

## Anti-Tax Evasion Policy – Formal Risk Assessment

Area of Risk	Type of Risk	Assurance
<u>Transactional Risk</u> : Value Added Tax (VAT)	Suppliers adding VAT to their invoices when they are not registered for VAT	<b>Partial</b> – current compliance checks meet with HMRC requirements but there could be an issue with supplier invoices quoting invalid VAT references due to the number of non-PO invoices processed
<u>Transactional Risk</u> : Value Added Tax (VAT)	Budget holders recovering input VAT that was not charged to reduce the impact on their revenue budget	<b>Achieved</b> – existing compliance checks meet with HMRC requirements on high-value transactions
<u>Transactional Risk</u> : Value Added Tax (VAT)	Failure to charge any output VAT (when due) on a customer invoice	<b>Achieved</b> – existing controls/procedures meet with HMRC requirements
<u>Transactional Risk</u> : PAYE – Income Tax/National Insurance	Failure to deduct the tax and NI at the correct rate	<b>Achieved</b> – existing controls/procedures meet with HMRC requirements
<u>Business Partnership Risk</u> : Off payroll working (IR35)	Council fails to identify workers and associates that should be paid via the payroll system rather than the creditors system	<b>Achieved</b> – existing controls/procedures meet with HMRC requirements
<u>Product Risk</u> : Direct Payments (for Care & Support Services)	Failure to ensure deduction of Income Tax and National Insurance from payments made to personal assistants by recipients of Direct Care	<b>Partial</b> – existing controls/procedures in place to meet previous HMRC requirements but a review has yet to be completed to ensure they

	Payments	are still relevant/up to date given the change in legislation
<u>Product Risk: Grants</u>	Failure to ensure that grant funding is used for its intended purpose. The Council gives a grant to an organisation for a specific project or service which may include the employment of staff. Staff are paid without the appropriate deduction of Income Tax and National Insurance	<b>Partial</b> – existing controls/procedures in place to meet previous HMRC requirements but a review has yet to be completed to ensure they are still relevant/up to date given the change in legislation
<u>Product Risk: Construction Industry Scheme</u>	The risk of suppliers submitting artificially low labour breakdowns on their invoices to avoid tax being deducted on the labour element or no tax being deducted at all.	<b>Achieved</b> – existing controls/procedures meet with HMRC requirements
<u>Procedural Risk – all taxes</u>	External establishments (outside of centralised controls) being unaware of Anti-tax Evasion Policy and procedures	<b>Partial</b> – substantial work has been undertaken to ensure external establishments are aware of the requirements, but independent review and additional communications are required to ensure compliance
<u>Procedural Risk – all taxes</u>	Deficiencies in employee training; skills and knowledge.	<b>Unachieved</b> – further work needs to be completed to ensure the new procedures/policies are communicated to employees during their induction and training sessions are provided to

		ensure their knowledge is kept up to date
<u>Procedural Risk</u> – all taxes	Lack of clarity on the Councils policies on, and procedures for the provision of high-risk services and products.	<b>Unachieved</b> – as above
<u>Procedural Risk</u> – all taxes	Lack of clear financial controls or whistle blowing procedures.	<b>Partial</b> – the authority has robust controls and procedures in place, but the procedures for the Anti-Tax Evasion needs to be added to the suite.
<u>Procedural Risk</u> – all taxes	Lack of clear messaging from top-level management on refusing to engage in tax fraud	<b>Partial</b> – a clear message from those charged with governance is required to ensure the importance of the policy is noted.