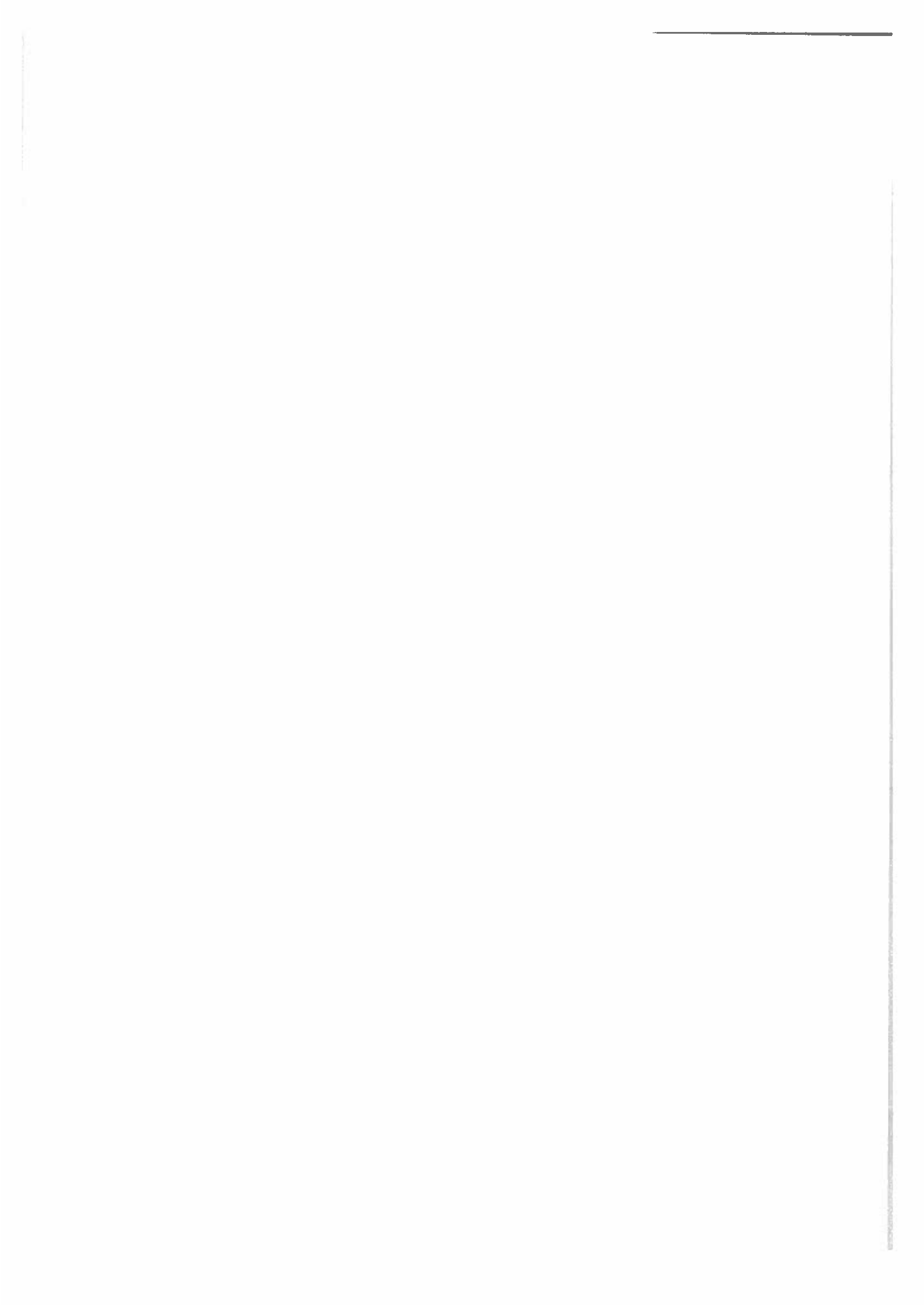




STATUTORY INSTRUMENTS.

S.I. No. *244* of 2014

LOCAL GOVERNMENT (AUDIT COMMITTEE) REGULATIONS 2014



LOCAL GOVERNMENT (AUDIT COMMITTEE) REGULATIONS 2014

I, PHIL HOGAN, Minister for the Environment, Community and Local Government, in exercise of the powers conferred on me by sections 4 and 59(3) of the Local Government Reform Act 2014 (No. 1 of 2014), hereby make the following regulations:

Citation

1. These Regulations may be cited as the Local Government (Audit Committee) Regulations 2014.

Commencement

2. These Regulations shall come into operation on 6 June 2014.

Interpretation

3. In these Regulations-

“Act of 2014” means the Local Government Reform Act 2014 (No. 1 of 2014);

“external member” means a person who is not an elected member of a local authority;

“Corporate Policy Group” means a committee established under section 133(1) of the Local Government Act 2001 (as amended by section 48 of the Act of 2014).

