L.N. 156 of 1993

LOCAL COUNCILS ACT, 1993
(ACT NO. XV OF 1993)

Local Councils (Audit) Regulations, 1993

IN exercise of the powers conferred by sections 66, 67 and 72 of the Local Councils Act, 1993, the Prime Minister, in conjunction with the Minister of Finance, has made the following regulations:

PART I

General Provisions

Citation.

1. These regulations may be cited as the Local Councils (Audit) Regulations, 1993.

Interpretation.

2. In these regulations, unless the context otherwise requires —

"Act" means the Local Councils Act, 1993;

"Audit Procedures" means the Local Councils Audit Procedures issued by the Minister;

"auditors" means the local government auditors appointed under section 65 of the Act;

"Council", "Councillor", "Director of Audit", "financial year", "locality", "Mayor", "Minister" and "Secretary" shall have the same meaning as is assigned to them by section 2 of the Act;

"Council's administrative office" shall have the same meaning as is described in section 48 of the Act;

"Financial Procedures" means the Local Councils Financial Procedures issued by the Minister to be followed by Councils in the execution of their financial duties and responsibilities under the Act and in accordance with the Local Councils (Financial) Regulations, 1993.

PART II

Financial Audit

Annual audit.

3. (1) The accounts and financial operations of each Council shall be audited by auditors at the end of each financial year.

(2) After concluding each annual audit, the auditors shall prepare an annual audit report on the financial statements of the Council, giving an opinion on whether or not —

(a) the Council's accounts fairly present, in accordance with the accounting policies applicable to Councils, the income and expenditure and the retained funds of the Council; and

(b) the Council's financial statements were prepared in accordance with the Act, these regulations and the Audit Procedures.

(3) The annual audit report shall be submitted to the Director of Audit not later than twelve weeks after the end of the financial year for the first year and thereafter not later than the 30th June of each year.

(4) A copy of the annual audit report shall be open for public viewing at the Council's administrative office during the Council's normal office working hours.

Interim audit.

4. (1) Auditors shall conduct interim audits during the financial year at the request of the Director of Audit and on topics designated by him.

(2) After concluding each interim audit the auditors shall prepare an interim audit report on the subject matter of the audit.

(3) The interim audit report shall be submitted to the Director of Audit not later than eight weeks after the conclusion of the interim audit or by any other date requested by the Director of Audit, whichever is the earlier.

(4) A copy of the interim audit report shall be open for public viewing at the Council's administrative office during the Council's normal office working hours.

Cooperation with auditors.

5. (1) Councillors, the Secretary and other employees shall cooperate with the auditors and their assistants and provide them with oral or written explanations, as the auditors may require, as well as access to all Council property, documents and assets.

(2) Councillors, the Secretary and other employees shall also afford all facilities to auditors to have access to all Council information, records and reports deemed necessary in the execution of their duties and responsibilities.

Special reports.

6. (1) If the auditors —

(a) observe any serious weakness in the Council's accounting and financial operations which, in their opinion, could lead to a breakdown in such operations; or

(b) form a suspicion of fraud, embezzlement, or abuse of office by any Councillor or employee; or

(c) observe any item which may affect their opinion on the fairness of the Council's accounts and financial statements,

they shall register their findings in a special report submitted to the Minister and the Director of Audit.

(2) The Director of Audit shall review the special report and shall make recommendations to the Minister and the Minister responsible for finance on any action that is deemed appropriate in the circumstances.

Management letter.

7. (1) After concluding each audit the auditors shall submit a management letter to the Mayor including a summary of the auditors' findings and recommendations on the accounting and financial operations of the Council.

(2) The Council and the Secretary shall —

(a) implement the auditors' recommendations relating to non-compliance with the Act, these regulations and other regulations or procedures issued under the Act;

(b) give due consideration to the implementation of the recommendations made by the auditors to correct any weaknesses in the Council's accounting and financial operations.

(3) The Mayor shall submit a copy of the management letter to the Minister and the Director of Audit within two weeks of its receipt in the first year and thereafter by the 15th of July of each year.

(4) The Mayor shall submit, together with the management letter specified in paragraph (3) of this regulation, a report explaining the actions to be taken by the Council as a result of the management letter.

PART III

Value for Money — Securing Cost, Economy, Efficiency and Effectiveness

Comparison of indicators to measure performance.

8. (1) At the end of each financial year the auditors shall analyse and compare the Council's indicators to measure cost, economy, efficiency and effectiveness for the current year against —

(a) the Council's indicators in the previous three years;

(b) the average indicators or measures for all Local Councils in the previous year;

(c) the standard indicators, where applicable, which are specific to the Council;

(d) any other indicator or measure deemed fit by the auditors or stipulated by the Financial Procedures.

(2) The auditors shall report to the Council on the analysis and comparisons made according to paragraph (1) of this regulation. The Mayor shall submit a copy of the report to the Minister and the Director of Audit together with the management letter specified in paragraph (3) of regulation 7 of these regulations.

(3) The Secretary shall include the comparison of the Council's indicators to measure performance in the annual administrative report referred to in section 52 of the Act.

Value for money audit.

9. (1) At the request of the Director of Audit or as stipulated in the Audit Procedures, auditors shall conduct a value for money audit on whether the Council has made the proper arrangements for securing economy, efficiency and effectiveness related to any or all of the following:

(a) Council organisation structure;

(b) policies and practices;

(c) systems and procedures;

(d) human, financial and physical resources;

(e) indicators to measure performance of cost, economy, efficiency and effectiveness.

(2) Based on the findings resulting from the value for money audit, the auditors shall make recommendations to the Council with the aim of improving overall operational performance and value of the Council to the public.

(3) The Mayor shall submit a copy of the value for money audit findings and recommendations to the Minister and the Director of Audit within two weeks from receipt.

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