

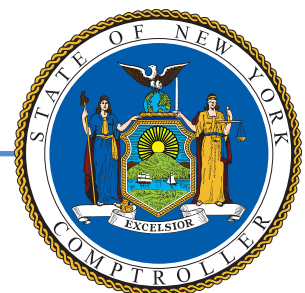
New York City Department of Small Business Services

Facilitated Programs to Assist Small Businesses

Report 2022-N-4 | April 2026

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

Division of State Government Accountability



Audit Highlights

Objective

To determine whether the New York City Department of Small Business Services (SBS) provided available services under programs to small businesses to assist them in obtaining funding for opening, operating, and expanding their businesses. The audit covered the period from July 2019 to November 2023.

About the Program

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.”

SBS contracts with outside entities known as Industrial Business Service Providers (Industrial Providers) and Business Solutions Centers to support these programs and assist businesses with analyzing their finances, identifying the best available financial products, working with lenders to package loans, collecting financial documents and completing forms, structuring loan requests, and submitting final loan applications to lenders, as well as following up to ensure disbursement of funds and providing post-financing advisement. Another service these contracted entities were required to provide was training, consisting of webinars/workshops, to business owners. Under the Industrial Provider Capital Access program, SBS facilitates assistance to businesses in the manufacturing, construction, transportation, wholesale, utility, and film production industries. The New York City Businesses Solutions Capital Access program covers businesses in other industries. During the 4 fiscal years from 2019 to 2022, SBS reported that these programs facilitated about \$220 million in financing to businesses.

Key Findings

SBS provides services to small businesses through contractors. These contractors assist small businesses in obtaining access to financial organizations that will provide financing for their business. However, while SBS' monitoring of these contractors includes reviewing their expenses and outputs, it does not include the development and review of operational data that would enable the agency to determine how its programs are helping small businesses reach their goals.

The 76 businesses we reviewed obtained facilitated loans of \$97,363,816; however, SBS did not collect data on the beneficial effects of this financing, such as the creation of new jobs or strengthening of the businesses' operations.

Additionally, while SBS audits the contractors' use of the contract funds, it does not verify program performance in terms of the number and amount of the facilitated loans. Instead, the program results are self-reported by the vendors.

A review of the files at the Industrial Providers and Business Solutions Centers showed that they did not always obtain the required documentation from businesses. For example:

- Fifteen of the 76 sampled businesses received 24 facilitated loans, valued at \$23,113,349, but did not have a proof letter from the lender in Dynamics (SBS' system of record) verifying that the loan had been made.

-
- Three sampled businesses had differences between the amount in their lenders' proof letters and the amounts recorded in Dynamics. For two of the businesses, the amounts stated in the proof letters were higher by \$2,175,909, and for one, the amount in Dynamics was higher than the amount in the proof letter by \$599,125.

To qualify for services, businesses are required to be located in New York City or have a formal presence if they are based outside New York City. We found that 158 of the 2,129 facilitated loans, valued at \$10,242,747, were made to businesses located outside of New York City or there was no documentation to support a presence in New York City.

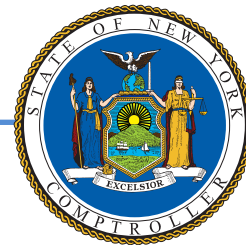
Additionally, the programs included training courses for businesses in subjects such as preparing financial statements (to be submitted to lenders), business plans, operating a business, and how to do business with government agencies. Data related to these programs is included in performance metrics for contractors, which helps SBS evaluate the programs. We found the controls over enrollment and attendance need to be improved. For example:

- Courses and seminars administered by the Business Solutions Centers were missing Zoom attendance reports in Dynamics to support the attendance of 141 of 1,083 (13%) of the participants. These participants were counted toward reaching the Business Solutions Centers' annual attendance goal.
- For the remaining 942 (1,083 - 141) attendees who had Zoom reports to corroborate their attendance, we found that 173 attendees (18%) did not stay for at least half of the course/session.

Before 2023, SBS did not conduct post-course surveys to assess whether the courses administered by the Business Solutions Centers benefited the businesses in any measurable way. Although SBS officials advised that surveys were conducted by another New York City entity, they did not provide us with the survey results.

Key Recommendations

- Improve monitoring to ensure the programs align with SBS' mission. This may include expanding required reporting in future contracts to collect data that would enable the assessment of program outcomes and effectiveness.
- Improve oversight over Industrial Providers and Business Solutions Centers data to ensure completeness and accuracy and that all required fields in Dynamics are complete.
- Ensure that all businesses are located in New York City or have a formal presence if they are based outside New York City.
- Require Business Solutions Centers to improve their records of attendance at training webinars/workshops that are service goals per their contracts.
- Set minimum attendance time for an attendee to be counted as a service that was provided as part of the contract.
- Revisit the process used to conduct post-training surveys to determine whether they should be conducted by SBS.



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

April 10, 2026

Kenny Minaya
Commissioner
New York City Department of Small Business Services
1 Liberty Street
New York, NY 10006

Dear Commissioner Minaya:

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 Small Business Services entitled *Facilitated Programs to Assist Small Businesses*. This audit was performed pursuant to the State Comptroller's authority under Article V, Section 1, of the State Constitution and Article III, Section 33 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>
Dynamics	Microsoft Dynamics computer application	<i>Key Term</i>
Lead number	Numbers assigned at intake initial contact (business contacts SBS) and for each non-financial service provided	<i>Key Term</i>
Opportunity number	Numbers assigned upon the completion of a process	<i>Key Term</i>
PUMA	Public Use Microdata Area	<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.” SBS is tasked with helping small businesses start, operate, and expand. This is especially crucial because of current economic conditions, including high interest rates. SBS directly provides assistance as well as facilitates services from other entities to aid small businesses. To be qualified, a business must be located or have a presence within the five boroughs of New York City.

