MINUTES OF THE MEETING OF THE AUDIT COMMITTEE, HELD ON THURSDAY, 25TH JUNE, 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, Morrison and Placey
Also Present:	Sue Gallone (Independent Person) and Sarah McKean (External Auditor (Director - KPMG))
In Attendance:	Lee Heley (Corporate Director (Place and Wellbeing) & Deputy Chief Executive), Craig Clawson (Internal Audit Manager), Clare Lewis (Resilience and Assurance Manager), Karen Hayes (Corporate Governance, Performance & Procurement Manager), Katie Koppenaal (Democratic Services Officer) and Bethany Jones (Democratic Services Officer)
Also in Attendance:	Mae Duffy (Performance and Leadership Support Officer)

1. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

There were no apologies for absence nor substitutions made on this occasion.

NOTE: Councillor Keteca had submitted her apologies for absence to Leadership Support shortly before the meeting had started. However, the Democratic Services Officer was not aware of this at the time the apologies for absence were announced at the meeting.

2. MINUTES OF THE LAST MEETING

It was moved by Councillor Steady, seconded by Councillor Morrison and **RESOLVED** that the Minutes of the meeting held on Thursday, 26 March 2026 be approved as a correct record and be signed by the Chairman.

3. DECLARATIONS OF INTEREST

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

4. 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.

5. REPORT OF THE EXTERNAL AUDITORS - A.1 - PLAN AND STRATEGY 2025/26

The External Auditor's representative (Sarah McKean) presented to the Committee their Draft Audit Plan and Strategy for the year ending 31 March 2026 which set out their planned audit work in respect of informing their opinion on the 2025/26 Financial Statements and the Council's use of resources.

It was highlighted that, as set out in the report, the plan had formed an important element of their audit cycle / timetable along with its associated communication with the Council. Their approach had continued to recognise the importance of fostering effective communication throughout the audit process with those charged with governance.

It was reported that the plan had been set against a number of key elements, which included materiality and risk along with considering other important issues such as the rebuilding assurance approach and associated risks that remained ongoing and built on previous discussions with the Committee.

Questions by Members (unless otherwise indicated):	Answers:
Is the 30 November deadline related to the LGR process?	(Sarah McKean) That's correct. The deadlines are set for us by PSAA and the local audit office. For this year, the deadline is 29 January. From next year, it will move to 30 November, which we expect to become the standard timetable going forward.
As you work on rebuilding assurance, will there be a requirement to liaise with our previous external auditors?	(Sarah McKean) The rebuilding assurance programme does not require any communication with the previous auditors. Our work follows a defined programme, beginning with a suite of risk-assessment procedures. These are nearly complete and will be reported to management by the end of July 2026. This phase covers entity-level controls, interviews with long-standing Council staff, analysis of movements in key accounts over the disclaimed period, and detailed review of usable and unusable reserves against publicly available reports such as budgets and outturns. Once that work concludes in July, we will determine the additional substantive procedures needed. At present, these are expected to focus on PPE additions and disposals over the five-year period, as well as any deferred balances on the balance sheet that have not been auditable during that time. That work will take place after 31 July 2026.
With regard to the ongoing Corporate Risk Register review, could you explain how you engage with Officers on significant risks—especially the three	(Sarah McKean) The risks I have highlighted in our work are audit risks, or financial-statement-level risks. These do not typically align directly with the

you have identified—and how this integrates with the wider review work.	operational risks captured through the Council's risk management process. Separately, we undertake our value-for-money work, and within the governance pillar of that we review the Council's risk management arrangements. This includes assessing the policies in place, reviewing the risk registers, and considering the discussions held at relevant Committees. We have not yet completed that work, as it is scheduled for September, so I will be able to provide further commentary once it is finished. We do, however, examine risk management as part of that review, particularly in relation to financial sustainability. The three risks identified here are highly technical accounting risks and therefore do not usually appear in the operational risk register.
(Sue Gallone) Other than the valuation issue from last year, has anything in your planning with officers suggested risks to completing the audit on time or areas that may require additional audit effort?	(Sarah McKean) I expect the valuation work will require the greatest focus this year, simply because we have not previously had the opportunity to test it. However, based on last year's audit, we have already been able to test almost all other areas of the accounts. We have found not only that the accounts are of a high quality, but also that the supporting evidence, the responsiveness, and the availability of the finance team have all been very good. I do not have any concerns about our ability to complete the audit within the required timeframe this year, particularly as the deadline is the end of January. From next year, the timetable will become tighter as we lose two months, but we will address that when the time comes.

