AUDIT COMMITTEE

25 June 2026

REPORT OF CORPORATE DIRECTOR FINANCE & IT

A.5 AUDIT COMMITTEE – TABLE OF OUTSTANDING ISSUES

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT
To present to the Committee the progress on outstanding actions identified by the Committee along with general updates on other issues that fall within the responsibilities of the Committee.

EXECUTIVE SUMMARY
• A Table of Outstanding Issues is maintained and reported to each meeting of the Committee. This approach enables the Committee to effectively monitor progress on issues and items that form part of its governance responsibilities. • Updates are set out against general items, the Annual Governance Statement and External Audit recommendations within Appendix A, B and C respectively. • To date there are no significant issues arising from the above, with work remaining in progress or updates provided elsewhere on the agenda where appropriate. • Following its approval at a recent meeting of Full Council and as requested by Cabinet, the Council's revised Procurement Procedure Rules are attached for the Committee's consideration and determination of how it wishes to undertake the necessary review.

RECOMMENDATION(S)
It is recommended that the Committee: **a) Notes the updates set out within this report; and** **b) As requested by Cabinet, considers the Council's revised Procurement Procedure Rules, as set out in Appendix D and determines how it wishes to undertake the associated review later in the year and/or any comments to Cabinet.**

REASON(S) FOR THE RECOMMENDATION(S)
To provide a timely update to the Committee along with reassurances that actions previously identified are being addressed accordingly.

ALTERNATIVE OPTIONS CONSIDERED
There are no alternative options associated with this report.

PART 2 – IMPLICATIONS OF THE DECISION

<table>
<tr><th colspan="2">DELIVERING PRIORITIES</th></tr>
<tr><td colspan="2">The existence of sound governance, internal control and financial management practices and procedures are essential to the delivery of Corporate priorities supported by effective management and forward planning within this overall framework.</td></tr>
<tr><th colspan="2">LEGAL REQUIREMENTS (including legislation & constitutional powers)</th></tr>
<tr><td colspan="2">The content of this report addresses a number of statutory/regulatory requirements placed on the Council, which are highlighted as necessary elsewhere within the report.</td></tr>
<tr><th colspan="2">FINANCE AND OTHER RESOURCE IMPLICATIONS</th></tr>
<tr><td colspan="2">Finance and other resources
There are no significant financial implications associated with monitoring of the agreed actions or responses. If additional resources are required then appropriate steps will be taken including any necessary reporting requirements.</td></tr>
<tr><th colspan="2">USE OF RESOURCES AND VALUE FOR MONEY</th></tr>
<tr><td colspan="2">The following are submitted in respect of the indicated use of resources and value for money indicators:</td></tr>
<tr><td>A) Financial sustainability: how the body plans and manages its resources to ensure it can continue to deliver its services;</td><td rowspan="3">The latest general commentary from the Council’s External Auditors was set out within an associated report presented to the Committee on 19 February 2026. There were no significant weaknesses identified across the three themes.</td></tr>
<tr><td>B) Governance: how the body ensures that it makes informed decisions and properly manages its risks, including; and</td></tr>
<tr><td>C) Improving economy, efficiency and effectiveness: how the body uses information about its costs and performance to improve the way it manages and delivers its services.</td></tr>
<tr><th colspan="2">MILESTONES AND DELIVERY</th></tr>
<tr><td colspan="2">The Table of Outstanding Issues is presented to the Audit Committee at each of its standard meetings.</td></tr>
<tr><th colspan="2">ASSOCIATED RISKS AND MITIGATION</th></tr>
<tr><td colspan="2">The Table of Outstanding Issues is in itself a response to potential risk exposure with further activity highlighted to address matters raised by the Audit Committee.

