



Agenda Date: 6/20/2006
Agenda Placement: 6DD

NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

TO: Board of Supervisors
FROM: Pamela Kindig - Auditor-Controller
Auditor - Controller
REPORT BY: Karen Querin, Audit Manager, 253-4588
SUBJECT: Audit Reports for Uniform Transient Occupancy Tax Audits of End of Money Road Bed & Breakfast and Carneros Inn

RECOMMENDATION

Auditor-Controller requests the Board accept, and instruct the Clerk of the Board to file, the following Audit Reports:

1. Uniform Transient Occupancy Tax Audit of End of Money Road Bed & Breakfast for the Period of January 1, 2005 to September 30, 2005; and
2. Uniform Transient Occupancy Tax Audit of Carneros Inn for the Period of January 1, 2004 to September 30, 2005.

EXECUTIVE SUMMARY

The Internal Audit Section of the Napa County Auditor-Controller's Office has audited the financial statements of the following. Acceptance of said audit reports is requested.

1. Uniform Transient Occupancy Tax Audit of End of Money Road Bed & Breakfast for the Period of January 1, 2005 to September 30, 2005; and
2. Uniform Transient Occupancy Tax Audit of Carneros Inn for the Period of January 1, 2004 to September 30, 2005.

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

Transient Occupancy Tax Audits

Staff conducted the following audits in accordance with auditing standards generally accepted in the United States of America and as stipulated in the engagement letter with the respective agencies:

1. Uniform Transient Occupancy Tax Audit of End of Money Road Bed & Breakfast for the Period of January 1, 2005 to September 30, 2005; and
2. Uniform Transient Occupancy Tax Audit of Carneros Inn for the Period of January 1, 2004 to September 30, 2005.

Results of the Audits: 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 findings noted during the respective audits have been summarized below:

Uniform Transient Occupancy Tax Audit of End of Money Road Bed & Breakfast

Category 1: Material Noncompliance - Two (2) Findings

Category 2: Material Internal Control Weakness (Reportable Conditions) - Three (3) Findings

Category 3: Immaterial Internal Control Weakness - No additional Findings

The audit resulted in tax and penalties owed to Napa County in the amount of \$254.

Please see the attached Management Comments for a detail description of the findings, recommendations and management responses.

Uniform Transient Occupancy Tax Audit of Carneros Inn

No findings, additional taxes or penalties resulted from the audit.

SUPPORTING DOCUMENTS

A . End of Money Road Management Comments

CEO Recommendation: Approve

Reviewed By: Maiko Klieman