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2<sup>nd</sup> June 2026

Councillor Mrs S Cade  
Chairman Sturminster Marshall Parish Council  
c/o 25, High Street  
Lytchett Matravers  
Dorset BH16 6BH

Dear Councillor Cade

### **Internal Audit of Accounts 2025/26 Report**

I have completed the internal audit of the accounts for the year ending 31<sup>st</sup> March 2026 along with the Internal Auditors report section of the Annual Report.

Turning to the audit of the accounts the Clerk has provided all the information required to carry out the audit and I would comment as follows on the areas reviewed:

- Council Minutes have been reviewed to ensure that matters affecting the financial affairs of the Council have where appropriate been implemented or carried forward into 2026/27. The minutes are clear and provide an audit trail.
- Salaries – reviewed that the correct monthly salary and any changes throughout the year have been applied based on the approved spinal point/hourly rate and that the appropriate payments have been made to HMRC for Tax and National Insurance contributions and Dorset Council for Pensions.
- Vat – is claimed quarterly and the returns were submitted by the appropriate dates with all Vat due having been reclaimed.
- The accounting records from the Scribe accounting package are appropriate and there were invoices in support of the payments made and recorded on the monthly payment schedules reported to the Council. The bank reconciliation has been carried out monthly and reported to Council.
- Transparency Code for Smaller Authorities 2015 –the Parish Council complies with the code and in 2025/26 income was over £66,000 and expenditure just under £56,500. The Parish Council publish their key spending and governance information on the website.
- Preparing and Approving the Budget – The budget sheets were prepared using the Scribe accounting software and show clearly the level of expenditure proposed with the precept summary detailing the areas of growth compared with the previous year's estimate. For the next financial year, the Clerk will build into the estimates interest from investments.
- The Parish Council has a number of designated reserves which are reviewed annually as part of the budget process to ensure they are required, and if the level in the reserve is adequate. Designated Reserves should be used to

meet new or unexpected expenditure and not for annual recurring expenditure this should be covered in the annual budget. At the moment there are 14 Designated Reserves which is a significant number. I would suggest that consideration is given to reducing the number of reserves and I have suggested a way forward to the Clerk on how this might be approached. The Parish already has an annual budget for maintenance as well as reserves covering the same headings, and this could lead to confusion as to which budget heading/reserve is the expenditure to be met. Moving forward it would be advisable that the minutes record when Designated reserves are to be used to meet approved expenditure. I am satisfied that the estimates for 2026/27 reflect the requirements of the Parish.

- Monitoring the Budget –You have a very good system in place with the quarterly monitoring of the approved budget being reported to Council with detailed explanations provided of any variances along with forecasts of potential spending in the next quarter. I have suggested to the Clerk that interest received each quarter is reported as part of the monitoring. These statements are important as they give Members a clear picture of how the Parish Council is progressing against the approved plan and budget throughout the year.
- At the end of the financial year the balances have increased to around £115,000 with almost an equal split of the balances between the free reserves and designated reserves. The reserves are healthy and place the Council in a strong position for the future. I note from the minutes that the Memorial Hall are seeking financial support to improve their facility and using CIL for this purpose would be an appropriate use of funds.
- Annual Return – the Council has to approve Section 1 and Section 2 of the Annual Report and there should be a separate item on the Council Agenda to deal with this matter. Section 1 has to be approved by Council before Section 2. Council at the same meeting should also consider the Internal Auditor's report.

The Council should be very pleased in the high standard of financial management and governance of the Council. The Council's financial base is sound, and the Parish Council can look to the future with confidence.

Finally thank you to the Clerk for all her help and assistance during the audit.

Yours sincerely

Alan Breakwell

Copy to Alison Clothier– Sturminster Marshall Parish Clerk