The report does not have a direct impact although such issues could feature in future recommendations and actions. Any actions that may have an impact will be considered and appropriate steps taken to address any issues that may arise.</td></tr>
<tr><th colspan="2">OUTCOME OF CONSULTATION AND ENGAGEMENT</th></tr>
<tr><td colspan="2">There is no requirement to seek consultation on this report. This is a public document to be presented to the Audit Committee.</td></tr>
<tr><th colspan="2">EQUALITIES</th></tr>
<tr><td colspan="2">There are no direct implications associated with this report.</td></tr>
</table>

SOCIAL VALUE CONSIDERATIONS
There are no direct implications associated with this report.

IMPLICATIONS RELATED TO DEVOLUTION AND/OR LOCAL GOVERNMENT REORGANISATION
This is recognised within the Council's Annual Governance Statement and associated action plans that are reported to the Committee on a regular basis, with the next update due to presented at their June 2026 meeting.

IMPLICATIONS FOR THE COUNCIL'S AIM TO BE NET ZERO BY 2050
There are no direct implications associated within this report.

OTHER RELEVANT IMPLICATIONS	
Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below:	
Crime and Disorder	Not applicable
Health Inequalities	Not applicable
Subsidy Control (the requirements of the Subsidy Control Act 2022 and the related Statutory Guidance)	Not applicable
Area or Ward affected	All Wards could be affected

ANY OTHER RELEVANT INFORMATION
None

PART 3 – SUPPORTING INFORMATION

BACKGROUND

Table of Outstanding Issues

The Table of Outstanding Issues has been reviewed and updated since it was last considered by the Committee in March 2026. There are three main ongoing elements to this report as follows:

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

2) Updates against the 2023/24 Annual Governance Statement Action Plan – **Appendix B**

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

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

In terms of item 2) above, the Annual Governance Statement for 2025/26 remains subject to being finalised alongside the Statement of Accounts 2025/26 for publishing by the end of June 2026. The associated action plan that will be set out within the above statement will include the ongoing/outstanding items set out within **Appendix B** as necessary. However, given the timing of this meeting of the Audit Committee and the publication date highlighted above, **Appendix B** only gives updates against the existing Annual Governance Statement at the present time, with further details planned to be presented to the September 2026 meeting of the Committee that will reflect the revised actions and activities emerging from the 2025/26 review.

In terms of progressing and monitoring recommendations emerging from the work of the External Auditor, a number of items were presented as part of the overall outcome from their work on the Council's 2024/25 Statements that were considered by the Committee on 19 February 2026. The items identified were broadly a continuation of previous recommendations which remain subject to on-going activities to fully address any outstanding issues. Similarly to the AGS actions highlighted above, activities remain in progress with no major issues to raise at the present time.

Review of the Effectiveness of the Audit Committee

Following ongoing reviews, including a recent facilitated session with Members, outcomes and conclusion remain subject to being drawn together for presenting to the Committee. This provides a timely opportunity to maximise the input from various stakeholders including Members of the Committee which are therefore encouraged to enable the position to be reported to the next meeting of the Committee.

Risk Management Review

Following the update included within the corresponding Table of Outstanding Issues presented to the March 2026 meeting of the Committee, a separate detailed report is set out elsewhere on the agenda.

External Audit

Following the update included within the corresponding Table of Outstanding Issues presented to the March 2026 meeting of the Committee, the External Auditor's Audit Plan and Strategy for 2025/26 is set out elsewhere on the agenda.

Local Audit Reform

The English Devolution and Community Empowerment Act 2026 which underpins Local Audit Reform (creation of the Local Audit Office) received Royal Ascent in April 2026. This therefore establishes the statutory footing allowing the Government's intended reforms to move forward.

For completeness the Local Audit Office will be taking over the core functions that are currently split across the PSAA (appointments/contracts), the NAO (code) and the FRC (oversight). It is expected that the necessary implementation and transition arrangements will remain ongoing over the remainder of the year and practical/consequential updates will be provided to Members accordingly.

Procurement Procedure Rules developed through the Essex Procurement Partnership

In accordance with the Council's adopted Procurement Strategy, at its 24 April 2026 meeting, Cabinet considered and subsequently recommended to full Council for adoption the

Procurement Procedure Rules developed through the Essex Procurement Partnership (EPP) (as attached at **Appendix D**); thereby replacing the Council's current Procurement Procedure Rules, contained with the Rules of Procedure set out in Part 5 of the Council's Constitution.

