



**STEPHEN J. BARRON, JR., CFE**

**CONTROLLER OF NORTHAMPTON COUNTY**

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**INDEPENDENT INTERNAL AUDITORS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

Members of the Northampton County Council  
John A. Brown, 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 #151 – Hanover Eatery for the period January 1, 2012 to December 31, 2013. 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. This Agreed-Upon Procedures engagement was conducted in accordance with standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 proper remittance forms are being used and postmarked by the 20<sup>th</sup> of each month.

**Findings:** This hotel changed ownership as of April 2013. We reviewed all 9 remittance forms submitted under the current ownership and found:

- In all months, the operator used an outdated version of the remittance form.
- In all months, the remittance form submitted was incomplete.
- In six months, the form was not filed by the 20<sup>th</sup> of the month.

2. **Procedure:** Determine if taxable revenues, exempt revenues and taxes due as reported are accurate.

**Findings:** We reviewed nine months of remittance forms and Operator's financial records and found:

- In nine months, taxable revenue reported to the County did not match the Operator's financial records.
- In all months, the Operator remitted the greater of actual taxes collected or taxes due.
- The Operator did not claim any exemptions for the period under review. However, during testing it was discovered that the Operator only rents to permanent residents but could not provide adequate documentation to determine if all guests were valid permanent residents. Also, he stated that more receipts could have been received but not retained as part of the Operator's records.
- We determined that the Hanover Eatery does not owe any additional hotel room rental tax.

3. **Procedures:** Determine if interest is calculated accurately and assessed for delinquent payments.

**Findings:** Interest was accurately calculated and assessed for the delinquent payments discovered in Procedure 1. One of the late penalties was not paid by the Operator for a total amount of \$1.88. This amount is immaterial and will not be collected.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the Hotel Room Rental Tax Remittances from License 151 Hanover Eatery for the period January 1, 2012 to December 31, 2013. Accordingly, we do not express such an opinion. 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.



Stephen J. Barron, Jr., CFE  
County Controller



Stacy L. Duke  
Staff Auditor

January 5, 2014

cc: J. Hunter, Director of Fiscal Affairs  
N. Poplawski, Revenue Manager  
L. Sywensky, Deputy Director of Department of Community and Economic Development