





CLERK OF THE CIRCUIT COURT AND COMPTROLLER
David R. Ellspermann

TO: The Board of County Commissioners, individually
Mounir Bouyounes, County Administrator

FROM: David R. Ellspermann, Clerk of the Circuit Court and Comptroller 
Sachiko H. León, Internal Audit Director 

DATE: May 6, 2019

RE: Report No. 2019-04: Economic Development Financial Incentive Grant Compliance
Review: **Sitel Operating Corporation**

Purpose and Objective

Internal Audit performed a compliance review of the performance measures for the Sitel Operating Corporation (grantee) required annual report pursuant to the Economic Development Financial Incentive Grant Agreement (agreement).

The objective was to determine if the County Administration's assessment of the grantee was reasonable and supported by sufficient documentation on the following criteria:

- Assessment of the number of "new to Marion County" full-time equivalent employees (FTE) per a prescribed calculation methodology
- Compliance with the reporting due date

Results

Our opinion is that the County Administration's assessment was reasonable and supported by sufficient documentation.

We agree that the grantee employed an average of **436.7 FTE** and was compliant with the reporting due date; therefore, the grantee is due a grant payment of **\$107,971.02**. Table 1 on the following page provides a summary of our FTE calculation and recommended payment.

The grantee was 17 days late in submitting the required annual report for fiscal year 2018 but was considered compliant because the agreement provides additional 60 days upon a written notice from the County. The grantee submitted the required annual report prior to receiving such notice.

Quarter	Net Payroll	Average FTE ¹	Grant Percentage	Recommended Payment ²
Oct-Dec 2017	\$1,803,345.33	367.1	1.2723%	\$22,943.96
Jan-Mar 2018	\$2,297,712.19	467.7	1.2723%	\$29,233.79
Apr-Jun 2018	\$1,929,047.22	392.7	1.2723%	\$24,543.27
Jul-Sep 2018	\$2,550,494.95	519.2	1.2723%	\$31,250.00
Total		436.7		\$107,971.02

¹ Net payroll divided by the target quarterly wages of \$4,912.50 equals average FTE ($\$19,650/4 = \$4,912.50$)

² Net payroll multiplied by the grant percentage per the agreement equals recommended payment, limited at \$31,250

Scope and Approach

The scope included verification of compliance with the applicable mandatory agreement requirements for fiscal year 2018.

We reviewed the submitted documentation and performed analytical procedures to independently determine the number of FTE and assess the timeliness of the reporting. We compared our results with the County Administration's assessment to determine if it was reasonable and supported by sufficient documentation.

Background

The Board of County Commissioners awarded to the grantee an Economic Development Financial Incentive Grant in the total amount of up to \$1,250,000 on June 1, 2012.

As required, the grantee occupied existing rental office space within Ocala, provided a minimum capital investment of \$1.5 million for machinery and equipment, spent at least \$1 million for employee training, and provided at least 500 "new to Marion County" FTE jobs by December 31, 2014.

Per the agreement, the grantee is to "use good faith efforts" to maintain the minimum FTE for the remainder of the term ending September 30, 2024. This is to allow the grantee twelve years to perform all requirements for which it will receive a maximum of \$125,000 per year over the twelve-year period. The agreement requires that newly created jobs have an average annual compensation of at least \$19,650. The grantee is required throughout the agreement term to submit the employment reports timely to the County Administration with documentation to establish its compliance with the specific requirements.

Acknowledgement

We would like to thank the representatives of the County Administration and Sitel Operating Corporation for their cooperation during our review.

This review was conducted by Andrew Gibb and Sachiko H. León.

Report Distribution List

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