MINUTES OF THE MEETING OF THE AUDIT COMMITTEE, HELD ON THURSDAY, 19TH FEBRUARY, 2026 AT 10.30 AM IN THE COMMITTEE ROOM, TOWN HALL, STATION ROAD, CLACTON-ON-SEA, CO15 1SE

Present:	Councillors Sudra (Chairman), Steady (Vice-Chairman), Fairley, Keteca and Morrison
Also Present:	Councillor Calver
In Attendance:	Richard Barrett (Corporate Director (Finance and IT) & Section 151 Officer), Damian Williams (Corporate Director (Operations and Delivery)), Craig Clawson (Internal Audit Manager), John Pateman-Gee (Head of Planning & Building Control), Katie Koppenaal (Democratic Services Officer) and Rebecca Catchpole (Leadership Support Officer)
Also In Attendance:	Sarah McKean (External Auditor (Director - KPMG)) and Jodie Preston (External Auditor (Manager - KPMG))

17. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

Apologies for absence were received from Councillor Placey, with no substitute appointed.

18. MINUTES OF THE LAST MEETING

It was unanimously **RESOLVED** that the Minutes of the last meeting of the Committee, held on Tuesday, September 2025, be approved as a correct record and be signed by the Chairman.

19. DECLARATIONS OF INTEREST

There were no declarations of interest made by Councillors in relation to any item on the agenda for this meeting.

20. QUESTIONS ON NOTICE PURSUANT TO COUNCIL PROCEDURE RULE 38

On this occasion no Councillor had submitted notice of a question pursuant to Council Procedure Rule 38.

21. REPORT OF THE CORPORATE DIRECTOR (FINANCE & IT) - A.1 - STATEMENT OF ACCOUNTS 2024/25 AND ASSOCIATED ANNUAL AND YEAR END REPORTS OF THE EXTERNAL AUDITOR

The Committee received a report whereby the External Auditor was able to formally issue the final opinion on the accounts and the value for money arrangements. This allowed Members to consider the following:

- The External Auditor's Annual Report for the year ended 31 March 2025
- The External Auditor's Year End Report for the year ended 31 March 2025

- The Council's Statement of Accounts (including the Annual Governance Statement and proposed External Auditor's Opinion) for 2024/25 for consideration and approval for publication by the backstop date of 27 February 2026.

The first two reports included the External Auditor's Value for Money commentary.

The Council's External Auditors had prepared the following two reports:

1) ***The External Auditor's Annual Report for the year ended 31 March 2025 (Attachment 1)***

External Auditors were required to prepare such reports setting out the outcomes from their review of the Statement of Accounts (including the Annual Governance Statement) and the Council's value for money arrangements. The Audit Committee was asked to consider the content of this annual report as part of the associated approval process that had related to the publication of the final audited Statement of Accounts and Annual Governance Statement.

2) ***The External Auditor's Year End Report for the year ended 31 March 2025 (Attachment 2)***

To a large extent this covered the issues raised in the report highlighted above but along with some additional matters, it effectively acted as an overall and detailed summary of the various activities undertaken by the External Auditor and their associated findings for 2024/25.

The External Auditor reported that the audit was substantially complete, subject to a small number of outstanding items, including the Management Representation Letter.

It was noted that the Audit Committee was required to approve the Management Representation Letter separately and to authorise the Corporate Director (Finance & IT) and the Chairman of the Audit Committee to sign it prior to its submission to the External Auditor. The proposed letter (Attachment 3) followed the standard template, and based on current information, the External Auditor did not anticipate requesting any additional representations beyond those normally required.

Once the remaining tasks had been completed, the External Auditor would be able to finalise and formally issue the audit opinion and certify the accounts for 2024/25

Members were advised that the reports included detailed value for money commentary, building on the interim report presented to the Committee in September 2025. The Council was required to publish this commentary on its website at the same time as the Statement of Accounts.

A summary of the key content of the External Auditor's reports was provided as follows:

External Auditor's Annual Report for the year ended 31 March 2025

The Interim Annual Report had been presented to the Committee at its meeting held on 25 September 2025. Work had continued since this date and an updated and useful

high-level summary against various key elements was set out on page 4 of the External Auditor's latest report.

At the time of finalising this report, the External Auditor anticipated issuing a disclaimed audit opinion primarily due to the limitations imposed by the backstop date, but attention had also been drawn to the valuation of a limited number of specialised assets held by the Council. This latter point had previously been discussed with the Committee and remained an on-going issue and the Council was working with the External Auditor in advance of the 2025/26 audit to ensure that that could be satisfactorily resolved.

