

Charter Trust for the City of Durham

20 March 2013

VAT Review 2011/12



City of Durham

Report of Jeff Garfoot, Treasurer

INTRODUCTION

- 1 The purpose of this report is to provide information to Trustees on the findings of an internal VAT review carried out for the financial year 2011/12.

VAT RECLAIMED

- 2 All invoices received by the Charter Trust relating to 2011/12 were coded accurately and the VAT correctly accounted for. All VAT paid on invoices which were processed correctly, was duly reclaimed.
- 3 A summary of the invoices paid, on which VAT was charged and subsequently reclaimed from HM Revenue and Customs (HMRC), is shown in the table below:

Invoice Amounts			VAT reclaimed
Net of VAT	VAT	Gross	
£	£	£	£
77,127.30	14,021.91	91,149.21	14,021.91

- 4 Appendix B provides the detail behind the summary in the table above, listing all of the payments made by the Charter Trust for which VAT was charged and thus reclaimed.
- 5 Appendix C provides copies of the quarterly VAT claims for 2011/12 which total £14,021.91.
- 6 Appendix D provides a list of all other payments made on behalf of the Charter Trust for which no VAT was included/ originally identified.

FINDINGS

- 7 Detailed examination of all payments highlighted that no VAT had been charged on 5 invoices raised by Durham County Council for the provision of refreshments, however it should have been. These invoices are listed in Appendix D on lines 47, 53, 59, 67 and 70. Consequently, the Council has

been requested to raise VAT only invoices on the Charter Trust in respect of these, for a total of £207.13; all of which will be reclaimed. This will have no impact on the financial position of the Charter Trust (as any VAT paid over is then reclaimed), but ensures that both authorities are properly accounting for VAT.

- 8 It was also discovered that one invoice (number 251659751, line 29 in Appendix D) was coded incorrectly when processed by the Accounts Payable team. Although VAT had been included on the invoice and coded accordingly, VAT was not separately identified when input into the system and therefore the amount of VAT was not reclaimed. An adjustment to recode this payment has been completed and the VAT of £63.60 will be reclaimed as soon as possible.

TOWN AND PARISH COUNCIL ACCOUNTS

- 9 Examples of accounts published by Town and Parish Councils have been examined. VAT is excluded from all figures reported in Income and Expenditure Accounts, whereas Payments and Receipts Statements generally include one line for VAT refunds from HMRC and one line for VAT paid to HMRC.
- 10 All financial information is reported to Charter Trustees in an income and expenditure format and therefore is shown net of VAT. It is recommended that we continue to report in this manner but in future, reports detailing payments made will include a summary of the VAT refunded and paid to date.

RECOMMENDATIONS

- 11 It is **RECOMMENDED** that the City of Durham Charter Trustees:
- note this review;
 - note that VAT only invoices totalling £207.13 will be raised by DCC and paid by the Charter Trust, and consequently a VAT claim will be made for the full amount;
 - note that in the case of invoice number 251659751, the coding of the invoice has been corrected and VAT of £63.60 will be reclaimed;
 - agree that for future reporting purposes, Income and Expenditure Statements will continue to exclude VAT, but reports detailing payments made will include a summary of the VAT refunded and paid to date;
 - note that officers are now conducting a review of previous financial years and the current year in order to correct any errors which may be discovered and ensure that VAT is properly accounted for.

Contact: Beverley White, Tel. 03000 261900

Risks and Implications

Finance

The report provides information to Charter Trustees on the findings of an internal VAT review carried out for the financial year 2011/12.

