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Argyll and Bute Council **Comhairle Earra Ghaidheal agus Bhoid**

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20 June 2014

SUPPLEMENTARY PACK 1

AUDIT COMMITTEE - COUNCIL CHAMBERS, KILMORY, LOCHGILPHEAD on FRIDAY, 27 JUNE 2014 at 11:15 AM

I enclose herewith items 9 (**EMPLOYMENT TAX RISK REVIEW**) and 10 (**VAT RISK REVIEW**) which were marked "to follow" on the Agenda for the above Meeting.

Douglas Hendry
Executive Director – Customer Services

ITEMS TO FOLLOW

- 9. EMPLOYMENT TAX RISK REVIEW**
Report by Head of Strategic Finance (Pages 1 - 8)
- 10. VAT RISK REVIEW**
Report by Head of Strategic Finance (Pages 9 - 18)

AUDIT COMMITTEE

Martin Caldwell (Chair)
Councillor Michael Breslin
Councillor Iain MacDonald
Sheila Hill

Councillor Gordon Blair
Councillor Maurice Corry
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ARGYLL AND BUTE COUNCIL**AUDIT COMMITTEE****STRATEGIC FINANCE****27 JUNE 2014**

Employment Tax Risk Review

1. EXECUTIVE SUMMARY

- 1.1 The Council asked tax consultants KPMG to carry out an Employment Tax Risk Review to identify any areas of potential risk in the Council's Employment Tax accounting processes. This report outlines any issues identified by KPMG and the procedures that have been put in place, or are in the process of being put in place, in order to reduce the level of risk.
- 1.2 Following a site visit and a review of procedures 10 areas of risk were identified:
- 2 High Risk
 - 4 Medium Risk
 - 4 Low Risk
- 1.3 An action plan has been prepared to address the issues raised by the review.
- 1.4 The Committee is asked to note the contents of the report with updates being provided to future meetings.

Employment Tax Risk Review

2. INTRODUCTION

- 2.1 The Council asked tax consultants KPMG to carry out an Employment Tax Risk Review to identify any areas of potential risk in the Council's Employment Tax accounting processes. This report outlines any issues identified by KPMG and the procedures that have been put in place, or are in the process of being put in place, in order to reduce the level of risk.

3. RECOMMENDATIONS

- 3.1 Note the contents of the report and further updates will be provided once all action points are complete.

4. DETAIL

- 4.1 The Council asked tax consultants KPMG to carry out an Employment Tax Risk Review to identify any areas of potential risk in the Council's Employment Tax accounting processes. Those areas identified, if not addressed, could expose the Council to penalties and jeopardise the Council's risk profile.

- 4.2 The purpose of the review by KPMG was to ensure the systems and processes in place for reporting, calculating and paying PAYE and NIC on cash payments and benefits provided to employees are robust. In addition, ensure that there are appropriate safeguards built in to the system in respect of review, sign off and security controls.

The review used the same methodology which HMRC would adopt during an employer compliance review.

- 4.3 A consultant from KPMG carried out a 2 day site visit during which they reviewed the following areas:

- Payment of expenses, allowances and benefits in kind
- Payments to external consultants
- Payments made under voluntary or compulsory redundancy arrangements.

- 4.4 On completion of the site visit KPMG then produced a report of their findings, risk levels and recommendations to reduce these risks.

This report included a traffic light summary which can be seen in Appendix 1. This summary shows there were 2 areas of high risk, 4 medium risks and 4 low risks.

- 4.5 In light of the findings from this report an action plan is being created to take action to reduce/eliminate the risks identified where possible. The risks which will form the basis of the plan can be seen in Appendix 2. A completed plan will be presented at the meeting.

5. CONCLUSION

- 5.1 The completion of the Employment Tax Risk Review by KPMG, and planned action will reduce Argyll & Bute Councils exposure to errors and penalties. It will also assist in ensuring a low risk profile is maintained.