One of the ways SBS assists businesses is by contracting with outside entities known as Industrial Business Service Providers (Industrial Providers), which provide assistance to businesses in the manufacturing, construction, transportation, wholesale, utility, and film production industries; and Business Solutions Centers, which cover businesses in other industries. The outside entities SBS contracts with serve as the point of contact for businesses seeking assistance. These third parties assist businesses with:

- Analyzing finances
- Identifying the best available financial products
- Working with lenders to package loans
- Collecting financial documents and completing forms
- Structuring loan requests
- Submitting final loan applications to lenders

These functions occur at the Industrial Provider and Business Solutions Center level, as these are the portals through which a business initiates and continues interaction with SBS. All data regarding these interactions and information about the assistance SBS provides is recorded in Dynamics (SBS' system of record).

Additionally, Business Solutions Centers are required to provide training to small businesses on subjects such as preparing financial statements (to be submitted to lenders), business plans, operating a business, and how to do business with government agencies. Data related to these programs is included in performance metrics for contractors, which helps SBS evaluate its programs.

Once a small business contacts an Industrial Provider or Business Solutions Center for assistance, complete information for that business must be entered into Dynamics, including the initial date of contact, referral method, date of operation commencement, industry, and employer identification number. The initial entry is issued a “Lead” number in Dynamics.

For businesses that receive financial assistance, such as a loan, a written confirmation is required, which must include the size of the award received, name of the business receiving the award, and financial institution granting the award.

A business can receive more than one type of assistance. The services are recorded in Dynamics, each under its own Lead number. Each Lead number pertains to a single event (e.g., inquiry, preparing documents, referral for legal assistance) and therefore, it is unique.

The data pertaining to a business service includes the type of service requested and the outcome. Once a business is determined to be qualified for specific services such as financing, legal services, and recruitment, the services administered are recorded under an “Opportunity” number. Lead and Opportunity numbers, along with all the data regarding the businesses and services provided, are recorded and maintained in Dynamics. During the 4 fiscal years from 2019 to 2022, there were 16,184 Lead numbers that resulted in 3,397 Opportunity numbers.

For businesses seeking loans or any type of financial assistance, the financial commitment is formalized through a proof letter issued by the lender at the completion of the process. The proof letter outlines the terms and amounts and should reflect the data in Dynamics.

SBS’ Standard Operating Plan is a practical service delivery guide for all Industrial Providers and Business Solutions Centers and staff. It defines service provider policies, services, and goals for the fiscal year of the contract for each Business Solutions Center and provides step-by-step guidance on how to deliver each service from the point of client intake to performance reporting.

The services and metrics for the services for the Business Solutions Centers are as follows:

Services	Metrics
Courses	Course Completion
	Low- and Moderate-Income Completion
	Non-English
Financing Assistance	Financing (Units)
	Financing (Dollars)
	Credit Counseling
Business Consultation	Various
Legal Assistance	Legal Assistance

The services and metrics for services for the Industrial Providers are as follows:

Services	Metrics
Financing Assistance	Financing (Units)
	Financing (Dollars)
	Credit Counseling
Business Consultation	Various
Legal Assistance	Legal Assistance
Incentives	Incentives

Audit Findings and Recommendations

While SBS is administering assistance to New York City’s small businesses through its programs, we found that it does not follow up regarding whether its facilitated loans are having the intended beneficial effects.

Our sample of facilitated business financing of \$97,363,816 found that SBS did not follow up on the effectiveness of the loans or the status of the recipients after receiving the funds or whether the facilitated loans had any beneficial effect, such as keeping the businesses operational or assisting with payroll. Also, while SBS audits the facilitated programs’ compliance with contract terms regarding their budgets, expenditures, and other financial aspects, it does not audit the accuracy of the data reported for its performance metrics.

Facilitated Loans

We examined how SBS assisted businesses by facilitating third-party services. These include facilitated financing in which SBS, through its Industrial Providers and Business Solutions Centers, served in the role of an intermediary, by matching the respective business in need of financing with a willing lender. Precursory steps in the financing process include educating businesses about different lenders’ requirements, assisting businesses in self-assessing their financing needs and qualifications, and ultimately pairing up businesses with financial options constituting the best match.

During the 4 fiscal years from 2019 to 2022, SBS’ service providers reported the facilitation of a total of 2,129 loans, equaling \$220,454,050. These included 158 loans totaling \$10,242,747 made to businesses located outside of New York City or for which there was no documentation to support a presence in New York City. When we asked SBS for the addresses, it did not provide any information to show these businesses were located in New York City.

For the remaining 1,971 loans, totaling \$210,211,303, the amounts of the facilitated loans show a variation by borough and Public Use Microdata Areas (PUMAs),¹ with Brooklyn being awarded 40% of all funds in New York City (see Exhibit A). Additionally, within each borough, there were wide variations in amounts by PUMA (see Exhibits B–F).

We selected a judgmental sample of 76 businesses that received a total of 587 services including loans valued at \$97,363,816. While we found that SBS facilitated \$97,363,816 in loans to these businesses from fiscal years 2019 to 2022, SBS did not follow up with any of the businesses that received these loans to assess their effectiveness post-disbursement. SBS has a provision for Industrial Providers and Business Solutions Centers to submit “success stories,” including a description of how the client benefited from the services provided. However, SBS did not monitor whether the facilitated loans had any beneficial effect, such as keeping the businesses operational or assisting with payroll. While SBS audits the contractors, it does not audit the program’s performance.

¹ PUMAs are non-overlapping, statistical geographic areas that partition each state or equivalent entity into geographic areas containing no fewer than 100,000 people each.

For businesses seeking loans or any type of financial assistance, the financial commitment is formalized through a proof letter issued by the lender, which confirms the loan amount received by the business and should reflect the data in Dynamics (SBS' system of record). We noted that for 15 businesses, for which the Industrial Providers and Business Solutions Centers recorded 24 financing transactions and received \$23,113,349, there was no proof letter from the lender in Dynamics.

