

**FY2023**  
**Management Assessment of Internal Control Structure and Procedures**

(Covering the period starting July 1, 2022 and ending June 30, 2023)

*This document memorializes the assessment of NYCEEC's internal control structures and procedures that is undertaken annually by NYCEEC management pursuant to Section §2800(2)(a)(9) of the Public Authorities Law of the State of New York.*

**Name of Public Authority:** New York City Energy Efficiency Corporation ("NYCEEC")

**A. Define the Authority's Major Business Functions**

The mission of NYCEEC is to "deliver financing solutions and advance markets for energy efficiency and clean energy in buildings." In FY2023, NYCEEC sought to achieve this mission mainly by engaging in the following activities:<sup>1</sup>

1. Financing Projects. Originating, closing and servicing various different types of clean energy and energy efficiency financing products, including pre-development loans, direct equipment loans, project financings backed by PPAs and ESAs, green mortgages, and the provision of loan loss reserves and other types of credit support.
2. Advancing the Field. Acting as a market innovator and leader in "advancing the field" by engaging in activities such as (a) assisting the City of New York in the design and launch of the City's commercial PACE program to achieve scale across building sectors; (b) developing energy efficiency and clean energy financing markets by partnering with other lenders; and (c) supporting the growth and success of the "local green bank movement".
3. Building NYCEEC Capacity. Continuing to build NYCEEC capacity by (a) improving NYCEEC infrastructure to drive greater impact; (b) raising additional capital; (c) increasing investment in communications; and (d) seeking grant opportunities aligned with existing activities or directly supporting NYCEEC's strategic goals.

**B. Determine the Risks Associated with Its Operations**

By engaging in the activities described above over the course of FY2023, NYCEEC was exposed to various risks of loss-related to torts; theft or loss of, damage to, and destruction of assets; non-repayment of loans according to their terms; errors and omissions; and injuries to employees.

**C. Identify the Internal Control Systems in Place**

NYCEEC has a robust set of internal control systems in place. This includes, but is not limited to:

- Annual internal review of insurance coverage;
- Annual financial audit;
- Annual A-133 Single Audit;
- Procurement Policy;

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<sup>1</sup> The activities listed here are derived from NYCEEC's most recent three-year strategic plan.

- Conflict of Interest Policy;
- Salary and Compensation Policy;
- Time and Attendance Policy;
- Paid and Sick Leave Policy;
- Whistleblower Policy;
- Freedom of Information Law Policy;
- Anti-Harassment Policy;
- Policies and Procedures Manual; and
- Credit Underwriting Guidelines.

#### **D. Assess the Extent to Which the Internal Control System is Effective**

For FY2023, based on a retrospective review of NYCEEC's activities during the fiscal year, and any losses, claims or other adverse events that may have arisen during such period, NYCEEC management has determined that to the best of its knowledge, the internal control systems, policies and procedures in place at NYCEEC appear to have been highly effective and appropriate given the specific activities undertaken by NYCEEC's staff in achieving the organization's mission.

As part of the annual audit, NYCEEC's independent auditors evaluated NYCEEC's internal controls related to financial reporting to identify any deficiencies or material weaknesses. This evaluation did not reveal any material weaknesses.

NYCEEC also undergoes an annual A-133 Single Audit to test internal controls and compliance. NYCEEC's independent auditor completed the A-133 Single Audit for fiscal year 2023 and did not identify any material weaknesses.

#### **E. Take Corrective Action**

No corrective action necessary at this time.

#### **Management Certification**

NYCEEC's management hereby certifies that they followed a process that assessed and documented the adequacy of NYCEEC's internal control structure and policies for the fiscal year ending June 30, 2023. To the extent such assessment identified any material deficiencies, NYCEEC has developed or is developing corrective action plans to reduce any corresponding risk related to such deficiencies.