

Local Government Act

(365/1995; amendments up to 325/2012 included)

Chapter 1 – General provisions

Section 1 – Local self-government

- (1) Finland is divided into municipalities in which the self-government of residents is safeguarded in the Constitution.
- (2) A local council elected by the residents exercises decision-making power in the municipality. Provisions on local councils and referenda and the right of residents otherwise to participate in and influence the administration of the municipality are laid down below.
- (3) Municipalities shall strive to advance the well-being of their residents and promote sustainable development in their respective areas.

Section 2 – Functions of municipalities

- (1) Municipalities shall perform functions that they choose for themselves by virtue of their self-governing status and functions prescribed for them by law. Municipalities may not be allotted new functions or obligations, nor may functions or rights be withdrawn, other than through provisions in the law to this effect.
- (2) Municipalities may, on the basis of an agreement, also perform public functions other than those which pertain to their self-governing status.
- (3) Municipalities shall perform those functions prescribed for them by law either alone or in cooperation with other municipalities. Municipalities may also acquire services required for the performance of their functions from other service providers.

See for example section 4 of the Act on Planning and Government Grants for Social Welfare and Health Care (733/1992), and section 3 of the Act on Financial and Debt Counselling (713/2000). See the Act on Joint Services of Public Administration (223/2007).

Section 3 – Application of provisions

- (1) The administration of municipalities shall comply with this Act unless otherwise provided by law. (81/2002)
- (2) Notwithstanding provisions elsewhere in the law on the form of intermunicipal cooperation, a joint municipal authority established by a number of municipalities may perform functions allotted by law to municipalities or for municipalities to undertake jointly. Similarly, it can be agreed that such functions be undertaken by another municipality or by a joint municipal authority established by other municipalities.

Section 4 – *Natural and legal persons resident in a municipality*

Natural and legal persons resident in a municipality are:

- 1) persons whose municipality of residence as referred to in the Municipality of Residence Act (201/1994) is the municipality in question (*residents of the municipality*);
- 2) corporate entities, establishments and foundations whose domicile is in the municipality; and
- 3) parties that own or control fixed assets in the municipality.

Section 5 – *Names of municipalities*

- (1) Any decision to change the name of a municipality shall be made by the local council. Before such a decision is made, an opinion must be obtained from the Research Institute for the Languages of Finland. A change of name must be notified to the relevant ministry without delay. (1198/1997)
- (2) A municipality may use the designation ‘town’ or ‘city’ if it considers that the requirements for an urban community are met.

Section 6 – *Municipal coat of arms*

- (1) A municipality may have a coat of arms that has been approved by the local council. Before the coat of arms is approved, the municipality must obtain an opinion from the National Archives.
- (2) Use of the coat of arms shall be overseen by the local executive or other municipal authority specified in the rules of procedure.

Section 7 (618/2003)

Section 7 was repealed by Act 618/2003.

Section 8 – *Relationship between central and local government (1375/2007)*

- (1) The Ministry of Finance shall monitor the activities and finances of municipalities in general and ensure that their self-governing status is taken into account whenever legislation concerning local government is drafted.
- (2) If a complaint on the grounds of procedural error is made, the Regional State Administrative Agency may investigate whether the municipality has acted in accordance with legislation in force. (1433/2009)
- (3) The negotiation process between central and local government as laid down in sections 8a and 8b includes consideration of the legislation on local government, local government administrative and financial matters that are far-reaching and important in principle, and the coordination of central and local government finances.

Section 8a – *Basic public services programme procedure (1375/2007)*

- (1) The *basic public services programme procedure* refers to the basic public services programme and the basic public services budget. The basic public services programme procedure is part of the negotiation process between central and local government and part of the central government’s budget preparations.
- (2) The basic public services programme shall contain an assessment of changes in the municipalities’ operating environment and demand for services, the trend in local

government finances and changes in the functions of local government, and shall set out a programme of measures required for balancing revenue and expenditure. Local government finances shall be assessed as a whole, as part of public finances and in terms of different groups of municipalities. The basic public services programme shall also assess municipalities' statutory functions in terms of financing needs, development and productivity improvements.

- (3) The basic public services budget shall assess the trend in local government finances and the impact of the central government's budget proposal on local government finances. The basic public services budget shall be prepared in conjunction with the central government's budget proposal.
- (4) The basic public services programme and basic public services budget shall be prepared by the Ministry of Finance together with the Ministry of Social Affairs and Health, the Ministry of Education and Culture and, if necessary, other ministries. The Association of Finnish Local and Regional Authorities shall participate in the basic public services programme procedure in the capacity of permanent expert.

Section 8b – *Advisory Committee on Local Government Finances and Administration (1375/2007)*

- (1) The negotiation process between central and local government shall include not only the basic public services programme procedure but also consideration of matters by the Advisory Committee on Local Government Finances and Administration, which operates in conjunction with the Ministry of Finance.
- (2) The Advisory Committee's task shall be to consider the matters referred to in section 8(3), prepare an assessment of the trend in local government finances in connection with the basic public services programme, and ensure that the basic public services programme is taken into account in the drafting of legislation and decisions concerning local government. Provisions on the more detailed tasks of the Advisory Committee on Local Government Finances and Administration and its composition and sub-committees shall be laid down by government decree.

Chapter 2 – **Local councils**

Section 9 – *Local elections*

- (1) The members and deputy members of local councils (*local councillors* and *deputy councillors*) shall be elected in local elections for a term of four calendar years following the election year.
- (2) Local elections shall be direct, proportional and by secret ballot. All eligible voters have an equal right to vote.
- (3) Provisions on holding local elections and exceptional local elections are laid down in the Act on Municipal Elections (361/1972).

The Act on Municipal Elections (361/1972) was repealed by the Election Act (714/1998). See sections 33-34, and see Chapter 6 of the Act on Local Authority Boundaries (1698/2009).

Section 10 – *Number of local councillors (1375/2007)*

- (1) Local councillors shall be elected according to the population of the municipality, as follows:

Population	Number of local councillors
No more than 2,000	17
2,001–4,00	21
4,001–8,00	27
8,001–15,000	35
15,001–30,000	43
30,001–60,00	51
60,001–120,000	59
120,001–250,000	67
250,001–400,000	75
More than 400,00	85

- (2) In municipalities where the population is no more than 2,000 the local council may, by the end of June in the election year, decide to elect a smaller odd number of local councillors than 17, but this may not be fewer than 13. Changes in the number must be notified to the Ministry of Justice without delay.
- (3) The population figures on which provisions are laid down in this section shall be based on the information held in the Population Information System referred to in the Population Information Act (507/1993) at the end of the 31st day of May in the election year.

See section 145 of the Election Act (714/1998). The Population Information Act (507/1993) was repealed by Act 661/2009, see section 3 of the Act on Population Information System and Certificate Services Provided by the Population Register Centre (661/2009).

Section 11 – *Deputy councillors*

- (1) The same number of deputy councillors as there are local councillors, though a minimum of two, shall be elected for the local councillors from among the first unelected candidates of each electoral alliance, party or joint list that featured in the local elections. An elected local councillor who was the candidate of a constituency association not on a joint list shall have no deputy councillor.
- (2) If a local councillor is found to have forfeited his or her eligibility for election, has been relieved of his or her post or has died, the local council chairperson shall invite in his or her place for the remainder of the term the deputy councillor who is next in line from the electoral alliance, party or joint list in question.

Section 12 – *Chairperson and deputy chairpersons*

Local councils shall elect from their members a chairperson and the necessary number of deputy chairpersons for the council's term of office, unless the council has decided that a shorter term will apply. The chairperson and deputy chairpersons shall be elected during the same election procedure.

Section 13 – *Duties of local councils*

- (1) The local council shall be responsible for the municipality's activities and finances.

(2) The local council must:

- 1) decide the main objectives for the activities and finances of the municipality and the local authority corporation, and the corporate governance principles applying to the local authority corporation; (519/2007)
- 2) determine the principles for administration;
- 3) determine the financial principles, and the principles for funding and for investment activities, and approve the budget; (81/2002)
- 3a) determine the principles for internal control and risk management of the municipality and the local authority corporation; (325/2012)

Included by Act 325/2012, paragraph 3a comes into effect on 1 January 2014.

- 4) determine the general principles concerning payments charged for the municipality's services and for other tasks performed by the municipality;
- 5) decide on the operating and financial objectives set for municipal companies;
- 6) decide on granting a guarantor's undertaking or other security for another party's debt;
- 7) elect members to the municipal decision-making bodies, unless otherwise provided below;
- 8) decide on the principles concerning the financial benefits of elected officials;
- 9) appoint the auditors;
- 10) approve the financial statements and decide on granting discharge from liability; and
- 11) decide on other matters that are laid down for the decision of the local council.

See sections 18, 21, 30, 58 and 79. See also sections 14 and 17 of Chapter 3 of the Act on Stabilising Local Government Finances and Municipal Receivership (658/1994).

Section 14 – *Delegation of powers*

- (1) Local councils may, in their rules of procedure, delegate powers to other municipal decision-making bodies and to elected officials and local government officers. However, powers may not be delegated in matters on which the local council is required to take a decision under a specific provision of this Act or elsewhere in the law.
- (2) Local councils may, in their rules of procedure, grant to another authority of the municipality as referred to in subsection 1 the right to further transfer powers delegated to it.
- (3) Powers in matters involving the use of administrative enforcement may be delegated only to one of the decision-making bodies.

Section 15 – *Council procedure* (1068/2008)

The council procedure or other rules of procedure approved by the local council shall contain regulations on the council's activities, on calling in a deputy councillor to replace a local councillor, on handling initiatives from local councillors, on local council groups formed for local councillors to conduct council business, on participation with the aid of video conferencing in meetings as referred to in section 56a, and on sending invitations to meetings electronically.

Section 15a – *Chairing of meetings and speaking by local councillors* (81/2002)

- (1) At meetings of the local council, the chairperson shall direct the handling of matters and ensure that order is maintained. If a local councillor behaves in a way that disrupts the course of the meeting, the chairperson must urge the councillor to behave in an appropriate

manner. If the councillor does not comply, the chairperson may order his or her removal. If disorder ensues, the chairperson must suspend or close the meeting.

