

Date: May 16, 2017



CLERK OF THE CIRCUIT COURT – AGENDA ITEM Marion County Commission

**SUBJECT: Present Internal Audit Report No. 2017-06 Regarding EDFIG
Compliance Review of Florida Institute for Human and Machine Cognition, Inc.**

INITIATOR: Sachiko H. Leon, Internal Auditor

DEPARTMENT: Clerk of Court

DESCRIPTION/BACKGROUND: Florida Institute for Human and Machine Cognition, Inc. submitted required 6th annual report. Internal Audit concluded that Florida Institute for Human and Machine Cognition, Inc. was in compliance with applicable section of the grant agreement.



BUDGET IMPACT: None

RECOMMENDED ACTION: None, for informational purposes only



CLERK OF THE CIRCUIT COURT AND COMPTROLLER
David R. Ellspermann

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

FROM: David R. Ellspermann, Clerk of the Circuit Court and Comptroller
Sachko H. León, Internal Auditor 


DATE: May 2, 2017

RE: Report No. 2017-06: Economic Development Financial Incentive Grant
Compliance Review: **Florida Institute for Human and Machine
Cognition, Inc.**

Purpose

Internal Audit performed a compliance review of the performance measures between April 1, 2015 through March 31, 2016, for the Florida Institute for Human and Machine Cognition, Inc. (Grantee) annual report pursuant to the Economic Development Financial Incentive Grant (EDFIG) Agreement (Agreement).

Objective, Scope and Approach

The objective was to determine if the Grantee maintained 15 full-time equivalent employees (FTE) at the average salary of \$100,000 at March 31, 2016, as required by the Agreement for the reporting period.

This engagement included verification of FTE reported and the average annual salary. We examined documents submitted by the Grantee, reviewed various sources, and made inquiries to the County Administration as well as the Grantee to determine its compliance status.

Results

Our opinion is that the Grantee was in compliance with the applicable sections of the Agreement.

The Grantee timely submitted to us the 6th annual report and the four relevant quarterly Reemployment (formally Unemployment) Tax Reports (RT-6). RT-6 is a quarterly reemployment report which the employer is required to submit to the State of Florida Department of Revenue (DOR) to report Gross Wages and the number of Florida employees.

The County requires submission of RT-6 in the Agreement as verification of the annual report. The Grantee also provided payroll reports of one foreign employee to supplement RT-6 as DOR exempts non-resident foreign workers from the RT-6 reporting for a certain period.

We excluded one employee from the calculation because the employee had transferred to another location by the reporting date, and the position was not maintained at the Ocala facility. We determined that the Grantee maintained **16 FTE with an average annual salary that exceeded \$100,000**.

Table 1. Grantee Ocala Facility Employment Summary		
	Grantee Annual Report	Internal Audit Analysis
Total Ocala Employees	17 FTE	16 FTE
Average Employee Salary	\$105,603	\$100,385

Background

Marion County awarded to the Grantee on July 15, 2008, an EDFIG in the total amount of \$550,000. This amount has been paid and was to be used at the Grantee’s discretion for recruitment, advertising, operations, administration, or any other costs associated with the start up of a research facility in Marion County. The grant was awarded to encourage economic development for the benefit of the citizens of Marion County as stated in the Agreement.

The Agreement requires the Grantee to employ at least 10 FTE in the facility within 48 months of the Employment Commencement Date with an additional five FTE within the subsequent 12 months at an average annual salary of \$100,000. The Agreement also requires to maintain 15 FTE and the same average annual salary for the subsequent 24 months. The Employment Commencement Date is defined as six months after the Certificate of Occupancy issuance date to Grantee and was later determined to be April 6, 2010. The Agreement also requires Grantee to submit annual reports establishing Grantee’s compliance with the requirements and to include RT-6 filed with the State of Florida. This reporting period is Year 6.

Table 2. Grant Agreement Summary	
Year 1-4	Employ at least 10 FTE by April 6, 2014 with average annual salary of \$100,000
Year 5	Employ additional 5 FTE, total of 15 FTEs with average annual salary of \$100,000
Year 6	Maintain at least 15 FTE with average annual salary of \$100,000
Year 7	Maintain at least 15 FTE with average annual salary of \$100,000

Acknowledgement

We would like to thank the representatives of the County Administration and the Florida Institute for Human and Machine Cognition, Inc. for their cooperation during our review.

This review was conducted by Sachiko Leon.

Report Distribution List

Name	Position Title
Carl Zalak	Chairman of the Board of County Commissioners
Kathy Bryant	Vice Chair of the Board of County Commissioners
David Moore	District 1 Commissioner
Jeff Gold	District 3 Commissioner
Michelle Stone	District 5 Commissioner
Mounir Bouyounes	County Administrator
John Garri	Finance Director
Jeannie Rickman	Assistant County Administrator-Public Services
Michael McCain	Fiscal Manager
Dr. Kenneth Ford	CEO, Florida Institute for Human and Machine Cognition, Inc.