Additionally, we found three businesses for which the amounts in their respective proof letters differed from Dynamics:

- For two businesses, the amounts stated in the proof letters exceeded the amounts reflected in Dynamics by \$2,175,909.
- For the third business, the amount in Dynamics exceeded the amount in the proof letter by \$599,125.

Contractor performance is also measured by the services provided to businesses. There were 17 Lead numbers (numbers assigned when a business receives a service) and Opportunity numbers (numbers assigned upon the completion of a process) pertaining to 11 businesses for which corresponding services were not closed in Dynamics. Further, as of the date of our review, Dynamics showed services with open-ended dates ranging from 467 to 1,594 days. Taking 1 to 4 years to provide businesses with requested services will not assist them with starting, operating, and growing, in line with SBS' mission. Additionally, we found businesses with multiple services due to duplicate listings in Dynamics, with nine businesses having a total of 39 listings for 16 unique services, and seven businesses that received 19 services with 19 duplicate listings in Dynamics.

Business Education Courses

Training for small businesses is also a deliverable for contractors. Businesses enroll in courses via Eventbrite and are sent a link to the virtual webinar. The Business Solutions Center employee downloads the attendance sheet for webinar attendees. The employee verifies attendance with the enrollment roster and places a checkmark next to the attendee's name in Eventbrite. Once checked into Eventbrite, the attendance status in Dynamics is automatically updated for a Lead number.

Since 2020, in-person courses have been suspended and moved to a virtual classroom setting. For virtual courses, SBS utilizes Zoom. For these classes, Business Solutions Center staff are required to upload Zoom attendance reports. Further, the course coordinators (designated account managers who manage all scheduling, course delivery, and communication with SBS' Business Education workshop) attach a sign-in sheet to each event.

At the start of each session, Business Solutions Center staff are required to monitor the Zoom attendance records and manually check in the participants in Eventbrite by swiping on the attendee's name. This automatically turns the "Registered" status to "Attended" in Dynamics.

We examined documentation for webinars and courses offered by the SBS through four of the seven Business Solutions Centers and found that 141 of 1,083 (13%) of the attendees who were marked as “Attended” were missing Zoom attendance reports in Dynamics to support they were present when the course was delivered.

For the 942 attendees who had Zoom reports to corroborate their attendance, we found that 173 attendees (18%) did not stay for at least half of the course/session. For example, one participant marked as “Attended” stayed only 9 minutes into a 6-hour session. In another example, the participant had 0 minutes recorded in the Zoom attendance records but was listed as “Attended” in Dynamics. We determined that these participants were counted toward reaching the Business Solutions Center’s annual goal. When we inquired with Business Solutions Center officials, they responded that attendance is only taken at the beginning of the course, and they do not monitor the participation rate of the attendees. According to SBS officials, there is no minimum attendance or participation requirement for an attendee to be counted. However, if the attendees do not attend the majority of training, the purpose of the training has not been met and, as a result, the resulting benefits are not achieved. Consequently, the performance metric may not reflect whether the ultimate goal was met. Moreover, we also found that some clients’ attendance was double counted and included in annual goals.

We also found that 131 of 1,083 (12%) participants who attended a course had addresses listed outside of New York City, including 26 from other countries. SBS, in response to our preliminary findings, indicated that it does not prohibit participants outside of New York City from registering for virtual courses because they may be interested in opening a business in New York City or relocating their business to New York City.

SBS states that feedback for these courses is provided by another agency. However, despite repeated requests, we have not received any information from SBS to document that post-course surveys were sent out to participants by Dynamics. The surveys would provide SBS with usable data to make informed business decisions. Initially, when we met with SBS officials, they informed us they did not have access to the feedback system. However, they later told us that access had been obtained, but that the first surveys were sent out in late 2023 and no other surveys were sent prior to that.

During our audit, we found that SBS often did not follow up with businesses to gauge the effectiveness of the services it provides. The absence of follow-ups and assessments of the services provided was a recurring condition across all types of assistance to small businesses. Follow-ups and assessments are essential for understanding a program’s effectiveness, identifying areas for improvement, and ensuring accountability. They provide valuable data for making informed decisions, optimizing resource allocation, and ultimately, achieving desired outcomes.

Recommendations

1. Improve monitoring to ensure the programs align with SBS' mission. This may include expanding required reporting in future contracts to collect data that would enable the assessment of program outcomes and effectiveness.
2. Improve oversight over the Industrial Providers and Business Solutions Centers data to ensure completeness and accuracy and that all required fields in Dynamics are complete.
3. Ensure that all businesses are located in New York City or have a formal presence if they are based outside New York City.
4. Require Business Solutions Centers to improve their records of attendance at training webinars/workshops that are service goals per their contracts.
5. Set minimum attendance time for an attendee to be counted as a service that was provided as part of the contract.
6. Revisit the process used to conduct post-training surveys to determine whether they should be conducted by SBS.

Audit Objective, Scope, and Methodology

The objective of our audit was to determine whether SBS provided available services under programs to small businesses to assist them in obtaining funding for opening, operating, and expanding their businesses. The audit covered the period from July 2019 to November 2023.

To accomplish our objective and assess related internal controls, we interviewed SBS management and staff, conducted site visits, and reviewed documents such as records for services to businesses, contracts with Industrial Providers, audit reports from SBS for the Business Solutions Centers and Industrial Providers, and records for training courses provided to businesses.

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

- A total sample of 76 of 1,721 businesses with loans according to Dynamics, to verify the loan amount and terms. We stratified the listing from Dynamics based on the type of service provided by SBS, the fiscal year when services were received, and loan amount, and then drew random samples from each stratum.
- A judgmental sample of four of seven Business Solutions Centers, based on location, to identify courses provided between July 2021 and June 2022.
- A total sample of 47 courses (with 1,083 participants) of 334 courses (with 4,871 participants) offered by the four selected Business Solutions Centers, to examine how courses were delivered and how attendance was tracked. We stratified the list of courses by location and by number of attendees, and then selected random samples from the larger strata and all courses from the smaller ones.