- (2) Local councillors have the right to speak on matters that are being discussed. When speaking, councillors must adhere to the matter in question. If a councillor diverges from the matter when speaking, the chairperson must urge him or her to return to the matter in question. If the councillor does not comply, the chairperson may forbid him or her from continuing to speak. If a councillor speaks in a protracted and manifestly needless manner, the chairperson may, after first calling attention to this, forbid the councillor from continuing to speak.
- (3) The council procedure or other rules of procedure may incorporate regulations concerning the length of time a local councillor may speak on individual matters if this is necessary to ensure the progress of meetings.

Section 15b – *Local council groups and support of their activities* (578/2006)

- (1) Local councillors may form local council groups for the purpose of conducting council business. A local council group may be established by even one individual councillor.
- (2) To improve the operational preconditions for local council groups, municipalities may support their internal activities and measures by which local council groups can promote opportunities for the residents of the municipality to participate and exert an influence. When granting support, the purpose of the support must be specified.
- (3) Municipalities may decide whether the video conferencing connections referred to in section 56a that are used for participation in the meetings of decision-making bodies will also be available to local council groups. (1068/2008)

Chapter 3 – **Other municipal administration**

Section 16 – *Arranging administration and rules of procedure*

- (1) Municipalities shall decide on the arrangements for their administration in the manner laid down in this Act. To make these arrangements, local councils shall approve the necessary rules of procedure, which shall set out rules on the various municipal authorities and their activities, and on the division of powers and functions.
- (2) Bilingual municipalities shall set up a separate decision-making body for the administration of education for each language group, or a joint decision-making body divided into sub-committees for the language groups. The members of the decision-making body or sub-committee must be elected from among persons who are part of the language group in question.

Section 16a – *Local authority corporation* (519/2007)

A *municipal subsidiary* is a corporate entity in which a municipality exercises the control referred to in section 5 of Chapter 1 of the Accounting Act (1336/1997). The municipality and its subsidiaries together constitute a *local authority corporation*. The provisions of this Act concerning municipal subsidiaries shall also apply to foundations that fall within the sphere of the municipality's control.

Section 17 – *Municipal decision-making bodies*

- (1) The decision-making bodies in a municipality shall consist of a local executive, local authority committees and management boards, and their sub-committees and commissions, in addition to the local council.
- (2) The local council shall establish a local executive and, as referred to in section 71, a local authority audit committee.
- (3) The local council may also establish:
 - 1) local authority committees to operate under the local executive for the purpose of managing functions of a permanent nature; and
 - 2) management boards for managing a company or other establishment, or a particular function.
- (4) Sub-committees of a local executive or of a local authority committee or management board shall be subject to the applicable provisions on the decision-making body under which they operate.
- (5) A commission may be set up by the local executive or, if so decided by the local council, by some other decision-making body in order to perform a specified task.

Section 18 – *Composition of decision-making bodies*

- (1) In its rules of procedure a local council may stipulate that only local councillors and deputy councillors can be elected to the local executive or a specified local authority committee.
- (2) The local council may decide:
 - 1) that all or some of the members of a management board are to be elected by a decision-making body other than the local council;
 - 2) that all or some of the members of a management board are to be elected according to principles specified by the council on the basis of a proposal from the municipality's residents, its personnel or service users;
 - 3) that all or some of the members of a decision-making body established to manage matters pertaining to a sub-area of the municipality are to be elected on the basis of a proposal by the sub-area's residents and that the place of residence of the members must be the sub-area in question; and
 - 4) that for a decision-making body other than that referred to in section 16(2) in a bilingual municipality, a sub-committee is to be established for both language groups; the members of the sub-committee would have to be elected from among persons who are part of the language group in question.
- (3) A deputy member of a decision-making body may also be a member of a sub-committee. The local council may decide that persons other than members and deputy members of the decision-making body can be elected as members of a sub-committee, but not as its chairperson.
- (4) Members of decision-making bodies shall have personal deputies elected for them, who shall be subject to the applicable provisions concerning ordinary members.
- (5) Separate provisions shall be issued regarding equality between women and men in electing members of decision-making bodies.

Section 19 – *Term and election of members of decision-making bodies*

- (1) The members of decision-making bodies shall be elected for the term of the local council, unless the council has decided on a shorter term or provisions hereafter state otherwise. When a decision-making body elects the members of a sub-committee, the term shall be decided by the decision-making body. Commissions referred to in section 17(5) above shall be established for no longer than the term of the local executive or other decision-making body referred to in the same section.

- (2) The members of the local executive, local authority audit committee and other local authority committees shall be elected at a January meeting of the local council.

Section 20 – *Chairperson and deputy chairpersons of decision-making bodies*

The local council, or other decision-making body that is making the election, shall elect a chairperson and a necessary number of deputy chairpersons for the decision-making body from among those elected as members. They shall be elected during the same election procedure.

Section 21– *Removal of elected officials before the end of their term (578/2006)*

- (1) The local council may remove the elected officials it has elected to a decision-making body of the municipality or of a joint municipal authority or to a joint municipal decision-making body before the end of their term if all or some of them do not enjoy the confidence of the council. A removal decision shall apply to all the elected officials of the decision-making body.
- (2) The local council may remove the mayor or a deputy mayor before the end of his or her term if the mayor or deputy mayor does not enjoy the confidence of the council.
- (3) The matter shall be initiated at the proposal of the local executive or if at least a quarter of local councillors submit an initiative to this effect.

Section 22 – *Council ad hoc committees*

To prepare a matter concerning the removal of elected officials as referred to in section 21 or the dismissal of the chief executive or the latter's transfer to other duties as referred to in section 25, the local council must establish an ad hoc committee from among its members. An ad hoc committee may also be established for the purpose of issuing an opinion or for the auditing of administration.

Section 23 – *Local executive*

- (1) The local executive is responsible for the administration and financial management of the municipality and for the preparation and execution of local council decisions and for oversight of their legality. The local executive shall oversee the municipality's interests and, unless otherwise specified in the rules of procedure, shall represent the municipality and exercise its right to be heard.
- (2) The local executive or other municipal authority specified in the rules of procedure shall, if necessary, issue instructions on the municipality's position regarding matters to be dealt with to those representing the municipality on the governing bodies of the various corporate entities, establishments and foundations.

Section 24 – *Chief executive and mayor (578/2006)*

- (1) The administration, financial management and other activities of a municipality shall be directed by a chief executive or a mayor, who will operate subordinate to the local executive. The chief executive or the mayor shall be elected by the local council. A chief executive shall be in a public-service employment relationship with the municipality, while a mayor shall be an elected official of the municipality. A mayor shall operate as chairperson of the local executive.

- (2) If at the start of a mayor's term the post of chief executive is occupied, the local council shall decide on transferring the chief executive to another public post or to a contractual employment relationship suitable to him or her. A fixed-term chief executive shall be transferred to another public post or to a contractual employment relationship for the remainder of the fixed term. A chief executive transferred to another public post or to a contractual employment relationship shall have the right to receive the benefits pertaining to it in a form that is not less advantageous than the benefits pertaining to the public post of chief executive.
- (3) A chief executive may be elected either for an indefinite or a fixed period. A mayor may be elected for a term not exceeding that of the local council. The mayor's term shall continue until a new mayor or a chief executive is elected.
- (4) If in the election of a chief executive or a mayor, no-one receives more than half of the votes cast, a new election shall be held between the two candidates who received the most votes. In this election the candidate chosen will be the one receiving the most votes. The election of a mayor shall be held before the election of the local executive.
- (5) The chief executive or the mayor are entitled to exercise the right to be heard on behalf of the local executive and to obtain information and view documents from municipal authorities, subject to the provisions on secrecy.

See section 5 of the Act on Civil Servants in Local Government (304/2003). See section 32a.

Section 24a – *Deputy mayors (578/2006)*

- (1) In addition to a mayor, a municipality may have deputy mayors. Deputy mayors shall be elected by the local council. A deputy mayor is an elected official whose term is subject to the provisions of section 24(3) on the term of mayors.
- (2) The duties of deputy mayor shall be specified in the municipality's rules of procedure. The election for a deputy mayor operating as chairperson of a local authority committee shall be held before the election of the local authority committee.

Section 25 – *Dismissal of chief executive or transfer to other duties*

- (1) A local council may dismiss the chief executive or transfer him or her to other duties if the chief executive no longer enjoys the confidence of the council.
- (2) The matter shall be initiated at the proposal of the local executive or if at least a quarter of local councillors submit an initiative to this effect. When the matter is being prepared, the chief executive must be notified of the basis for the loss of confidence and must be given an opportunity to be heard.
- (3) For the decision referred to in subsection 1 above to be taken, it must be supported by two thirds of all the local councillors. The decision can be put into effect immediately. The chief executive can be relieved of his or her duties at the same time.

Section 25a – *Local authority corporation management (519/2007)*

- (1) The *local authority corporation management* shall comprise the local executive, the chief executive or the mayor, and other municipal authorities specified in the rules of procedure.
- (2) The local authority corporation management are responsible for governance and oversight of the local authority corporation.

Chapter 4 – **Right of participation of municipality's residents**

Section 26 – *Right to vote in elections and referenda*

- (1) Citizens of Finland and of other European Union Member States and Iceland and Norway who are at least 18 years old on the day of the election and whose municipality of residence as referred to in the Municipality of Residence Act is the municipality in question, according to information held in the Population Information System at the end of the 51st day before the election day, have the right to vote in local elections held in the municipality. Other foreigners meeting the requirements laid down above shall also have the right to vote in local elections if at that time they have had a municipality of residence in Finland for two years. (1647/1995)
- (2) Citizens of Finland and of other European Union Member States and Iceland and Norway who are at least 18 years old on the day of voting and whose municipality of residence as referred to in the Municipality of Residence Act is the municipality in question, according to information held in the Population Information System at the end of the 51st day before the day of voting, have the right to vote in a non-binding indicative local referendum. Other foreigners meeting the conditions laid down above shall also have the right to vote in a local referendum if at that time they have had a municipality of residence in Finland for two years. (1647/1995)
- (3) The right to vote in a local referendum concerning a sub-area of a municipality shall pertain only to persons whose place of residence is in that part of the municipality.

Section 27 – *Opportunities to participate and exert influence*

- (1) Local councils must ensure that the municipality's residents and service users have the chance to participate in and influence the activities of the municipality.
- (2) Participation and exerting influence can be furthered especially by:
 - 1) electing representatives of service users to municipal decision-making bodies;
 - 2) setting up administrative arrangements for sub-areas of a municipality;
 - 3) providing information on municipal affairs and arranging opportunities for views to be presented;
 - 4) finding out residents' opinions before taking decisions;
 - 5) establishing cooperation in performing the municipality's functions;
 - 6) facilitating independent management, preparation and planning of matters by residents; and
 - 7) holding local referenda.