6. IMPLICATIONS

- | | | |
|-----|--------------------|--|
| 6.1 | Policy – | None. |
| 6.2 | Financial - | Correct values of PAYE and NIC are calculated therefore reduced risk of penalties |
| 6.3 | Legal - | None. |
| 6.4 | HR - | None. |
| 6.5 | Equalities - | None. |
| 6.6 | Risk - | Errors in calculating and paying PAYE and NIC resulting in penalties and impacting the risk profile of the Council |
| 6.7 | Customer Service - | None. |







Bruce West, Head of Strategic Finance
Dick Walsh Council Leader and Policy Lead for Strategic Finance
18 June 2014

For further information please contact Bruce West, Head of Strategic Finance
01546-604151.

Appendix 1 – Traffic light summary of findings by KPMG
Appendix 2 - Action Plan created by Argyll & Bute Council

	Key Findings	Risk level*
Payroll processes	<ul style="list-style-type: none"> The payroll systems, processes and controls currently in place appear to be robust. 	Low 
Expenses – general	<ul style="list-style-type: none"> In general, the expense claim forms reviewed were of a good standard. The Council's policy states that business mileage will be paid for the shorter of the distance between home and place visited on official business or normal office and place visited on official business. It is not clear from the claims we reviewed that the business mileage stated in respect of business mileage is in accordance with the Council's policy. 	Low 
Expenses – use of employees own car	<ul style="list-style-type: none"> We identified instances of mileage costs being claimed and reimbursed in respect of home to work journeys by employees who historically have been engaged on multiple part-time employment contracts. In addition, we noted that employees working within the Council's social work department also appear to be claiming mileage in respect of journeys from home to their normal place of work. A PAYE and Class 1 NIC (employee and employer) obligation arises on amounts reimbursed to employees in respect of ordinary commuting journeys. We suggest that a review is undertaken to identify the level of home to work travel costs reimbursed to employees working under multiple employment contracts in the last four tax years, and a voluntary disclosure made to HMRC of the underpaid PAYE and NIC. We also suggest that further analysis is carried out to identify any other categories of employee where there is an increased risk of reimbursement in respect of ordinary commuting journeys so that any disclosure made to HMRC in this regard is complete. 	High 
Expenses - Councillors Risk level: Medium	<ul style="list-style-type: none"> In adherence with the guidance issued by Scottish Local Authorities Remuneration Committee ("SLARC"), the Council regards a councillor's home as their normal place of work, and expenses associated with travel from a Councillor's home to the Council headquarters, and other locations to conduct council business, may be claimed. HMRC are increasingly active in arguing, particularly in the case of local authorities, that a councillor's home is not necessarily a workplace for tax and NIC purposes, and that the travel and subsistence expenses incurred by councillors travelling to committee or sub-committee meetings, are not allowable expenses. Where HMRC argue this successfully, the amounts reimbursed in respect of these journeys should be paid subject to deductions of PAYE and NIC through payroll, or if paid directly by the Council, treated as a taxable benefit in kind and reported on form P11D. We suggest that a review is undertaken of the location(s) in which the Councillors approved duties are carried out, to determine whether the Councillors have a normal place of work for employment tax purposes (which may include a Councillor's home). Where this is the case, consideration should be given to the tax and NIC position in relation to the reimbursement of their travel and subsistence expenses, and if appropriate, a voluntary disclosure made to HMRC of any underpaid PAYE and NIC. 	Medium/High 

* Risk level – the risk ratings have been determined based on the probability of a successful HMRC challenge in the particular area and/or the level of the potential exposure.

