


## REPORT TO AUDIT AND RISK ASSURANCE COMMITTEE

22 March 2018

<b>Subject:</b>	Council update on allegations of fraud, misconduct and related issues
<b>Director:</b>	Executive Director – Resources – Darren Carter
<b>Contribution towards Vision 2030:</b>	
<b>Contact Officer(s):</b>	Peter Farrow Audit Services and Risk Management Manager <a href="mailto:peter_farrow@sandwell.gov.uk">peter_farrow@sandwell.gov.uk</a>

### DECISION RECOMMENDATIONS

**That Audit and Risk Assurance Committee:**

- 1 Considers the attached summary in order to gain assurance that the issues identified in the reports are being comprehensively and promptly addressed.
- 2 Monitors progress in the implementation of all agreed recommendations through the consideration of a regular progress report/action plan.

## **1 PURPOSE OF THE REPORT**

- 1.1 The report updates the Audit and Risk Assurance Committee on the ongoing investigations into allegations of fraud, misconduct and related issues.

## **2 IMPLICATIONS FOR SANDWELL'S VISION**

- 2.1 Internal Audit operates across the council and helps it accomplish its vision by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes.

## **3 BACKGROUND AND MAIN CONSIDERATIONS**

- 3.1 This report brings the Audit and Risk Assurance Committee up to date on a number of investigations and reviews relating to concerns that have been raised alongside the Wragge & Co (now Gowling WLG) report, some of which go back several years and only came to light following more recent investigations.
- 3.2 These investigations and this subsequent report to the Audit and Risk Assurance Committee underline the council's commitment to investigate any allegations in an open and transparent way. The council is determined to deal with any allegation properly, professionally and appropriately.
- 3.3 In order to address these issues, officers have conducted thorough internal reviews and investigations across the council.
- 3.4 Issues being raised as a result of the continuing investigations work that relate to the council's risk, governance and internal control environment, and therefore fall under the remit of the Audit and Risk Assurance Committee, will be reported back to the committee with any recommendations as appropriate. It is important to the council that the committee, council members, staff, taxpayers, the wider public and the media can see these matters are being dealt with comprehensively and promptly, even when they relate to issues some years in the past. The council continues to need to draw a line under these matters, taking action where necessary, so the whole organisation can look to the future.
- 3.5 For this report, a review has been completed on concerns raised over:
  - The disposal of land at Clarkes Lane/Heath Lane
  - The Celebration Sculpture

- 3.6 The findings from these two reviews have been shared with the Monitoring Officer. Following due consideration a decision based on the evidence available was arrived at, that while there were no issues of concern regarding the Celebration Sculpture, and there was insufficient evidence to amount to a breach of the Members Code of Conduct with regards to the disposal of land at Clarkes Lane/Heath Lane, a number of control issues had arisen over this disposal that would need addressing.
- 3.7 The committee will recall that at its January and March 2017 meetings it referred a number of matters to the council's Monitoring Officer for consideration under the arrangements for dealing with complaints for breach of the Member Code of Conduct.
- 3.8 Following this the council's Monitoring Officer considered the conduct alleged, and sought assistance from the council's Independent Persons before deciding that formal Standards investigations were required in a number of cases.
- 3.9 In relation to these Standards matters, the Council's Ethical Standards and Member Development Committee receives updates on progress from the Monitoring Officer, most recently at its meeting on 9 March 2018.
- 3.10 There are also a number of other audit reviews and investigations under way. Once completed, the outcomes of these investigations will also be reported back to the committee where appropriate.

#### **4 THE CURRENT POSITION**

- 4.1 The report does not require a decision and therefore, no position analysis is necessary.

#### **5 CONSULTATION (CUSTOMERS AND OTHER STAKEHOLDERS)**

- 5.1 The outcomes of individual reports issued are, where appropriate, discussed with the relevant stakeholders and reported to the respective Director.

#### **6 ALTERNATIVE OPTIONS**

- 6.1 The report does not require a decision and therefore, alternative options do not need to be considered.

#### **7 STRATEGIC RESOURCE IMPLICATIONS**

- 7.1 There are no direct financial and resource implications arising from this report.

## **8 LEGAL AND GOVERNANCE CONSIDERATIONS**

8.1 Legal and Governance considerations have been taken into account in producing this report.

## **9 EQUALITY IMPACT ASSESSMENT**

9.1 It was not necessary to undertake an Equality Impact Assessment.

## **10 DATA PROTECTION IMPACT ASSESSMENT**

10.1 It was not necessary to undertake a Data Protection Impact Assessment. Data gathered during audit reviews is used and retained in accordance with current legislative requirements.

## **11 CRIME AND DISORDER AND RISK ASSESSMENT**

11.1 The report does make reference to a number of issues that were reported to the Economic Crime Unit of the West Midlands Police.

## **12 SUSTAINABILITY OF PROPOSALS**

12.1 There are no direct sustainability issues arising from this report.

## **13 HEALTH AND WELLBEING IMPLICATIONS (INCLUDING SOCIAL VALUE)**

13.1 There are no direct health and wellbeing implications from this report.

## **14 IMPACT ON ANY COUNCIL MANAGED PROPERTY OR LAND**

14.1 A number of the issues raised in this report relate to concerns over the historic disposal of council owned land.

## **15 CONCLUSIONS AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS**

15.1 The purpose of the report is to update the Audit and Risk Assurance Committee on the ongoing investigations into allegations of fraud, misconduct and related issues. As such, no decision is required.

## **16 BACKGROUND PAPERS**

16.1 None.

**17 APPENDICES:**

17.1 None.

**Darren Carter**  
**Executive Director – Resources**

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