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The legal status of the audit committee as part of corporate governance of the municipality

Summary

The author examines one of the aspects of the so-called corporate governance of the municipality, which is the legal status of its audit committee.

According to the author the importance of this issue stems from the fact that the audit committee is an instance of internal institutional audit in the municipality, but also of the local community's supervision over the activities of the municipal executive authority. As is known, since 2002 the municipal executive powers are exercised individually by the *wójt* (elected municipal governor) in rural communities, and by the mayor or president in towns and cities.

The author argues that, despite 25 years of the Local Government Act being in force, the legal status of the audit committee as provided by the Act is not fully accurate and consistent. He proves the veracity of his claims by presenting examples of court judgments and decisions of state regulators over the local government units. What can be concluded from the said judgments and decisions is that in the current legal environment it depends on the will of the *wójt*, mayor, or president whether the audit committee will be able to carry out its auditing activities in a fully effective way. Such a condition in which the effectiveness of the audit depends to a large extent on the will of the audited entity, must be evaluated negatively.

According to the author, in practice, one of the legal obstacles in conducting effective supervision by the audit committee is also the not entirely precise regulation of the access by members of audit committees to the information on the functioning of the local government units. Therefore, the author puts forward a proposal *de lege ferenda* of introducing to Polish law a special provision guaranteeing the members of the audit committee full access to the information about the functioning of the local government entities, with the exception of the information covered by the state and official secrecy clause.

Keywords: the corporate governance of the municipality – the audit committee in the municipality – the access to the information – the auditing activity