We obtained data from Dynamics and MMR and assessed the reliability of that data by reviewing existing information, interviewing officials knowledgeable about each system, and tracing to and from source documents. We determined that the data from these systems were sufficiently reliable for the purpose of this report.

As part of audit procedures, the audit team used Geographic Information Systems (GIS) software for geographic analysis. As part of the geographic analysis, we developed visualizations to enhance understanding of our report. Colors were selected from <https://colorbrewer2.org/> by Cynthia A. Brewer, Geography, Pennsylvania State University. Portions of the maps contained in this report include the intellectual property of Esri and its licensors and are used under license. Copyright © 1987-2025 Esri and its licensors. All rights reserved.

Statutory Requirements

Authority

The audit was performed pursuant to the State Comptroller's authority as set forth under Article V, Section 1, of the State Constitution and Article III, Section 33 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. In response to our draft report, SBS officials stated that they have implemented formal data quality review procedures that address four of our recommendations. SBS did not agree with establishing a minimum attendance time at a webinar before the contractor could count attendance as a delivered service. We considered their comments in preparing this final report and they are attached in their entirety at the end of this final report. Our response to certain SBS comments are included as State Comptroller's Comments.

Within 180 days after final release of this report, we request 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.

Exhibit A

Facilitated Loan Amounts Awarded in New York City by PUMA and Borough

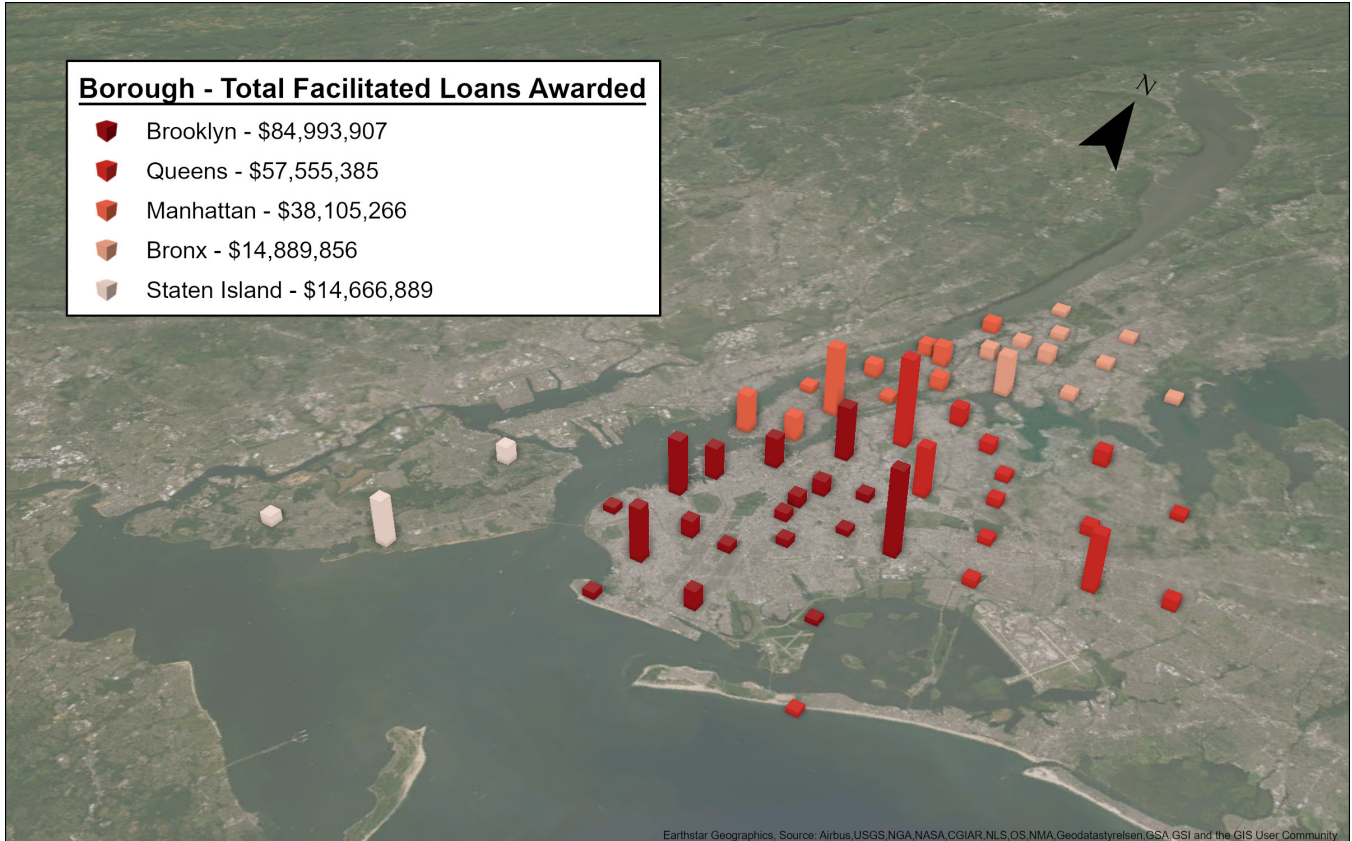
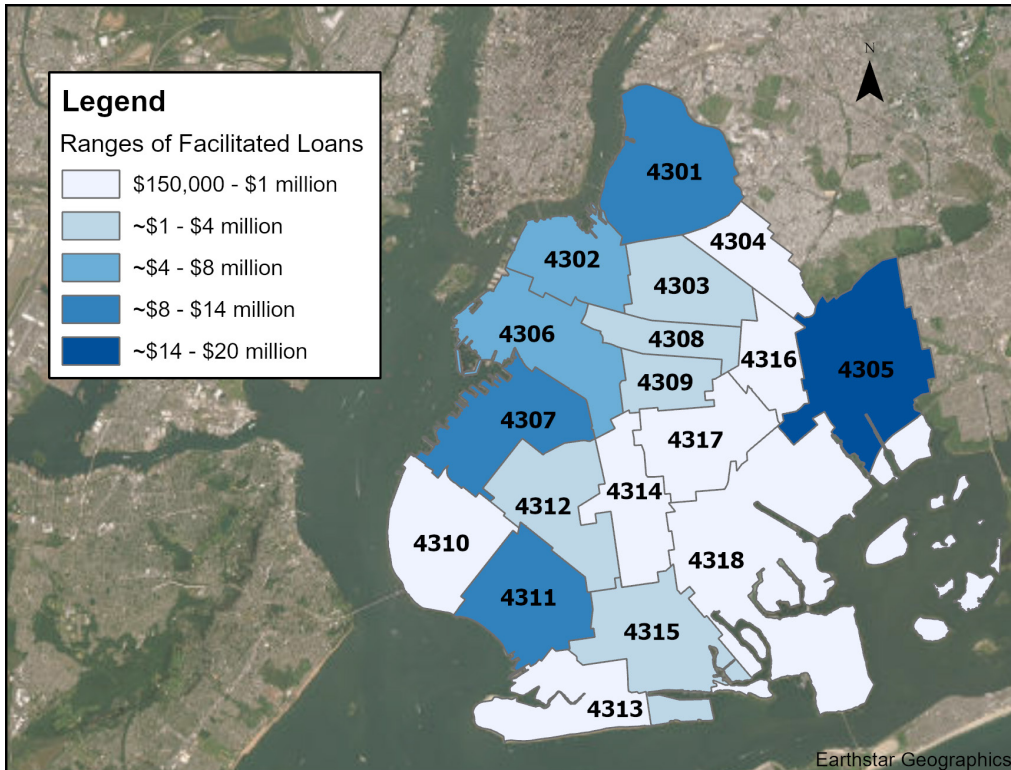


