

County Controller

Tony E. Bassil

Audit Manager

Anthony Sabino, CIA

Solicitor

Robert A. Nitchkey, Jr., Esq.

County Executive

Lamont G. McClure, Jr.

County Council

Ronald R. Heckman, President
Lori Vargo Heffner, Vice-President

John Cusick
Margaret L. Ferraro
Thomas A. Giovanni
Kevin Lott
William B. McGee
Kerry L. Myers
Tara M. Zrinski

Agreed-Upon Procedures
Report

**HOTEL ROOM
RENTAL TAX**

**COMFORT SUITES
UNIVERSITY**

For the period January 1, 2018 to
December 31, 2019

**Office of the Controller
County of Northampton
Pennsylvania**



TONY E. BASSIL

CONTROLLER OF NORTHAMPTON COUNTY

NORTHAMPTON COUNTY COURTHOUSE
669 WASHINGTON STREET
EASTON, PENNSYLVANIA 18042

ANTHONY SABINO, CIA
Audit Manager

PHONE (610) 829-6617
FAX (610) 559-3137

ROBERT A. NITCHKEY, JR., ESQ.
Solicitor

**INDEPENDENT INTERNAL AUDITOR'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

Members of the Northampton County Council
Lamont G. McClure, Jr., County Executive
County of Northampton, Pennsylvania

We have performed the procedures enumerated below, which were agreed to by the County of Northampton's Administration solely to assist you with evaluating the Hotel Room Rental Tax Remittances from License #102 Comfort Suites University Hotel for the period January 1, 2018 to December 31, 2019. County management is responsible for ensuring that Operators within Northampton County are collecting this tax from their guests and that Operators remit the tax they collect to the County. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Procedures and Findings

1. Procedure:

- Obtain two years of tax remittances from the County's Revenue Division. Inspect to determine whether the operator is using the latest version of the remittance form and that the form was fully completed in a proper and accurate manner.
- As necessary, provide hotel management with a copy of the current Hotel Tax Rules and Regulations.

Findings: We inspected all remittance forms submitted during the audit period and found:

- The Operator is using the latest version of the remittance form.
- For three of the 24 months, the Operator did not fully complete the Tax Due information on their forms.

2. Procedure: Interview hotel management to gain an understanding of the Operator's accounting process.

Findings: We obtained an understanding of the Operator's accounting process sufficient to evaluate the accuracy of remittances to the County.

- 3. Procedure:** Inspect the Operator's financial reports to verify the accuracy of Remittance Reports and compliance with Rules and Regulations.

Findings: We recalculated all remittance forms submitted during the period, inspected exemption documentation, and found:

- The Operator paid the higher of the tax collected verses the tax due.
 - In May 2018, the Operator overpaid the County by \$10.00.
 - In October and November 2018 and June 2019, the Operator overpaid the County by \$86.50 due to a minor calculation error.
 - In March 2019, the Operator made a minor error in their permanent exemption amount but it did not affect the tax due.
 - In April, May and December 2019, the Operator made minor calculation errors resulting in owing the County \$2.60.
 - In June 2019, the Operator made an error on their non-permanent resident exemption amount and overpaid the County \$4.20.
 - In July 2019, the Operator made an error in their permanent exemption amount. The Operator recorded the actual tax collected on the Tax Due line but did remit the proper amount of tax due.
 - In October 2019, the Operator made a minor calculation error in their taxable revenue amount.
 - The Operator did not include room damages and pet fees in their revenue for January through October 2018.
 - In December 2018, the Operator over reported their revenue by \$250.00.
- 4. Procedure:** Investigate the validity of claimed permanent and non-permanent exemptions by testing a sample not to exceed 50.

Findings:

- The Operator duplicated two exemptions in October and November 2018.
 - The Operator submitted eight exemptions that were not valid.
- 5. Procedure:** Calculate any additional tax owed or refund due to the Operator.
(Underpayment or overpayment of hotel tax by operators of \$5 or less determined during the audits are considered immaterial and will not be collected from nor paid to hotel Operators.)

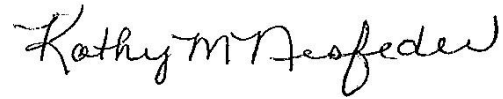
Findings: We determined that License #102 Comfort Suites University Hotel owes Northampton County \$590.81 in hotel room taxes. See Exhibit 1 for a detailed breakdown of the additional tax due from the hotel.

We conducted this agreed-upon procedures engagement in accordance with generally accepted government auditing standards. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on Hotel Room Rental Tax Remittances from License #102 Comfort Suites University Hotel for the period January 1, 2018 to December 31, 2019. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the management of the County of Northampton, Pennsylvania and is not intended to be and should not be used by anyone other than these specified parties.



Tony E. Bassil
County of Northampton Controller
Easton, Pennsylvania



Kathy M. Nesfeder, CRMA, CFE
Auditor

September 3, 2020

cc: S. Barron, Director of Fiscal Affairs
N. Poplawski, Revenue Manager
T. Smith, Director of Department of Community and Economic Development
K. Collis, Community and Economic Development Specialist
A. Bajan, Bookkeeper, Comfort Suites University

