

**SPECIAL REVIEW OF JOB GROWTH INCENTIVE PROGRAM
Agreements with Deloitte Consulting, LLP**

REPORT NO. 112618

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DIVISION OF INSPECTOR GENERAL
Grant Maloy, Clerk of the Circuit Court and Comptroller
Seminole County, Florida

November 30, 2018

To: The Honorable Chairman and Members of the Board of County Commissioners

We have completed the enclosed Special Review of Job Growth Incentive Program Agreements with Deloitte Consulting LLP, Phase I and Phase II.

We would like to acknowledge the Office of Economic Development & Community Relations for their assistance with the review.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Wm Carroll".

William Carroll, CPA, CFE, CIG
Inspector General
Division of the Inspector General

Approved by:

A handwritten signature in black ink, appearing to read "Grant Maloy".

Grant Maloy
Clerk of the Circuit Court and Comptroller
Seminole County Florida



Special Review Report No. 112618
Job Growth Incentive Program
Deloitte Consulting LLP, Phases I and II

GRANT MALOY
CLERK OF THE CIRCUIT COURT AND COMPTROLLER

William Carroll, CPA, CFE, CIG
Inspector General

Auditor Assigned:
Viola Saine, CPA

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INTRODUCTION

Background

In October 2001, the Seminole County Board of County Commissioners (BCC) established the Job Growth Incentive Program (JGI). The program requirements are included in the Code of Ordinances, Chapter 18.

Deloitte Consulting LLP, (Deloitte), with headquarters in New York City, applied for a JGI award. Seminole County (County) approved their application and signed formal agreements. The two (2) agreements noted below were approved to create new employment opportunities and, also, encourage the company to financially invest in the county.

- 1.) Initial Agreement (Phase I) was on April 18, 2015. This agreement provided for scheduled payments to Deloitte for up to One Million Seven Hundred Thousand and No/100 Dollars (\$1,700,000) with the condition that Deloitte create One Thousand (1,000) permanent jobs (with average annual salary of \$60,250); and, invest Fourteen Million Two Hundred Twenty Thousand and No/100 Dollars (\$14,220,000) in machinery, equipment or tangible personal property, and pay for annual lease payments of a 130,000 square foot facility.
- 2.) Follow-up Agreement (Phase II) on November 22, 2016. This agreement provided for scheduled payments to Deloitte for up to One Million Twenty Thousand and No/100 Dollars (\$1,020,000) with the condition that Deloitte create Eight Hundred Fifty (850) permanent jobs (with average annual salary of \$70,056); and, invest Five Million Seven Hundred Fifty-Six Thousand and No/100 Dollars (\$5,756,000) for a three year lease of a 70,000 square foot facility; and, also pay for new machinery, equipment and/or tangible personal property.

The review that follows includes a verification that there is compliance with the terms of the contracts.

Objectives of Review

This special review was performed to determine compliance with the terms and conditions of the job growth incentive program agreement, and applicable rules, laws and regulations.

Scope and Methodology

The scope of this limited review included the following:

- The JGI agreements between the company and the county;
- The County's Code of Ordinances, policies, procedures and other applicable laws, and regulations;
- Examination of company's annual performance reports and its supporting payroll, investment and other documentation;
- Research online to see company's profile, status, corporate public filings and property construction and acquisition; and,
- Interview of employees.

Overall Evaluation

Deloitte is in compliance with terms of the agreements, Phase I and Phase II.

Jobs Created:

As of July 2018, Deloitte has created 1,851 permanent jobs requirement with an average annual salary of \$89,207, compared to \$64,755 required average salary. This satisfies the requirement of the two contracts.

Additionally, Deloitte utilizes state, regional, and local resources to source, recruit and hire employees in Seminole County. The company engages web based tools like Orlandojobs.com, Meetup.com and EmployFlorida.com which is a web engine of CareerSource Central Florida. At the local level, job announcements and vacancies are advertised on radios, Seminole State College, and universities such as UCF and USF. They sponsor internship and scholarship programs. On November 5, 2018, Deloitte has 47 job postings at EmployFlorida.com for Lake Mary location, and recruiting for IT, HR, engineers, finance, customer and marketing specialists.

Capital Investments:

For the two projects, the company is required to invest \$20 million by December, 2018. As of October, 2018, Deloitte has invested at least \$35 million by leasing two facilities (with a total of 287,697 square feet). This includes renovation cost, relocating employees to Lake Mary, and, purchasing furniture and fixtures, as well as installing new machinery and equipment. We verified that the lease contracts and capital expenditures were reasonable.

The following illustrates compliance by Deloitte of the terms and conditions of the contracts.

Summary of Contracts Compliance

Contract			Combined	Company	Per
Requirements:	Phase I	Phase II	Total	Reported¹	Audited
(1) Job Creation	1,000	850	1,850	2,052	1,851 ²
(2) Ave. Salary	60,250	70,056	64,755	77,720	89,207
(3) Investment	14,220,000	5,756,000	19,976,000	27,956,000	35,319,592
(4) Landlord	13,700,000	7,228,000	20,928,000	20,928,000	21,546,398 ³
(5) Sq.ft. of Lease	130,000	70,000	200,000	200,000	287,697 ⁴
(6) Annual Reports	3	1	4	4	4

¹ Based on the Annual Performance Reports submitted.

² As of 07/2018, the company has created 1,851 permanent jobs; Short termed employees were not included.

³ Property Appraiser's records.

⁴ Since 03/2018, square feet of leased facilities.