Exhibit B

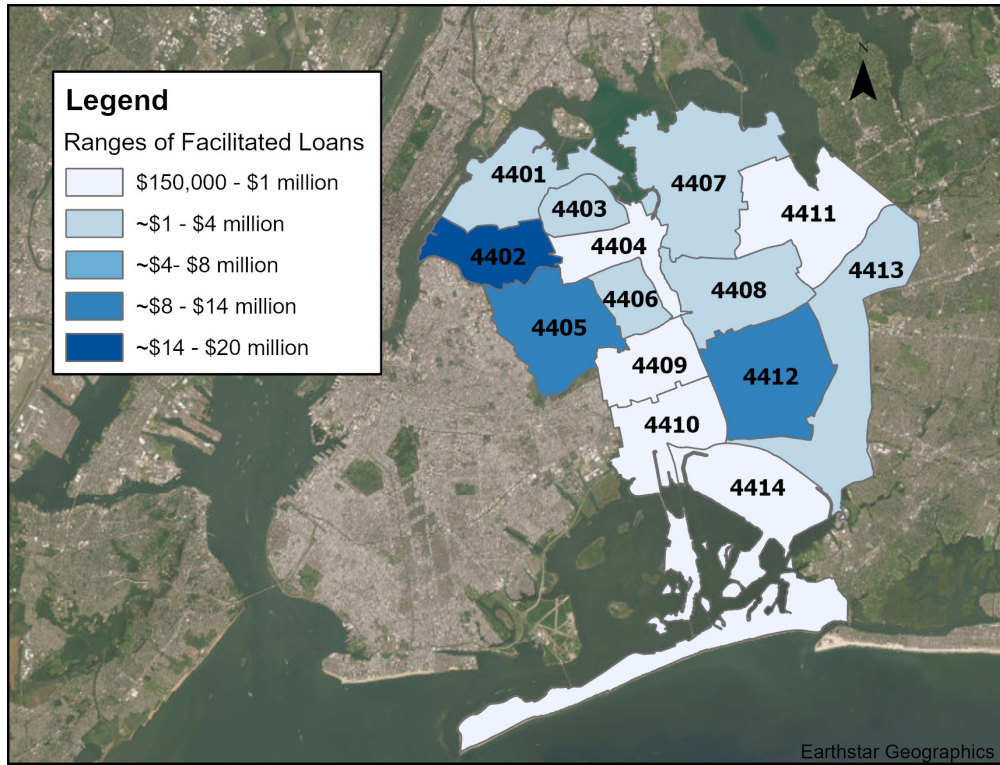
Distribution of Facilitated Loans in Brooklyn by PUMA



PUMA	Community District	Neighborhoods
4301	Brooklyn Community District 1	Williamsburg and Greenpoint
4302	Brooklyn Community District 2	Downtown Brooklyn and Fort Greene
4303	Brooklyn Community District 3	Bedford-Stuyvesant
4304	Brooklyn Community District 4	Bushwick
4305	Brooklyn Community District 5	East New York and Cypress Hills
4306	Brooklyn Community District 6	Park Slope and Carroll Gardens
4307	Brooklyn Community District 7	Sunset Park and Windsor Terrace
4308	Brooklyn Community District 8	Crown Heights (North)
4309	Brooklyn Community District 9	Crown Heights (South)
4310	Brooklyn Community District 10	Bay Ridge and Dyker Heights
4311	Brooklyn Community District 11	Bensonhurst and Bath Beach
4312	Brooklyn Community District 12	Borough Park and Kensington
4313	Brooklyn Community District 13	Coney Island and Brighton Beach
4314	Brooklyn Community District 14	Flatbush and Midwood
4315	Brooklyn Community District 15	Sheepshead Bay and Gravesend (East)
4316	Brooklyn Community District 16	Ocean Hill and Brownsville
4317	Brooklyn Community District 17	East Flatbush
4318	Brooklyn Community District 18	Canarsie and Flatlands