Key Findings	Risk level*
Purchasing cards <ul style="list-style-type: none"> o The process and controls in place appear to be adequate in terms of ensuring that only goods and services considered appropriate for the relevant service and business purpose are purchased. o We suggest that additional checks are built into the Council's process to ensure that any expenditure which may give rise to tax, NIC or reporting obligations is identified and captured. 	<p>Low</p> 
Severance and redundancy payments <ul style="list-style-type: none"> o We consider that there is a risk that HMRC could successfully argue that the Compensatory Added Years ("CAY") payment is not compensation for loss of office and therefore should be taxed as earnings subject to PAYE and NIC in full. o This would be on the basis that the payment is a terminal bonus for individuals at or near retirement age, or made under an employer financed retirement benefit scheme, rather than a redundancy payment arising from the termination of the employment. 	<p>Medium</p> 
Employee Benefits <ul style="list-style-type: none"> o Based on our review of the limited documentation provided, we are unable to confirm whether the salary sacrifice arrangements in place are effective from a tax and NIC perspective. We suggest that a more comprehensive review is carried out in this regard to confirm the position. o With regard to the Tied Housing provided to certain janitors/caretakers, there is a risk that a benefit in kind (BIK) has arisen since 2010 based on the cost to the Council of providing the living accommodation. o We suggest that a review is undertaken of the circumstances, roles and responsibilities of the Council's janitors/caretakers in order to fully assess this risk. 	<p>Medium</p> 
P11D dispensation <ul style="list-style-type: none"> o We recommend that as a matter of good practice, the Council should approach HMRC to update the terms of its P11D dispensation, and to provide HMRC with a summary of the Council's current systems and controls with regard to expenses and benefits generally. 	<p>Low</p> 
Engagement of third party labour <ul style="list-style-type: none"> o During our review, we did not identify any documentary evidence that exists to record the process for determining the tax and reporting position for each individual who has been awarded a contract and engaged on a self-employed basis. o To fully assess the Council's risk in this regard, we suggest that a review is carried out on a sample of the existing arrangements in place between the Council and individuals engaged on a self employed basis. o We suggest the Council introduces checks to effectively manage the potential risks surrounding the engagement of individuals on a self-employed basis. 	<p>Medium</p> 
Construction Industry Scheme <ul style="list-style-type: none"> o Where it has not been possible to obtain evidence of the cost of materials from a subcontractor, HMRC are actively challenging contractors to demonstrate how they are able to satisfy themselves that a reasonable estimate of the cost of materials was carried out prior to settling invoices. o We suggest that additional processes and controls are implemented by the Council in order to ensure that a fair estimate of the cost of materials is made. 	<p>Medium</p> 

Actions re KPMG Recommendations

Appendix 2

Risk	Action	Section Responsible	Date for Completion	Date Completed	Comment
<u>EXPENSES</u>					
1 Not clear from claims whether the business mileage claimed is the shorter of the distance between home and place visited or normal office and place visited as per Council policy. Risk of excessive mileage being claimed.		Creditors			
2 Instances of mileage costs being claimed re home to work by employees who have historically been engaged on multiple part-time employment contracts.		Creditors			Requested examples of this from KPMG which were received on 8/11/13 but no further work has been done on this as yet.
3 Employees within Social Work appear to be claiming mileage in respect of journeys from home to their normal place of work.		Creditors			
4 Members travel between home and HQ. HMRC increasingly arguing that a Councilors home is not necessarily a workplace for tax and NIC purposes and that travel to meetings is not allowable.		Creditors			
<u>PURCHASING CARDS</u>					
5 Additional checks to ensure that any expenditure which may give rise to tax, NIC or reporting obligations is identified and captured.		Procurement/Creditors			Requested examples of this from KPMG but none received as yet.
<u>SEVERANCE AND REDUNDANCY PAYMENTS</u>					

