

	Observation	Risk	Action Required	Responsible Person	Planned Completion Date	Actual/ Forecast Completion Date	Status/ Assessment	Comment/ Explanation
	Debtors							
1	VAT is not fixed on Debtors system therefore staff has the ability to choose any VAT rate code.	High	Create new charge codes which contain a pre-selected VAT Code where these are required	Fergus Walker	31/03/17	31/03/17	Complete	Debtors team to provide report to departments showing invoice descriptions etc for identification of possible new charge codes.
		High	Identify where it is not possible to use charge codes and provide VAT training in this area	Peter Cupples	31/03/17	31/03/17	Complete	Strategic finance to provide training with desk aids to all staff with debtor's access on typical charges per department and the relevant VAT codes.
2	Charging codes, there are over 900 available on system.	High	Produce a quarterly report of new/amended codes	Fergus Walker	9/1/17	9/1/17	Complete	Report to be run at end of December on all new codes created from 1 Sep to 31 Dec 2016 and thereafter run on a quarterly basis
		High	Undertake regular reviews of all codes with regards to VAT treatment	Peter Cupples	31/07/16	31/07/16	Complete and reported in December 2016.	Departments to liaise with departmental finance contact to check the VAT codes attached are correct and the outcome to be fed back to Debtors.
		High	Discontinued codes are removed from the system	Fergus Walker	31/05/17	31/05/17	Complete	Debtors to test effect of removal of codes to see if this is viable
3	Inconsistent and incorrect VAT treatment leading to misdeclarations.	High	Periodic sample reviews	Sandra Coles	30/06/16	30/06/16	Complete and reported in December 2016.	Samples of sundry debtor accounts are being reviewed monthly.
4	Aged debt reviews are carried out quarterly but adjustments are not processed regularly.	Med	Write-offs are processed on a quarterly basis already. Details of quarterly write-offs to be provided to Strategic Finance	Fergus Walker/ Donnie Kelly	30/11/16	30/11/16	Complete	Debtors Team to notify Strategic Finance of written-off debt following approval by the Director of Customer Services.

5	The system is unable to recognise VAT only invoices therefore supplies are treated incorrectly and distorts the value of supplies.	Med	Additional VAT only code is added to the system.	Fergus Walker	31/12/16	31/12/16	Complete	Awaiting ledger code from Strategic Finance
Webpay System								
6	Staff have the ability to change the VAT rate applicable to codes therefore incorrect VAT treatment may be applied resulting in under/over declarations of VAT	Med	VAT codes are already set up for all income codes on Webpay system, but these codes can be overridden.	Fergus Walker	31/03/17	31/03/17	Complete and reported in December 2016.	This functionality cannot be removed. Unable to report on lines where VAT code overridden. No further action possible
		Med	Make regular checks of VAT treatment	Fergus Walker/Peter Cupples	31/03/17	31/03/17	Complete	Cash team to provide report to Strategic Finance quarterly on income received via Webpay and the VAT treatment. Strategic Finance to review report and document changes required.
E>Returns Templates								
7	Free type templates allow for possibility of incorrect VAT treatment to be applied resulting in under/over declarations of VAT	Med	Templates are updated regularly in order to minimise the need to free type entries. It is not practical to remove this facility. Cannot report just on free type entries. Further staff training to be delivered.	Fergus Walker/Peter Cupples	31/03/17	31/03/17	Complete	Strategic Finance to train staff on the VAT treatment of income.
		Med	Put controls in place to monitor codes used and make regular checks of VAT treatment	Fergus Walker/Peter Cupples	31/03/17	31/03/17	Complete	Report of all VAT treatment to be produced regularly and passed to Strategic Finance for review.
Cash Receipting								
8	Inconsistent and incorrect VAT treatment leading to misdeclarations.	High	Carry out Periodic Sample Reviews	Sandra Coles	31/12/16	31/12/16	Complete	Cash receipting to provide regular report to Strategic Finance
9	There is the only one member of staff who can add	Low	Other staff members have been identified and trained to cover any absences.	Fergus Walker	n/a	n/a	n/a	No action required