Exhibit C

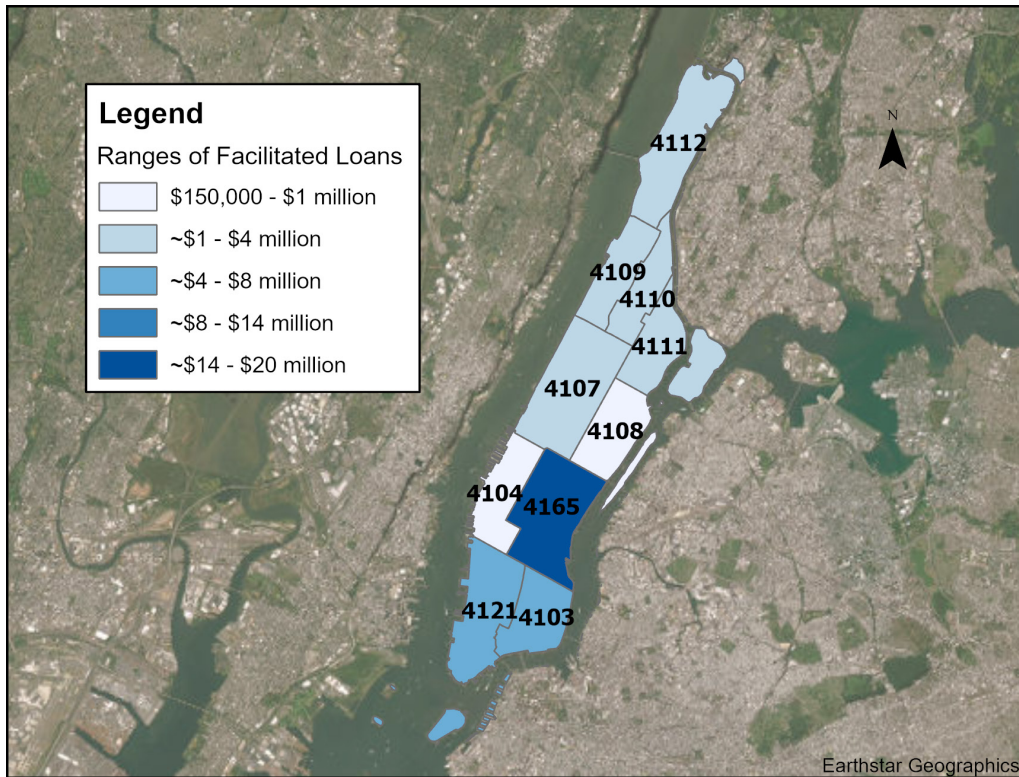
Distribution of Facilitated Loans in Queens by PUMA



PUMA	Community District	Neighborhoods
4401	Queens Community District 1	Astoria and Queensbridge
4402	Queens Community District 2	Long Island City, Sunnyside, and Woodside
4403	Queens Community District 3	Jackson Heights and East Elmhurst
4404	Queens Community District 4	Elmhurst and Corona
4405	Queens Community District 5	Ridgewood, Maspeth, and Middle Village
4406	Queens Community District 6	Forest Hills and Rego Park
4407	Queens Community District 7	Flushing, Murray Hill, and Whitestone
4408	Queens Community District 8	Fresh Meadows, Hillcrest, and Briarwood
4409	Queens Community District 9	Kew Gardens, Richmond Hill, and Woodhaven
4410	Queens Community District 10	South Ozone Park and Howard Beach
4411	Queens Community District 11	Auburndale, Bayside, and Douglaston
4412	Queens Community District 12	Jamaica, St. Albans, and Hollis
4413	Queens Community District 13	Queens Village, Bellerose, and Rosedale
4414	Queens Community District 14	The Rockaways

Exhibit D

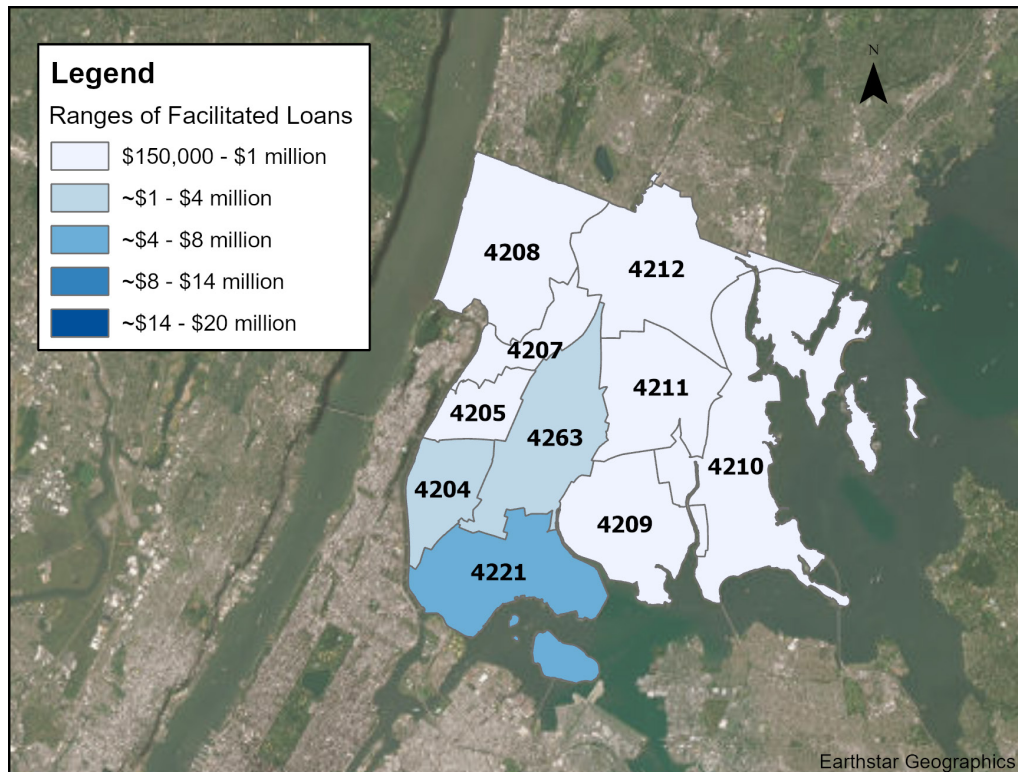
Distribution of Facilitated Loans in Manhattan by PUMA



