

Actions re KPMG Recommendations

| | Risk | Action | Section Responsible | Date for Completion | Revised Date | Date Completed | Comment |
|---|---|---|---|---------------------|--------------|----------------|--|
| | EXPENSES | | | | | | |
| 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. | Remind managers to check claims are in line with the travel and subsistence guidance and highlight this issue in particular. Ensure all information for staff on The Hub and My View is correct and up to date. | Creditors | 31/03/2015 | 31/03/2015 | | This point has been broadly implemented but clear advice will be sought from KPMG. |
| 2 | Instances of mileage costs being claimed re home to work by employees who have historically been engaged on multiple part-time employment contracts. | Review information received from KPMG and ensure the claims are being processed in line with the guidance. | Creditors | 31/03/2015 | 31/03/2015 | | As above |
| 3 | Employees within Social Work appear to be claiming mileage in respect of journeys from home to their normal place of work. | Remind managers to check claims are in line with the travel and subsistence guidance and highlight this issue in particular. Ensure all information for staff on The Hub and My View is correct and up to date. | Creditors | 30/09/2014 | 31/03/2015 | | As above |
| 4 | Members travel between home and HQ. HMRC increasingly arguing that a Councillors home is not necessarily a workplace for tax and NIC purposes and that travel to meetings is not allowable. | Commission KPMG to provide a report on the options surrounding this risk and the impact of the alternative actions that may be taken. | Creditors/ Strategic Finance | 30/09/2014 | 31/03/2015 | | KPMG confirmed they will issue guidelines on this matter by the end of this month. Guide lines received from KPMG and Passed to B West and J Orr for further comments. |
| | PURCHASING CARDS | | | | | | |
| 5 | Additional checks to ensure that any expenditure which may give rise to tax, NIC or reporting obligations is identified and captured. | Review information received from KPMG and prepare guidance to be issued to managers. | Procurement/ Creditors/ Strategic Finance | 30/11/2014 | 31/03/2015 | | This point has been addressed but the Council are looking to change their card system which will further tighten the procedures. A date has been arranged with RBS to demonstrate an improved card system which will improve functionality as well as dealing with VAT in a better manner. |
| | SEVERANCE AND REDUNDANCY PAYMENTS | | | | | | |
| 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. | No action currently required but this will be kept under review on an ongoing basis. | Payroll/HR/ Strategic Finance | Ongoing | | Ongoing | |
| | EMPLOYEE BENEFITS | | | | | | |

| | Risk | Action | Section Responsible | Date for Completion | Revised Date | Date Completed | Comment |
|--|---|--|--------------------------------|---------------------|--------------|----------------|---|
| 7 | Unable to confirm whether the salary sacrifice arrangements are effective from a tax and NIC perspective. | No action required as the Car Salary Sacrifice Scheme is no longer open to new leases. Any new schemes will be reviewed for effectiveness prior to implementation. | Transport | Ongoing | | Ongoing | |
| 8 | Tied Housing - risk that benefit in kind has arisen since 2010 based on the cost to the Council of providing the living accommodation | Review information provided by KPMG and establish if any action is required. | Education/Facility Services/HR | 31/10/2014 | 31/03/2015 | | Review still to be completed. |
| <u>P11D DISPENSATION</u> | | | | | | | |
| 9 | Approach HMRC to update terms of dispensation and to provide a summary of the Council's current systems and controls with regards to expenses and benefits generally. | Commission KPMG to undertake a renewal of the dispensation. | Creditors | 31/12/2014 | 31/03/2015 | | KPMG have been approached and requested to contact HMRC direct with a view to extending our dispensation we are waiting upon a reply. |
| <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. | Put in place a procedure and documentation for review of the tax position of people engaged on a self-employed basis. | Payroll/HR | 31/12/2014 | | 31/12/2014 | We only process employees. We do not have self-employed people on our system. They would be employed via Commissioning Process and would submit an invoice to creditors for payment. |
| <u>CIS TAX</u> | | | | | | | |
| 11 | Estimates re cost of materials and other CIS issues. | Review existing procedures and reissue to staff who authorise payments where CIS tax applies. | Creditors/Surveyors | 31/03/2015 | | | Series of meetings being held with departmental staff to stress the need for the CIS system to be properly administered. KPMG have indicated they would like to be involved in this process so although we would like to have an agreed process in place by 31 March 2015 this may be delayed due to KPMG's involvement |