Section 28 – *Right of initiative*

- (1) Residents of a municipality have the right to submit initiatives on matters concerning the municipality's activities. Action undertaken as a result of an initiative must be notified to those who submitted the initiative. At least once a year, the local council must be informed of all the initiatives submitted on matters within its purview and of the actions taken as a result.
- (2) If those submitting an initiative on a matter within the local council's purview represent at least two per cent of the municipality's residents who are entitled to vote, the matter must be considered by the local council no later than six months after the initiation of proceedings on the matter.

Section 29 – *Provision of information*

- (1) Municipalities must provide information to their residents on matters that are under consideration in the municipality, plans concerning these, the processing of these matters, the decisions taken and their effects. Municipalities must, if necessary, draw up reviews of matters concerning their services, finances, environmental protection and land use. Residents must also be informed of how they can submit questions and opinions on matters to those who prepared the review and to decision-makers.
- (2) When a local government function has been transferred to a corporate entity or foundation to manage, the municipality must provide information in an appropriate way to residents on the activities of the entity or foundation.

Section 30 – *Local referenda*

- (1) Local councils may decide to hold a referendum on a matter concerning the municipality.
- (2) Referenda shall be non-binding and indicative.
- (3) A referendum may be undertaken on a matter concerning all or a sub-area of the municipality. A sub-area of a municipality shall be one or more of the voting districts referred to in the Act on Municipal Elections.
- (4) All eligible voters have an equal right to vote. Voting shall be by secret ballot. Separate provisions shall be laid down on the procedure for local referenda.

See section 99 and the Act on the Procedure for Holding Municipal Consultative Referenda (656/1990).

Section 31 – *Referendum initiatives*

Residents representing at least five per cent of those entitled to vote in a municipality may submit a referendum initiative. The local council must decide without delay on whether to hold the referendum referred to in the initiative.

See section 4 of the Act on the Procedure for Holding Municipal Consultative Referenda (656/1990).

Chapter 5 – **Elected officials**

Section 32 – *Municipality's elected officials*

- (1) The elected officials of a municipality are its local councillors and deputy councillors, the members elected to municipal decision-making bodies, the members elected by the municipality to decision-making bodies of joint municipal authorities, and other persons elected to positions of trust in the municipality. However, where local government officers and employees of a municipality are elected as members of a municipal decision-making body on the basis of their duties, they shall not be considered elected officials of the municipality.
- (2) Elected officials must promote the best interests of the municipality and its residents and act with dignity in their position of trust in a manner befitting the task. Elected officials and persons standing as candidates for a position of trust other than that of local councillor must, at the request of the council or relevant decision-making body, present information on factors that may be of significance in assessing their eligibility for election or grounds for their disqualification.

- (3) The provisions concerning a municipality's elected officials shall apply as appropriate to anyone elected by the municipality to a central government position of trust.

Section 32a – *Status of mayor and deputy mayors as elected officials (578/2006)*

- (1) Persons who are not eligible for election to the local executive or a local authority committee or whose municipality of residence is not the municipality in question may nevertheless be elected mayor or deputy mayor. Persons elected mayor or deputy mayor do not forfeit their eligibility for election to the local council. The local council may decide that the mayor and deputy mayors have to be local councillors of the municipality in question.
- (2) Persons elected to the position of mayor and deputy mayor are required to submit written consent to take up the post.
- (3) The local council shall decide on the pay and remuneration of the mayor and deputy mayors. The mayor and deputy mayors shall have the right to annual leave, sick leave and family leave on the same basis as a local government officer.

Section 32b – *Right of elected officials to leave of absence to attend to position of trust (578/2006)*

- (1) A municipality's elected officials are entitled to leave of absence to attend meetings of a municipal decision-making body, provided that the absence is agreed with their employer. Unless there is an important work-related reason, the employer may not decline to agree to an employee's attendance at a meeting of a municipal decision-making body.
- (2) In the case of leave required in order to attend to a position of trust specified by the municipality other than that referred to in subsection 1, the elected official must agree this with his or her employer.
- (3) Elected officials must notify their employer of the meeting dates of the decision-making body and of positions of trust specified by the municipality as soon as they become aware of them. The employer must, on request, provide a written explanation of the reasons for refusal.

Section 33 – *General eligibility for election*

- (1) Persons eligible for election to a position of trust in a municipality are those:
 - 1) whose municipality of residence is the municipality in question;
 - 2) who, in the year when local councillors are being elected or when an election is being held for some other position of trust, have the right to vote in local elections in one of the municipalities; and
 - 3) who are not under guardianship.
- (2) Only persons who have submitted written consent to take up the position of local councillor may be proposed as candidates for election to the local council.

Section 34 – *Eligibility for election to local council*

- (1) The following are not eligible for election to a local council:
 - 1) public servants in central government who perform supervisory tasks concerned directly with local government administration;
 - 2) persons employed by the municipality who are in a senior position within an area of responsibility of the local executive or of a local authority committee, or in a comparable position of responsibility;

3) persons employed by a corporate entity or foundation under the control of the municipality who, in terms of their position, are comparable to persons employed by the municipality as referred to in paragraph 2; and

4) in the case of local councils of member municipalities of a joint municipal authority, persons employed by the joint municipal authority who, in terms of their position, are comparable to persons employed by the municipality as referred to in paragraph 2.

(2) Persons in the employment relationships referred to above are eligible for election as local councillors if this employment relationship ends before the local councillors' term begins.

Section 35 – *Eligibility for election to local executive*

(1) Persons eligible for election to the local executive shall be those who are eligible for election to the local council, though with the exception of:

1) persons employed by the municipality in its central administration who are subordinate to the local executive;

2) persons employed by the municipality who, as presenting officer for a local authority committee or otherwise, are responsible for preparatory work on matters considered by the local executive; and

3) persons who are members of the board of directors or of a comparable decision-making body, or in a position of leadership or responsibility or a comparable position, in a corporate entity engaged in business activities if decisions on matters normally dealt with by the local executive could well cause this entity substantial advantage or disadvantage.

(2) The chairperson of the board of directors or of a comparable decision-making body of a corporate entity that oversees personnel interests in the municipality concerned shall not be eligible for election to the local executive. Neither are persons eligible for election if, as negotiators for a corporate entity or in some other equivalent capacity, they are responsible for overseeing interests.

(3) A majority of the members of a local executive must be persons other than employees of the municipality or of a corporate entity or foundation under the control of the municipality.

Section 36 – *Eligibility for election to other decision-making bodies*

(1) Persons eligible for election to a local authority committee shall be those who are eligible for election to a local council, though with the exception of:

1) persons employed by the municipality who are subordinate to the local authority committee in question;

2) persons employed by a corporate entity or foundation which is under the control of the municipality and operates within the area of responsibility of the local authority committee in question; and

3) persons who are members of the board of directors or of a comparable decision-making body, or in a position of leadership or responsibility or a comparable position, in a corporate entity engaged in business activities if decisions on matters normally dealt with by the local authority committee in question could well cause this entity substantial advantage or disadvantage.

(81/2002)

(2) The provisions of section 35(2) shall apply to decision-making bodies that principally manage personnel matters.

(3) Persons who are not eligible for election to the local executive or a local authority committee, or whose municipality of residence is not the municipality in question may nevertheless be elected to a management board or a commission.

Section 37 – *Forfeiting eligibility for election*

- (1) If an elected official forfeits his or her eligibility for election, the decision-making body that elects such an official must declare the position of trust to be terminated. In the case of local councillors, the decision shall be made by the local council. The decision shall take effect immediately.
- (2) If an elected official is engaged temporarily for not more than six months in an employment relationship referred to in sections 34 or 35 or in section 36(1), the official will not forfeit his or her eligibility for election to a decision-making body. However, he or she may not attend to a position of trust for the duration of the employment relationship.

Section 38 – *Refusal and resignation*

- (1) Persons who are 60 years of age or older or have held the same position of trust or a position of trust under the same decision-making body for the past four years or have held a municipal position of trust for a total of eight years shall have the right to refuse a position of trust.
- (2) A position of trust may also be refused for some other valid reason. The decision-making body that elects such an official shall decide whether to accept the refusal. In the case of local councillors and deputy councillors, the decision shall be made by the local council.
- (3) A resignation from a position of trust may be made if there is a valid reason. The decision-making body that elects such an official shall decide whether to accept the resignation. The local council shall decide whether to accept the resignation of local councillors and deputy councillors.

Section 39 – *Holding a position of trust*

- (1) Elected officials shall remain in their positions of trust for the period for which they were elected, and thereafter until another person is elected to the position. If a position of trust falls vacant before the end of the term, a new elected official must be appointed for the rest of the term.
- (2) In the following cases, an elected official chosen for a position of trust must continue attending to this position until the matter has been finally resolved:
 - 1) if an appeal is made concerning the election of the official;
 - 2) if a refusal or a resignation has not been accepted; or
 - 3) if, by virtue of section 56, the local executive has not put the local council's election decision into effect.

Section 40 – *Wrongful acts in a position of trust*

- (1) If there is probable cause to suspect that an elected official has, in a position of trust, committed an offence in office or otherwise acted contrary to his or her obligations, the local executive must demand an explanation from the party concerned and, if necessary, notify the local council of the matter. If an offence in office has manifestly been committed, a report of an offence shall be completed without delay.

- (2) The local council may suspend an elected official for the duration of the investigation or legal proceedings. Before the local council meets, the council's chairperson may make an interim decision concerning suspension. A suspension decision may be put into effect immediately. (81/2002)

See Chapter 40 of the Criminal Code (39/1889). See also sections 21 and 41.

Section 41 – *Criminal acts outside a position of trust*

- (1) If an elected official is charged with a crime where the nature of the crime or the way in which it was perpetrated suggest that the official cannot attend to his or her position of trust in the required manner, the local council may suspend the elected official for the duration of the legal proceedings. The suspension decision may be put into effect immediately. (81/2002)
- (2) If an elected official is sentenced to at least six months in prison under a legally valid judgement after being elected, the local council may remove him or her from the position of trust. The decision shall take effect immediately.

