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Agenda Date: 4/17/2012

Agenda Placement: 7E

## NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

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**TO:** Board of Supervisors

**FROM:** Tracy Schulze - Auditor-Controller  
Auditor - Controller

**REPORT BY:** Marie Nicholas, Accountant-Auditor II - 253-4977

**SUBJECT:** Napa County Uniform Transient Occupancy Tax Ordinance - Independent Accountant's Report on Applying Agreed-Upon Procedures - Oleander House

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### **RECOMMENDATION**

Auditor-Controller requests the Board accept, and instruct the Clerk of the Board to file, a report on Oleander House's compliance with the Transient Occupancy Tax Ordinance for the period of January 1, 2010 to December 31, 2010.

### **EXECUTIVE SUMMARY**

The Internal Audit Section of the Napa County Auditor-Controller's Office has performed the procedures set forth by the Napa County Treasurer-Tax Collector, hereafter known as Tax Collector, to assist the Tax Collector in determining Oleander House's compliance with the Uniform Transient Occupancy Tax Ordinance for the period of January 1, 2010 to December 31, 2010. Acceptance of said 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**

The Internal Audit Section of the Napa County Auditor-Controller's Office has performed the procedures set forth by the Tax Collector to assist in determining Oleander House's (hereafter known as Operator) compliance with the Uniform Transient Occupancy Tax Ordinance for the period of January 1, 2010 to December 31, 2010. The purpose of this engagement was also to provide assurance to the County, specifically the Tax Collector, that the Operator has remitted transient occupancy tax in accordance with Napa County Code of Ordinances, Title 3, Chapter 3.32.

**Results of the Review:** If findings occur, they are categorized as follows:

- Noncompliance - Records are not maintained and/or transient occupancy tax is not remitted in accordance with Napa County Code of Ordinances, Title 3, Chapter 3.32
- Material Internal Control Weakness - A deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the B & B's financial records will not be prevented, or detected and corrected on a timely basis
- Immaterial Control Weakness - A deficiency in internal controls exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis (before the quarterly tax return is submitted to the Tax Collector)

The findings noted during the engagement of the Operator for the period of January 1, 2010 to December 31, 2010 are summarized below by category of noncompliance or internal control deficiency:

Category	Number of Findings
Noncompliance	2
Material Internal Control Weakness	0
Immaterial Control Weakness	2

Please see the attached report for a detailed description of the findings and recommendations. The applicable overpayment of tax and assessment fees of \$46 resulting from the findings noted above has been calculated through the date of our site visit, May 3, 2011. The tax and assessment are due to Napa County upon the receipt of a letter from the Napa County Treasurer-Tax Collector and in accordance with the conditions set forth in the Transient Occupancy Tax Ordinance.

**SUPPORTING DOCUMENTS**

A . Oleander House - Report

CEO Recommendation: Approve

Reviewed By: Helene Franchi