

The following issue(s) have been raised to assist the council in improving its internal controls or working practices. The council is recommended to consider these but is under no statutory obligation to act upon them.

VAT not reclaimed by smaller authority

What is the issue?

The smaller authority has taken the decision not to reclaim VAT due to them. VAT due to the smaller authority has been written off and all subsequent invoices have been recorded gross of VAT in the Annual Return.

Why has this issue been raised?

The smaller authority are incurring additional costs by paying and not reclaiming VAT. By not reclaiming VAT the smaller authority is not using public money to gain benefit for the community.

What do we recommend you do?

The smaller authority should reclaim all VAT where possible to ensure all funds are spent for the benefit of the community.

Further guidance on this matter can be obtained from the following source(s):

Governance and Accountability in Local Councils in England 2014 - A Practitioners Guide, NALC/SLCC Audit Briefing, Winter 2010 - BDO LLP