Section 42 – *Fees and compensation*

- (1) Elected officials shall be paid:
 - 1) meeting fees;
 - 2) compensation for loss of earnings and for costs incurred in engaging a substitute, arranging child care or for other similar reasons arising from the position of trust; and
 - 3) compensation for travel costs and a per diem allowance.
- (2) Elected officials may also be paid a fee for a fixed period and other separate fees.

Section 43 – *Right to information*

Elected officials have the right to obtain information and view documents from municipal authorities where they consider this necessary for their work, unless the provisions on secrecy require otherwise.

Chapter 6 – **Personnel**

Section 44 – *Municipal personnel (305/2003)*

- (1) The personnel employed by municipalities shall have a public-service employment relationship or a contractual employment relationship with the municipality. Public-service employment relationships and contractual employment relationships are subject to the provisions laid down separately on these relationships.
- (2) Tasks in which public authority is exercised shall be performed in a public-service employment relationship. Public posts shall be established for these types of task. However, if there is a justifiable reason, a person may be engaged in a public-service employment relationship for such a task without a public post being established for this.

See the Act on Municipal Officeholders (304/2003), the Municipal Civil Servant Collective Agreements Act (669/1970), the Employment Contracts Act (55/2001) and sections 7-8 and 11 of the Act on Equality between Women and Men (609/1986). For offences in office, see section 12(2) of Chapter 40 of the Criminal Code (39/1889).

Sections 44a–44b

Sections 44a–44b were repealed by Act 305/2003.

Section 45 – *Establishing and discontinuing public posts (305/2003)*

- (1) The establishment or discontinuation of public posts shall be decided by the local council or by some other municipal decision-making body specified in the rules of procedure.
- (2) If a public post in which public authority is not exercised becomes vacant, it shall be discontinued.

Section 46 – *Conversion of a public-service employment relationship into a contractual employment relationship (305/2003)*

The employer can decide to convert a public-service employment relationship into a contractual employment relationship if the duties of the public post do not involve the exercise of public authority and the employer has offered the local government officer work in a contractual employment relationship under at least the previous employment relationship terms and conditions and has provided the local government officer with a written explanation of the main terms and conditions of work as referred to in section 4 of Chapter 2 of the Employment Contracts Act (55/2001). Once the decision is legally valid, the public-service employment relationship will become a contractual employment relationship in accordance with the employer's offer as referred to in this section.

Sections 47–49

Sections 47–49 were repealed by Act 305/2003.

Chapter 7 – **Administrative procedure in municipalities**

Section 50 – *Administrative regulations*

- (1) The local council shall adopt administrative regulations containing the necessary stipulations on at least the following:
 - 1) convening of decision-making bodies;
 - 2) calling in deputy members;
 - 3) duties of chairpersons of decision-making bodies;
 - 4) temporary chairpersons of meetings;
 - 5) presence of local executive representative and chief executive and their right to speak at meetings of other decision-making bodies;
 - 6) presence of persons other than members at meetings of decision-making bodies and their right to speak;
 - 7) participation in meetings of decision-making bodies by means of the video conferencing connections referred to in section 56a, and on how the municipality can ensure that the technical equipment and connections necessary for this are available;
 - 8) presentation procedure;
 - 9) drafting and examining minutes and making them available;
 - 10) signing of documents;

- 11) fees charged for documents, and also payments collected for provision of information in the manner laid down in the Act on the Openness of Government Activities (621/1999) with due consideration of the provisions of section 34 of the same Act;
- 12) information provision;
- 13) procedure when a matter is referred to a higher decision-making body for its consideration;
- 14) financial management of the municipality; and
- 15) auditing the administration and finances, and internal control and risk management.

(325/2012)

Amended by Act 325/2012, paragraph 15 comes into effect on 1 January 2014. The previous wording was:

- 15) auditing the administration and finances.

(1068/2008)

- (2) The administrative regulations of bilingual municipalities shall include the necessary stipulations on how municipal services are to be provided on the same basis to residents in each language group.
- (3) The administrative regulations may also specify that persons who are at least 15 years old have the right to attend and to speak at meetings of management boards.

Section 51 – Referring matters for consideration by a higher decision-making body (578/2006)

- (1) The local executive, the chairperson of the local executive, the chief executive and any local government officers specified in the rules of procedure may refer for consideration by the local executive any matters that have been transferred under this Act to the jurisdiction of an authority subordinate to the local executive or of a sub-committee of the local executive and on which the authority in question has made a decision.
- (2) The provisions of subsection 1 shall correspondingly apply to local authority committees, their chairpersons and any local government officers specified in the rules of procedure in matters transferred to the jurisdiction of an authority subordinate to the relevant local authority committee or of a sub-committee of the local authority committee, unless the local executive, the chairperson of the local executive, the chief executive or a local government officer specified in the rules of procedure referred to in subsection 1 has stated that the matter is to be referred for consideration by the local executive.
- (3) The rules of procedure may stipulate that a management board, its chairperson or a local government officer can refer for consideration by the management board a matter that has been transferred under this Act to the jurisdiction of an authority subordinate to the management board and on which the authority in question has made a decision. A matter cannot therefore be referred for consideration by a local authority committee to which the management board is subordinate. If it has been decided to refer the matter for consideration by both the management board and the local executive, the matter shall be considered by the local executive.
- (4) Matters must be referred for consideration by a higher decision-making body no later than by the deadline within which a claim for a revised decision referred to in section 89 is required to be made.
- (5) The following may not, however, be referred for consideration by a higher decision-making body:

- 1) matters concerning permit, notification, supervision or performance procedures laid down in an act or decree;
- 2) education, health care or social welfare matters concerning individuals; and
- 3) matters delegated to a joint decision-making body of municipalities referred to in section 77 if so agreed by the municipalities in question.

Section 52 – *Disqualification* (1034/2003)

- (1) Local councillors shall be disqualified from considering in the local council any matter that concerns them personally or their near relatives or other comparable persons referred to in sections 28(2) and 28(3) of the Administrative Procedure Act (434/2003). When a local councillor gets involved in the consideration of a matter in another decision-making body, he or she shall be subject to the disqualification provisions concerning members of that decision-making body.
- (2) The provisions of sections 27–30 of the Administrative Procedure Act shall apply regarding the disqualification of other elected officials, auditors and the municipality's local government officers and employees.
- (3) An employment relationship with the municipality as referred to in section 28(1)(4) of the Administrative Procedure Act shall not, however, disqualify elected officials or local government officers or employees in matters in which the municipality is an interested party. However, if on the basis of his or her employment relationship, an elected official has presented a matter or otherwise dealt similarly with a matter, the elected official shall be disqualified.
- (4) Section 28(1)(5) of the Administrative Procedure Act does not apply to elected officials, local government officers or employees of a municipality, even when these persons are in a position referred to in the stated section of the Act in a municipally owned company, joint municipal authority or a corporate entity or foundation forming part of a local authority corporation. However, disqualification does apply if the interests of the municipality and those of the municipally owned company, joint municipal authority, corporate entity or foundation are mutually conflicting or the impartial consideration of a matter requires that the person does not take part in such consideration. Section 28(1)(6) of the Administrative Procedure Act shall not apply to municipalities. (519/2007)
- (5) Persons who are subject to disqualification in a matter must declare this.

Section 53 – *Preparation of local council matters* (81/2002)

- (1) The local executive must prepare matters that are to be considered by the local council, with the exception of matters that concern the internal organisation of the local council's activities or that are prepared by a council ad hoc committee referred to in section 22 or by the local authority audit committee referred to in section 71.
- (2) In matters that are subject to preparation by a council ad hoc committee, the ad hoc committee shall obtain an opinion from the local executive.

Section 54 – *Convening of local council*

- (1) Local councils shall convene at times determined by themselves and also whenever the council chairperson considers this necessary.
- (2) The local council must also be convened if so requested by the local executive or by at least a quarter of local councillors for the purpose of considering a stated matter. Such matters must be prepared urgently.

- (3) The local council shall be convened by the chairperson. The meeting notice for the first meeting of the local council shall be issued by the chairperson of the local executive, and the meeting shall be opened by the eldest local councillor present, who shall direct the proceedings until the chairperson and deputy chairpersons of the local council have been elected. The meeting notice must declare the matters to be dealt with.
- (4) The meeting notice must be sent at least four days before the meeting. At the same time, information about the meeting must be issued publically as laid down in section 64. Meeting notices can be sent electronically if the municipality ensures that the technical equipment and connections needed for this are available. (1068/2008)

Section 55 – *Matters dealt with by the local council*

- (1) Local councils may deal with matters mentioned in the meeting notice and which have been prepared in the manner referred to in section 53.
- (2) If a matter is urgent but was not mentioned in the meeting notice, the local council can still decide to consider this matter. If a matter has not been prepared, the decision to consider it must be made unanimously.

Section 56 – *Overseeing the legality of local council decisions*

- (1) If the local executive deems that a local council decision was made out of sequence or that the local council has exceeded its authority or that a decision is otherwise unlawful, the local executive must not put the decision into effect. The matter must then be brought for reconsideration by the local council without delay.
- (2) If the local council stands by its decision, the local executive must ask the administrative court to determine if there are any legal obstacles to putting it into effect. The administrative court may not rule on the matter before the period for appeal against the decision has expired. (435/1999)

Section 56a – *Participation in meetings using a video conferencing connection* (1068/2008)

- (1) Municipalities may stipulate in their administrative regulations that the members of a decision-making body and persons who have the right to attend and speak at meetings of the decision-making body may participate in the meetings by means of video conferencing or some other suitable technical data transmission method (*video conferencing connection*). The video conferencing connections must be such that the meeting participants can see and hear each other.
- (2) The meeting chairperson must ensure that meeting participants who use a video conferencing connection can follow the meeting and participate in the consideration of matters throughout the meeting. The chairperson must suspend the meeting immediately if the video conferencing connection is cut.
- (3) The administrative regulations must stipulate the premises in which participation in meetings of decision-making bodies can be made using a video conferencing connection. The administrative regulations may stipulate that participation in meetings can be made elsewhere than in the premises indicated by the municipality if there are special reasons for this. However, participation in the consideration of matters that are by law to be kept secret shall only be possible in the premises indicated by the municipality.
- (4) Municipalities must ensure that the technical equipment and connections necessary for a video conferencing connection are available. Municipalities must ensure that the video

conferencing connection used in a closed meeting is appropriately encrypted and that it is possible to verify who is present in the premises indicated by the municipality.