External Auditor's Year End Report for the year ended 31 March 2025

In terms of both reports, a limited number of recommendations / performance improvement observations had been made by the External Auditor, although that was set against the underlying position where no material misstatements or identified significant risks had been identified in terms of the financial statements. Management responses against each item had been provided where necessary. Several items were on-going from last year and along with any new observations or commentary this year, such activities would remain in progress, with updates to be provided to future meetings of the Committee.

The Statement of Accounts (including the Annual Governance Statement) for 2024/25 were set out as Attachment 4. Those included any required changes made in consultation with the External Auditor, with no direct impact on the overall financial position of the Council.

Subject to the Committee's approval of the recommendations and the completion of the External Auditor's outstanding work, the final Statement of Accounts for 2024/25 would be published by the backstop deadline of 27 February 2026.

It was moved by Councillor Sudra, seconded by Councillor Fairley and **RESOLVED** that:-

In respect of the 2024/25 Statement of Accounts and the associated External Auditor Reports relating to the year ended 31 March 2025, the Audit Committee:

(a) notes the contents of the External Auditor's reports attached, including the value for money commentary set out therein;

(b) endorses the management responses set out within the attached External Auditor reports and requests Officers to report the status / progress against each item to future meetings of the Committee;

(c) approves the management representation letter relating to the year ended 31 March 2025 (Attachment 3);

(d) authorises the Corporate Director (Finance & IT) and the Chairman of the Audit Committee to sign the management representation letter for forwarding to the External Auditor;

(e) approves for publication the audited Statement of Accounts for 2024/25 as attached (including the External Auditor's proposed opinion), and approves for signing, the Annual Governance Statement (AGS) set out in therein; and

(f) in the event that changes to the Statement of Accounts, AGS and/or the External Auditor's Reports are required following the completion of the External Audit Process, authorises the Chairman of the Audit Committee and the Corporate Director (Finance & IT) to consider and approve any required amendments before publication / onward signing as necessary.

22. REPORT OF THE INTERNAL AUDIT MANAGER - A.2 - REPORT ON INTERNAL AUDIT

The Internal Audit Manager provided a periodic report on the Internal Audit function for the period September 2025 – January 2026 along with an annual review of the Anti-Fraud and Corruption Strategy.

The Committee was informed that the Global Audit Standards required the Internal Audit Manager to plan for reporting to senior management (Management Board) and to the board (Audit Committee) during the year, and to produce an annual Internal Audit opinion and report that could be used to inform the Annual Governance Statement.

It was reported that seven audits had been completed since the last meeting of the Audit Committee held in September 2025 and that all seven audits had received a satisfactory level of overall assurance of 'Adequate Assurance' or 'Substantial Assurance'.

A further eight audits from the 2025/26 Internal Audit Plan had been allocated (three of which were consultative reviews) and nine were currently at the fieldwork phase.

The audits that had been completed in this period were:

- Corporate Governance
- Housing Strategy and Homelessness
- Environmental Services
- Emergency Planning
- Corporate Complaints
- Members Conduct and Expenses
- Treasury Management

No significant issues had been identified for the Audit Committee to be concerned about, with only some moderate actions agreed to be managed through the regular follow-up process with the service.

Quality Assurance – The Internal Audit function issued satisfaction surveys for each audit had been completed. No unsatisfactory responses had been received in this period.

Resourcing

Members were informed that Internal Audit currently had an establishment of 4 FTE posts with access to a third-party provider of Internal Audit Services for specialist audit

days as and when required. The Internal Audit Team currently had an Audit Technician post vacant. They had had an apprentice working within the team for over a year who was continuing to develop well and who had currently been undertaking the administrative responsibilities for the Audit, Fraud and Compliance functions.

Outcomes of Internal Audit Work

The Public Sector Internal Audit Standards required the Internal Audit Manager to report to the Audit Committee on significant risk exposures and control issues. Since the last report four audits had been completed and the final report issued.

Assurance	Colour	Number this Period	Total for 2025/26 Plan	
Substantial		4	5	
Adequate		3	5	
Improvement Required		0	1	
Significant Improvement Required		0	0	
No Opinion Required		0	0	Three consultative engagements in 2025/26 to date

For the purpose of the colour coding approach, both the substantial and adequate opinions had been shown in green as both were within acceptable tolerances.