It was moved by Councillor Sudra, seconded by Councillor Placey and **RESOLVED** that the Committee notes the External Auditor's Draft Audit Plan and Strategy for the year ending 31 March 2026.

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

The Committee was presented with a report of the Internal Audit Manager which provided a periodic report on the Internal Audit function for the period March 2026 – May 2026 and the Head of Internal Audit Annual Report for 2025/26 as required by the professional standards.

It was explained that the report had been split into three sections with a summary as follows:

Internal Audit Plan Progress 2025/26

It was reported that a satisfactory level of work had been carried out on the 2025/26 Internal Audit Plan in order for the Internal Audit Manager to provide an opinion in the Head of Internal Audit's Annual Report for the 2025/26 financial year.

Eight audits had been completed since the previous update to the Audit Committee in March 2026, all of which had received a satisfactory opinion of adequate or substantial assurance.

Head of Internal Audit's Annual Report

The Committee heard that the Head of Internal Audit's Annual Report had concluded that an unqualified opinion of Adequate Assurance had been provided.

The work that had been carried out throughout the year by the Audit Committee, Senior Management and the Internal Audit Team had continued to be delivered in accordance with the principles of the Global Internal Audit Standards; however, full conformance could not be confirmed until the required External Quality Assessment had been completed.

One audit from a total of 25 that had been completed had received a less than satisfactory opinion of 'Improvement Required'.

It was reported that the Internal Audit Team were currently non-compliant with the Global Internal Audit Standards as they were due an External Quality Assessment (EQA) as previously discussed. A self-assessment for 2025/26 had been completed and previously reported to the Committee. Quotes had been retrieved for the EQA with the expectation to complete in early 2027.

Internal Audit Plan Progress 2026/27

It was highlighted that four audits within the 2026/27 Internal Audit Plan had currently been in fieldwork.

Questions by Members:-	Answers:-
If you were to identify the reasons why this year has been a better year compared with last, what would those reasons be?	(Craig Clawson) "We have experienced a number of issues over the past few years relating to limited capacity. While that remains a challenge, everyone is doing what they can with the resources available. Engagement has improved, and there is a clear commitment across

	the team to delivering work to a high standard. Our role gives us visibility across many departments, and from that perspective it is evident that people are focused on ensuring their areas are in a good position. There are also additional resources being invested in various areas, which we are aware of. Senior Management and Cabinet have allocated resources to different projects, and that support is making a positive difference. Capacity has historically been a significant issue for the Council, and although we are beginning to see some improvement, there is still more to do. These challenges will continue to arise, but with increased capacity we are better able to monitor activity and ensure that processes are operating as they should. That is certainly one of the factors contributing to the improvement.
Will you be replacing the apprentice in the Internal Audit Team who has now progressed to a fully qualified auditor role?	(Craig Clawson) I have been asked to, but we need to consider factors such as workload. As we have several different service areas—fraud, compliance, information, and governance—it may be that we are able to accommodate a replacement within one of those areas.
Is there, or should there be, a stronger link to the audit reports when matters are brought before the two scrutiny committees?	(Lee Heley) In many ways, the scrutiny committees and the audit committee both provide oversight and scrutiny, but they do so in different forms. The scrutiny committees approach this from a governance perspective, while the audit committee focuses more on financial matters. Work undertaken across the organisation may therefore be considered either through Audit or through Scrutiny. It is ultimately about how the organisation, with its different approaches to scrutiny, ensures that controls are robust and that there is strength in both detailed assurance work and in broader areas such as policy and partnerships. The key is how these elements integrate to support a

	well-run organisation, emphasising strong governance, effective oversight, and financial probity. I think there is a link, but if the overview and scrutiny committees were to consider every audit report, it would not necessarily be effective given the different skill sets and objectives of the committees. (Craig Clawson) I once met a trainer who explained that Audit asks 'how' something happened, while Scrutiny asks 'why' it happened, which I thought was a helpful way of distinguishing their respective approaches.
How is the extra work going to impact staff who already have a heavy workload? What are the consequences if those audits are not carried out?	(Craig Clawson) The process will be lengthy, but it will take place over several days rather than all at once. We are required to comply fully with the audit requirements, so each stage must be completed thoroughly and in accordance with the prescribed standards. It will be an intense period and will require a significant amount of resource. Last year we were shortlisted for a national award, and our Fraud Officers received the Chief Executive's Award, so we are confident in the quality of the work we deliver.
How is it decided which audits will be carried out and when?	(Craig Clawson) Part of it comes down to resourcing. We look at the availability of staff and their knowledge and expertise. We aim to carry out the financial audits from September onwards, as this gives us a longer period for sampling and testing. We also take into account the availability of the service and the time period that will work best for them.