Section 57 – *Openness of meetings* (622/1999)

- (1) Local council meetings shall be open to public access unless the meeting deals with a matter or document that is required by law to be kept secret or unless the local council, for an important reason, decides otherwise in some matter.
- (2) Documents presented in a closed session of a local council and documents drawn up on the discussions at such a session shall be kept secret if the law so provides.
- (3) Meetings of decision-making bodies other than the local council shall be open to public access only if they are not considering a matter or document that is required by law to be kept secret and the decision-making body so decides.
- (4) At the place of a decision-making body meeting that is open to public access, the general public must be able to follow the meeting, including any participation occurring by means of a video conferencing connection. Where a member of a decision-making body participates in a meeting that is open to public access by means of a video conferencing connection in premises indicated by the municipality, the municipality may stipulate in its administrative regulations that the general public will also be given an equivalent opportunity to follow the meeting. (1068/2008)

Section 58 – *Quorum*

- (1) The local council is quorate when at least two thirds of the local councillors are present.
- (2) A decision-making body other than the local council is quorate when more than half its members are present.
- (3) Under subsections 1 and 2 above, those present are also considered to include members of the decision-making body who are participating in the meeting by means of a video conferencing connection. The meeting's chairperson and secretary must, however, be present at the place of the meeting. (1068/2008)

Section 59 – *Voting*

- (1) If a decision-making body is unanimous on a matter or if a counter-proposal is not supported, the chairperson shall declare the decision. Otherwise, the chairperson shall announce which proposals will not be voted on because of lack of support and which proposals will be voted on. The chairperson shall propose a method of voting for approval by the decision-making body and, if several votes are to be taken, the order of voting, and shall propose a voting scheme whereby a vote 'for' or 'against' will express the voter's position on the proposal.
- (2) Voting shall be conducted openly. The decision shall be the proposal receiving the most votes, or in the event of a tie, the proposal that was supported by the chairperson.

Section 60 – *Elections*

- (1) In elections, the person or persons receiving the most votes shall be elected.
- (2) Elections of elected officials shall be proportional if so demanded by at least a minimum number of the decision-making body members present, this minimum being obtained by dividing the total number of members present by the number being elected plus one. If the quotient is not a whole number, it shall be increased to the next whole number.

- (3) Deputy members shall be elected in the same election as members. Where deputy members are personal deputies, the candidates must be approved before the election and the candidates shall comprise both the member and his or her deputy member. If deputy members are not personal deputies, those elected as deputy members shall be the candidates gaining the most votes after those elected as members or the candidates with the highest comparative index.
- (4) When a proportional election is held, the applicable provisions on local elections must be observed. Local councils may also issue regulations on the holding of elections. Proportional elections, and also elections by majority if required, must be by secret ballot. In the event of a tie, the election shall be decided by lot.
- (5) If a member of a decision-making body is participating in the meeting by means of a video conferencing connection, an election may be held by secret ballot only if voting secrecy is secured. Securing the secrecy of voting requires that:
 - 1) the member of the decision-making body can be reliably identified;
 - 2) the vote given is delivered to the actual place of the meeting by means of an encrypted electronic connection; and
 - 3) votes are counted in such a way that no connection can be made between the voter and the content of the vote.

(1068/2008)

Section 61 – *Dissenting opinions*

- (1) Persons participating in decision-making who have made a counter-proposal or voted against a decision, and the presenting officer on the matter if the decision diverges from that proposed, shall be entitled to declare a dissenting opinion. This must be declared as soon as the decision is taken. Written justifications presented before examination of the minutes shall be attached to the minutes.
- (2) Persons voting against a decision or declaring a dissenting opinion shall not be responsible for the decision. Presenting officers are responsible for the decisions made on the basis of their presentations, unless they have declared a dissenting opinion.

Section 62 – *Record of proceedings and decisions*

- (1) Minutes shall be taken at meetings of decision-making bodies.
- (2) An official record shall be made of decisions taken by elected officials and local government officers, unless the nature of the decision renders this unnecessary.

Section 63 – *Availability of minutes for inspection*

Minutes of local council, local executive and local authority committee meetings and appended instructions concerning claims for a revised decision and instructions for appeal shall, after being examined, be kept available for public inspection as notified in advance. Minutes of other authorities shall likewise be kept available for public inspection if the authority in question deems this necessary.

Section 64 – *Municipal announcements*

Municipal announcements shall be issued by publishing them on a notice board meant for public notices and, if necessary, in some other manner decided by the municipality.

See the Act on Public Announcements (34/1925).

Chapter 8 – Local government finances

Section 65 – Budgets and financial plans (578/2006)

- (1) By the end of each year, local councils must approve a budget for the municipality for the next calendar year. In connection with this approval, local councils must also approve a financial plan for three or more years (*planning period*). The budget year shall be the first year of the financial plan.
- (2) The municipality's operating and financial targets shall be approved in the budget and financial plan. The budget and financial plan must be drawn up so as to secure the preconditions for performance of the municipality's functions.
- (3) If the balance sheet for the year in which the budget is drafted is not expected to show a surplus, the financial plan must remain in balance or in surplus for a planning period of no more than four years. If a balance sheet deficit cannot be covered during the planning period, specific measures (*operational programme*) must be decided in conjunction with the financial plan for covering the uncovered deficit over a given offsetting period determined separately by the local council (*deficit coverage obligation*).
- (4) The budget shall include the appropriations and revenue estimates required to meet the operating targets, and an indication of how the financing requirement will be covered. The appropriations and the revenue estimates may be stated in gross or net terms. Budgets shall have a section covering operational finances and an income statement, and a section on investment and financing.
- (5) The budget must be followed in the municipality's activities and financial management. Any amendments to the budget shall be decided by the local council.

See the Act on Central Government Transfers to Local Government for Basic Public Services (1704/2009), the Act on the Financing of Educational and Cultural Provision (1705/2009) and the Act on Planning and Government Grants for Social Welfare and Health Care (733/1992). See also section 12 of the Child Welfare Act (417/2007), and section 32 and Chapter 6 of the Integration Act (1386/2010).

Section 66 – Decisions on taxes

Local councils must determine the municipality's rate of local income tax, rates of real estate tax and the basis for other taxes no later than when the budget is approved.

Section 67 – Accounting

In addition to the provisions of this Act, the accounting obligations, accounting and financial statements of municipalities are subject to the applicable provisions of the Accounting Act (655/1973). The local government sub-committee of the Finnish Accounting Board issues instructions and opinions on the application of the Accounting Act and sections 68–70 of this Act.

The Accounting Act (655/1973) was repealed by Act 1336/1997. See section 6 of the Accounting Act (1336/1997), and section 1a of the Ordinance on the Accounting Board (784/1973).

Section 68 – Financial statements (519/2007)

- (1) The accounting period for municipalities shall be the calendar year. The local executive must prepare financial statements for the accounting period by the end of March of the year following that accounting period, and must submit these to the auditors for auditing and, after auditing, must submit them for consideration by the local council by the end of June.
- (2) The financial statements shall comprise a balance sheet, income statement and cash flow statement, with appended notes, and a budget review and report on operations.
- (3) The financial statements must provide accurate and sufficient information on the municipality's result of operations, financial position and financing. Additional information necessary for this purpose must be reported in the notes to the financial statements. (325/2012)
- (4) The financial statements shall be signed by the members of the local executive and the chief executive or the mayor.

Section 68a – *Consolidated financial statements* (519/2007)

- (1) Municipalities which with their subsidiaries constitute a local authority corporation must draw up consolidated financial statements and include these in the municipality's financial statements. The consolidated financial statements must be drawn up on the same date as the municipality's financial statements.
- (2) The consolidated financial statements shall combine the balance sheets and income statements and appended notes of the local authority corporation's constituent entities. The consolidated financial statements shall also include the consolidated cash flow statement, which shall contain information on the local authority corporation's acquisition and use of assets during the accounting period.
- (3) There is no requirement to draw up a consolidated income statement or consolidated cash flow statement if, for the most recently completed accounting period and for the accounting period immediately prior to that, the combined total of the subsidiaries' turnover or proceeds corresponding to this is less than EUR 200,000. However, a consolidated income statement and consolidated cash flow statement must always be prepared if, for the most recently completed accounting period and for the accounting period immediately prior to that, the combined value of the subsidiaries' balance sheets is greater than one third of the local authority corporation's balance sheet value for the accounting period preceding the most recently completed accounting period.

Section 69 – *Report on operations* (519/2007)

- (1) The report on operations must give an account of the extent to which the operating and financial targets set by the local council have been achieved in the municipality and the local authority corporation. The report on operations must also provide information on any important matters connected with the finances of the municipality and the local authority corporation that are not required to be reported in their balance sheets, income statements or cash flow statements. Such matters include at least an assessment of the likely future outlook and information on the arrangements for internal control and risk management, and the main conclusions. (325/2012)
- (2) If the municipality's balance sheet has an uncovered deficit, the report on operations must include an explanation of the extent to which the finances were balanced in the accounting period and of the adequacy of the current financial plan and operational programme for balancing the finances.
- (3) In the report on operations, the local executive must present a proposal for dealing with the financial result for the accounting period.

Section 70 – *Subsidiaries' duty of disclosure* (519/2007)

A local authority subsidiary's board of directors or equivalent decision-making body must provide the local executive with the information necessary for an assessment of the local authority corporation's financial position and for calculating the result of its operations.

Chapter 9 – **Auditing the administration and finances**

Section 71 – *Local authority audit committee* (519/2007)

- (1) Local councils shall set up a local authority audit committee to arrange audits of the administration and finances during the years of the council's term. The committee's chairperson and deputy chairperson must be local councillors.
- (2) The local authority audit committee must conduct preparatory work on matters for the decision of the local council concerning audit of the administration and finances, and must assess the extent to which the operating and financial targets set by the local council have been achieved in the municipality and the local authority corporation. The local authority audit committee must ensure that the auditing of the municipality and its subsidiaries is coordinated.
- (3) If the municipality's balance sheet has an uncovered deficit, the local authority audit committee must assess the extent to which the finances were balanced in the accounting period and the adequacy of the current financial plan and operational programme.
- (4) The following are not eligible for election to the local authority audit committee:
 - 1) members of the local executive;
 - 2) deputy mayors;
 - 3) near relatives, or other comparable persons, as referred to in sections 28(2) and 28(3) of the Administrative Procedure Act, of a local executive member, the chief executive, the mayor or a deputy mayor;
 - 4) persons who are in an employment relationship of a permanent nature with the municipality or with a corporate entity or foundation under the control of the municipality; and
 - 5) persons who are not eligible for election to the local executive.