Staffing

None

Equality and Diversity

None

Accommodation

None

Crime and Disorder

None

Human Rights

None

Consultation

None

Procurement

None

Disability Discrimination Act

None

Legal Implications

None

Appendix B

Payments Made, where VAT was originally charged

	Supplier	Invoice No	Description	Invoice Amount		
				Net £	VAT £	Gross £
1	Durham County Council	600517643	Refreshments	328.10	20.62	348.72
2	MOMENTS.	94	Flowers	116.66	23.34	140.00
3	Durham County Council	600515241	Refreshments	138.01	27.60	165.61
4	Durham County Council	600515258	Refreshments	153.00	30.60	183.60
5	Durham County Council	600412647	General office exp	162.39	32.48	194.87
6	Durham County Council	600474449	Printing	166.00	33.20	199.20
7	Durham County Council	251326955	Catering	198.75	39.75	238.50
8	Durham County Council	25129135	Catering	238.50	47.70	286.20
9	Durham County Council	251524757	Catering	259.00	51.80	310.80
10	Durham County Council	251343158	Catering	318.00	63.60	381.60
11	Durham County Council	251345351	Catering	318.00	63.60	381.60
12	Durham County Council	25129315	Catering	397.50	79.50	477.00
13	Durham County Council	251525556	Catering	516.75	103.35	620.10
14	T & I BELL.	18926	Catering	872.00	174.40	1,046.40
15	T & I BELL.	18773	Catering	1,332.00	266.40	1,598.40
16	Durham County Council	600683049	Refreshments	177.96	23.59	201.55
17	Richardson Designs	14374	Rosettes	35.00	7.00	42.00
18	Durham County Council	600801849	Refreshments	91.70	10.34	102.04
19	Durham County Council	600783641	Salary, general office exp	18,049.50	2,493.84	20,543.34
20	Durham County Council	600816284	Refreshments	60.00	4.00	64.00
21	Durham County Council	600816284	Refreshments	417.89	67.58	485.47
22	Durham County Council	600816284	Refreshments	-60.00	-4.00	-64.00
25	Durham County Council	600816391	Stationery	38.33	7.67	46.00
26	T & I BELL.	20073	Catering	408.00	81.60	489.60
29	Durham County Council	60082697	Support services	39,167.14	7,833.42	47,000.56
30	Durham County Council	251966347	Catering	196.35	39.27	235.62
31	Durham County Council	202774	Stationery	158.04	2.78	160.82
32	SPORT & LEISURE	420007	Publication	75.00	15.00	90.00
33	Durham County Council	60060364	Printing	583.00	31.80	614.80
34	Durham County Council	600858203	Refreshments	111.10	3.30	114.40
35	Durham County Council	600844153	Refreshments	18.00	3.60	21.60
36	Durham County Council	600843924	Stationery	26.00	5.20	31.20
37	Durham County Council	600840391	Refreshments	398.72	5.81	404.53
38	Durham County Council	600851190	Printing	90.00	18.00	108.00
39	Durham County Council	252007331	Catering	238.50	47.70	286.20
40	Durham County Council	600840151	Stationery	302.00	60.40	362.40
41	Durham County Council	600857684	Stationery	391.00	78.20	469.20
42	BDO LLP.	1079362	Audit Fees	575.00	115.00	690.00
43	Thomas Fattorini	1161426	Pendant	958.93	191.78	1,150.71
44	T & I BELL.	21657	Catering	1,798.60	359.72	2,158.32
45	Durham County Council	600846596	Salary, general office exp	7,306.88	1,461.37	8,768.25
				77,127.30	14,021.91	91,149.21

Appendix C

Value Added Tax



Claim for Refund by Local Authorities and Similar Bodies

Period of claim

Day	Month	Year	Day	Month	Year
01	04	11	30	06	11

Your Ref:

Our Ref: UB.....

Please write in BLOCK LETTERS

Name CHARTER TRUSTEES FOR THE CITY OF DURHAM

Address 17 CLAYPATH
DURHAM

You should NOT give an individual's name or position

Postcode DH1 1RH Telephone Number 0191 372 7655

Notice 749 Local authorities and similar bodies explains the refund scheme.
 Before you fill in this form you should read the notice carefully. Copies are available, from the address below.
You must list the invoices on which you are claiming a refund on the back of this form. Continue on a separate sheet if necessary, using the headings provided.
 Remember your claim must be for a period of at least one calendar month and must end on the last day of a calendar month. If it is for less than £100, it must cover a period of at least 12 months.

For direct repayment, please supply your bank details:-

Bank sort code

Account number

Please sign below if these are new bank details and supersede all others previously notified.

You should send the completed form to:-

HM Revenue & Customs GABS Team 6th Floor SW Alexander House 21 Victoria Avenue Southend-on-Sea Essex SS99 1AA	<u>JAYNE HARRIS</u> <u>11th FLOOR WEST</u> <u>EUSTON TOWER</u> <u>LONDON</u> <u>NW1 3UR.</u>
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FOR OFFICIAL USE

Payable Order Number	T/Type <input checked="" type="checkbox"/> RRP Series <input type="checkbox"/>		Revenue Repayments	
	Description Type (02) VAT			
	<input type="checkbox"/> Cost centre	8, 7, 2, 5, 0	Account	5, 3, 8, 2, 3
	Debit/Credit	D	Transaction Total	
Accounting Doc. No.		Trader ref.	U, B	Original Doc. No.
		Add transactions to P/O total?	<input type="checkbox"/> Y	Create P/O? <input type="checkbox"/> Y
Payable Order Details				
Payee				
Payment Checked				Date.....
Payment Authorised				Date.....

