

Memorandum



CITY OF DALLAS

Report #407

DATE: February 13, 2004

TO: Honorable Mayor and Members of the City Council

SUBJECT: Follow-up report of the September 20, 2002, *Audit of The Hotel Occupancy Tax Collections*, Report #367

We conducted this follow-up audit under the authority of Chapter IX of the City Charter and according to applicable government auditing standards. We included tests of records and reviews of program guidelines and procedures that we considered necessary in the circumstances.

Our objective was to determine whether management had implemented the audit's recommendations or taken other acceptable actions to remedy the control weaknesses identified in the original audit report.

The original report contained four findings and eight distinct recommendations. Management has implemented six of them, and partially implemented two. One partially implemented recommendation involves developing formal administrative policies that include a requirement that hotel records be available to the City and new guidelines for estimating taxes when hotels do not submit monthly tax returns. The other involves seeking state legislation allowing the City to take more aggressive actions to collect hotel occupancy taxes; this proposal was not included in the City's 2003 legislative package.

We appreciate management's cooperation in this follow-up.

Thomas M. Taylor, CPA
City Auditor

c: Teodoro J. Benavides, City Manager
Robert M. Johnson, Director of Dallas Water Utilities