



Internal Audit Department Accounts Receivable – Hotel Occupancy Tax Review P2025-01

Objectives

- Review if Hotel Occupancy Tax (HOT) Receivables are monitored and properly invoiced.
- Determine if delinquent accounts are collected.
- Review if HOT Receivable Balances reported to management are accurate.

Scope

Our scope for Fiscal Years 2024 and 2025 included:

- A review of the monitoring, invoicing, and collection process of HOT Receivables.
- Identifying hotels with unpaid HOT Balances.
- Reviewing HOT Payments for accuracy.
- Analyzing HOT Receivable Balances.

Observation 1

- Since April 18, 2016, the Hotel Audits have identified \$1,898,918.73 in additional HOT.
- As of February 5, 2025, ten hotels owe \$1,121,530.45 in past due HOT, to include penalties and interest.
 - Nine hotels have been referred to Outside Legal Counsel.
 - One hotel is currently working with the Office of the Comptroller.

Recommendation

The Office of Comptroller should continue collecting the outstanding Hotel Occupancy Tax owed, totaling \$1,121,530.45.

Conclusion

Based on our review, we determined that the Office of the Comptroller is:

- Properly collecting and monitoring HOT Revenues.
- Properly invoicing HOT Receivables.
- Collecting HOT delinquent accounts according to City Policies.
- Accurately reporting HOT Receivable Balances to management.

Management Response

Observation 1

“Management agrees with the recommendation. The Office of the Comptroller will continue to actively monitor and pursue the collection of outstanding Hotel Occupancy Tax (HOT) balances, including applicable penalties and interest. We currently utilize an outside collection agency for delinquent accounts and refer hotels for legal action when necessary. Our efforts also include coordination with external legal counsel to pursue litigation against non-compliant entities. We remain committed to strengthening our collection strategies and ensuring timely recovery of owed revenue to the City.”

Requested Action

Accept the results of the Accounts Receivable – Hotel Occupancy Tax Review and forward the Audit Report to City Council for action.