

Date: July 17, 2018



## CLERK OF THE CIRCUIT COURT – AGENDA ITEM Marion County Commission

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**SUBJECT:** Present Report No. 2018-06: EDFIG Compliance Review of Sitel Operating Corporation

**INITIATOR:** Sachiko H. León, Internal Audit Director

**DEPARTMENT:** Clerk of Court

**DESCRIPTION/BACKGROUND:** Sitel Operating Corporation submitted their required annual report. Internal Audit agreed with the County Administration's conclusion that the grantee was in compliance with the applicable sections of the reporting period and is due a payment of \$81,765.96.



**BUDGET IMPACT:** None

**RECOMMENDED ACTION:** None, for informational purposes only



**CLERK OF THE CIRCUIT COURT AND COMPTROLLER**  
**David R. Ellspermann**

**TO:** 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:** July 3, 2018

**RE:** Report No. 2018-06: 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:

- the number of "new to Marion County" full-time equivalent employees (FTE)
- compliance with applicable sections of the agreement

**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 **327 FTE** and was in compliance with the applicable sections of the agreement. The grantee is due a grant payment of **\$81,765.96**. The following table provides a summary of our FTE calculation and recommended payment.

Quarter	Net Payroll	*Average FTE at \$19,650	Grant Percentage	**Recommended Payment
Oct-Dec 2016	\$1,712,509.39	348.6	1.2723%	\$21,788.26
Jan-Mar 2017	\$1,684,239.19	342.8	1.2723%	\$21,428.58
Apr-Jun 2017	\$1,325,847.37	269.9	1.2723%	\$16,868.76
Jul-Sep 2017	\$1,704,029.07	346.9	1.2723%	\$21,680.36
<b>Total</b>		<b>327.1</b>		<b>\$81,765.96</b>

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

\*\*Net payroll multiplied by the grant percentage per the agreement equals recommended payment

**Marion County Clerk of the Circuit Court and Comptroller**

The grantee was eight (8) days late in submitting the required annual report for fiscal year 2017 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.

### **Scope and Approach**

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The scope included verification of compliance with the applicable mandatory agreement requirements for fiscal year 2017.

We reviewed the submitted documentation and performed analytical procedures to independently determine the number of FTE and to determine if the County Administration's assessment was reasonable and supported by sufficient documentation.

### **Background**

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The Board of County Commissioners awarded to Sitel Operating Corporation, 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**

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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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<b>Name</b>	<b>Position Title</b>
<b>Kathy Bryant</b>	Chairman of the Marion County Board of County Commissioners
<b>Michelle Stone</b>	Vice Chair of the Marion County Board of County Commissioners
<b>David Moore</b>	District 1 Commissioner
<b>Jeff Gold</b>	District 3 Commissioner
<b>Carl Zalak</b>	District 4 Commissioner
<b>Mounir Bouyounes</b>	County Administrator
<b>Jeannie Rickman</b>	Assistant County Administrator – Public Services
<b>Michael McCain</b>	Fiscal Manager
<b>John Garri</b>	Finance Director
<b>David Jester</b>	Controller of Sitel Operating Corporation