



TENNESSEE

A C WHARTON, JR. - Mayor
GEORGE M. LITTLE - Chief Administrative Officer
EXECUTIVE DIVISION
Internal Audit Service Center
LEON PATTMAN, CIA, CISA, CRMA, CMFO
City Auditor

August 29, 2014

La Quinta Inn & Suites #175 (Primacy Parkway)
c/o Mr. Scott McHorse, Tax Manager
LQ Management L.L.C.
909 Hidden Ridge, Suite 600
Irving, TX 75038

Dear Mr. McHorse:

Pursuant to Tennessee Code Annotated Section 67-4-1409, the City's Internal Audit Department conducted an examination of the records supporting the Hotel Motel Occupancy Tax returns for La Quinta Inn & Suites #175 (Primacy Parkway). The scope of the examination was limited to the occupancy tax returns and support documentation for January 1, 2011 to October 31, 2013.

The intent of this letter is to communicate examination results to the hotel operator. The results are being provided to you as the official designee for conveying this information to the hotel operator. If you feel this information should not be provided to you, please contact us immediately.

With respect to gross occupancy revenue reported on the City occupancy tax returns, based upon the specific months tested, records reviewed provided reasonable assurance that the returns were valid. However, we noted two instances in which reported room revenue was understated. Management attributed the variances in room revenue to write-offs of uncollectable room receivable. However, management did not provide any documentation to support that assertion. As a result, the City was underpaid \$216.53. Our examination may not necessarily disclose all weaknesses related to the Hotel Motel Occupancy Tax returns. The results of our examination will be forwarded to the City Treasurer's office.

We appreciate the cooperation we received from you and your staff during our examination. If you have any questions or concerns, please feel free to contact Debbie Banks, City Audit Supervisor at (901) 636-6241.

Sincerely,

Leon Pattman, CIA, CISA, CRMA, CMFO
City Auditor

c: Brian Collins, Director, Finance Division, City of Memphis
Marie Kirk Owens, City Treasurer, Finance Division