Risk	Action	Section Responsible	Date for Completion	Date Completed	Comment
6 Risk that HMRC could argue that CAY payment is not compensation for loss of office and therefore should be taxed as earnings subject to PAYE and NIC in full.		Payroll/HR			
<u>EMPLOYEE BENEFITS</u>					
7 Unable to confirm whether the salary sacrifice arrangements are effective from a tax and NIC perspective.		Transport			KPMG were to provide options for other Salary Sacrifice Schemes but none received as yet. Car Leasing Salary Sacrifice has now ceased.
8 Tied Housing - risk that benefit in kind has arisen since 2010 based on the cost to the Council of providing the living accommodation		Education			Requested examples of this from KPMG which were received on 8/11/13 but no further work has been done on this as yet.
<u>P11D DISPENSATION</u>					
9 Approach HMRC to update terms of dispensation and to provide a summary of the Councils current systems and controls with regards to expenses and benefits generally.		Creditors			
<u>ENGAGEMENT OF THIRD PARTY LABOUR</u>					
10 No documentary evidence existing to record the process for determining the tax and reporting position for each individual who has been awarded a contract and engaged on a self-employed basis.		Payroll/HR			
<u>CIS TAX</u>					
11 Estimates re cost of materials.		Creditors/ Surveyors			

ARGYLL AND BUTE COUNCIL**AUDIT COMMITTEE****STRATEGIC FINANCE****27 JUNE 2014**

VAT Risk Review

1. EXECUTIVE SUMMARY

- 1.1 The Council asked tax consultants KPMG to carry out a VAT Risk Review to identify any areas of potential risk in the Council's VAT accounting processes. This report outlines any issues identified by KPMG and the procedures that have been put in place, or are in the process of being put in place, in order to reduce the level of risk.
- 1.2 Following a site visit and a review of procedures 12 areas of risk were identified:
- 6 High Risk
 - 2 Medium Risk
 - 4 Low Risk
- 1.3 An action plan has been prepared to address the issues raised by the review.
- 1.4 The Committee is asked to note the contents of the report with updates being provided to future meetings.

VAT Risk Review

2. INTRODUCTION

- 2.1 The Council asked tax consultants KPMG to carry out a VAT Risk Review to identify any areas of potential risk in the Council's VAT accounting processes. This report outlines any issues identified by KPMG and the procedures that have been put in place, or are in the process of being put in place, in order to reduce the level of risk.

3. RECOMMENDATIONS

- 3.1 Note the contents of the report and further updates will be provided once all action points are complete.

4. DETAIL

- 4.1 The Council asked tax consultants KPMG to carry out a VAT Risk Review to identify any areas of potential risk in the Council's VAT accounting processes. Those areas identified, if not addressed, could expose the Council to misdeclarations of tax and penalties, or jeopardise the Council's risk profile.

- 4.2 Where HMRC consider an error to be 'careless' they may impose a 30% penalty on the under declared or over claimed VAT. The purpose of the review by KPMG was to highlight any errors that may cause penalties of this nature and therefore allow them to be corrected.

In addition, during the review KPMG would also highlight any areas where they consider that there is an opportunity for the Council to obtain a VAT benefit.

- 4.3 A consultant from KPMG carried out a 3 day site visit during which they reviewed the following areas:

- Accounts Receivable – Debtors
- Accounts Receivable – Cash Receipting
- Accounts Payable - Creditors
- VAT Return and Accounting

- 4.4 On completion of the site visit KPMG then produced a report of their findings which set out the areas of risk identified, the impact of each risk, and actions that should be taken to reduce/eliminate the risks.

This report included a traffic light summary which can be seen in Appendix 1. This summary shows there were 6 areas of high risk, 2 medium risks and 4 low risks

- 4.5 In light of the findings from this report an action plan was created and steps taken to reduce/eliminate the risks identified where possible. This action plan and progress to date can be seen in Appendix 2.

Progress in addressing the action points has been good with only 4 of the 24 action points not yet complete. Those incomplete are being actively worked on.

This action plan has been reviewed by KPMG and they are satisfied with the steps taken to reduce the risks. Once all tasks are complete it will be reviewed again to ensure all possible action has been taken to eliminate/reduce the risks identified.

5. CONCLUSION

- 5.1 The completion of the VAT Risk Review by KPMG, and subsequent action taken, has reduced Argyll & Bute Councils exposure to misdeclarations of tax and penalties. It has also assisted in ensuring a low risk profile is maintained and has made the departments more aware of the processes involved surrounding VAT.

