

**County Controller**

Richard J. Szulborski

**Audit Manager**

Paul L. Albert, CIA

**Solicitor**

Michael P. Shay, Esq.

**County Executive**

Lamont G. McClure, Jr.

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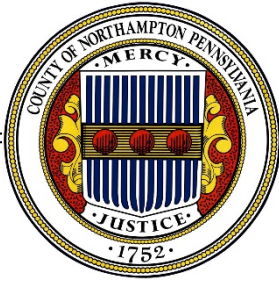
Agreed-Upon Procedures  
Report

**HOTEL ROOM  
RENTAL TAX**

**QUALITY INN EASTON**

For the Period January 1, 2017  
through December 31, 2018

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



**RICHARD J. SZULBORSKI**

**CONTROLLER OF NORTHAMPTON COUNTY**

NORTHAMPTON COUNTY COURTHOUSE  
669 WASHINGTON STREET  
EASTON, PENNSYLVANIA 18042

**PAUL L. ALBERT, CIA**  
Audit Manager

**MICHAEL P. SHAY, ESQ.**  
Solicitor

**PHONE (610) 829-6615**  
FAX (610) 559-3137

**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 #108, Quality Inn Easton, for the period January 1, 2017 to December 31, 2018. 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:** Determine if taxable revenues, exempt revenues, and taxes due as reported are accurate.
  - Where the population of exemptions claimed by a hotel is 200 or more in the period being reviewed, a sample of exemptions not to exceed 50 per hotel will be tested.
  - Underpayment or overpayment of hotel tax by operators of \$5 or less determined during audits will be considered immaterial and will not be collected from nor paid to hotel operators.

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

- The hotel understated room revenue on the remittance form in five separate months. They failed to include taxable charges for pet fees, no-show fees and charges for extra beds in a room which totaled \$434 in 2017 and 2018.
- In four months, taxable revenue per the Operator's financial records was greater than taxable revenue reported to the County due to invalid and undocumented exemptions.
- A review of the 47 exemptions in the sample revealed the following findings:
  - All 24 exemptions for guest rewards program redemptions were validated by examining individual guest folios maintained by the hotel.

- In 2017, four exemptions taken were from a non-exempt organization and one exemption had no supporting documentation. The hotel omitted one valid exemption.
- In 2018, five exemptions taken were from a non-exempt organization and one exemption had incomplete supporting documentation.

**2. Procedure:** 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.

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

- We reviewed 24 months of remittance forms filed for 2017 and 2018 and all calculations of tax due were correct. However, in January 2017, the hotel did not submit the greater of tax collected or tax due.
- The hotel used an outdated version of the remittance form for all remittances.
- The hotel paid and submitted remittances by the 20<sup>th</sup> of the month for all months except January 2017. The hotel was not charged a penalty as the remittance was only one day late.

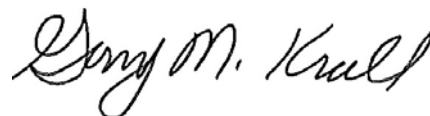
Based on the findings above, we determined that the Quality Inn Easton owes Northampton County \$132.45 in hotel room taxes. See Exhibit 1 for additional tax due from the hotel.

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 #108 Quality Inn Easton for the period January 1, 2017 to December 31, 2018. 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.



Richard J. Szulborski  
County of Northampton Controller  
Easton, Pennsylvania



Gary Krall, CMA  
Lead Auditor

December 20, 2019

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. Diaz, Manager, Quality Inn Easton

