

Minutes of the Audit Committee

22nd June, 2016 at 6.00 pm
at the Sandwell Council House, Oldbury

Present: Councillor Sidhu (Chair);
Mr Ager (Vice-Chair and Independent
Member);
Councillors D Hosell and Dr Jaron.

Observer: Councillor Edwards.

18/16 Land Sales and Other Matters

Consideration was given to a report by Wragge & Co (now Gowling WLG) which had been commissioned by the Council following a Police investigation and a number of concerns raised into the sale of Council-owned public toilet blocks in August 2012. Consideration was also given to the legal opinion of an independent QC.

The West Midlands Police had concluded their investigation and had found insufficient evidence to bring forward any charges. However, the Gowling WLG report had stated that the sale of the toilet blocks for a lower price than that identified by the District Valuation Service appeared to be a serious breach of the Council's internal financial regulations.

The Committee was now requested to consider the issues raised within the report relating to the Council's risk, governance and internal control and to ensure that these were being appropriately addressed. Issues relating to the conduct of members would be the subject of a further report to the Standards Committee.

Whilst the Council's Financial Regulations clearly set out the requirements of members and officers, the Council, in conjunction with internal and external auditors, was currently developing a supporting protocol for the sale of land and buildings which would form part of the Financial Regulations.

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The protocol would set out the steps to be followed in all future land and building sales undertaken by the Council. The proposed protocol would be considered at the next meeting of the Audit Committee.

The Council had also put in improvements in place to address the issues raised within the Gowling Report as follows:-

- Best Consideration Reasonably Obtainable - The best consideration reasonably obtainable must be sought with the overall benefit to the Council not just the price paid;
- Anti-Money Laundering Policy – the policy had recently been updated and approved by the Cabinet to include the introduction of an Anti-Money Laundering form on new business relationships and the requests on source of funds;
- Declarations of Interest – the Member Code of Conduct and the register of interests had been amended to make the declaration of relatives and close associates who were either employees of the Council or had contracts with the Council compulsory. Employees were now also required to record, in a central register, relationships to members and other employees.

Having considered the reports and the proposed improvements to be implemented into all future sales of land and buildings and in order to seek further assurance, the Committee requested that:-

- the sale of land protocol should stipulate penalties for any breach of the policy and the failure to disclose interests;
- consideration should be given to the recovery of costs to compensate the Council for the loss of income from the sale of the public toilet blocks and for the cost of conducting the investigations;
- consideration should be given to undertaking consultation with local ward members where the value for the sale of land or a building exceeded a set value;
- if an offer for the sale of land or a building was significantly undervalue (for example by 10 or 15% and above), the Cabinet be requested to make the final decision on disposal.

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The Chief Finance Officer took on board the comments of the Committee and also clarified that:-

- the outcome of the Standards Committee investigation into the conduct of members and officers would be submitted to a future meeting of the Committee;
- once the new protocol was considered and approved by the Committee, regular update reports would be provided to the Audit Committee to ensure ongoing compliance;
- the new sale of land and buildings protocol should not be so onerous that it prevented the sale of land and the regeneration of the Borough due to the number of checks being put in place;
- details of the value and sale price of land and buildings over the last three years would be submitted to the Committee for information.

The Committee was minded to approve the recommendations and also requested that Councillor I Jones and the former Service Manager responsible for the service at the time and identified in the Gowling WLG report be required to attend a future meeting of the Committee.

Resolved:-

- (1) that the findings of the Gowling WLG report and QC report into the sale of land be received;
- (2) that the procedural changes put in place to address the findings of the Gowling WLG report and QC report on the sale of land as now submitted, be approved;
- (3) that the development of a new sale of land and buildings protocol for inclusion as an appendix to Financial Regulations be noted and that this be submitted to a meeting of the Audit Committee for approval in August 2016;
- (4) that further improvements identified by the Audit Committee be considered by internal and external auditors as part of the Financial Regulations and the Procurement and Contract Procedure Rules;

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- (5) that a further report be submitted to the Audit Committee on the conclusion of the Standards Committee investigation into the conduct of members and officers;
- (6) that Councillor I Jones and the former Service Manager responsible for the service at the time and identified in the Gowling WLG report, be asked to attend a future meeting of the Audit Committee.

(Meeting ended at 7.00 pm)

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