Invoice details

On 1 April 2000 a three year time limit for claiming VAT refunds was introduced. From that date any VAT incurred on goods and services received more than three years after the end of the month in which you received them cannot be refunded paragraph 12.3 of Notice 749 (April 2002 version) refers.

Date of invoice	Supplier's VAT Registration number	Brief description of supply	To whom addressed	VAT paid
23/05/11	178 1781 30	CATERING	CHARTER TRUST FOR THE CITY OF DURHAM	20.62
18/05/11	986 558940	FLOWERS	"	23.34
23/05/11	178 1781 30	CATERING	"	27.60
23/05/11	178 1781 30	ROOM HIRE	"	30.60
15/04/11	178 1781 30	POSTAGES, STATIONERY, PRINTING	"	32.48
11/05/11	178 1781 30	PRINTING	"	33.20
14/04/11	178 1781 30	CATERING	"	39.75
31/03/11	178 1781 30	CATERING	"	47.70
23/05/11	178 1781 30	CATERING	"	51.80
20/4/11	178 1781 30	CATERING	"	63.60
20/4/11	178 1781 30	CATERING	"	63.60
31/03/11	178 1781 30	CATERING	"	79.50
27/05/11	178 1781 30	CATERING	"	103.35
03/06/11	334 6682 43	CATERING	"	174.40
18/05/11	334 6682 43	CATERING	"	266.40

Continue on a separate sheet if necessary

I, JEFFREY GARFOOT (Full name in BLOCK LETTERS)

am claiming a refund of ONE THOUSAND AND FIFTY SEVEN POUNDS + 94 PENCE £1,057.94
(Pounds in words pence in figures)

which is the VAT charged on goods and services bought for non-business activities *The tax claimed includes VAT incurred for exempt business activities which can be reclaimed under paragraph 5.5 of Notice 749 (April 2002).
 The body named above makes no taxable supplies and is not registered for VAT, if requested I will produce tax invoices to support this claim.

Signature J. Garfoot (Designated responsible officer) Date 20/9/11

Data Protection Act 1998

HM Revenue & Customs collects information in order to administer the taxes for which it is responsible (such as VAT, insurance premium tax, excise duties, air passenger duty, landfill tax), and for detecting and preventing crime.

Where the law permits we may also get information about you from third parties or give information to them, for example in order to check its accuracy, prevent or detect crime or protect public funds in other ways. These third parties may include the police, other government departments and agencies.



Claim for Refund by Local Authorities and Similar Bodies

Period of claim Day Month Year Day Month Year Your Ref:
 Our Ref: UB.....

Please write in BLOCK LETTERS

Name CHARTER TRUSTEES FOR THE CITY OF DURHAM

Address 17 CLAYPATH
DURHAM

Postcode DH1 1RH Telephone Number 0191 372 7655

You should NOT give an individual's name or position

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For direct repayment, please supply your bank details.

Please sign below if these are new bank details and supersede all others previously notified.

Bank sort code
 Account number

You should send the completed form to:

HM Revenue & Customs
 GABS Team
 6th Floor SW
 Alexander House
 21 Victoria Avenue
 Southend-on-Sea
 Essex
 S89 1AA

JANE HARRIS
 11M FLOK WEST
 EASTON TOWER
 LONDON
 NW1 3UD

FOR OFFICIAL USE

Payable Order Number	Type <input type="checkbox"/> RRP <input checked="" type="checkbox"/> Series <input type="checkbox"/>	Revenue Repayments
Description Type (02) VAT		
Cost Centre 8, 7, 2, 5, 0	Account 5, 3, 6, 2, 3	Debit/Credit D Total
Accounting Doc No.	Trader ref.	U B
Add transactions to P/O total?		Y
Create P/O?		Y
Original Doc No.		
Payable Order Details		
Payee		
Payment Checked		Date
Payment Authorised		Date



Claim for Refund by Local Authorities and Similar Bodies

Period of claim: Day Month Year 01 10 11 Day Month Year 31 12 11 Your Ref:
 Our Ref: UB.....