Members heard that no issues had been reported arising from audits completed in the period under review with none receiving an 'Improvement Required' opinion that required reporting to the Audit Committee.

Management Response to Internal Audit Findings

It was reported that there were processes in place to track the action taken regarding findings that had been raised in Internal Audit reports and to seek assurance that appropriate corrective action had been taken. Where appropriate, follow up audits had been arranged to revisit significant issues identified after an appropriate time.

The number of high severity issues outstanding was as follows:-

Status	Number	Comments
Overdue more than 3 months	0	
Overdue less than 3 months	0	
Not yet due	2	

The Audit Committee had previously requested more detail on the outstanding actions within the above table and on previous significant findings as a matter of context. Appendix B, to the A.2 report, showed a summary of those findings and agreed actions

as well as including the service response and internal audit status. It was noted that this would become a regular appendix of the periodic progress reports going forward.

It was reported that the Council was required to have an Anti-Fraud and Corruption Strategy, which had been last updated in March 2025. The Strategy was subject to an annual review process.

The amended strategy was set out in Appendix C to the A.2 report. Amendments made since the last review had been highlighted in red font.

Members were informed that the main updates related to the inclusion of the Fighting Fraud Locally pillars 'Govern, Prevent and Protect' and to also include a reference to the Economic Crime and Corporate Transparency Act 2023, relating to the requirement for all organisations over a certain size to evidence that they had reasonably tried to prevent fraud. If the Authority could not evidence that, fines and sanctions could be imposed.

The Strategy had continued to be based on CIPFA's code of practice on managing the risk of fraud and corruption. As its foundation, the Strategy had set out the Council's commitments along with the following key areas:

- Strategic Framework
- Legislation and General Governance
- Definitions
- Standards, Expectations and Commitment
- Roles and Responsibilities
- Prevention
- Detection and Investigation
- Resources and Invested in Counter Fraud and Corruption

The Committee heard that the Strategy would continue to be subject to an annual review process against identified actions and had therefore been included on the ongoing work programme of the Committee. It was acknowledged that through its application, the Strategy would evolve to reflect the various strands of work that were being developed within the Council, which would be included in future updates presented to the Audit Committee.

The Committee had also been provided with a Fraud Risk Register within Appendix D to review and adopt. The Fraud Risk Register had now been updated with the mitigating controls evidencing how the Council defenced itself against different types of fraud.

To demonstrate the effectiveness of the Anti-Fraud and Corruption Strategy and address how fraud risks impacted on achieving the Council's objectives and its service users, the Internal Audit Manager would continue to provide an update on the work undertaken by the Fraud and Risk Team and the outcomes of that work on a bi-annual basis.

The Internal Audit Manager reported that he was required to undertake an annual Quality Assurance Improvement Programme (QAIP) via a self-assessment of the Internal Audit Function against the Global Internal Audit Standards. That was a full review of the Council's working practices against the standards set by the Institute of Internal Audit and adopted by CIPFA.

It was further reported that the assessment against those standards had been now completed and any actions and recommendations deemed necessary had been reported in Appendix E to the A.2 report. There was a programme of work to be carried out over the forthcoming twelve to eighteen months as there had been some changes in the Global Internal Audit Standards that had not been previously in the Public Sector Internal Audit Standards. The team would work to action those requirements where possible and update the Audit Committee on their progress.

Currently, the current Internal Audit Team would be classified as non-compliant as they had yet to undergo another External Quality Assessment, which was required every five years. In the light of Local Government Reorganisation (LGR), the Internal Audit Manager had felt it prudent to discuss with the Audit Committee as to whether the external assessment was worth completing due to the fact that the team, in its current form, would not exist and therefore any new audit function under a Unitary Council would need another external assessment. Those external assessments could cost anywhere £6,000 to £12,000 dependent on the size of the authority. Those assessments could also be very resource intensive, which would mean less availability of Officers during the LGR transition period.

