



Internal Audit Department

Audit Report 2014-9

Business and Economic Development

Job Creation and Job Retention Agreements: Haynes Corporation

Dwight E. Brock
Clerk of the Circuit Court

3299 Tamiami Trail East
Suite #402
Naples, FL 34112-5746

www.collierclerk.com

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Prepared by: James D. Molenaar, Internal Audit Manager
Patrick Blaney, Senior Internal Auditor

Report Distribution: Board of County Commissioners
Leo Ochs, Jr., County Manager
Bruce Register, Director, Business & Economic Development
Amy Patterson, Manager, Impact Fees & Economic Development

Cc: Dwight E. Brock, Clerk of the Circuit Court
Crystal K. Kinzel, Director of Finance & Internal Audit

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Workpapers supporting the observations noted within this report are public record and can be made available upon request once the final audit report has been issued. The files and draft versions of audit reports remain confidential and protected from public records requests during an active audit under *Nicolai v. Baldwin (Aug. 28, 1998 DCA of FL, 5th District)* and Section 119.0713, Florida Statutes.

Internal Audit provided draft Audit Report 2014-9 to the Business and Economic Development Director and the Impact Fee Manager for management response on May 27, 2014. The Business and Economic Development Director provided the management response on June 4, 2014.

Summary

This review generated the following observations for Collier County's Job Creation and Job Retention Incentive Agreements with Haynes Corporation:

- Haynes Corporation was visited to examine employee records.
- Payroll and personnel records were reviewed for Job Creation eligibility. Names, hire dates, job titles, and wages were noted for all employees in created jobs. Wages were averaged for all jobs created, and compared to the requirements of the Job Creation Incentive Agreement.
- The original 37 retained employees who were validated in 2011 were compared to Haynes' employee census as of July 31, 2013. Twenty-six original employees remained, and eleven replacements were selected. For those eleven, personnel records were reviewed for Job Retention eligibility. Per the terms of the agreement, names, hire dates, and employment as of July 31, 2013, were noted.
- Because both Agreements contained residency restrictions, the addresses of all employees filling eligible jobs, both original and replacement, were confirmed to be in Collier County.
- Although not required under these Incentive Agreements, the I-9 status of every replacement employee was verified. The original employees' I-9 status had been verified in 2011.
- These tests validated that Haynes exceeded its Job Creation residency and average wage requirements for 17 jobs, and that Haynes had retained 37 jobs filled by Collier County residents.

Objective

The objective of the engagement was to validate the number of eligible jobs created and retained in accordance with Haynes' Incentive Agreements with Collier County.

Scope

This examination consisted of validating jobs, residency, and wages, including, but not limited to, the following:

- Reading Collier County's Job Creation and Job Retention Incentive Agreements with Haynes Corporation;
- Reviewing sections 125.045, 288.075, and 688.02, Florida Statutes;
- Examining payroll and personnel records at Haynes Corporation;
- Visiting Haynes Corporation and interviewing applicable management;
- Substituting replacement employees, as needed, for original employees who had since terminated;
- Scheduling payroll and personnel data for all employees holding jobs claimed as created;
- Averaging annual wages for created jobs by reporting year; and
- Listing personnel data for replacement employees holding jobs claimed as retained.

Background

Haynes Corporation applied to the County Manager for economic incentives, including Job Creation and Job Retention, in 2010. The ordinances providing for economic incentives expired on October 1, 2013, before the Board of County Commissioners (BCC) had approved Haynes' participation in the economic incentive programs. In June 2013 the BCC directed County management to prepare economic incentive agreements with Haynes. At its December 10, 2013, regular meeting, the BCC approved Job Creation and Job Retention Incentive Agreements with Haynes.

Under the terms of the Job Creation Incentive, the County will pay Haynes \$2,000 per job, spread over three years, for up to 17 new jobs created. The jobs must average at least \$34,320 in annual wages, and be held by Collier County residents.

The Job Retention Incentive provides \$1,000 per job to Haynes for up to 37 jobs retained from the time it applied through September 30, 2013, and held by a Collier County resident. The \$1,000 incentive is to be paid over three years, pending verification of the jobs retained.

With the Impact Fee & Economic Development Manager, Internal Audit validated jobs created in accordance with the Job Creation and Job Retention Incentive Agreements. This report describes the results of that validation.

Management Response

"I have reviewed the submitted Audit Report #2014-9 regarding Haynes Corporation's compliance with incentive criteria established by Job Creation and Job Retention Agreements in place with Collier County. I concur with the audit findings and consider the Haynes Corporation currently in compliance with the obligations within the Job Creation and Job Retention Agreements up to September 30, 2013.

Staff appreciates the professional and pragmatic approach exhibited by the Internal Audit Department for this performance validation process."

Conclusion

Due to Haynes Corporation's compliance with the requirements of its Job Creation and Job Retention Incentive Agreements with Collier County, there are no adverse observations to report.