



Internal Audit Office

Mayor
Dee Margo

City Council

District 1
Peter Svarzbein

District 2
Alexsandra Annello

District 3
Cassandra H. Brown

District 4
Sam Morgan

District 5
Dr. Michiel R. Noe

District 6
Claudia Ordaz Perez

District 7
Henry Rivera

District 8
Cissy Lizarraga

City Manager
Tommy Gonzalez

DATE: August 16, 2017

TO: Pat Degman, Comptroller

FROM: Edmundo S. Calderon, Chief Internal Auditor, CIA, CGAP, CRMA

SUBJECT: MuniServices, LLC Hotel Occupancy Tax Review – Final Report

The City of El Paso has contracted MuniServices, LLC to conduct Hotel Occupancy Tax Reviews in accordance with Contract No. 2015-633R. On June 28, 2017 MuniServices, LLC concluded their review of Hotel Occupancy Tax compliance for 30 El Paso area hotels. The period under review was from October 1, 2012 through September 31, 2016 (48 months). The review of the 30 hotels identified 10 hotels with deficiencies totaling \$150,267.01, 2 hotels are due reimbursements totaling \$1,746.91, and 1 hotel received a written warning for calculation errors.

The following table is a summary of the Hotel Occupancy Tax Review of hotels with deficiencies:

#	Hotel Name	Deficiency	Deficiency Amount
1	Staybridge Suites Airport	Over Reported Gross Rent. Failure to Provide Proof of Receipts for all Exempt Rent.	\$97,133.36
2	Holiday Inn El Paso Airport (formerly Wingate)	Under Reported Gross Rent. Failure to Provide Proof of Receipts for all Exemptions.	\$37,360.55
3	Extended Stay America #886	Under Reported Gross Rent.	\$5,746.61
4	Homewood Suites Hilton Airport	Under Reported Gross Rent.	\$4,440.06
5	Days Inn East	Miscalculation of Taxable Rent.	\$2,922.11
6	Hampton Inn & Suites (12055 Gateway)	Failure to provide proof of receipts for all exempt rent (over reported).	\$1,303.66
7	La Quinta (formerly Baymont Inn & Suites #4034)	Under Reported Gross Rent. Failure to Provide Proof of Receipts for all Exemptions.	\$537.28
8	Karen Hayes	Improper Exemption of Religious and Educational Organizations.	\$373.23
9	Hilton Garden Inn (Gateway)	Under Reported Gross Rent.	\$311.40
10	Value Place	Improper Exemption of Religious and Educational Organizations.	\$138.75
Total Deficiencies			\$150,267.01

Edmundo S. Calderón – Chief Internal Auditor
City 2 | P.O. Box 1890 | El Paso, Texas 79950 | (915) 212-0069

"Delivering Outstanding Services"



Internal Audit Office

The following table is a summary of the hotels with a reimbursement due:

#	Hotel Name	Comment	Reimbursement Due
1	Best Western Plus Airport	Property Over Reported Room Revenue.	\$1,656.58
2	La Quinta Inn #165	Property Over Reported Gross Rent.	\$90.33
Total Reimbursement Due			\$1,746.91

This hotel was issued a written warning for a calculation error. No amount due from/to.

#	Hotel Name	Comment
1	Studio Plus Hotel #6078	Calculation Errors – No Letter to issue. Written warning given on-site.

The Office of the Comptroller should work with the above hotels to collect the deficiency amounts owed to the City or reimbursable to the hotels. For more details on the MuniServices, LLC Hotel Occupancy Tax Review – Final Audit Report please see Attachment A.

If you have any questions, please feel free to contact me at extension 21365.

cc: Financial and Audit Oversight Committee
Tomas Gonzalez, City Manager
Robert Cortinas, Interim Director Municipal Financial Operations



June 28th, 2017 (REVISED)

Edmundo S. Calderon, CIA, CGAP, CRMA
Chief Internal Auditor
City of El Paso
2 Civic Center Plaza
El Paso, TX 79901

The City of El Paso commissioned MuniServices to perform on-site reviews for thirty (30) hotels. This report is our Final Audit Report with respect to the Hotel Occupancy Tax Compliance Review.

