



## S & C Moore Farming Ltd

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26<sup>th</sup> June 2018

Dear Councillors

### Internal Audit: Supplementary Statement

Following the issue of my internal audit report, I understand that my comments about the VAT on the Portacabin has caused some concern. My comments were based on the evidence in front of me, where the July minutes stated that '*it was agreed to proceed with the purchase and then gift the Portacabin to the YVAA*'.

Since issuing my report, it has been suggested that the Council has not gifted the Portacabin to the YVAA, but has instead retained it on the asset register and is insuring it.

I could not see any evidence of a business / lease arrangement for the facility. If this is the case, I would recommend that the Council considers setting up a simple peppercorn hire / lease arrangement with YVAA, setting out who has responsibility for which areas (ie insurance, repair, usage etc) for a set term. This then evidences to HMRC that the Council still owns the facility.

A suggestion has also been made that the grant from YVAA originated from Breckland Council. This may still be considered a grant from YVAA in the eyes of HMRC as the Council cannot demonstrate a relationship between themselves and Breckland around the money. Council should have received the money directly from Breckland. I stand by the statement made that YVAA is the grant funder and the beneficiary, and that the Council *may* have a VAT liability if an inspection was made.

However, clearly documenting within the minutes that the minutes of July 2017 were wrong and that the Council still owns the Portacabin, together with a peppercorn lease arrangement, may help clarify the situation if an inspector did decide to visit Yaxham.

Yours sincerely

Catherine Moore

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