Appointment and membership of an audit committee

4. (1) The audit committee and its members are independent in the performance of their functions and shall be accountable to the local authority.

(2) Subject to paragraph (3), the audit committee shall consist of five members and shall include—

- (i) not less than three external members,
- (ii) not more than two serving or retired elected members, and
- (iii) two or more persons having knowledge or experience in finance, audit or accounting.

(3) Where the total revenue expenditure by a local authority in 2013 exceeded €150m, the membership of an audit committee shall consist of seven members and shall include—

- (i) not less than four external members,

- (ii) not more than three serving or retired elected members, and
- (iii) three or more persons having knowledge or experience in finance, audit or accounting.

(4) A person is disqualified from membership of an audit committee if he or she—

- (i) is an employee of a local authority,
- (ii) was an employee of a local authority during the three years preceding the date of the establishment of the audit committee,
- (iii) is a member of the Oireachtas,
- (iv) is a member of the European Parliament,
- (v) is a member of a regional assembly,
- (vi) fails to attend 75% of meetings of an audit committee in any calendar year, where—
 - (I) in the case of a member other than the Chairperson, the Chairperson is of the opinion that the absence is not due to an acceptable reason such as illness or force majeure, or
 - (II) in the case of the Chairperson, the majority of the audit committee is of the opinion that the absence is not due to an acceptable reason such as illness or force majeure.

(5) Where paragraph (4)(vi) applies, it shall be the duty of the Chairperson, or of a person nominated by the audit committee where the disqualification applies to the Chairperson, to advise the person in writing of his or her disqualification.

(6) Nominations for appointment to an audit committee shall be made by the Corporate Policy Group to the local authority following consultation with the Chief Executive.

(7) Appointment of members of an audit committee shall be a reserved function of the local authority.

(8) The local authority shall endeavour to ensure that there is an equitable balance between men and women in the membership of an audit committee.

(9) Each member of an audit committee shall hold office for the maximum duration of the local authority that appointed it or for a shorter period as defined by the local authority.

(10) The Chairperson of an audit committee shall be elected by its members, and shall be one of the external members.

(11) A member of an audit committee, including the Chairperson, may at any time resign from office by letter addressed to the Cathaoirleach and the resignation shall take effect from the date of receipt of the letter by the Cathaoirleach.

(12) A local authority may at any time disqualify a member from membership, including the Chairperson, if in the opinion of the local authority,

- (a) the member has become incapable through ill health of effectively performing the duties of the office,
- (b) the member has a conflict of interest of such significance that, in the opinion of the Council, the member should cease to hold office, or
- (c) it is necessary in order to facilitate the effective performance by the audit committee of its functions.

(13) Where a vacancy arises it shall be the duty of the Chairperson to request that the Corporate Policy Group commence the process for replacing the audit committee member, as provided for in paragraph (6).

Induction and training of new audit committee members

5. (1) It shall be the duty of the Chairperson to ensure that each member of the audit committee undertakes an induction programme within three months of his or her appointment to the audit committee and that induction programme shall be arranged by the local authority in consultation with the Chairperson and the Chief Executive.

(2) It shall be the duty of the Chairperson to ensure that the training needs of the audit committee and of individual members are reviewed on an annual basis and reported to the local authority and Chief Executive in accordance with Regulation 14.

(3) Where training needs have been identified by the Chairperson, the Chief Executive shall facilitate the provision of such training, where practicable.

Conflict of interest

6. (1) Each member of the audit committee shall communicate immediately to the Chairperson any conflict of interest that arises during the course of his or her membership.

(2) The committee is required to have procedures to monitor and manage potential conflicts of interest of committee members and these should be set out in the charter prepared in accordance with Regulation 8.

Confidentiality

7. All information acquired by a member of an audit committee during the course of his or her membership of the committee is confidential to the local authority and shall not be released to third parties during his or her term of appointment or thereafter without the permission of the Chairperson.

Audit committee charter

8. (1) The audit committee shall operate in accordance with a written charter that shall be adopted by the local authority with or without amendment.

(2) The charter prepared under paragraph (1) shall—

- (a) be reviewed annually by the audit committee and the local authority, and
- (b) subject to any guidance issued by the Minister from time to time, include matters relating to:
 - (i) the purpose of the committee;
 - (ii) how the committee will undertake its functions;
 - (iii) the composition of the committee;
 - (iv) the responsibilities of membership, including matters relating to confidentiality and independence;
 - (v) matters relating to the conduct of meetings;
 - (vi) access and working procedures, including procedures for managing conflicts of interest;
 - (vii) reporting responsibilities;
 - (viii) arrangements for the review of the effectiveness and performance of the committee; and
 - (ix) any other matter that the committee considers appropriate.