A detailed summary of key findings, assessments and liability, if any, is included for the completed reviews in addition to relevant property information. As part of our due diligence in conducting the reviews and to support and validate the findings this report identifies detail on the audit performance contacts. Also identified are the documents and records furnished by the respective property for review and as appropriate, if any.

The thirty (30) properties reviewed and completed resulted in total findings of \$150,267.01.

Enclosed, with this report, you will find an electronic copy of this report, as well as the Commendation / Deficiency Letters (with back-up), that will need to be reviewed by the City, printed on letterhead, signed, and mailed.

This report is organized as follows:

SECTION I)	SNAPSHOT OF FINDINGS BY HOTEL
SECTION II)	HOTEL REVIEW UPDATE
SECTION III)	ORDINANCE ANALYSIS
SECTION IV)	AUDIT PARTICIPANTS AND REPRESENTATIVES
SECTION V)	CONTACTS
SECTION VI)	FIELD AUDIT NOTES AND BACK-UP DOCUMENTATION, PER PROPERTY



SECTION I) SNAPSHOT OF FINDINGS BY HOTEL

ESTABLISHMENT	FINDING	ADDITIONAL TAX LIABILITY	REASON
11300 Series (IHG Army Hotel)	Commendation	\$0.00	No Adverse Findings
Best Western Plus Airport	Commendation	\$0.00	Property over reported room revenue. Credit due for \$1,656.58
Candlewood Suites	Commendation	\$0.00	No Adverse Findings
Days Inn East	Deficiency	\$2,922.11	Miscalculation of Taxable Rent
Embassy Suites	Commendation	\$0.00	No Adverse Findings
Extended Stay America #886	Deficiency	\$5,746.61	Under Reported Gross Rent
Hampton Inn & Suites (12055 Gateway)	Deficiency	\$1,303.66	Failure to provide proof of receipts for all exempt rent. (Over reported)
Hampton Inn & Suites (6635 Gateway)	Commendation	\$0.00	No Adverse Findings
Hilton Garden Inn (Gateway)	Deficiency	\$311.40	Under Reported Gross Rent
Hilton Garden Inn (University)	Commendation	\$0.00	No Adverse Findings
✓ Holiday Inn El Paso Airport (Formerly Wingate)	Deficiency	\$37,360.55	Under Reported Gross Rent. Failure to Provide Proof of Receipts for all Exemptions
Holiday Inn Express	Commendation	\$0.00	No Adverse Findings
Holiday Inn Express & Suites Airport	Commendation	\$0.00	No Adverse Findings
Holiday Inn Guest House Bldg 1744	Commendation	\$0.00	No Adverse Findings
Homewood Suites Hilton Airport	Deficiency	\$4,440.06	Under Reported Gross Rent



Hyatt Place El Paso (Formerly AmeriSuites)	Commendation	\$0.00	No Adverse Findings
Intown Suites	Commendation	\$0.00	No Adverse Findings
Karen Hayes	Deficiency	\$373.23	Improper Exemption of Religious and Educational Organizations
La Quinta (Formerly Baymont Inn & Suites #4034)	Deficiency	\$537.28	Under Reported Gross Rent. Failure to Provide Proof of Receipts for all Exemptions
La Quinta Inn #165	Commendation	\$0.00	Property Over Reported Gross Rent. Credit Due of \$90.33
La Quinta #452	Commendation	\$0.00	No Adverse Findings
La Quinta Inn #507	Commendation	\$0.00	No Adverse Findings
Motel 6 #1067	Commendation	\$0.00	No Adverse Findings
Motel 6 #297	Commendation	\$0.00	No Adverse Findings
Red Roof Inn	Commendation	\$0.00	No Adverse Findings
Residence Inn	Commendation	\$0.00	No Adverse Findings
✓ Staybridge Suites Airport	Deficiency	\$97,133.36	Over reported gross rent. Failure to provide proof of receipts for all exempt rent.
StudioPlus Hotel #6078	Warning	\$0.00	Calculation Errors – No letter to issue. Written warning given on- site.
Value Place	Deficiency	\$138.75	Improper Exemption of Religious and Educational Organizations
Wyndam El Paso Hotel	Commendation	\$0.00	No Adverse Findings
Total Count	30	\$150,267.01	

