



**Audit and Risk Management Committee**  
**Wednesday, 24 April 2019**

<b>REPORT TITLE:</b>	<b>INTERNAL AUDIT REVIEWS: VERIFICATION OF VALIDITY OF SUPPLIER VAT REGISTRATION NUMBERS; APPOINTMENT OF AGENCY WORKERS</b>
<b>REPORT OF:</b>	<b>CHIEF INTERNAL AUDITOR</b>

**REPORT SUMMARY**

The purpose of this report is to provide Members of the Committee with the outcome from two Internal Audit reviews undertaken into the effectiveness of systems in operation at the Council for the 'Verification of the Validity Supplier VAT Registration Numbers' and the 'Appointment/Employment of Agency Workers'.

**RECOMMENDATION**

Members note the report.

## **SUPPORTING INFORMATION**

### **1.0 REASON FOR RECOMMENDATION**

1.1 To provide Members with assurances regarding the efficiency and effectiveness of systems in operation to control the following and to identify any appropriate actions required to improve systems in operation:

- The Verification of the Validity of Supplier VAT Registration Numbers,
- The Appointment/Employment of Interims/Consultants (Agency Workers).

### **2.0 OTHER OPTIONS CONSIDERED**

2.1 No other options considered.

### **3.0 BACKGROUND**

3.1 In February 2019 the Director of Governance and Assurance commissioned Internal Audit to undertake detailed reviews, to provide management with assurances regarding the efficiency and effectiveness of the systems in operation at the Council in the following areas:

- (i) Verification of the Validity of Supplier VAT Registration Numbers.
- (ii) Appointment/Employment of Interims/Consultants (Agency Workers).

### **AUDIT REVIEW – VERIFICATION OF THE VALIDITY OF SUPPLIER VAT REGISTRATION NUMBERS**

3.2 The review relating to the verification of the validity of supplier VAT registration numbers has been completed and the key findings are that:

- The Council has a system in place for inputting VAT registration numbers that satisfies the requirements of HMRC;
- The system in operation at the Council is consistent with the approach adopted by the majority of Councils across the North West of England and advice and guidance provided by professional bodies and organisations;
- Testing undertaken during the audit review identified a number of potentially incorrect VAT Registration Numbers that require further investigation by the Council and possible reporting to HMRC, pending the outcome;
- A number of actions for consideration by senior managers are included within this report that would further strengthen arrangements in this area for the future.

The Internal Audit Report – Verification of the Validity of Supplier VAT Registration Numbers is attached at Appendix A.

## **AUDIT REVIEW – APPOINTMENT/EMPLOYMENT OF AGENCY WORKERS**

3.3 The review relating to the appointment/employment of agency staff has been completed and the key findings are that the Council should undertake the following:

- Ensure that a more robust procedure/process is in place when considering and appointing agency staff;
- Strengthen controls for monitoring and managing agency/interim workers;
- Improve Contract Procedure Rules compliance when appointing agency/interim workers outside of the corporate contract;
- Ensure that an agreement (in the form of a contract or service level agreement) is always in place when appointing an agency/interim worker outside of the corporate contract;
- Strengthen controls over determining and communicating IR35 status when the corporate contract has not been utilised;
- Improve the process of raising purchase orders and subsequent payment of invoices, for agency workers appointed outside of the corporate contract.

3.4 The audit resulted in 9 recommendations to improve and develop systems of control currently in operation and a copy of the report is attached at Appendix B.

## **4.0 FINANCIAL**

4.1 There are none arising from this report.

## **5.0 LEGAL IMPLICATIONS**

5.1 There are none arising from this report.

## **6.0 RESOURCE IMPLICATIONS**

6.1 It is envisaged that the implementation of the recommendations will be carried out with existing resources.

## **7.0 RELEVANT RISKS**

7.1 Failure by Officers of the Council to implement the recommendations detailed within the Internal Audit reports, which could result in increased risk to the Council including potential errors and financial issues arising.

## 8.0 ENGAGEMENT/CONSULTATION

8.1 Internal Audit consulted with relevant Officers within the Council, has held discussions with colleagues within neighbouring Authorities and has sought guidance from HMRC.

## 9.0 EQUALITY IMPLICATIONS

9.1 There are no specific equality implications arising from this report.

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## APPENDICES

Appendix A: Audit Report – Verification of the Validity of Supplier VAT Registration Numbers.  
Appendix B Audit Report – Appointment of Agency Workers

## BACKGROUND PAPERS

None

## SUBJECT HISTORY (last 3 years)

Council Meeting	Date
ARMC	March 2019