive Deputy Comptroller*

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