It was moved by Councillor Steady, seconded by Councillor Morrison and **RESOLVED**

that the Committee noted the reports and agreed that a satisfactory level had been provided regarding the following:-

- The annual opinion statement within this report

- The completion of audit work against the 2025/26 Internal Audit Plan and progress against the 2026/27 Internal Audit Plan; and
- Any significant audit findings provided.

7. REPORT OF THE CORPORATE DIRECTOR (FINANCE & IT) - A.3 - CORPORATE APPROACH TO RISK MANAGEMENT INCLUDING THE CURRENT RISK REGISTER

The Corporate Director (Economy and Wellbeing) presented, in the absence of the Corporate Director (Finance & IT), a report (A.3) outlining the proposed revised approach to the Council's Corporate Risk Register as part of its wider assurance framework, along with providing a timely update against the existing Risk Register.

It was reported that, following associated training, facilitated 'workshops', and previous updates presented to the Committee, a revised approach to the Council's Corporate Risk Register had been developed.

A summary was set out as follows:

- The context of the proposed revised approach had been based on it forming a key element of the Council's wider assurance 'framework', with updates having aimed to provide a more coherent linkage to other relevant elements and activities that already operated elsewhere within the Council.
- As highlighted in previous updates, the approach was therefore based on a 'hybrid' style that aimed to maintain a more traditional risk register but as part of an assurance / governance 'foundation', which could be reviewed on an on-going basis and therefore further revised and adjusted as necessary as part of its practical implementation and embedding over the short to medium term.

It was proposed to further develop the revised approach with the aim of finalising the position for presenting to the Committee's meeting in September 2026. It was reported that September would be later than planned, but it had been recognised and acknowledged that such an approach maximised the opportunity for Members and Officers to further contribute to, and support, that key activity, that in turn would form an important element of the Council's wider assurance 'framework' going forward.

The importance of providing updates to the Committee in terms of the Council's existing Corporate Risk Register was highlighted. The existing register had been reported to the Committee in January 2025.

It was noted that despite the full register having not been presented since January 2025, important and relevant updates had been provided to the Committee during 2025/26, with extracts from associated reports set out in Appendix B to the report (A.3).

In terms of the latest position against the current register, a high-level summary had been set out within the report. There were no major issues to raise, and existing risks would be subject to a 'mapping' exercise as part of developing the revised Risk Register approach to ensure an appropriate level of continuity and assurance to Members.

Questions by Members:	Answers:
Will Sue Gallone (Independent Person) be included within the facilitated	(Karen Hayes) Yes, it would be useful for Sue to attend and provide that

sessions?	independent oversight.
With each Committee Member overseeing two risks, how do you envisage Sue contributing to that aspect?	(Lee Heley) I think the strength will come from Sue overseeing the output as it is brought together through the facilitated sessions across the whole piece of work. That will give us the opportunity to see how it integrates and comes together. (Sue Gallone) I would be happy with that. I have already benefitted from a session with Richard Barrett, Karen Hayes and several Committee Members regarding the direction of travel, and I fully support the approach being taken. I would be very happy to be involved in the oversight of this work.
Could you provide more detail on Members working on two risks? I am mindful that, if we are working alongside Officers, we do not want to add to their workload.	(Lee Heley) The way the process will work is that two members of the Committee will be assigned to each risk. Officers will invite those two Members to discuss the risks and to support the development of the framework set out in the document presented to you. The framework on page 145 will be used as the basis for developing the headline risks into practical and meaningful ways of scrutinising the organisation. This approach will also create opportunities for ongoing dialogue with Members as the work progresses. The work itself needs to be undertaken, and involving Committee Members in this way will support and strengthen that process.
Will this approach be taken following the implementation of the new Corporate Risk Register, or prior?	(Karen Hayes) This continuation of work will feed into the new Risk Register and will take place before its implementation in September.
Am I right in saying that the new Corporate Risk Register will be more streamlined and more closely aligned with Internal Audit, as the Committee will receive those background checks?	(Craig Clawson) We use the Corporate Risk Register as one of the key tools for determining what we will audit. If those risks are identified as the major strategic risks, we ensure that we have appropriate audit coverage in those areas. Having the Audit Committee's input into that process is also helpful, as

	it enables Members to take some ownership of the risks. You will receive those risks and can indicate what assurance you would like to see, which in turn helps me feed that back into the audit planning process. We will continue to use the Register as an important source of information to support our work.