PUMA	Community District	Neighborhoods
4121	Manhattan Community Districts 1 and 2	Financial District and Greenwich Village
4103	Manhattan Community District 3	Lower East Side and Chinatown
4104	Manhattan Community District 4	Chelsea and Hell's Kitchen
4165	Manhattan Community Districts 5 and 6	Midtown, East Midtown, and Flatiron
4107	Manhattan Community District 7	Upper West Side
4108	Manhattan Community District 8	Upper East Side and Roosevelt Island
4109	Manhattan Community District 9	Morningside Heights and Hamilton Heights
4110	Manhattan Community District 10	Harlem
4111	Manhattan Community District 11	East Harlem
4112	Manhattan Community District 12	Washington Heights and Inwood

Exhibit E

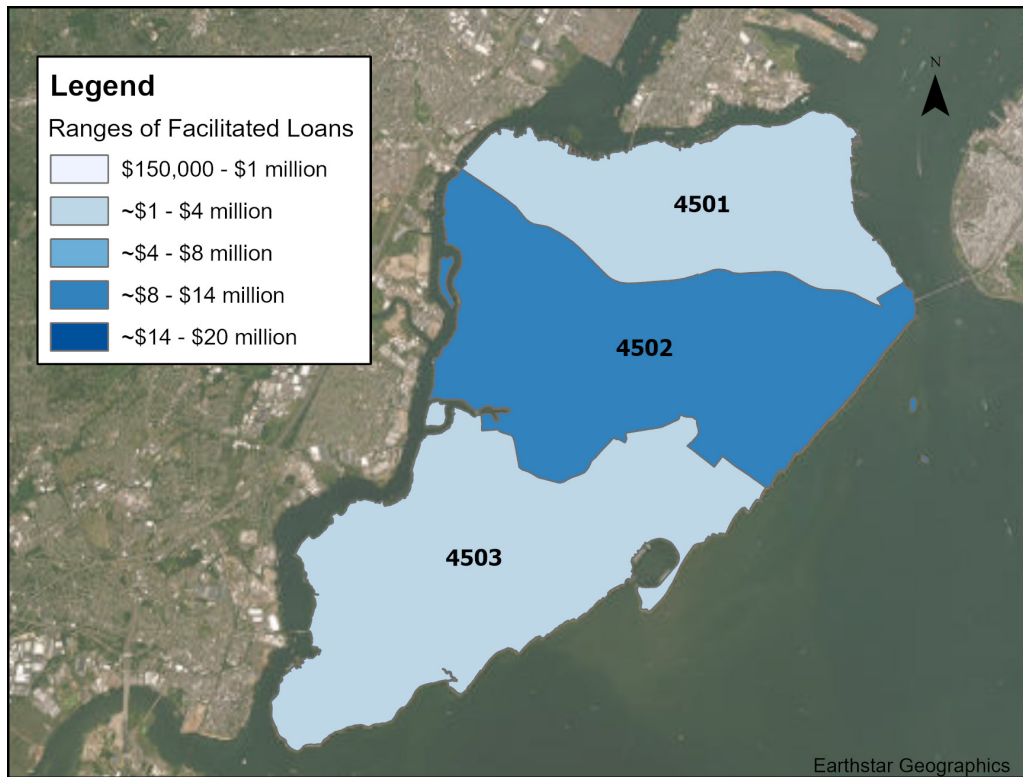
Distribution of Facilitated Loans in The Bronx by PUMA



PUMA	Community District	Neighborhoods
4221	Bronx Community Districts 1 and 2	Melrose, Mott Haven, Longwood, and Hunts Point
4263	Bronx Community Districts 3 and 6	Morrisania, Tremont, Belmont, and West Farms
4204	Bronx Community District 4	Highbridge and Concourse
4205	Bronx Community District 5	Morris Heights and Mount Hope
4207	Bronx Community District 7	Fordham, Bedford Park, and Norwood
4208	Bronx Community District 8	Riverdale, Kingsbridge, and Marble Hill
4209	Bronx Community District 9	Soundview and Parkchester
4210	Bronx Community District 10	Co-op City and Throgs Neck
4211	Bronx Community District 11	Pelham Parkway and Morris Park
4212	Bronx Community District 12	Wakefield, Williamsbridge, and Eastchester

Exhibit F

Distribution of Facilitated Loans in Staten Island by PUMA



PUMA	Community District	Neighborhoods
4501	Staten Island Community District 1	North Shore
4502	Staten Island Community District 2	Mid-Island
4503	Staten Island Community District 3	South Shore

Agency Comments and State Comptroller's Comments



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businesses
neighborhoods

By Electronic Mail

January 12, 2026

Daniel Bortas
Examiner-in-Charge
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)
Final Draft Report Facilitated Programs to Assist Small Businesses,
Audit # 2022-N-4 FY19-FY22**

Dear Mr. Bortas,

Please find enclosed the SBS response to the NYS Office of the State Comptroller's Final Draft Report covering Facilitated Programs to Assist Small Businesses for FY19-FY22.

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

Sincerely,



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OSC Recommendation # 1

Recommendation:

1. Improve monitoring to ensure the program aligns with SBS' mission. This may include expanding required reporting in future contracts to collect data that would enable the assessment of program outcomes and effectiveness.