Tendring District Council (TDC) forms part of the Essex Procurement Partnership through its agreement to enter into a Collaboration Agreement for the delivery of joint procurement services for a three year period together with:

- Braintree District Council
- Castle Point Borough Council
- Epping Forest District Council
- Essex County Council

These Parties have agreed through the Collaboration Agreement to create common procurement documentation including common tender documents, a shared set of procurement rules and a procurement strategy. The Procurement Procedure Rules have been designed to provide a framework of best practice for all procurement activities to deliver against the Procurement Rules and support the Councils in achieving value for money and delivering the Councils' corporate objectives. The documentation was refined further for EPP purposes following a review undertaken by TDC's Corporate Director (Law and Governance) and the Corporate Governance, Performance and Procurement Manager.

All Councils within EPP remain the Contracting Authority in all cases and the decision makers with regards to procurement activity and contract management. The Rules apply to each member of EPP, following approval and adoption by the Councils, with the exception of Essex County Council whose Procurement Policy closely mirrored these. It is important to note that these Rules related to procurement activity and that the Council's other Procedure Rules, such as Financial and decision making/governance requirements remain unaffected and still apply. The Procurement Procedure Rules mirror the National Procurement Policy Statement in their focus on the following key strategic priorities:

- *Delivering value for money*
- *Driving Economic Growth*
- *Enhancing Social Value*
- *Supporting Net Zero and Environmental Goals*
- *Improving Supplier Access and Market Diversity*
- *Commercial Capability and Innovation*

The Rules further provide different values to the existing rules and increase the Request for Quotation process from £49,999 to £100,000 reflecting on inflation, resources and capacity. However, good governance and value for money was still provided through a number of controls.

Cabinet **RESOLVED**:

a) *Approves in principle, the draft Procurement Procedure Rules, as set out in Appendix A to report A1, as developed by the Essex Procurement Partnership, of which Tendring District Council is an active Member Authority, for recommendation onto Full Council for adoption:*
b) *Authorises the Corporate Director (Law & Governance), being the responsible Officer for the Council's corporate procurement function and the Council's statutory Monitoring*

Officer, to make any necessary minor amendments and to produce a final draft of the Procurement Procedure Rules, in consultation with the Portfolio Holder for Assets and Community Safety, for Full Council to consider;

c) *Recommends to Council that the final draft Procurement Procedure Rules be adopted, replacing the Council's current Procurement Procedure Rules, as contained with the Rules of Procedure set out in Part 5 of the Council's Constitution;*
d) *Endorses the review to be undertaken by both Internal Audit and the Audit Committee to ensure the Council's corporate governance requirements continue to be maintained through the new Rules and lessons learnt have been captured;*
e) *Notes the update of the activity within the Essex Procurement Partnership and the Local Government Reorganisation for Greater Essex, Procurement and Contracts System Working Group; and*
f) *Notes Officers will present the outcome of the detailed analysis of the Council's Contracts Register in due course in readiness for the transition phases of LGR.*

At its 02 June 2026 meeting, Full Council, having considered the Cabinet's recommendation arising from its consideration of the aforementioned matters, and to enable that recommendation to be approved and adopted **RESOLVED:**

That the final draft Procurement Procedure Rules, as set out at Appendix 1 to the joint report (A1), be approved and formally adopted, and that they replace, with immediate effect, the Council's current Procurement Procedure Rules, as contained within the Rules of Procedure as set out in Part 5 of the Council's Constitution.

<u>Exemption from Procurement Procedure Rules Register</u>

As per the Committee's work programme, the Council's External Auditors identified that a Exemption from Procurement Procedure Rules Register should be maintained – a relevant extract of the Council's current Contract Register is attached at **Appendix E**. This has been created from the Contracts Register and details those procurement activities utilising an exemption from the Procurement Procedure Rules, following the appropriate governance route and consultation with the appropriate authorising Officer/Portfolio Holder/Cabinet.