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

a) notes the existing Corporate Risk Register and the associated updates set out within the report (A.3);

b) notes the proposed revised approach to the Corporate Risk Register as part of a wider assurance framework; and

c) that each Committee Member should review in depth up to two risks, such that each risk has two Committee Members reviewing it in detail.

8. REPORT OF THE ASSISTANT DIRECTOR (CORPORATE POLICY & SUPPORT) - A.4 - ANNUAL LETTER TO THE COUNCIL FROM THE LOCAL GOVERNMENT AND SOCIAL CARE OMBUDSMAN

The Committee was provided with the most recent annual letter to the Council from the Local Government and Social Care Ombudsman (LGSCO). The letter related to complaints processed by the LGSCO in the financial year 2025/26. The submission of the annual letter had built on the established practice of reporting to the Audit Committee and, thereby, had extended awareness of such complaints and the opportunity (more generally) for learning by the Council from complaints.

It was reported that the annual letter from the LGSCO had set out a summary (for the previous financial year) of the number of complaints received by the LGSCO concerning the Council, which services they related to, the decisions that had been reached in the year on complaints made to it and compliance with recommendations from it on upheld complaints. The 2026 letter from the LGSCO (in respect of 2025/26) had been set out in Appendix A to the report (A.4).

The annual letters were sent by the LGSCO to the Chief Executive, the Leader of the Council and the Chairman of the Council's Resources and Services Overview and Scrutiny Committee. A brief summary of the statistics from the Annual Letter, and the upheld complaints identified in the annual letter for the year concerned, had been submitted to the Chief Executive's Officer Management Team, as part of a development of learning across the various upheld complaints over those years.

The Committee heard that, where an individual report on a particular complaint to the LGSCO had identified maladministration, the Monitoring Officer was under a duty to report to Cabinet (in respect of executive functions) or Council (in respect of non-

executive functions). The annual LGSCO letters had been referenced in reports on individual upheld complaints to Cabinet and Council.

The reporting of LGSCO annual letters to the Audit Committee supported the Committee's terms of reference to '*assess external regulatory reports and monitoring any quality improvement programmes where required. Comments are provided to Cabinet as appropriate.*'

It was highlighted that the Housing Ombudsman had made seven recommendations in respect of the Council's Corporate and Housing Complaints Policy adopted with effect from 1 September 2025, despite not being specifically referenced in the LGSCO annual letter. It was explained that Officers had no reason to believe that the Policy was not compliant with the Housing Ombudsman's Code for complaint handling. However, it was further explained that the recommendations from the Housing Ombudsman would adjust some wording in different sections of the Policy which they considered would help to confirm the full application of the Code. On that basis, the recommended changes were being actioned.

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

the Committee notes the contents of the report, including the Annual Letter from the LGSCO for 2025/26.

9. REPORT OF THE ASSISTANT DIRECTOR (FINANCE & IT) - A.5 - TABLE OF OUTSTANDING ISSUES

Members considered a report (A.5) which updated them on the progress on outstanding actions identified by the Committee along with general updates on other issues that fell within the responsibilities of the Committee.

It was reported that a Table of Outstanding Issues had been maintained and reported to each meeting of the Committee. This approach enabled the Committee to effectively monitor progress on issues and items that had formed part of its governance responsibilities.

Updates had been set out against general items, the Annual Governance Statement and External Audit recommendations within Appendices A, B and C of the report (A.5).

The Committee heard that, to date, there had been no significant issues arising from those updates and work had remained in progress or updates had been 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 were attached as Appendix D to the report (A.5) for the Committee's consideration and determination of how it wished to undertake the necessary review.

Questions by Members:	Answers:
At the top of page 165, can we get clarification on what the following is referring to: *"Where the work is of a specialist nature and the Corporate*	(Lee Heley) This refers to, for example, specialist work on the Martello Tower where only one person in the area has the expertise to carry out such work.

Director/Head of Department can demonstrate that it is not possible to obtain more than one quotation or tender."	(Karen Hayes) Yes, where there is such a niche area of work that very few people are in that field.

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

(a) notes the updates set out in the report (A.5); and

(b) notes the Council's revised Procurement Procedure Rules, as set out in Appendix D (A.5).

The meeting was declared closed at 11.34 am

Chairman

This page is intentionally left blank