

1. I am very upset with the amount of moneys missing from vat.we need to tighten up on this know that this can be reclaimed but it is a large sum of money that should be in our hands not the tax office .The officers involved send time getting the paper work maybe to make sure the correct info is on it .I'm afraid in these times every little thing has to be scrutinised and checked that every penny counts.

Response:

VAT is not recoverable when a vat document has not been sourced or not made available for sample checking. Finance check all purchase invoices where the VAT amount claimed on the system is >£1k. If any of the paperwork does not meet the required HMRC criteria, the VAT is not claimed at that stage and the service areas are informed of the transaction and asked to source a vat document. On receipt of this Finance will reclaim the vat. Following issues with these documents not being sourced, the process has now been changed so that Heads of Service receive the list which contains the relevant cost centre(s) so that they can disseminate the list to the relevant budget holder(s).

A large number of transactions within the £50k recharged this financial year are in relation to purchase cards use. Following a concerning lack of response from purchase card holders regarding sample checks by Finance, it was decided to make it mandatory for invoices/receipts to be uploaded to the purchase card system and attached to the relevant transaction in order to safeguard the Council's position regarding VAT errors. VAT is not claimed in respect of any purchase card transactions where a document has not been uploaded. Heads of Service were informed of this change as were all purchase card holders prior to the change being made. Finance are now starting to receive calls/emails regarding this as budget holders have started to notice these chargebacks to their budget. On receipt of a subsequent document Finance is claiming the vat and crediting the relevant budget but all of this process is very time consuming and costly for Finance. If the "right first time" message was followed this would allow staff in Finance to be engaged in far more useful ways. Following the latest chargeback figures, the s151 officer has sent a firm message to Heads of Service to say that this situation is not appropriate and is a blatant waste of Council money at a time of severe budgetary pressures.

2. I dislike the chart at the start as well showing the falling times. This needs to be kept on an even keel.

Response:

I understand the chart referred to is the Itraxx one in the credit rating list. The chart is produced nationally. As such, the Council has no input to the figures. The chart maps worldwide CDS figures for banks and these are used as part of assessing creditworthiness. I am not sure what "falling times" relates to but I can report that lower figures on this chart illustrate a better position than higher ones.

3. My only comment refer to appendix C: In the debtor invoice table are 100% of invoices checked? I am right in thinking that the proportion miscoded is worryingly high?

Response:

The number of debtor invoices with the incorrect vat treatment applied is concerning and means that customers are receiving incorrect invoices from the Council. Finance check all invoices >£5k but this is a relatively small number in respect of the total number raised each month. There is not sufficient resource to check more than this. Finance have been following up the errors on a regular basis with advice/guidance but it is difficult to manage the situation when there are now over 150 people throughout the authority who can raise invoices.

4. In the last para reproduced below, I am somewhat surprised by the sum involved, nearly £50k seems a lot. My query would be:  
How many invoices are involved?

Response:

658 – the vast majority of these are purchase card transactions.

Is the absence of a proper invoice AFTER the email reminder the fault of the service or the supplier?

Response:

Service area.

In the case of the latter are they sanctioned in any way eg removal from the approved supplier list?

N/A

in the case of the service, is any record maintained of offending depts?

Response:

Yes.