Annual work programme

9. The audit committee shall prepare an annual work programme that shall be adopted with or without amendment by the local authority and shall include—

- (a) the approval of the annual internal audit plan;
- (b) a review of the annual financial statement;
- (c) a review of the audited financial statement and auditor's report;
- (d) the preparation of the annual report prepared under Regulation 15;
- (e) the review of periodic internal audit reports;
- (f) the review of relevant findings and recommendations of the National Oversight and Audit Commission and the response of the Chief Executive to such findings and recommendations; and take further action as appropriate; and

(g) any other actions necessary to discharge its functions.

Working Procedures

10. (1) An audit committee shall hold such and so many meetings as may be necessary for the performance of its functions, but no less than four meetings in a calendar year.

(2) The quorum of the audit committee shall be set out in the charter prepared under Regulation 8 but shall be no less than three members in the case of a five-member committee or four members in the case of a seven-member committee.

(3) In the absence of the Chairperson, the members of the audit committee present shall elect a member to act as Chairperson for the meeting.

(4) Following consultation with the Chief Executive, the audit committee shall have access to the services of an employee of a local authority who shall provide assistance to the committee and shall be known as the Secretary of the Audit Committee.

(5) Assistance provided under paragraph (4) shall include but not be limited to—

- (a) assisting the Chairperson with the preparation of meetings;
- (b) preparing minutes of meetings and other correspondence;
- (c) assisting the Chairperson with the preparation of reports of the audit committee;
- (d) the collection and distribution of information necessary for the audit committee's work; and
- (e) any other practical support required by the committee to properly undertake its functions.

Access and right to obtain information

11. (1) At the request of the Chairperson of the audit committee, the Chief Executive of the local authority concerned shall attend a meeting of the committee and may arrange for the attendance of such other employees as he or she considers necessary.

(2) The audit committee shall meet separately at least annually with—

- (a) the Local Government Auditor,
- (b) employees of the internal audit unit of the local authority, and
- (c) the Chief Executive.

(3) The audit committee shall be given access to documents or other data or information as it shall reasonably require in order to discharge its functions.

(4) It shall be the duty of a local authority (its members or employees) to afford every facility and cooperation to an audit committee as it may reasonably request.

(5) The audit committee may obtain external professional expertise and advice following consultation with the Chief Executive and the Cathaoirleach and by resolution of the local authority.

Protected disclosures

12. (1) The audit committee shall ensure that procedures are in place whereby employees of the local authority may in confidence raise concerns about possible irregularities in financial reporting or other financial matters.

(2) The arrangements specified in paragraph (1) shall include arrangements for the proportionate and independent examination of such matters.

Annual review of performance and effectiveness

13. (1) The audit committee shall undertake annually a review of its own effectiveness and shall report to the local authority on its findings.

(2) It shall be a matter for the Chairperson, in consultation with the Chief Executive and the Cathaoirleach, to ensure that appropriate follow-up action is undertaken by the committee.

Report of the audit committee in accordance with section 121 of the Local Government Act 2001

14. (1) At the request of the local authority, the Chairperson of the audit committee shall attend the meeting of the local authority when the report of the committee made under section 121(3) of the Local Government Act 2001 (as amended by section 60 of Local Government Act 2014) is being considered.

(2) The purpose of the attendance of the Chairperson at the meeting specified in paragraph (1) shall be to clarify such issues as may be necessary in the audit committee's report.

Annual report and other reports to be made by the audit committee

15. (1) The audit committee shall prepare within three months of the expiration of each calendar year of operation a report detailing—

- (i) its considerations and findings for the year just expired in relation to all matters within its authority, duties and functions, and
- (ii) a review of its performance in accordance with Regulation 13 and any issues impairing that performance.

(2) On completion of the report prepared under paragraph (1), it shall be the duty of the Chairperson to send copies to the Chief Executive and to the local authority for consideration at the next practicable meeting.

(3) The local authority may request the attendance of the Chairperson at a meeting of the local authority where the report is being considered.

(4) Where a local authority requests the attendance of the Chairperson at a meeting under the provisions of paragraph (3), the Chairperson shall attend in his or her capacity as Chairperson and provide a summary of the report prepared under paragraph (1) and clarify such issues as may be necessary.

Privilege

16. A member of an audit committee is entitled to qualified privilege in relation to any statements made by him or her at any meeting that he or she attends under these Regulations in his or her capacity as a member of an audit committee.

GIVEN under my Official Seal,

5 June 2014.



PHIL HOGAN.

Minister for the Environment, Community and
Local Government.

BAILE ÁTHA CLIATH
ARNA FHOILSIU AG OIFIG AN ISOLÁTHAIR
Le ceannach díreach ó
FOILSEACHÁIN RIALTAIS,
52 FAICHE STIABHNA, BAILE ÁTHA CLIATH 2
(Tel: 01 - 6476834 nó 1890 213434; Fax: 01 - 6476843)
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