



Agenda Date: 12/19/2006
Agenda Placement: 6M

NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

TO: Board of Supervisors
FROM: Pamela Kindig - Auditor-Controller
Auditor - Controller
REPORT BY: Stephen Owen, Accountant-Auditor II, 253-4589
SUBJECT: Audit Report for Uniform Transient Occupancy Tax Audit of The Ink House

RECOMMENDATION

Auditor-Controller requests the Board accept, and instruct the Clerk of the Board to file, the Audit Report for the Uniform Transient Occupancy Tax Audit of The Ink House for the period of April 1, 2003 to April 30, 2004.

EXECUTIVE SUMMARY

The Internal Audit Section of the Napa County Auditor-Controller's Office has audited the financial statements of the Uniform Transient Occupancy Tax Audit of The Ink House for the period of April 1, 2003 to April 30, 2004. Acceptance of said audit report is requested.

FISCAL IMPACT

Is there a Fiscal Impact? No

ENVIRONMENTAL IMPACT

The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

BACKGROUND AND DISCUSSION

Uniform Transient Occupancy Tax Audit of The Ink House

Staff conducted an audit of the Uniform Transient Occupancy Tax of The Ink House for the period of April 1, 2003 to April 30, 2004 in accordance with auditing standards generally accepted in the United States of America and as stipulated in the engagement letter with the Treasurer-Tax Collector. The audit was performed due to a change of ownership in May 2004.

Results of the Audit: An audit report may contain findings in any of the following three categories:

1. Material Noncompliance
2. Material Internal Control Weakness (Reportable Conditions)
3. Immaterial Internal Control Weakness

The finding noted during the respective audit have been summarized below:

Category 1: Material Noncompliance - One (1) Finding

Tax Not Collected on the Food Component of the Room Rent

The audit resulted in a potential tax of \$7,140.29 and interest and penalty liability of \$5,208.34 for the total amount of \$12,348.63 based on under-reported room revenues of \$68,018.58 and applicable penalties and interest.

Based on a request for payment made by the Treasurer-Tax Collector on October 20, 2006 to the owner/operator of The Ink House prior to April 30, 2004, the amount of the tax owed noted above was remitted within 30 days of October 20, 2006.

Please see the attached Management Comment for a detail description of the finding, recommendation and management response.

SUPPORTING DOCUMENTS

A . The Ink House Management Comments

CEO Recommendation: Approve

Reviewed By: Maiko Klieman