The Council on 02 June 2026 adopted the Procurement Procedure Rules developed through Essex Procurement Partnership (attached at **Appendix D**), of which it is a Member Authority. The exemption awards listed within the register at the time of writing were conducted under the previous Procurement Procedure Rules as follows:

SECTION 2 – EXEMPTION FROM PROCUREMENT RULES

2.1 The Corporate Director/Heads of Department shall be exempt from the need to obtain competitive quotations/prices where any of the following circumstance apply:-

a) *The goods or services are procured from an in-house service.*
b) *The good are proprietary items of which there is only one supplier, or are sold by all suppliers at a fixed price.*
c) *The matter is one of urgency as determined by the appropriate Corporate Director/Head of Department following consultation with the responsible Portfolio Holder or the Leader of the Council.*
d) *The contractor or supplier is specified for works to this Council for which an external client is making payment.*

e) *Where the work is of a specialist nature and the Corporate Director/head of Department can demonstrate that it is not possible to obtain more than one quotation or tender.*
f) *For the engagement of Counsel by the Corporate Director – Law and Governance.*
g) *Where a partnership agreement has been entered into with a contractor or a supplier as a result of competitive tendering, and the proposed procurement is within or related to the documented scope of that partnership agreement. In such cases the Corporate Director/Head of Department must be able to demonstrate that the proposed procurement through such a partnership arrangement is advantageous to the Council (e.g. continuity of service or product supply, or extension of existing arrangements). The documentation issued will take the form of a contract variation as determined in the partnership contract and/or via the Official Ordering rules or if appropriate the documentation to be issued will be as required by the Procurement Procedure Rules for the value of the procurement. (EU limits must be observed to ensure no thresholds are exceeded).*
h) *For purchases from petty cash.*

In all cases where an exemption is applied the Corporate Director/Head of Department shall maintain a record to evidence this.

2.2 Further exemption from Procurement Procedure Rules may be sought where a Head of Department can demonstrate that exemption is justified by special circumstances.

a) *Where no specific exemption is provided above:*
   - *Where the value of the contract or procurement is estimated to be less than £50,000 exemption may be granted by the Chief Financial Officer in consultation with the Corporate Finance & Governance Portfolio Holder. The procuring service must publish an Officer Decision to record this.*
   - *Where the total value of the contract, or procurement, is estimated to be between £50,000 and £250,000 the Corporate Finance & Governance Portfolio Holder may, on the recommendation of the Chief Financial Officer, grant exemption. In such cases a formal Portfolio Holder decision must be made.*
   - *Where the total contract, or procurement, is estimated to exceed £250,000, the Cabinet, or a Committee may, on the recommendation of the Chief Financial Officer, grant exemption. In such cases a record of the exemption must be made in the minutes of the Cabinet, or Committee.*

The Procurement Procedure Rules adopted on 02 June 2026 enhance the above with further governance, whilst allowing flexibility especially in light of the increase of the Request for Quotation threshold being increased from £50,000 to £100,000 and are detailed as follows:

16. Waivers/Exemptions

16.1 Officers may be exempt from the need to obtain competitive quotations/prices as set out in these Rules by following the Procurement Waiver process.

16.2 Advice from EPP and the Council's Legal Service must be sought with sufficient time to allow these Rules to be applied to any procurement activity, before a waiver decision is taken by the relevant decision maker. Failing to programme procurement activity in accordance with the Council's arrangements, capacity and resources is not a reason to seek a procurement waiver/exemption.

16.3 A procurement Waiver/Exemption should be sought and completed in line with the Waiver/Exemption process in place within the Council.

16.4 Any Procurement Waiver/Exemption should demonstrate how value for money is being achieved. A Waiver/Exemption will not be granted unless Value for Money is demonstrated.

