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Agreed-Upon Procedures
Report

**HOTEL ROOM
RENTAL TAX**

VIEW INN & SUITES

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

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



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**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 #152 View Inn & Suites 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

• **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 created a modified version of the County remittance form and the signature portion was removed. The reports were not signed or dated.
 - We provided the Operator with a copy of the County's Hotel Room Rental Tax Remittance Guidelines and the proper remittance forms.
- **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.

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

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

- The Operator submitted their remittance reports on time 22 of the 24 months. In one instance, the Operator submitted the remittance on time but the check was rejected by the bank for insufficient funds. The Operator sent another check two months later.
 - In March 2018, the Operator overpaid the County by \$13.35. All other calculations on the Remittance Reports for this period were accurate.
 - The Operator paid the greater of the tax collected versus tax due.
- **Procedure:** Investigate the validity of claimed permanent and non-permanent exemptions by testing a sample not to exceed 50.

Findings:

- In January 2018, the Operator underreported one valid exemption.
 - In April 2018, the support provided by the Operator underreported three valid exemptions and failed to claim one valid exemption. On the April Remittance Form, the Operator reported an exemption total that did not equal the support provided us. We recalculated all exemptions for the month using customer folios and found that on a net basis the Operator underreported exemptions.
 - In June 2018, the support provided by the Operator underreported four valid exemptions and failed to claim two valid exemptions. On the June Remittance Form, the Operator reported an exemption total that did not equal the support provided us. We recalculated all exemptions for the month using customer folios and found that on a net basis the Operator underreported exemptions.
 - In July 2018, the support provided by the Operator over reported one valid exemption, underreported one valid exemption, and failed to claim one valid exemption. On the July Remittance Form, the Operator reported an exemption total that did not equal the support provided us. We recalculated all exemptions for the month using customer folios and found that on a net basis the Operator over reported exemptions.
 - In April 2019, the support provided by the Operator underreported two valid exemptions. On the July Remittance Form, the Operator reported an exemption total that did not equal the support provided us. We recalculated all exemptions for the month using customer folios and found that on a net basis the Operator underreported exemptions.
 - On the May 2019 remittance form, the Operator reported exemptions totaling \$11,719 for a religious organization which is not exempt.
- **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.)

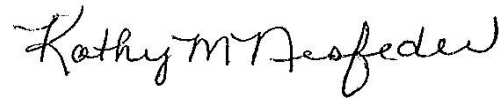
- **Findings:** We determined that License #152 View Inn & Suites owes Northampton County \$913.24 (\$926.59 less overpayment of \$13.35) in hotel room taxes. See Exhibit 1 for a detailed breakdown of the additional tax due from the hotel.

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 #152 View Inn & Suites 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 14, 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
F. Chohan, General Manager, View Inn & Suites