Please write in BLOCK LETTERS

Name CHARTER TRUSTEES FOR THE CITY OF DURHAM

Address 17 CLAYPATH
DURHAM

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For direct repayment, please supply your bank details:-

Bank sort code 089070
 Account number 61622647

Please sign below if these are new bank details and supersede all others previously notified.

You should send the completed form to:-

HM Revenue & Customs
 GABS Team
 6th Floor SW
 Alexander House
 21 Victoria Avenue
 Southend-on-Sea
 Essex
 SS99 1AA

JAYNE HARRIS
11th FLOOR WEST
EUSTON TOWER
LONDON
NW1 3UQ

FOR OFFICIAL USE

Payable Order Number	T/Type <u>RRP</u>	Series	Revenue Repayments
Description Type (02) VAT			
Cost centre <u>87250</u>	Account <u>53823</u>	Debit/Credit <u>D</u>	Transaction Total
Accounting Doc. No.	Trader ref. <u>UB</u>	Original Doc. No.	
Add transactions to P/O total?			Y
Create P/O?			Y
Payable Order Details			
Payee			
Payment Checked			Date
Payment Authorised			Date



Claim for Refund by Local Authorities and Similar Bodies

Period of claim

Day	Month	Year	Day	Month	Year
01	01	12	31	03	12

Your Ref:

Our Ref: UB

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Address 17 CLAMPATH
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You should NOT give an individual's name or position

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SS99 1AA

JAYNE HARRIS
11th FLOOR WEST
EUSTON TOWER
LONDON
NW1 3UP

FOR OFFICIAL USE

Payable Order Number	T/Type <input checked="" type="checkbox"/> RRP	Series <input type="checkbox"/>	Revenue Repayments
Description Type (02) VAT			
Cost centre 8 7 2 5 0	Account 5 3 8 2 3	Debit/Credit <input checked="" type="checkbox"/> D	Transaction Total
Accounting Doc. No.	Trader ref.	U B	Original Doc. No.
Add transactions to P/O total?		Y	Create P/O? Y
Payable Order Details			
Payee			
Payment Checked			Date
Payment Authorised			Date

Appendix D

Payments made, where no VAT was originally accounted for

Supplier	Invoice Number	Service	Invoice Amount		
			Net £	VAT £	Gross £
1 ONGUARD CHAUFFEUR	1423		1,074.43	0.00	1,074.43
2 K WALKER.	MAYOR'S-BOARD		140.00	0.00	140.00
3 ONGUARD CHAUFFEUR	1426		1,337.93	0.00	1,337.93
4 LEES COACHES.	13643		120.00	0.00	120.00
5 MR C FENWICK.		Bodyguard allowance	150.00	0.00	150.00
6 MR ES LINCOLN.		Bodyguard allowance	150.00	0.00	150.00
7 MR F BILTON.		Bodyguard allowance	150.00	0.00	150.00
8 MR J LINDSLEY.		Bodyguard allowance	150.00	0.00	150.00
9 MR P CHADWICK.		Bodyguard allowance	150.00	0.00	150.00
10 MR D WATSON.		Bodyguard allowance	150.00	0.00	150.00
11 MR W GRAY.		Bodyguard allowance	150.00	0.00	150.00
12 MR F GRANT.		Bodyguard allowance	150.00	0.00	150.00
13 MR RW CLARKSON.		Bodyguard allowance	150.00	0.00	150.00
14 MR CW LIDSTER.		Bodyguard allowance	150.00	0.00	150.00
15 MR RG DIXON.		Bodyguard allowance	150.00	0.00	150.00
16 MR R CLARKSON.		Bodyguard allowance	150.00	0.00	150.00
17 MR GWD BAKER.		Bodyguard allowance	200.00	0.00	200.00
18 MR J FLEETHAM.		Bodyguard allowance	300.00	0.00	300.00
19 MR B PETRE.		Bodyguard allowance	300.00	0.00	300.00
20 MR N PATIENCE.		Bodyguard allowance	150.00	0.00	150.00
21 MR JA COWAN.		Bodyguard allowance	150.00	0.00	150.00
22 LEES COACHES.	13773		120.00	0.00	120.00
23 GRAEME STEARMAN.	COD1		100.00	0.00	100.00
24 DURHAM COUNTY COUNCIL.	600517643	Room Hire	225.00	0.00	225.00
25 MAYOR'S CHARITY APPEAL.	MAM		8,076.57	0.00	8,076.57
26 DURHAM COUNTY COUNCIL.	REFUND		219.00	0.00	219.00
27 ONGUARD CHAUFFEUR	1429		1,332.69	0.00	1,332.69
28 CAVALIER HERALDRY.	6002		384.50	0.00	384.50
29 DURHAM COUNTY COUNCIL.	251659751		318.00	63.60	381.60
30 DURHAM COUNTY COUNCIL.	600603641	Eucharist Sheets	424.00	0.00	424.00
31 LEES COACHES.	13882		240.00	0.00	240.00
32 ZURICH INSURANCE PLC.	446CR		0.00	0.00	0.00
33 ZURICH INSURANCE PLC.	446CR		0.00	0.00	0.00
34 DURHAM COUNTY COUNCIL.	600683049	Mayors Evensong	60.00	0.00	60.00
35 ONGUARD CHAUFFEUR	1434		947.53	0.00	947.53
36 LEES COACHES.	14091		120.00	0.00	120.00
37 DURHAM COUNTY COUNCIL.	600783641		5,580.31	0.00	5,580.31
38 ONGUARD CHAUFFEUR	1439		888.54	0.00	888.54
39 DURHAM COUNTY COUNCIL.	600801849		40.00	0.00	40.00
40 ONGUARD CHAUFFEUR	1446		451.76	0.00	451.76