It was moved by Councillor Fairley, seconded by Councillor Sudra and **RESOLVED** that the Committee:-

(a) notes the External Auditor's Periodic Report September 2025 – January 2026, and agrees that a satisfactory level of assurance has been provided within the following reports submitted by the Internal Audit Manager:

- Periodic Internal Audit Report
- Appendix A – Internal Audit Progress Report
- Appendix B – Agreed Action Tracking
- Appendix C – Anti-Fraud and Corruption Strategy
- Appendix D – Fraud Risk Register
- Appendix E – Quality Assurance Improvement Programme (QAIP)

23. REPORT OF THE HEAD OF PLANNING AND BUILDING CONTROL - A.3 - BUILDING SAFETY INSPECTION REVIEW - OUTCOMES AND ACTIONS

Members received a report of the Head of Planning and Building Control (A.3) which outlined the recent Building Safety Regulator (BSR) audit of the Council's Building Control function, which had been requested by the Corporate Director (Finance & IT) and Section 151 Officer and the Corporate Governance, Performance and Procurement Manager.

It was reported that this was the first ever BSR review completed and that Tendring District Council had no outstanding matters to address.

The Committee heard that in December 2024 Tendring District Council had been advised that the BSR would be undertaking an audit of its building control services. That had been the Council's first audit following the creation of the BSR and Tendring District Council was one of many authorities being reviewed. Tendring District Council was required to operate in accordance with the Building Act and Operational Standards

Rules (OSRs), which set out the minimum performance standards expected. All authorities would be subject to ongoing monitoring and have at least one inspection over a five-year period.

The inspection of services had been carried out via online interviews and requests of information on the processes, including samples of work. Those inspections had mainly occurred during April, May and June 2025.

It was reported that the official BSR Letter of Contravention had been received on the 29 October 2025. That letter had detailed their findings and recommendations for action and were summarised as follows:

- *Policies, procedures, and processes were not fully documented. There was no documented approach for allocating work based on building types and Registered Building Inspector (RBI) registration. Lack of documented procedures for supervising RBIs working outside their registration class and for statutory consultations. Gaps in arrangements for monitoring and managing building control projects, including scheduling and delivery of inspections. No documented criteria for prioritising, timing, or reviewing caseloads. 1,291 open projects with outstanding completion certificates and no follow-up.*

- *Insufficient resourcing, including a lack of comprehensive assessment of RBI resource requirements. No effective controls for ensuring RBIs act within their competence and registration. Gaps in record-keeping for statutory consultations. Unclear governance and oversight, particularly regarding terms of engagement and outsourced service providers (e.g., Babergh Mid Suffolk District Council). No assurance that outsourced providers comply with OSRs and legal requirements.*

- *Unawareness of the duty to inform statutory consultees of decisions and reasons for accepting or declining recommendations.*

It was further reported that to resolve those points the letter had instructed Tendring District Council to implement an operational manual, resource the building control function adequately, improve record-keeping and controls for statutory consultations and ensure all statutory requirements were met, and strengthen governance regarding outsourced services.

The Head of Planning and Building Control had noted that the wording used in the BSR's Contravention was unhelpful, as closer examination often revealed that a single, typically minor, issue could relate to multiple BSR standards.

Procedure Documentation

It was noted that, although Building Control had followed the correct processes, not all procedures had been formally documented, and certain requirements were only clarified by the BSR during the audit.

In some instances, it had been assumed that particular elements were already covered under adopted LABC requirements or were sufficiently defined through established practice. During the audit, however, the BSR had provided further interpretation of the OSRs and/or requested explicit articulation of areas that had not previously been highlighted.

An example of this concerned the handling of open cases. Legislation provided no mechanism to close a case when a builder ceased work for any reason. In accordance with statutory requirements, such cases were kept open even when sites became inactive. The BSR had considered this approach to be unsatisfactory from a governance perspective without additional explanation. In response, the service has now introduced its own criteria for case closure and was seeking assurance from the BSR that those criteria were acceptable and did not introduce risk. While the criteria were considered logical, they would inevitably differ from those adopted by other authorities.

Definitions and criteria developed through this process have been shared with other authorities, who in turn have shared their own interpretations, reflecting the continued absence of formal guidance from the BSR.

Outsourcing to Partners and Oversight

Building Control outsources certain functions—such as plan checking and some inspection support—to partner authorities and relies on their expertise and professional judgement. As the partner authority is itself a local authority and an active LABC member, compliance with all building regulations and BSR requirements had been assumed.

The BSR had, however, deemed this assumption insufficient. Consequently, additional checks had now been introduced to strengthen oversight of outsourced work upon its return.

Consultee Reporting

Under the BSR's new OSRs, all consultee responses must be recorded, together with the officer's decision to accept or reject the advice. While consultee responses had been consistently documented, the officer's acceptance or rejection of that advice had not previously been recorded.