Section 72 – *Auditors*

- (1) To audit the administration and finances, the local council shall appoint one or more auditors, who shall, in their duties, be subject to liability for acts in office. The auditors may be appointed to audit the administration and finances for a period comprising no more than six accounting periods. The auditors must be persons or corporations authorised by the Board of Chartered Public Finance Auditing (CPFA auditors or CPFA corporations). A corporation must appoint a CPFA auditor as responsible auditor. If a corporation is not appointed as auditor and there is only one auditor appointed, at least one deputy auditor must be chosen. The provisions on auditors shall apply to deputy auditors. The local council may dismiss the auditors before the end of their term. Auditors may resign before the end of their term by notifying the local council accordingly. Provisions on CPFA corporations shall be laid down separately. (325/2012)
- (2) The auditors must be able to perform impartial audits. If the preconditions for an impartial audit do not exist, the auditor must refuse to accept the assignment or must abandon it.
- (3) Persons who, under section 71(3), are not eligible for election to a local authority audit committee may not act as auditors. Persons whose municipality of residence is not the municipality in question may be appointed as auditors.

Section 73 – *Duties of auditors* (519/2007)

(1) By the end of May at the latest, the auditors must audit the administration, accounting and financial statements for the respective accounting period in accordance with good auditing practice. The auditors are required to examine whether:

- 1) the administration of the municipality has been in accordance with the law and with the decisions of the local council;
 - 2) the municipality's financial statements and the consolidated financial statements included in these have been drawn up in accordance with the provisions concerning the preparation of financial statements, and whether they provide accurate and sufficient information on the activities, finances, financial trends and financial obligations of the accounting period;
 - 3) the information provided about the basis for and use of central government transfers to local government is correct; and
 - 4) the internal control and risk management of the municipality and the local authority corporation, and oversight of the local authority corporation have been properly arranged.
- (325/2012)

Amended by Act 325/2012, paragraph 4 comes into effect on 1 January 2014. The previous wording was:

4) the internal control of the municipality and oversight of the local authority corporation have been properly arranged.

(2) The auditors must follow any special instructions issued by the local council or the local authority audit committee, unless these conflict with the law or with the municipality's rules of procedure or good auditing practice.

(3) The auditors are required to give immediate notification of any irregularities found to the local authority audit committee and, if necessary, the local executive.

Section 74 – *Local authority audit committee's and auditors' right to information* (622/1999)

Notwithstanding the provisions on secrecy, local authority audit committees and auditors have the right to obtain information and view documents from municipal authorities where the local authority audit committee or auditor considers this necessary for conducting the audit duties.

Section 75 – *Auditors' report and its consideration*

- (1) The auditors must provide the local council with a report on the respective accounting period which presents the results of the audit. The report must also state whether the financial statements can be approved and whether the members of the decision-making bodies and the senior local government officers for the relevant areas of responsibility of the decision-making bodies (*parties liable to render accounts*) can be discharged from liability.
- (2) If the auditors find that the municipality's administration and finances have been managed contrary to the law or decisions of the local council, and the error or the damage caused is not of a minor nature, the party liable to render accounts must be admonished in the auditors' report. The local council may not be admonished.
- (3) The local authority audit committee must procure an explanation of the admonishment in the auditors' report from the party concerned and a statement from the local executive. The local council shall decide on any necessary action on the basis of the preparatory work by

the local authority audit committee, the auditors' report and admonishments made in the report. When approving the financial statements, the local council shall decide whether to discharge from liability the parties liable to render accounts.

Chapter 10 – Cooperation between municipalities

Section 76 – Forms of cooperation

- (1) Municipalities may perform functions jointly by making an agreement to this effect.
- (2) Municipalities may agree that a function be given to another municipality for it to perform on behalf of one or more municipalities, or that a function be performed by a joint municipal authority.
- (3) Municipalities may also agree that a function allotted by law to municipalities or to a municipal authority in which power can be delegated to a local government officer be given to a local government officer in another municipality for him or her to perform subject to liability for acts in office.
- (4) Provisions on the obligation of municipalities to belong to a joint municipal authority in a given sphere of responsibility and within a specific area shall be laid down separately.

See e.g. the Act on Cooperative Action Between Municipalities in the Helsinki Metropolitan Area in Waste Management and Public Transport (829/2009), the Act on Regional Development (1651/2009), section 6 of the Act on Special Care for People with Intellectual Disabilities (519/1977), and sections 19 and 21 of the Land Use and Building Act (132/1999). On the municipalities' obligation to belong to a joint municipal authority see e.g. section 3 of the Act on Specialised Medical Care (1062/1989).

Section 77 – Joint decision-making bodies

- (1) When a municipality performs a function on behalf of one or more municipalities by virtue of an agreement, it is possible to agree that some of the members of the decision-making body managing the function in the first-mentioned municipality are to be elected by the other municipalities.
- (2) The decision-making body's members may be persons eligible for election to the corresponding decision-making body in the other municipalities concerned.
- (3) When the minutes of the decision-making body are made available for public inspection, they must be available as referred to in section 63 in all the municipalities that are party to the agreement.

Section 78 – Charter of joint municipal authority

- (1) A joint municipal authority shall be established by an agreement (*charter*) between the municipalities concerned that has been approved by their local councils.
- (2) The charter must state the joint municipal authority's name, domicile, member municipalities and functions. The Finnish name of the joint municipal authority must include the word 'kuntayhtymä' (joint municipal authority).
- (3) The following must be agreed in the charter:
 - 1) the manner in which decision-making is organised in the joint municipal authority;
 - 2) the number of members of the joint municipal authority's decision-making bodies and the number of representatives in its general assembly, and the basis for voting rights;
 - 3) the duties and powers of any general assembly;

- 4) which joint municipal authority decision-making body will oversee the authority's interests, represents it and enters agreements on its behalf, and the manner in which the right to sign for the authority is decided;
 - 5) the member municipalities' share of the joint municipal authority's assets and their liability for the authority's debts, and other matters concerning the finances of the authority;
 - 6) the position of any member municipality resigning from the joint municipal authority and of the member municipalities continuing to operate;
 - 7) the auditing of the joint municipal authority's administration and finances; and
 - 8) how the joint municipal authority will be dissolved and its affairs wound up.
- (4) The charter can also include agreement that a qualified majority is required for taking decisions in certain matters specified in the charter.
- (5) When a joint municipal authority is established or dissolved, this shall be notified to the Regional State Administrative Agency in whose jurisdiction the authority is domiciled. The notification of establishment must be accompanied by a copy of the charter and of the local councils' decisions concerning approval of the charter. (1433/2009)

Section 79 – *Amending a charter* (81/2002)

- (1) A charter may be amended if this is supported by at least two thirds of the member municipalities and their population total represents at least half of the combined population of all the member municipalities.
- (2) Where municipalities are required by law to be a member of a joint municipal authority in a given sphere of responsibility and within a specific area, they cannot be required to take part in performing new, optional functions or to contribute to the costs incurred in these functions, without their consent.

Section 80 – *Legal capacity of joint municipal authorities*

A joint municipal authority can acquire rights and make commitments and can exercise the right to be heard in courts of law and by other public authorities.

Section 81 – *Decision-making bodies of joint municipal authorities*

- (1) A joint municipal authority's power of decision shall be exercised by member municipalities at a general assembly, or it shall be exercised by a decision-making body specified in the charter and elected by the member municipalities.
- (2) A joint municipal authority can also have other decision-making bodies as specified in the charter.
- (3) General assemblies shall be held at least twice a year. Each member municipality's local executive or other decision-making body of the municipality as decided by the local council shall elect a general assembly representative.
- (4) The composition of decision-making bodies other than those referred to in subsection 1 must be adjusted to correspond to the proportion of votes received within the joint municipal authority's area in local elections by the different groups represented on the local councils of member municipalities, in accordance with the proportionality principle laid down in the Act on Municipal Elections.

The Act on Municipal Elections (361/1972) was repealed by the Election Act (714/1998).

Section 82 – *Eligibility for election to decision-making bodies of joint municipal authorities*

- (1) Persons eligible for election to decision-making bodies of joint municipal authorities shall be those who, under section 33, are eligible for election to a position of trust in a member municipality of the joint municipal authority. However, persons referred to in section 34(1)(1) and persons in an employment relationship of a permanent nature in the same joint municipal authority shall not be eligible for election.
- (2) Furthermore, persons who are members of the board of directors or of a comparable decision-making body, or in a position of leadership or responsibility or a comparable position, in a corporate entity engaged in business activities shall not be eligible for election as members of other decision-making bodies than those referred to in section 81(1) if decisions on matters normally dealt with by the decision-making body could well cause this entity substantial advantage or disadvantage.
- (3) However, persons who are not eligible for election to the joint municipal authority's other decision-making bodies or whose municipality of residence is not a member municipality of the joint municipal authority may be elected to a management board or a commission.
(81/2002)
- (4) A charter can also include agreement that members and deputy members of a joint municipal authority's decision-making bodies other than its general assembly have to be local councillors of the member municipalities.

Section 83 – *Financing of joint municipal authorities*

Financing of joint municipal authority expenditure that is not otherwise covered shall be the responsibility of the member authorities in accordance with the division of responsibilities among them agreed in the charter.

Section 84 – *Withdrawal from a joint municipal authority*

Member municipalities can withdraw from a joint municipal authority. Unless otherwise agreed in the charter, withdrawal shall take place at the end of the local councillors' term, and the member municipality shall submit the withdrawal notification before the close of the calendar year that precedes the end of the councillors' term.

Section 85 – *Availability of minutes for inspection in joint municipal authorities*

- (1) Once they have been examined, the minutes of a joint municipal authority's decision-making body referred to in section 81(1) together with the appended instructions for appeal must be publically available for inspection. Before the minutes are made available for inspection, a copy of them must be sent to the local executive of each member municipality. The member municipalities and the natural and legal persons resident in them shall be deemed to have been informed of the decisions mentioned in the minutes on the day the minutes were made available for inspection.
- (2) Minutes of other public authorities within the joint municipal authority must be available for inspection if the decision-making body referred to in section 81(1) so decides or the public authority concerned deems this necessary.