16.5 The following Table describes the approval levels required for waivers:

TDC Estimated total value of contract (aligning with Spend Thresholds in Table 1)	**TDC Approval needed**
Very Low Value (£0 to £10,000)	Approval of the relevant Corporate Director in consultation with the Chief Financial Officer (Section 151 Officer). Procuring Service Area must produce and publish an Officer Decision to record this.
Low Value (£10,001 to £50,000)	Approval by Chief Financial Officer (Section 151 Officer) in consultation with the Corporate Finance and Governance Portfolio Holder. Procuring Service Ares must produce and publish an Officer Decision to record this.
Low to Medium Value (£50,001 to £100,000)	Approval of the Chief Financial Officer in consultation with Portfolio Holder(s) for Corporate Finance and Governance
Medium Value (below threshold) £100,001 to relevant Procurement Act 2023 threshold	Portfolio Holder(s) for Corporate Finance and Governance and Corporate Procurement following consultation with the Chief Financial Officer (Section 151 Officer) and Monitoring Officer. Procuring Service Area must produce and publish an Executive Decision to record this.
High Value (above threshold) Over relevant Procurement Act 2023 threshold	Approval by Cabinet with detailed report prepared by the Procuring Service Area with necessary advice included, specific focus on exemptions with the legislation being relied upon and why.

16.6 The waiver process and/or any other applicable governance must be successfully completed prior to an order being placed or contract being entered into with a supplier.

16.7 Where a waiver is granted, the procurement may go ahead without complying with the specific rule for which a waiver is granted but no contract may be entered into without the requirements being clearly specified.

16.8 All waivers are required to be registered and reported to the Council's Audit Committee.

As detailed within the Procurement Procedure Rules, when seeking to conduct a procurement under the exemption process, Procuring Services must be able to demonstrate how value for money is being achieved to satisfy the appropriate governance route. It should not be the case that an exemption is relied upon due to lack of preparation and consideration of capacity and resource. Consideration must also be given to acting within the requirements of the Procurement Act 2023, the Council's Procurement Strategy and Social Value Policy. The exemption register also contains a link to all associated Officer Decisions for each exemption.

RIPA – Regulatory Investigatory Powers Act 2000 - To inform the Committee of any activity conducted under RIPA by the Authority

The Authority has not conducted any RIPA activity in the last period under review and it is rare that it will be required to do so.

Whistleblowing - To inform the Committee of any activity under the Whistleblowing Policy as part of the monitoring arrangements since the adoption of its policy in July 2023.

At the time of writing, there are three notifications detailed below for the information of the Committee since its last meeting.

TENDRING DISTRICT COUNCIL WHISTLEBLOWING POLICY UPDATE Jun 2026				
Internal Ref No	**Complainant**	**Current status**	**Final outcome**	**Comments**
Existing Whistleblowing Cases from last update:				
Internal Ref No	**Complainant**	**Current status**	**Final outcome**	**Comments**
01	Anon – 05 May 2026	Concluded	Investigation completed by internally appointed Investigator	No further action required. Matter relates to potential conflict of interest and breach of the Council's Recruitment and Selection Policy.
02	Public – 07 May 2026	Concluded	Preliminary Investigation completed by Fraud and Risk / HR	No further action required. Matter relates to Council Officers allegedly abusing position and potential conflict of interest.
03	Public – 27 May 2026	Ongoing - passed to Fraud and Risk	Investigation open	Matter relates to alleged misuse of Council funds, resources and vehicles.

PREVIOUS RELEVANT DECISIONS TAKEN BY COUNCIL/CABINET/COMMITTEE ETC.

None

BACKGROUND PAPERS AND PUBLISHED REFERENCE MATERIAL

None

APPENDICES
Appendix A – Table of Outstanding Issues (June 2026) – General **Appendix B – Table of Outstanding Issues (June 2026) – Update against 2024/25 Annual Governance Statement Actions** **Appendix C – Table of Outstanding Issues (June 2026) – External Audit Recommendations** **Appendix D – Procurement Procedure Rules developed through the Essex Procurement Partnership** **Appendix E – Exemption from Procurement Procedure Rule Register**

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