Supplier	Invoice Number	Service	Invoice Amount			
			Net £	VAT £	Gross £	
41	DURHAM COUNTY COUNCIL.	600816284	Room Hire	80.00	0.00	80.00
42	DARLINGTON BOR. COUNCIL	Charity ball tickets		100.00	0.00	100.00
43	ROYAL BRITISH LEGION	RBL/ABF		500.00	0.00	500.00
44	MAYOR`S CHARITY APPEAL.	Town Council Ball		0.00	0.00	0.00
45	ONGUARD CHAUFFEUR	1449		1,505.56	0.00	1,505.56
46	THE POPPY APPEAL.	DONATION		50.00	0.00	50.00
47	DURHAM COUNTY COUNCIL.	600825111	Refreshments	104.96	0.00	104.96
48	SOCCARENA LTD.	SIN000773		550.00	0.00	550.00
49	MAYOR`S CHARITY APPEAL.	Town Council Ball		0.00	0.00	0.00
50	FRIENDS OF DURHAM CATHEDRAL.	SUBSCRIPTION		20.00	0.00	20.00
51	ONGUARD CHAUFFEUR	1458		1,475.67	0.00	1,475.67
52	LEES COACHES.	14687		240.00	0.00	240.00
53	DURHAM COUNTY COUNCIL.	600832299	Refreshments	144.12	0.00	144.12
54	STOCKTON ON TEES BC	TICKETS		100.00	0.00	100.00
55	MR LES THOMSON.	EXPENSES		79.85	0.00	79.85
56	LEES COACHES.	14758		240.00	0.00	240.00
57	ONGUARD CHAUFFEUR	1460		1,616.56	0.00	1,616.56
58	LEES COACHES.	14827		120.00	0.00	120.00
59	DURHAM COUNTY COUNCIL.	600840391	Refreshments,Janitor	369.68	0.00	369.68
60	DURHAM COUNTY COUNCIL.	600840268	Xmas Carol Booklet	327.00	0.00	327.00
61	ONGUARD CHAUFFEUR	1470		1,689.94	0.00	1,689.94
62	GREAT AYCLIFFE TOWN COUNCIL.	TICKETS-DINNER		55.00	0.00	55.00
63	LEES COACHES.	14915		120.00	0.00	120.00
64	FERRYHILL TOWN COUNCIL	CIVIC-DINNER		48.00	0.00	48.00
65	ONGUARD CHAUFFEUR	1473		486.27	0.00	486.27
66	FRAMING UNLIMITED.	CIVIC-SWORD		26.00	0.00	26.00
67	DURHAM COUNTY COUNCIL.	600851562	Refreshments	114.28	0.00	114.28
68	ONGUARD CHAUFFEUR	1481		867.54	0.00	867.54
69	CHILTON TOWN COUNCIL.	TICKETS-DINNER		44.00	0.00	44.00
70	DURHAM COUNTY COUNCIL.	600858203	Refreshments	94.60	0.00	94.60
				36,269.29	63.60	36,332.89