6. IMPLICATIONS

- | | | |
|-----|--------------------|--|
| 6.1 | Policy – | None. |
| 6.2 | Financial - | Correct values of VAT claimed therefore reduced risk of penalties |
| 6.3 | Legal - | None. |
| 6.4 | HR - | None. |
| 6.5 | Equalities - | None. |
| 6.6 | Risk - | Errors in VAT Returns resulting in penalties and impacting the risk profile of the Council |
| 6.7 | Customer Service - | None. |

Bruce West, Head of Strategic Finance
Dick Walsh Council Leader and Policy Lead for Strategic Finance
18 June 2014

For further information please contact Bruce West, Head of Strategic Finance
01546-604151.

Appendix 1 – Traffic light summary of findings by KPMG
Appendix 2 - Action Plan created by Argyll & Bute Council

Subject	Area of risk	Why this has arisen	Level of risk	Recommendation
Accounts receivable/Debtors				
VAT liability	<ul style="list-style-type: none"> Incorrect VAT treatment being applied to debtors transactions VAT being under declared 	<ul style="list-style-type: none"> Lack of VAT awareness of users raising invoices VAT is not fixed on Debtors system and can be changed by users 	High	<ul style="list-style-type: none"> All users undergo VAT training Provide up to date VAT guidance to users Explore the possibility of fixing the VAT liabilities on the Debtors system
Land and property transactions	<ul style="list-style-type: none"> Increased level of VAT exempt income, pushing the Council toward the 5% partial exemption limit 	<ul style="list-style-type: none"> The Council has not opted to tax its non-residential property, with the result that its income generated from the sale and rental of non-residential property is VAT exempt 	Low	<ul style="list-style-type: none"> Consider opting to tax the non-residential property portfolio in order to ensure that the sale and rental income is taxable As this is not a VAT error, there is no risk of a VAT penalty
VAT rate and timing of VAT declaration	<ul style="list-style-type: none"> VAT being under declared VAT being declared late 	<ul style="list-style-type: none"> Tax point rules are not being followed Lack of awareness of the VAT tax point rules 	High	<ul style="list-style-type: none"> All users undergo VAT training Provide up to date VAT guidance to users
Management controls	<ul style="list-style-type: none"> VAT errors not being identified Unable to demonstrate reasonable care to HMRC 	<ul style="list-style-type: none"> No VAT checks are being carried out on invoices which are raised through debtors The VAT analysis reporting function of the Debtors system is not being used 	Medium	<ul style="list-style-type: none"> Establish process whereby VAT analysis reports are taken prior to every VAT return being submitted, with evidence of these checks are being retained
Accounts receivable/Cash receipting				
VAT liability and VAT rate	<ul style="list-style-type: none"> Incorrect VAT treatment being applied to cash receipts VAT being under declared 	<ul style="list-style-type: none"> Lack of VAT awareness of users raising invoices VAT is not fixed on cash receipting system and can be changed by users 	High	<ul style="list-style-type: none"> All users undergo VAT training Provide up to date VAT guidance to users Explore the possibility of fixing the VAT liabilities on the cash receipting system