SBS Response:

The NYC Department of Small Business Services (SBS) provides resources and training to help businesses start, operate, and grow. Our team often works with a small business owner multiple times, to connect them at all stages of business development. We have implemented formal data quality review procedures conducted on both a monthly and quarterly basis. When entering into new vendor contract negotiations, our teams thoroughly review data requirements and improve processes for tracking assessment of program outcomes as needed.

OSC Recommendations # 2

Recommendation:

2. Improve oversight over the Industrial Providers and Business Solutions Centers data to ensure completeness and accuracy and that all required fields in Dynamics are complete.

SBS Response:

The NYC Department of Small Business Services has implemented formal data quality review procedures conducted on both a monthly and quarterly basis. These reviews are designed to verify the accuracy and completeness of data entered in the system. As part of this process, the system requires completion of all fields designated with a red asterisk before a lead can be qualified and credit for services rendered can be issued. For financing leads, there are additional required fields, including a manual award verification step by the SBS Capital Access team. These requirements prevent incomplete records from being submitted and help ensure data integrity.

OSC Recommendations # 3

Recommendation:

3. Ensure that all businesses are located in New York City or have a formal presence if they are based outside New York City.



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SBS Response:

Our NYC Business Solutions Center and Industrial Business Service Provider staff confirm a business is in New York City during their eligibility review during intake. This is primarily applicable to businesses seeking financial assistance, legal assistance and recruitment. It also applies to business education, but this service is primarily delivered via webinar. Participation is targeted to New York City based businesses, but location is not validated for webinar participation.

OSC Recommendations # 4

Recommendation:

4. Require Business Solutions Centers to improve their records of attendance at training webinars/workshops that are service goals per their contracts.

SBS Response:

The NYC Department of Small Business Services has implemented formal data quality review procedures conducted on both a monthly and quarterly basis. These reviews are designed to verify the accuracy and completeness of data entered in the system. As part of this process, random spot checks are being conducted to ensure the attendance sheet, number of attendees and client information is a match with the service being provided.

OSC Recommendations # 5

Recommendation:

5. Set minimum attendance time for an attendee to be counted as a service that was provided as part of the contract.

SBS Response:

The NYC Department of Small Business Services has evaluated the feasibility of establishing a minimum attendance duration as a criteria for counting a service as provided. Due to the structure and delivery of virtual and webinar-based programming, setting a uniform minimum attendance threshold is not a viable or reliable measure of service delivery. Participant engagement and service provision may occur at different points during a session, and meaningful assistance can be provided without continuous attendance for a fixed duration.

State Comptroller's Comment – While a minimum attendance requirement may not capture the quality or usefulness of a webinar, it provides a necessary baseline to confirm that participants were present long enough to reasonably receive the service. Without it, there is no objective way to distinguish between meaningful participation and nominal attendance, which undermines accountability.



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OSC Recommendations # 6

Recommendation:

6. Revisit the process used to conduct post-training surveys to determine whether they should be conducted by SBS.

SBS Response:

SBS has implemented a “Business Sentiment” survey that is sent to all service recipients upon completion of service delivery.

Open and Unresolved Audit Issues

Overall, SBS is committed to continuous innovation and strengthening of our programs. Under new leadership, several improvements which align with the recommendations have been added to monitor program performance since the time of the audit.

Additionally, we would like to clarify some discrepancies identified in the final draft report and be provided with the additional information requested below, and the opportunity to provide further feedback and response.

- A. *Before 2023, SBS did not conduct post-course surveys to assess whether the courses administered by the Business Solutions Centers benefitted the businesses in any measurable way. Although SBS officials advised that surveys were conducted by another New York City entity, they did not provide us with the survey results. (Page 2)*

However, despite repeated requests, we have not received any information from SBS to document that post-course surveys were sent out to participants by Dynamics (Page 8)

The Business Solutions Centers previously utilized Survey Monkey to survey customers who participated in business education courses. However, as explained when SBS met with OSC, for consistency across SBS programs it was decided to utilize a single survey for all services. This change was implemented on August 22, 2023, at which time the prior survey, which was sent to the business via Dynamics, was discontinued.

Though we discussed both surveys with OSC, SBS does not recall that the survey results were ever requested verbally nor do we have a written record of this request (which was OCS’s practice when requesting information.) SBS would have gladly provided the survey results if they had been requested.

State Comptroller’s Comment – Our records show that we requested the surveys in writing but did not receive a response.

- B. *During the 4 fiscal years from 2019 to 2022, SBS service providers reported the facilitation of a total of 2,129 loans, equaling \$220,454,050. These included 158 loans*



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totaling \$10,242,747 made to businesses located outside of New York City or there was no documentation to support a presence in New York City. When we asked SBS for the addresses, it did not provide any information to show these businesses were located in New York City. (Page 8)

During the audit close out meeting on September 24, 2024, OCS mentioned that we would receive an Excel spreadsheet with some businesses that OSC had questions about. This request was received on Friday, December 27, 2024, with a due date of January 6, 2025. The list contained 158 loans, listed addresses, and longitude and latitude coordinates to differentiate the loans.

On January 2, 2025, SBS's Assistant Commissioner for Capital Access and Business Programs wrote an email to OSC to ask for the complete dataset of the referenced 158 loans so that we could fully reconcile the information and respond to the questions. To date, we have not received a response from OCS.

State Comptroller's Comment – The information for the 158 loans was sent to SBS. In response, SBS officials requested a Lead or Opportunity number to help locate the business. However, the original data SBS provided to us did not have this information and, as a result, it could not be provided.

However, our review of the information that was provided, shows that only 2 percent (40 out of 2,129) businesses had a listed address outside of New York City, which in and of itself does not determine whether or not they actually operate in New York City.

C. *Moreover, we also found that some clients' attendance was double counted and included in annual goals. (Page 10)*

SBS does not recall this being mentioned prior to receiving this draft. We are requesting to be provided the dataset for the customers OCS believes are double counted and an opportunity to respond.

State Comptroller's Comment – The information about double-counted attendance by clients was provided to the agency in our second preliminary findings report.

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