



MARJORIE LANDA  
DEPUTY COMPTROLLER FOR  
AUDIT

CITY OF NEW YORK  
**OFFICE OF THE COMPTROLLER**  
SCOTT M. STRINGER

BUREAU OF AUDIT

June 30, 2014

**By Electronic Mail**

Commissioner Maria Torres-Springer  
New York City Department of Small Business Services  
110 William Street, 7<sup>th</sup> Floor  
New York, NY 10038

**Re: Final Letter Report on the New York City Department of Small Business Services' Compliance with Local Law 36 (Audit Number 7R14-116AL)**

Dear Commissioner Torres-Springer:

This Letter Report contains the findings of our audit of the compliance by the New York City Department of Small Business Services ("SBS") with Local Law 36, which governs waste prevention, reuse and recycling by City agencies. The objective of this audit is to determine if SBS is complying with the local law, which is intended to make City agencies, and ultimately the City as a whole, more sustainable through efforts that promote a clean environment, conserve natural resources and manage waste in a cost-effective manner. In addition, in the course of the audit, we noted efforts made by SBS to follow additional recycling rules established by the Department of Sanitation for the City of New York ("DSNY") pursuant to Local Law 36. Our audit of SBS is one in a series of audits we are conducting of compliance with the local law.

**Background**

In 1989, New York City established Local Law 19, codified as Administrative Code §§ 16-301, *et seq.*, to establish an overarching "policy of the city to promote the recovery of materials from the New York City solid waste stream for the purpose of recycling such materials and returning them to the economy." The law mandates recycling in New York City by residents, agencies, institutions and businesses, and includes a series of rules to guide implementation. Local Law 19 requires the City to establish environmental policies to conserve natural resources and manage waste in a sustainable and cost-effective manner.

In 2010, the City enacted Local Law 36 by which it amended the recycling provisions of Local Law 19 (Administrative Code § 16-307) to require each City agency to develop a waste prevention, reuse and recycling plan and submit the plan to DSNY for approval by July 1, 2011, and each year after. Local Law 36 also requires each agency to designate a lead recycling or sustainability coordinator for the agency and, where the agency

occupies more than one building, to designate an assistant coordinator for each building the agency occupies. By July 1, 2012 and in each year thereafter, the lead recycling coordinator for each agency is required to submit a report to the head of its agency and to DSNY “summarizing actions taken to implement the waste prevention, reuse, and recycling plan for the previous twelve-month reporting period, proposed actions to be taken to implement such plan, and updates or changes to any information included in such plan.”

In addition, Local Law 36 requires the Commissioner of DSNY to adopt, amend, and implement regulations governing recycling by City mayoral and non-mayoral agencies. DSNY is also responsible for consolidating the information contained in agency reports and including this information in the Department’s annual recycling report.

**Findings and Recommendations**

Our audit found that SBS generally complies with Local Law 36. However, we found that SBS did not submit its waste prevention, reuse and recycling plan to DSNY until the fall of 2013, after this audit had commenced, notwithstanding Local Law 36’s requirement that such a plan be submitted to DSNY by no later than July 1, 2011. Further, we found that SBS did not submit the required annual reports to its Commissioner or to DSNY. Our findings are outlined in the following table entitled Compliance Summary below:

<b>COMPLIANCE SUMMARY</b>		
<b>Local Law 36 Criteria</b>	<b>Compliance</b>	<b>Notes</b>
Recycles designated materials	Yes	Overall the program complied
Designates waste prevention reuse and recycling coordinator	Yes	SBS designated a coordinator in 2013
Establishes a waste prevention, reuse and recycling plan by July 1, 2011	No	SBS did not submit a waste prevention, reuse and recycling plan until 2013
Submits annual report to the agency head and DSNY Commissioner	No	SBS did not submit annual reports to its commissioner or to DSNY

In addition to these findings, we observed that SBS has made additional efforts to address waste prevention, reuse and safe handling of hazardous waste. Specifically, SBS participates in a City-wide contract for hazardous waste pickups by an independent contractor. This participation is in accordance with DSNY’s additional guidelines enacted pursuant to Local Law 36. We recommend that SBS submit the required annual reports to its Commissioner and DSNY by July 1st of each year as required by Local Law 36.

## Scope and Methodology

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. This audit was conducted in accordance with the audit responsibilities of the City Comptroller as set forth in Chapter 5, §93, of the New York City Charter.