Subject	Area of risk	Why this has arisen	Level of risk	Recommendation
Accounts payable/Creditors				
VAT invoices	<ul style="list-style-type: none"> Invalid invoices are being processed 	<ul style="list-style-type: none"> No VAT checks are being carried out on AP invoices Lack of VAT awareness in Creditors Team No access to VAT guidance for Creditors Team 	<ul style="list-style-type: none"> High 	<ul style="list-style-type: none"> All users undergo VAT training Provide up to date VAT guidance to users Establish system whereby checks are carried out to ensure VAT invoice conditions are met
VAT recovery	<ul style="list-style-type: none"> VAT is being over recovered 	<ul style="list-style-type: none"> VAT is being recovered on the basis of pro-forma invoices 	<ul style="list-style-type: none"> High 	<ul style="list-style-type: none"> All users undergo VAT training Provide up to date VAT guidance to users Procedures are put in place to ensure that VAT is not recovered on the basis of pro-forma invoices
Overseas transactions	<ul style="list-style-type: none"> Reverse charge procedures not applied 	<ul style="list-style-type: none"> Staff unaware of requirements 	<ul style="list-style-type: none"> Low 	<ul style="list-style-type: none"> System should be amended to ensure that staff apply the correct VAT treatment As the net VAT error is NIL, there is a low risk of a VAT penalty
Corporate purchasing card	<ul style="list-style-type: none"> Input tax is being recovered late 	<ul style="list-style-type: none"> Input tax is being recovered against invoices, rather than the corporate purchasing card statements 	<ul style="list-style-type: none"> Low 	<ul style="list-style-type: none"> Consider a change in procedure As it is input tax which is being recovered late, there is no risk of a penalty
Unitary charge payments	<ul style="list-style-type: none"> VAT recovered on the basis of invalid invoices 	<ul style="list-style-type: none"> Invoices for unitary charge payments are being manually altered 	<ul style="list-style-type: none"> Medium 	<ul style="list-style-type: none"> Any amendments to the value of unitary charge payments must be supported by correct paperwork, i.e. Credit or Debit note.
Mileage payments	<ul style="list-style-type: none"> VAT being under recovered 	<ul style="list-style-type: none"> VAT is not recovered on mileage claims which are not supported by a fuel VAT receipt 	<ul style="list-style-type: none"> Low 	<ul style="list-style-type: none"> Consider changes to the employee expense system As there may be an under recovery of input tax, there is no risk of a penalty
VAT return				
VAT return	<ul style="list-style-type: none"> Late or incorrect VAT return being submitted 	<ul style="list-style-type: none"> No member of staff fully trained in preparing and submitting the VAT return in the event of Anne Macdougall's absence from the office 	<ul style="list-style-type: none"> High 	<ul style="list-style-type: none"> Ensure an alternative member of staff is fully trained in how to complete and submit the VAT return

	Action Required	Responsible Person	Planned Completion Date	Actual/Forecast Completion Date	Planned Progress to Date % Complete	Actual Progress To Date % Complete	Status/Assessment	Comment/Explanation
	GENERAL							
1	Advise all employees of VAT contact for the Council	Anne Macdougall	31/07/13	31/07/13	100%	100%	Complete	Guidance has been prepared and this will be made available through the HUB to all employees.
2	Provide employees with details of HMRC penalties	Anne Macdougall	31/07/13	31/07/13	100%	100%	Complete	Guidance has been prepared and this will be made available through the HUB to all employees.
3	Provide VAT guidance to all employees for reference	Anne Macdougall	31/07/13	31/07/13	100%	100%	Complete	Guidance has been prepared and this will be made available through the HUB to all employees.
	DEBTORS							
4	Block 15% & 17.5% codes on Debtors system	Jennifer Gorman	31/05/2013	29/04/2013	100%	100%	Complete	Codes blocked on system.
5	Liaise with KPMG re errors on Fees & Charges report	Anne Macdougall	31/08/2013	31/3/15	100%	100% 0%	Initial liaison complete More detailed review not yet started	Initial liaison with KPMG complete. Arising from this KPMG have been asked to undertake a more detailed review during 2014/15.
6	Update Maintenance form for setting up codes on systems	Jennifer Gorman/ Ken Wong	28/06/2013	09/07/13	100%	100%	Complete	New form created with improved authorisation procedures.
7	Invoices to be raised within 60 days of supply	Jennifer Gorman	31/10/2013	31/10/2013	100%	100%	Complete	Included in debtors procedure manual and included in A&B Manager training.
8	Look into opt to tax on Land & Property income	Anne Macdougall	31/08/2013	4/11/13	100%	100%	Complete	Estates have been advised to contact finance when new agreements are entered in to at which point we can consider opting to tax.
9	Produce & Review monthly VAT analysis reports	Jennifer Gorman	30/09/2013	31/08/2014	100%	50%	Off track for original timescale but on track for revised timescale	Received 1 st report 08/10/13 but no further reports due to staff changes. Procedure will be in place by end of August 2014.