Section 86 – *Application of provisions on municipalities in a joint municipal authority*

- (1) Joint municipal authorities shall be subject to the provisions on municipalities laid down in sections 2, 3, 8, 12–15, 15a, 15b and 16–18, sections 19(1), 20–23, 27–29, 32, 32b, 33 and 37–43, and Chapters 6–9, with the exception of the deficit coverage obligation laid down in

section 65(3), as applicable. However, the provisions of section 8(2) shall not apply to joint municipal authorities referred to in section 76(4). (578/2006)

- (2) Public access to a general assembly shall be subject to the provisions of sections 57(1) and 57(4) on the openness of local council meetings. The provisions of section 52(1) on the disqualification of local councillors shall apply to the disqualification of general assembly representatives. (1068/2008)
- (3) If a joint municipal authority has only one decision-making body, the member municipalities shall elect an audit committee and auditors and shall decide on discharge from liability as agreed in the charter.
- (4) The dismissal or transfer to other duties of a senior local government officer in a joint municipal authority referred to in section 76(4) above shall be subject to the provisions of section 25 on chief executives, as applicable. For a decision to be valid, it must be supported by two thirds of the combined maximum number of votes of the member municipalities as set out in the charter.

Section 86a – *Composition and election of decision-making bodies of regional councils* (10/1999)

- (1) The members of the supreme decision-making bodies of regional councils referred to in section 2 of the Regional Development Act (1135/1993) must be local councillors of the member municipalities, and the proportion of votes available to the groups represented on the decision-making body when elections are performed must correspond to the proportion of votes received in local elections by the different groups represented on the local councils of the member municipalities within the region, in accordance with the proportionality principle laid down in the Election Act (714/1998). Each member municipality must have at least one representative on the supreme decision-making body of the regional council.
- (2) The composition of a regional council's other decision-making bodies is subject to the provisions of section 81(4).

The Regional Development Act (1135/1993) was repealed by Act 602/2002; see the Act on Regional Development (1651/2009).

Section 87 – *Arbitration*

Agreements on cooperation can specify that any disputes arising from such an agreement shall be resolved in the sequence laid down in the Arbitration Act (967/1992).

Chapter 10a – **Municipally owned companies** (519/2007)

Section 87a – *Municipally owned companies and their functions* (519/2007)

- (1) A municipally owned company can be established by a municipality or a joint municipal authority for the purpose of conducting business activities or a task to be managed in accordance with business principles. Establishing such a company requires a separately made decision.
- (2) A company established by a municipality shall be called a *municipal company* and a company established by a joint municipal authority shall be called a *joint municipal company*. The company's Finnish name must include the word 'liikelaitos' (company). A joint municipal authority established jointly by municipalities and joint municipal authorities for the purpose of maintaining a municipally owned company shall be called a

- business-based joint municipal authority*. The Finnish name of such a company must include the word 'liikelaitoskuntayhtymä' (business-based joint municipal authority).
- (3) The names municipal company, joint municipal company and business-based joint municipal authority can be used only by municipally owned companies that are established as companies under this Act.
 - (4) The functions of a municipal or joint municipal company shall be specified in rules of procedure. The functions of a business-based joint municipal authority must be agreed in its charter. Business-based joint municipal authorities shall be subject to the provisions on joint municipal authorities in this Act, unless otherwise laid down in this Chapter.

Section 87b – *General assembly of a business-based joint municipal authority* (519/2007)

- (1) The power of decision of a business-based joint municipal authority shall be exercised by its member authorities at a *general assembly*, to which each of the joint municipal authority's members elects its representative, which it does for each assembly separately. Provisions on the selection of general assembly representatives by the municipalities are laid down in section 81(3). In the case of members of a business-based joint municipal authority that are joint municipal authorities, their general assembly representatives shall be elected by the joint municipal authority decision-making body referred to in section 78(3)(4).
- (2) The general assembly shall:
 - 1) decide on the main operating and financial targets of the business-based joint municipal authority;
 - 2) approve the rules of procedure of the business-based joint municipal authority;
 - 3) elect for the business-based joint municipal authority a management board and audit committee, and also other decision-making bodies whose election is not delegated to the management board under the rules of procedure;
 - 4) determine the principles concerning the financial benefits of elected officials;
 - 5) appoint the auditors; and
 - 6) approve the financial statements and decide on granting discharge from liability.

Section 87c – *Management board* (1375/2007)

- (1) A municipally owned company shall have a management board.
- (2) The management board shall guide and oversee the activities of the company. The management board shall be responsible for appropriately arranging the company's administration and operations and internal control and risk management. (325/2012)

Amended by Act 325/2012, subsection 2 comes into effect on 1 January 2014. The previous wording was:

- (3) The management board shall guide and oversee the activities of the company. The management board shall be responsible for appropriately arranging the company's administration and operations and internal control.
- (4) The management board shall:
 - 1) decide on the development of the company's operations within the limits of the operating and financial targets set by the local council or the general assembly, and monitor and report on the achievement of these targets;
 - 2) approve the company's budget and financial plan;
 - 3) appoint and dismiss the company's director, unless otherwise specified in the rules of procedure;

- 4) decide on the company's capital expenditure and other long-term expenditures, unless otherwise specified in the rules of procedure;
- 5) decide who is authorised to sign on behalf of the company; and
- 6) oversee the company's interests and, unless otherwise specified in the rules of procedure, represent the municipality and exercise its right to be heard within the company's area of responsibility.
- (5) Other duties of the management board shall be specified in the rules of procedure.
- (6) The duties of the management board of a business-based joint municipal authority shall otherwise be subject to the provisions concerning the local executive of a joint municipal authority under section 86, as appropriate. Matters of a business-based joint municipal authority other than those dealt with by its general assembly shall be decided by the management board, unless the matter is dealt with by the director under section 87d or unless powers have been delegated to the director or another public authority.
- (7) The provisions of section 81(4) shall not apply to the composition of management boards of municipally owned companies.

Section 87d – *Director* (519/2007)

- (1) A municipally owned company shall have a director, who shall be in a public-service employment relationship with the municipality or joint municipal authority. The director shall manage and develop the operations of the company in a role subordinate to the management board, and shall see to the company's administration and the organisation of its financial management and internal control and risk management. (325/2012)

Amended by Act 325/2012, subsection 1 comes into effect on 1 January 2014. The previous wording was:

A municipally owned company shall have a director, who shall be in a public-service employment relationship with the municipality or joint municipal authority. The director shall manage and develop the operations of the company in a role subordinate to the management board, and shall see to the company's administration and the organisation of its financial management and internal control.

- (2) The director must ensure that the management board's decisions are put into effect and must provide the management board with information on actions and events that are of significance to the company's operations.
- (3) The director shall be entitled to exercise the right to be heard on behalf of the management board, unless otherwise specified in the rules of procedure.

Section 87e – *Budget and financial plan of municipal and joint municipal companies* (519/2007)

- (1) The budget and financial plan of a municipal or joint municipal company shall form a separate part of the municipality's or joint municipal authority's budget and financial plan.
- (2) Within the deadline determined by the local council or general assembly, the management board must submit a proposal to it concerning the company's budget for the next calendar year and a financial plan for three or more years (*planning period*). The budget and financial plan shall have sections covering the income statement, investment and financing. The budget year shall be the first year of the planning period.
- (3) The budget of the municipality or joint municipal authority shall set operating and financial targets for the company. The expenditure and income items in the municipality's or joint

municipal authority's budget that are binding on the company are the compensation for the capital invested by the municipality or joint municipal authority, the business grant given to the municipally owned company by the municipality or joint municipal authority, the capital investment in the company by the municipality or joint municipal authority, and the company's repayment of capital to the municipality or joint municipal authority.

- (4) By the end of the year at the latest, the management board must decide on the company's budget for the next year in accordance with the binding targets and expenditure and income items set in the budget by the municipality or joint municipal authority.
- (5) The company's budget must be followed in its operations and financial management. Changes in the budget shall be decided by the management board.

Section 87f – *Budget and financial plan of business-based joint municipal authorities (519/2007)*

- (1) By the end of each year, a budget for the business-based joint municipal authority for the next calendar year must be approved by the management board. In connection with this approval, the management board must also approve a financial plan for three or more years (*planning period*). The budget year shall be the first year of the planning period.
- (2) The operating and financial targets for the business-based joint municipal authority shall be approved in the budget and financial plan. The budget shall have sections covering the income statement, investment and financing.
- (3) The budget and financial plan must be drawn up so as to secure the preconditions for performance of the functions of the business-based joint municipal authority.
- (4) The budget must be followed in the operations and financial management of the business-based joint municipal authority. Changes in the budget shall be decided by the management board.

Section 87g – *Aid and business grants paid to companies (519/2007)*

A municipally owned company can be awarded aid or business grants by the municipality or joint municipal authority for covering the costs of performing a specified task. The aid or business grants may not exceed the costs incurred by the company in performing the task. The municipal aid and business grants must be reported separately in the company's financial statements.

Section 87h – *Accounting obligation (519/2007)*

- (1) The accounting of a municipal company or joint municipal company must be differentiated in the municipality's or joint municipal authority's accounting.
- (2) Business-based joint municipal authorities have a legal obligation to keep accounts, and, in addition to the provisions of this Act, their accounting and financial statements are subject to the applicable provisions of the Accounting Act.
- (3) The local government sub-committee of the Finnish Accounting Board issues instructions and opinions on the application of the Accounting Act and sections 68–70 of this Act in municipally owned companies.

Section 87i – *Financial statements of municipal companies and joint municipal companies (519/2007)*

- (1) The company's accounting period shall be the calendar year. The management board must draw up separate financial statements for the accounting period and must submit them for

inspection by the auditors and bring them for consideration by the local executive of the municipality or joint municipal authority.

- (2) The financial statements shall comprise a balance sheet, income statement and cash flow statement, with appended notes, and a budget review and annual report. The financial statements must provide accurate and sufficient information on the company's result of operations, financial position and financing. Additional information necessary for this purpose must be reported in the notes to the financial statements. The company's separate financial statements shall be combined with the financial statements of the municipality or joint municipal authority. (325/2012)
- (3) The financial statements shall be signed by the management board members and the director.