It was emphasised that, since the introduction of the new regulations, the service had not disagreed with any consultee response. For example, where the Fire Service had identified a fire risk, there was no basis on which such advice could be challenged.

Going forward, the service would explicitly record whether consultee advice was accepted or declined, along with the rationale, within the case file. This constituted a minor but necessary procedural amendment.

It was further noted that, at no point had this Council's Building Control team acted outside the Building Regulations or the Act; all matters raised related solely to the BSR's expectations and interpretation.

Action

The BSR's position and recommendations had been reviewed and accepted. The operations manual, which was already in development, had been updated to incorporate all relevant BSR judgements. A new sign-off form had also been introduced for use by partner authorities when undertaking plan-checking work on the Council's behalf. In addition, the Building Control team was increasing the number of domestic plan checks

completed in-house to reduce reliance on outsourcing, although some external support would remain necessary due to inspector grading requirements.

As a result of those changes, all Building Control policies, procedures and processes were now fully documented and appropriately signposted. A new “hibernation” process had been introduced for inactive cases which could not legally be closed, reducing the number of open cases to approximately five hundred, covering a three-year period. Adjustments to partnership arrangements had addressed the issues raised, and consultee responses were now recorded as a specific task within each case file.

In conclusion, the updated governance manual and the Council’s responses to the issues identified had been submitted to the Building Safety Regulator. On 12 January 2026, the BSR had confirmed:

“Thank you for confirming the actions you have taken to address the non-compliance with the Operational Standards Rules identified during the inspection and confirmed within the letter of contravention dated 29.10.25. We confirm that no further information is required, and this matter is now concluded.”

The matters raised during the BSR audit were therefore considered resolved. Some adjustments were required due to aspects of the BSR’s requirements that had only become clear during the audit process.

It was unanimously **RESOLVED** that the contents of the report A.3 be noted.

24. REPORT OF THE ASSISTANT DIRECTOR (FINANCE & IT) - A.4 - TABLE OF OUTSTANDING ISSUES

Members heard that the Table of Outstanding Issues was maintained and reported to each meeting of the Audit Committee. That approach had enabled the Committee to effectively monitor progress on issues and items that formed part of its governance responsibilities.

There were three main ongoing elements to the report (A.4) highlighted as follows:

1) Updates against general items raised by the Committee – Appendix A

2) Updates against the 2024/25 Annual Governance Statement Action Plan – Appendix B

3) Updates against recommendations made by the External Auditor – Appendix C

In terms of item 1 and 3, there were no significant issues to raise, with actions remaining in progress or further details set out below.

In respect of the 2024/25 Annual Governance Statement Action Plan, although this remained subject to the Committee’s final approval, for timely and practical reasons the current version that had been published at the end of June 2025 alongside the Unaudited Statement of Accounts presented the most up to date position for the Committee’s consideration. Similarly to last year, that approach had enabled the actions and associated updates to be considered as early as possible within the Committee’s annual work programme. Appendix B, attached to the A.4 report, had therefore included

outstanding items from last year's Annual Governance Statement alongside new items for the current year. There were no significant issues to highlight with actions and activities remaining ongoing.

Local Audit Reform

Members were informed that, following the more detailed update at the last meeting of the Committee, the Government had continued to work through the various associated steps to establish the Local Audit Office, as part of enacting the English Devolution and Empowerment Bill. Further updates would be provided as necessary later in the year.

RIPA – Regulatory Investigatory Powers Act 2000

It was highlighted that no activity had been conducted under RIPA by the Authority in the last quarter and it was rare that it would be required to do so.

Whistleblowing

It was further highlighted that at its meeting in September 2025, the Committee had been informed that the Authority had received two notifications of Whistleblowing. The outcome for those two notifications after exploration was that no further action was required and the notifications had been closed. There had been no further notifications since then. Those updates were given as part of the monitoring arrangements in line with the adopted policy of July 2023.

It was moved by Councillor Fairley, seconded by Councillor Sudra and **RESOLVED** that:

(a) the progress against the actions as set out in Appendices A, B and C to the A.4 Report be noted; and

(b) the Committee recommends to Full Council that, at its meeting due to be held on 31 March 2026, and following a recruitment and interview process, Mrs Sue Gallone be appointed as the Independent Person for the Audit Committee.

The meeting was declared closed at 11.37 am

Chairman

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