	Action Required	Responsible Person	Planned Completion Date	Actual/Forecast Completion Date	Planned Progress to Date % Complete	Actual Progress To Date % Complete	Status/Assessment	Comment/Explanation
	CASH RECEIPTING							
10	Block 15% & 17.5% codes on Cash Receipting system	Ken Wong	28/06/2013	31/05/13	100%	100%	Complete	Codes blocked on system.
11	Update Maintenance form for setting up codes on systems	Jennifer Gorman/ Ken Wong	28/06/2013	09/07/13	100%	100%	Complete	New form created with improved authorisation procedures.
12	Review current VAT treatment of existing codes	Anne Macdougall	31/10/2013	31/12/14	100%	50%	Off track	GL codes have been reviewed to remove all redundant codes. VAT treatment will be checked once KPMG complete their review of the fees and charges report.
13	Amend system to prevent users from overriding VAT treatment	Ken Wong	28/06/2013	22/04/13	100%	100%	Unable to complete	Civica have confirmed this is not possible. Risk minimal per action point report 13.
	CREDITORS							
14	Implement system for checking invoices meet VAT invoice conditions & VAT value is correct	Malcolm Bannatyne	31/07/2013	30/09/13	100%	100%	Complete	Creditors staff informed of invoice requirements & impact of the incorrect VAT amount being applied.
15	Review treatment of VAT on Pro forma invoices	Malcolm Bannatyne	14/06/2013	14/06/2013	100%	100%	Complete	Advice provided by KPMG and VAT no longer claimed on Pro-forma invoices.
16	Review treatment of VAT on advance payments	Malcolm Bannatyne	14/06/2013	14/06/2013	100%	100%	Complete	Reviewed by KPMG/HMRC and satisfied they are being treated correctly.
17	Review procedures for coding VAT on refunds	Malcolm Bannatyne	31/08/2013	30/09/13	100%	100%	Complete	Refunds correctly coded and regular checks will be made to ensure the correct code continues to be used.
18	Review treatment of VAT on overseas transactions	Malcolm Bannatyne /Anne Macdougall	30/06/2013	18/06/2013	100%	100%	Complete	A copy of all overseas invoices now passed to VAT contact to ensure they are correctly treated.
19	Issue procedures to purchase card users explaining importance of submitting VAT invoices & liaise with Natwest re VAT recoverable statement.	Malcolm Bannatyne	31/08/2013	30/09/13	100%	100%	Complete	Procedure note now issued but reliance placed on card users to ensure VAT invoices are obtained and submitted. NatWest unable to assist.

	Action Required	Responsible Person	Planned Completion Date	Actual/Forecast Completion Date	Planned Progress to Date % Complete	Actual Progress To Date % Complete	Status/Assessment	Comment/Explanation
20	Review process of receiving VAT invoices from departments	Malcolm Bannatyne	31/08/2013	30/09/13	100%	100%	Complete	Procedure note now issued to departments.
21	Include audit trail on manually amended invoices	Malcolm Bannatyne	31/08/2013	30/09/13	100%	100%	Complete	Checks done to ensure any manual changes to invoices have full audit trail.
22	Review process of claiming VAT on mileage payments	Malcolm Bannatyne	18/06/2013	31/08/14	100%	80%	Off track for original timescale but on track for revised timescale	Ongoing discussions with Resourcelink. Solutions have been identified and will be implemented after discussion with KPMG.
	<u>VAT RETURN</u>							
23	Arrange appropriate cover for VAT return preparation	Anne Macdougall	30/06/2013	18/06/2013	100%	100%	Complete	Second member of staff has been trained to cover this task.
24	Include reasonableness check for Output Tax declared	Anne Macdougall	31/05/2013	17/05/2013	100%	100%	Complete	Reasonableness check added to VAT return spreadsheet and variance checked monthly.

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