

Internal Audit Report Ventnor Town Council

Council:	Ventnor Town
Internal Auditor:	Maxine Warr
Date of Report	May 2025

Internal audit is the periodic independent review of a council's internal controls resulting in an assurance report designed to improve the effectiveness and efficiency of the activities and operating procedures under the council's control. Managing the council's internal controls should be a day-to-day function of the council through its staff and management and not left for internal audit. It would be incorrect to view internal audit as the detailed inspection of all records and transactions of a council to detect error or fraud. This report is based on the evidence made available to me and consequently the report is limited to those matters set out below.

The council is required to take appropriate action on all matters raised in reports from internal and external audit and to respond to matters brought to its attention by internal and external audit. Failure to take appropriate action may lead to a qualified audit opinion.

All items have been discussed with the Clerk.

To the Mayor of Ventnor Town Council

I have examined council business including policies, agendas & minutes and website content. General management of the council appears strong with updates and improvements being made to the website and the internal processes. However, there is some concern regarding the management of the budget reserves.

A summary of findings is set out below.

- 1) The interim internal audit took place in November 2024 and many of the findings are still relevant for this audit. However, it is noted that a number of policies are being reviewed at the May Annual Meeting.
- 2) Standing Orders and Financial Regulations were reviewed at the Policy and Resources Committee in April to take into account the update from NALC. These will be adopted by full council in May 2025.
- 3) The financial risk management scheme was last reviewed in February 2024, so not in the current financial year and it is not on the website.
- 4) The 2024-25 financial year saw turnover once again of over £200,000, therefore the accounts operate on an income and expenditure basis. A petty cash account is not operated. Reports are regularly brought to full council and bank reconciliations are carried out on a monthly basis.
- 5) The approval of the AGAR for 2023-24 was correctly minuted, with the exercise of public rights included. Publication requirements were met.
- 6) The asset updates on the website is not current with several of the items dated 2015. The insurance cover is not reviewed through the Building Maintenance Committee and there is no evidence of this being reviewed through full council either.

- 7) Payroll provision is carried out in house through the HMRC RTI program. All submissions are made monthly and payments collected cumulatively by HMRC. Pension contribution is through NEST and detailed separately in the accounts.
- 8) The Council has outstanding long-term loans with the Public Works Loan Board (PWLb) in respect of previous capital expenditure and expenditure is detailed in the annual report to Council.
- 9) The Town Council has a lease from the IW Council for Salisbury Gardens to facilitate offices and business units. Income and expenditure is detailed separately as agreed.
- 10) The Council are not eligible for the General Power of Competence and have not used S137 during the year. It may be worth exploring items that could come under this power.
- 11) The Website Accessibility Statement has not been tested since April 2022 and although the statement was updated in April 2025, there needs to be a review and test to comply with the October 2024 update to WCAG 2.2 standard.
- 12) All meetings with reports are published on the website, however a number of the recent meetings are still marked 'draft'.
- 13) There is a Transparency tab on the website which has links to monthly payments, however, the payments listed are only up to December 2024.
- 14) Budget updates are presented monthly and the depletion of reserves has been reported regularly, however little action appears to have been taken over a number of years and the general reserve has fallen to a deficit of £7,189. It is recommended that the general reserve level is at least three months expenditure, which would equate to approx. £18K against this year's final accounts. The precept for 2025/26 has been raised by 10.55% and £5,000 allocated to general reserve, but this still does not bring the level to the expected amount. It is acknowledged that this will need to be addressed over a number of years to bring the level to the acceptable amount.

RECOMMENDATIONS

- Devise and monitor an action plan to replenish reserves.
- Ensure the financial risk management scheme is reviewed within the financial year.
- Review and update the website accessibility statement to reflect the update in October 2024.
- Ensure the Transparency payments links are up to date.
- Ensure minutes are changed from 'draft' once resolved.
- Explore using s137 for some payments, as GPC is not available.
- Review the insurance policy cover to reflect the asset register, to ensure any high value items are listed are current.

Yours sincerely



Maxine Warr
29th May 2025