Section 87j – *Financial statements of business-based joint municipal authorities* (519/2007)

The preparation of financial statements for a business-based joint municipal authority is subject to the provisions of sections 68 and 68a of this Act.

Section 87k – *Report on operations and dealing with accounting period result* (519/2007)

- (1) In its report on operations, a municipally owned company must give an account of the extent to which the operating and financial targets set for the company have been achieved. The report on operations must also provide information on any important matters connected with the company's finances that are not required to be reported in the income statement or cash flow statement or in the balance sheet. Such matters include at least an assessment of the likely future outlook and information on the arrangements for internal control and risk management, and the main conclusions. (325/2012)
- (2) In the report on operations the management board must present a proposal for dealing with the financial result of the accounting period. The accounting period result for the municipal or joint municipal company can be converted into an investment reserve of no more than the surplus balance of the municipality or joint municipal authority.

Section 87l – *Company equity* (519/2007)

- (1) The equity of a municipally owned company shall comprise the founding capital, a revaluation reserve and other equity items.
- (2) The founding capital shall be an equity-based investment by the municipality or joint municipal authority, for which the company shall pay compensation. In a business-based joint municipal authority, the founding capital shall be divided into member shares.
- (3) The revaluation reserve shall comprise revaluations made on fixed assets.

Section 87m – *Borrowing and guarantees* (519/2007)

- (1) A decision to take out a loan for a municipally owned company shall be made by the management board within the limits specified in the rules of procedure or the charter.
- (2) A decision to grant a guarantor's undertaking or other security for the debt of another party shall be made by the local council or the general assembly.

Chapter 11 – **Claims for a revised decision and appeals against the decision of a municipal authority**

Section 88 – *Application of the provisions of this Chapter*

In the case of a decision made by a public authority of a municipality or joint municipal authority, the provisions of this Chapter shall apply to making a claim for a revised decision and submitting an appeal against the decision of a municipal authority, unless otherwise specified separately by law. Section 89 will not apply if the decision can be appealed against under some other act by submitting an appeal against a municipal authority decision.

Section 89 – *Claim for a revised decision (1375/2007)*

- (1) Any party dissatisfied with the decision of a local executive or local authority committee, or of their sub-committees, or of a public authority subordinate to these may submit in writing a claim for a revised decision. Appeals against decisions are not permitted.
- (2) A claim for a revision to a decision made by a decision-making body or its sub-committee or a subordinate public authority as referred to in subsection 1 shall be submitted to the decision-making body concerned. A claim for a revision to a decision made by the management board of a municipally owned company as referred to in section 87c(3) or by the management board of a business-based joint municipal authority as referred to in section 87c(5) shall be submitted to the management board that made the decision. If the rules of procedure specify that under section 51 a decision can be placed before the management board, a claim for a revision to a decision made by the management board or by a subordinate public authority shall be submitted to the management board. A claim for a revised decision must be dealt with immediately.
- (3) If the local executive has, by virtue of section 51, taken for its consideration a matter decided by a local authority committee, its sub-committee or a public authority subordinate to these, any claim for a revision to this decision must be dealt with by the local executive.

Section 90 – *Appeal against the decision of a municipal authority (1375/2007)*

- (1) An appeal against the decision of a local council or of a joint municipal authority's decision-making body referred to in section 81(1), or against a decision issued by the local executive, a local authority committee or a management board as a result of the claim for a revised decision, shall be made by submitting an appeal against a municipal authority decision to the administrative court.
- (2) An appeal may be made on the grounds that:
 - 1) the decision was not taken in the proper sequence;
 - 2) the public authority that made the decision exceeded its powers; or
 - 3) the decision is otherwise illegal.
- (3) The appellant must state the grounds for appeal referred to in subsection 2 before the appeal period expires.

Section 91 – *Scope of appeals and of claims for a revised decision*

Claims for a revised decision and appeals against the decision of a municipal authority may not be submitted in the case of decisions concerning only preparatory work or implementation.

See section 5 of the Administrative Procedure Act (586/1996). See also section 48 of the Administrative Procedure Act (434/2003).

Section 92 – *Right to make a claim for a revised decision and right of appeal*

- (1) Claims for a revised decision and appeals against the decision of a municipal authority may be made by the party to whom the decision applies or whose right, obligation or interests are directly affected by the decision (*interested party*), or by natural and legal persons resident in the municipality.
- (2) In the case of decisions made by a public authority of a joint municipal authority, a claim for a revised decision and an appeal against a municipal authority decision may also be made by a member municipality of the joint municipal authority or by natural or legal persons resident in that municipality, and, in the case of a decision of a joint municipal decision-making body, by a municipality that is party to the agreement or by natural or legal persons resident in the municipality.
- (3) When a decision is issued as a result of a claim for a revised decision, any appeal against the decision of a municipal authority may be made only by the party that made the claim for a revised decision. If a decision changes as a result of a claim for a revised decision, an appeal against the decision of a municipal authority may also be made by a party that is entitled under subsections 1 or 2 to submit such an appeal.

Section 93 – *Period for claims for a revised decision and for appeals*

A claim for a revised decision must be submitted within 14 days, and an appeal against the decision of a municipal authority within 30 days, of being informed of the decision.

Section 94 – *Instructions concerning claim for a revised decision and instructions for appeal*

- (1) Instructions for appeal must be appended to decisions on which appeals against a municipal authority decision may be submitted.
- (2) Instructions on submitting claims for a revised decision must be appended to decisions on which such claims may be made.
- (3) A notice of prohibition of appeal must be appended to decisions on which neither a claim for a revised decision nor an appeal against a municipal authority decision is permitted. Prohibitions of appeal are otherwise subject to the provisions of the Administrative Procedure Act (586/1996). (844/1996)

Section 95 – *Notifications of decisions*

- (1) Extracts from the minutes concerning decisions, with instructions on claims for a revised decision or instructions for appeal, shall be sent separately by letter to the interested parties for their information. Interested parties are considered to have been notified of decisions within seven days of despatch of the letter, unless otherwise demonstrated.
- (2) Natural and legal persons resident in a municipality are considered to have been notified of a decision when the minutes have been made publically available for inspection.

Section 96 – *Providing information about decisions*

An extract from the minutes with instructions on claims for a revised decision or instructions for appeal must be sent to anyone requesting this.

Section 97 – *Further appeal*

- (1) Appeals against an administrative court judgment shall be submitted to the Supreme Administrative Court. Notice of the decision must be placed immediately on the notice board of the municipality or joint municipal authority or the relevant municipalities. (435/1999)
- (2) The appeal period shall begin when the notice of the decision has been placed on the notice board. However, if an interested party is to be notified separately about a decision, the appeal period shall begin from this notification.

Section 98 – *Eligibility of decisions for implementation*

Decisions may be put into effect before they have attained legal force. However, this is not permitted if a claim for a revised decision or an appeal would consequently be rendered useless or if the decision-making body handling the claim for a revised decision or the appeal court forbids implementation.

Section 99 – *Prohibition of appeal*

No appeal is permitted against a local council decision to hold a local referendum.

See section 30, and see section 13 of the Act on the Procedure for Holding Municipal Consultative Referenda (656/1990).

Section 100 – *Other provisions on appeals against the decision of a municipal authority (844/1996)*

The provisions of the Administrative Procedure Act shall otherwise apply to appeals against the decision of a municipal authority.

Chapter 12 – **Transitional provisions and entry into force**

Section 101 – *Entry into force*

- (1) This Act enters into force on 1 July 1995. However, Chapters 8 and 9 of this Act enter into force on 1 January 1997.
- (2) This Act repeals the Municipalities Act (953/1976) issued on 10 December 1976, hereinafter the '1976 Municipalities Act', as amended. Until such time as Chapters 8 and 9 of this Act enter into force, the relevant provisions of the 1976 Municipalities Act shall be observed instead, although, notwithstanding sections 92(3) and 94(2) of the 1976 Municipalities Act, local councils may decide that one auditor shall be a CPFA auditor referred to in section 72 of this Act, and that auditors can also be assisted by persons chosen by the local council who are in a commission relationship with the municipality.
- (3) Measures necessary for the implementation of this Act may be undertaken before the Act's entry into force.

Section 102 – *Application of the provisions of other acts*

- (1) If there are provisions elsewhere in the law requiring compliance with provisions of the 1976 Municipalities Act, the provisions of this Act shall instead be observed, as applicable.
- (2) Provisions of other acts in which towns and cities are distinguished from other municipalities shall apply to municipalities on the basis of their categorisation on 31 December 1976.

- (3) The provisions of this Act concerning a municipality's income tax shall apply to the local income tax provisions of other acts, as appropriate.

Section 103 – *Transitional provisions concerning rules of procedure, elected officials and chief executives*

- (1) The rules of procedure in force in a municipality when this Act enters into force shall be observed until decided otherwise by virtue of this Act. If a stipulation in the rules of procedure is in conflict with this Act, the latter shall be observed.
- (2) The eligibility for election applying to elected officials who were elected before the entry into force of this Act shall be subject to the provisions of the 1976 Municipalities Act.
- (3) Conversion of the public-service employment relationship of a chief executive elected before the entry into force of this Act to a fixed-term relationship shall require the chief executive's consent.

Section 104 – *Appeal and submission*

- (1) If a decision of a municipal authority was made before the entry into force of this Act, the provisions effective when this Act enters into force shall be observed in appeal, in submission and in the procedure referred to in sections 63 and 71b of the 1976 Municipalities Act.
- (2) If there are provisions elsewhere in the law regarding submission of a municipal authority decision, the provisions effective when this Act enters into force shall be observed in this submission, as appropriate.

Section 105 – *Transitional provisions concerning joint municipal authorities*

- (1) If the charter of a joint municipal authority does not include agreement on a matter which, under section 78 of this Act, requires agreement in the charter, the provisions effective before 1 January 1993 regarding federations of municipalities shall be observed, as applicable.
- (2) Joint municipal authority charters must be made to conform with this Act by the end of 1996.
- (3) Notwithstanding this Act, provisions on federations of municipalities elsewhere in the law shall apply to joint municipal authorities, with the exception of provisions on the form of intermunicipal cooperation.
- (4) When a joint municipal authority manages specialised health care functions, the provisions of the Act on Specialised Medical Care (1062/1989) on decision-making bodies of federations of municipalities with both monolingual and bilingual municipalities as members shall correspondingly apply. (1062/1989)