The scope period for this audit was July 1, 2011; the date Local Law 36 went into effect, through February 19, 2014, the last day of our fieldwork. Our methodology for this audit consisted of the following steps:

- We reviewed applicable laws, rules, policies, and procedures to determine our criteria in accordance with Local Law 36, including Local Law 19, Local Law 36, DSNY’s agency waste prevention, reuse and recycling plan template, and DSNY’s report submission form and implementation guidelines;
- We sent an electronic survey to SBS to determine if the agency met the key provisions of Local Law 36 reflected as the core criteria in the table below and analyzed the survey results and other additional materials provided by SBS;
- We requested and reviewed as applicable SBS’s waste prevention, reuse, and recycling plan, list of coordinators, and the agency’s 2012 and 2013 annual reports; and
- We conducted interviews with SBS’s recycling/sustainability coordinator to discuss the agency’s recycling and waste prevention efforts and visited SBS to verify it’s compliance with Local Law 36.

Based on our understanding of the Local Law 36 requirements, we outlined all the criteria necessary for agencies to be in compliance. The table below outlines agencies’ core criteria required to achieve compliance under Local Law 36. A summary of these core criteria forms the basis for the compliance summary reported for each audited agency.

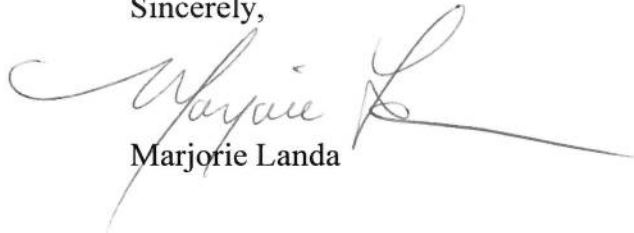
CORE CRITERIA	
Compliance	Detailed Criteria
<b>Recycling</b>	Agency source-separates recyclable materials
<b>Coordination</b>	Agency has a lead coordinator
	Agency has assistant coordinator(s) as applicable
<b>WPRR Plan</b>	Agency has a waste prevention, recycling, and reuse plan
<b>Report to Agency Head and DSNY Commissioner</b>	Agency submitted 2012 report
	Agency submitted 2013 report

Because many agencies may have pursued initiatives beyond these core requirements, we recognized agencies' additional actions regarding recycling and sustainability. Our observations are based on the additional actions established by DSNY in its waste prevention, reuse, and recycling plan implementation guidelines and other efforts taken by agencies.

The issues covered in this report were discussed with SBS officials and at the conclusion of this audit. On June 17, 2014, we submitted a draft letter report providing SBS with an opportunity to formally respond. SBS' response was received on June 27, 2014. In its written response, SBS stated: "As noted, in your report, SBS has submitted the recycling plan and we will continue to take measures to ensure that SBS is following its waste prevention, reuse, and recycling plan. ... SBS will submit annual reports as required by Local Law 36."

The full text for SBS' comment is attached as an addendum to this report.

Sincerely,

A handwritten signature in cursive script, appearing to read "Marjorie Landa", with a long horizontal flourish extending to the right.

Marjorie Landa

- c. Evan Robertson, First Deputy Commissioner
- Ismail Mohamed, Fiscal Director
- Mindy Tarlow, Director, Mayor's Office of Operations
- George Davis, III, Deputy Director, Mayor's Office of Operations



Maria Torres Springer  
Commissioner

June 24, 2014

Honorable Marjorie Landa  
Deputy Comptroller for Audit  
Office of the Comptroller  
1 Centre Street, Room 1100  
New York, New York 10007

Re: Draft Letter Report on the New York City Small Business Services' Compliance with Local Law 36  
(Audit Number: 7R14-116AL)

Dear Deputy Comptroller Landa:

This letter represents the New York City Department of Small Business Services (SBS) response to the findings and recommendations contained in the Draft Letter Report issued by the Office of the New York City Comptroller on June 17, 2014 regarding compliance with Local Law 36.

As noted in your letter, SBS does generally comply with Local Law 36, recycles designated materials and makes additional efforts to address waste prevention. Our agency shares the goals and objectives of the law and, as noted below, is committed to carrying out its provisions.

***SBS Responses to Specific Findings & Recommendations of the Report***

**Finding #1: SBS did not submit a waste prevention, reuse, and recycling plan until 2013**

As noted, in your report, SBS has submitted the recycling plan and we will continue to take measures to ensure that SBS is following its waste prevention, reuse, and recycling plan.

**Finding #2: SBS did not submit annual reports to its commissioner or to DSNY**

SBS will submit annual reports as required by Local Law 36.

Should you have any further questions, please contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Andrew Schwartz".

Andrew Schwartz  
Deputy Commissioner