City of El Paso
Internal Audit Office
Hotel Occupancy Tax Review
Amount Due to the City Versus Total HOT Paid by Hotels During the Review Period

#	Hotel	Deficiency Amount	% of Total Paid	Year	Hotel Paid Amount
1	Staybridge Suites Airport	\$ 97,133.36	9.04%	2012	\$ 45,887.74
				2013	\$ 247,189.57
				2014	\$ 279,128.93
				2015	\$ 285,750.09
				2016	\$ 216,409.37
				Total	\$ 1,074,365.70
2	Holiday Inn El Paso Airport Formally Wingate Inn & Suites	\$ 37,360.55	5.14%	2012	\$ 33,885.17
				2013	\$ 173,066.46
				2014	\$ 124,192.51
				2015	\$ 225,688.85
				2016	\$ 170,285.90
				Total	\$ 727,118.89
3	Extended Stay America # 866	\$ 5,746.61	2.41%	2012	\$ 9,360.29
				2013	\$ 54,181.70
				2014	\$ 49,507.24
				2015	\$ 58,440.82
				2016	\$ 66,543.86
				Total	\$ 238,033.91
4	Homewood Suites Hilton Airport	\$ 4,440.06	0.44%	2012	\$ 36,944.79
				2013	\$ 236,448.53
				2014	\$ 265,873.44
				2015	\$ 275,512.05
				2016	\$ 202,693.46
				Total	\$ 1,017,472.27
5	Days Inn East	\$ 2,922.11	0.72%	2012	\$ 23,843.76
				2013	\$ 109,281.34
				2014	\$ 107,063.13
				2015	\$ 105,222.84
				2016	\$ 60,216.31
				Total	\$ 405,627.38
6	Hampton Inn & Suites (12055 Gateway) Opened Aug. 2014	\$ 1,303.66	0.20%	2012	\$ -
				2013	\$ -
				2014	\$ 95,910.10
				2015	\$ 311,160.70
				2016	\$ 234,184.14
				Total	\$ 641,254.94
7	La Quinta (formerly Baymont Inn & Suites #4034	\$ 537.28	0.08%	2012	\$ 32,121.67
				2013	\$ 168,376.62
				2014	\$ 196,287.79
				2015	\$ 187,585.66
				2016	\$ 129,540.25
				Total	\$ 713,911.99

City of El Paso
Internal Audit Office
Hotel Occupancy Tax Review
Amount Due to the City Versus Total HOT Paid by Hotels During the Review Period

#	Hotel	Deficiency Amount	% of Total Paid	Year	Hotel Paid Amount
8	Karen Hayes	\$ 373.23	4.83%	2012	\$ -
				2013	\$ 1,162.99
				2014	\$ 2,103.68
				2015	\$ 2,307.26
				2016	\$ 2,157.83
				Total	\$ 7,731.76
9	Hilton Garden Inn (Gateway)	\$ 311.40	0.02%	2012	\$ 61,359.34
				2013	\$ 341,432.77
				2014	\$ 386,181.54
				2015	\$ 434,846.90
				2016	\$ 316,797.83
				Total	\$ 1,540,618.38
10	Value Place	\$ 138.75	0.16%	2012	\$ 3,128.49
				2013	\$ 14,983.33
				2014	\$ 20,631.38
				2015	\$ 30,269.96
				2016	\$ 18,690.82
				Total	\$ 87,703.98

Note: Review period was October 1, 2012 to September 31, 2016. Total 48 months.