

**F15/275**

**Mawsley Parish Council (Northants Association)**

**11<sup>th</sup> November 2015**

**Management of Community Centre**

I have read with interest the extensive documentation provided in this case. In dealing with the specific questions asked:

1. Does the information provided in the report adequately address the internal auditor's findings?

Whilst I cannot obviously speak for the internal auditor, the review documentation appears to be clear and comprehensive and certainly leaves me with no concerns.

2. Are there any aspects of the relationship between MPC, MVA and TCAM that give cause for concern?

Whilst the question of the three bodies necessarily leads to a complex situation, I fully understand the reason for the arrangement. I have two slight concerns:

(a) I am by no means sure that the existence of three bodies is the most efficient and effective arrangement from the point of view of recovering VAT but the council's ability to recover VAT on its capital contributions is (currently) not in jeopardy. However,

(b) the provision of clause 3.3 of the lease agreement provides that the rent is subject to review at five yearly intervals. Currently the peppercorn rent renders the activities of the Villagers Association a non-business activity for council purposes. Should the rent increase beyond the peppercorn, the lease of the centre will become an exempt activity for VAT purposes and could therefore impact upon the council's ability to recover VAT on the expenses that it bears for the centre.

**Derek Kemp**

**NALC National Audit and Accounts Adviser**