	new/amend/delete codes.							
	Creditors							
10	Invoices are not reviewed/checked from a VAT perspective and Council may not hold a valid VAT invoice which would prevent input tax recovery. <ul style="list-style-type: none"> Valid VAT invoice VAT liability VAT values VAT Registration Numbers validity 	High	Guidance note produced as to what constitutes a valid VAT invoice.	Sandra Coles	31/12/16	18/11/16	Complete and reported in December 2016.	Legal definition to be obtained of VAT Invoice/receipt and circulated. Guidance note issued to MB for circulation 18/11/16.
		High	Vat Registration Numbers are checked using Europa VIES tool when setting up new suppliers on the payables systems	Malcolm Bannatyne	31/12/16	31/12/16	Complete	Strategic finance e-mailed Link to MB 17/11/16.
11	Overseas transactions	Med	Foreign VAT invoices should be sent to Corporate Support for review and consideration by KPMG Helpline	Malcolm Bannatyne	28/04/16	28/04/16	Complete and reported in December 2016.	Creditors to e-mail copy of foreign invoice to Corporate Support when they process one.
			European suppliers should be made aware of the Councils VAT registration number when a purchase is made.	Lynsey MacLennan	31/03/16	31/03/16	Complete and reported in December 2016	Supplier Liaison Officer advises that when a new supplier request is received for an overseas supplier to be added to PECOS they will be advised of our VAT Registration Number as a matter of course and as a prompt for this an additional field will be added to the form to prompt whoever is entering the supplier details to PECOS. The contact email address provided on the supplier profile received will be used for this communication.

12	Invoices for unitary charge payments are being manually altered by delivery drivers on production of goods and therefore VAT is being recovered on the basis on an invalid invoice.	Med	Amendments made to the value of a unitary charge payment must be supported by correct paperwork. The Council should arrange with suppliers for a valid VAT invoice to be issued	Margaret Moncur	31/12/16	31/12/16	Complete	Amended invoices will be requested from the supplier.
13	The Council does not recover input VAT based on proforma invoices which is correct however the Council does not then request proper tax invoice/receipts.	Med	Request VAT invoices.	Malcolm Bannatyne	31/12/16	31/12/16	Complete	Creditors staff will liaise with departments to seek VAT invoices
14	The system is unable to recognise VAT only invoice. The VAT element is treated as net and then coded as zero rated or exempt and therefore supplies are treated incorrectly for VAT purposes and distorts the values of supplies.	Med	An additional VAT only ledger code is added to the system to allow these items to be identified and excluded from supplies.	Malcolm Bannatyne/ Sandra Coles	18/11/16	18/11/16	Complete and reported in December 2016	Code now in use so these can be identified and adjusted on VAT return
15	The council reclaims input VAT on employee expense claims without VAT evidence.	Med	Only claim VAT where a valid receipt is provided as evidence	My View Team/Malcolm Bannatyne	31/03/17	31/03/17	Complete	Creditors staff awaiting training from My view team with regard to receipts being submitted with claim and when operational problem should be resolved.
		Med	Provide staff with guidance regards VAT recovery on employee expenses	Malcolm Bannatyne	31/03/17	31/03/17	Complete	To Follow on from above
<u>VAT Return</u>								

16	Some reports if not saved correctly or run properly can delete required data from VAT return	High	Consider reporting options to limit loss of data	Sandra Coles	30/09/16	30/09/16	Complete and reported in December 2016	Process has been reviewed to minimise the risk.
		High	Independent review of values to insure that all data has been accounted for	Peter Cupples	31/08/16	30/08/16	Complete and reported in December 2016	Review carried out each month.
17	No checks or trend analysis is performed on the levels of outside scope income received each month	High	Carry out trend analysis review against prior VAT returns	Sandra Coles	31/10/16	31/10/16	Complete and reported in December 2016	
18	The manual nature of the amendments made within the VAT return process increases the risk of errors.	Med	Make greater use of the functionality of the accounting system to reduce manual processes.	Sandra Coles	31/03/17	31/03/17	Complete	
	<u>Partial Exemption</u>							
19	Land & Property - The Councils VAT exempt income is increasing annually and as a result is pushing the Council towards breaching the 5% PE de-minimis.	Med	Consider opt to tax options	Peter Cupples	31/10/16	31/10/16	Complete and reported in December 2016	The partial exemption calculation was reviewed and no decision is required for 2016-17. Will be reviewed again in January 2017.
	<u>General</u>							
20	Staff have insufficient levels of VAT awareness and knowledge	Med	Provide staff training	Peter Cupples	31/03/17	31/03/17	Partially Complete	Strategic Finance staff have been provided with training this is being expanded to include all. By 31/3/2018
		Med	Provide a VAT Manual	Sandra Coles	31/03/17	31/03/17	Not Complete	The VAT Manual is being produced to coincide with the general staff training by 31/12/2017.