

## **Auditing Act (1141/2015)**

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By decision of Parliament, the following is enacted:

### **Chapter 1**

#### **General provisions**

##### **Section 1 ([12.8.2016/622](#))**

##### **Scope of application**

This Act shall apply to, unless otherwise provided elsewhere by law:

- 1) to the audit of a corporation or a foundation having an obligation to keep accounting records referred to in [Chapter 1, section 1 of the Accounting Act \(1336/1997\)](#) ;
- 2) to any other action referred to in an act or a decree which is to be carried out by an auditor or on the basis of which an auditor gives a written statement to be used by a public authority or a court.

To activities to which the act on auditing public administration entities and public finances ([1142/2015](#)) is applicable, Chapter 2, section 7(3), Chapter 4, sections 2, 4 and 5, Chapters 6 to 8, Chapter 9, section 1(1)(1–3), Chapter 10, sections 1–4, 7 and 8, and Chapter 11 of this Act shall apply.

This Act shall not apply to an auditor acting as a public servant of the National Audit Office.

To activity that an auditor carries out in this capacity, other than that referred to in subsection 1, 2 or 3, the provisions in Chapter 4, sections 1–3 and 8, Chapters 7 and 8, Chapter 9, section 1, Chapter 10, sections 1–4, 7 and 8, and Chapter 11, section 1 shall apply.

The provisions of this Act regarding the audit of the accounting records and financial statements of a corporation or a foundation shall also apply to a foreign enterprise's branch that is registered in Finland whose financial statements are not prepared, audited and published in accordance with the regulations of the European Union or in a similar manner. This Act shall not, however, be applied to the audit of a branch of a foreign credit or financial institution. This Act applies to the audit of a representative office of a foreign insurance company as provided in the Act on Foreign Insurance Companies ([398/1995](#)).

Provisions on the audits of public-interest entities are also contained in Regulation (EU) No 537/2014 of the European Parliament and of the Council on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC, hereinafter *the EU Audit Regulation*.

## Section 2 ([12.8.2016/622](#))

### Definitions

For the purposes of this Act,

- 1) *auditor* shall mean a natural person approved as an HT, KHT or JHT auditor or a firm approved as an audit firm as referred to in Chapter 6, section 1;
- 2) *HT auditor* [also referred to as authorised public accountant (HT)] shall mean a natural person who, having fulfilled the criteria stated in Chapter 6, section 2, has been approved as an auditor;
- 3) *KHT auditor* [also referred to as authorised public accountant (KHT)] shall mean a natural person approved as an HT auditor who, having fulfilled the criteria stated in Chapter 6, section 3(1) or (4), has been approved as having the specific competence of a KHT auditor of public-interest entities;
- 4) *JHT auditor* [also referred to as authorised public accountant (JHT)] shall mean a natural person approved as an HT auditor who, having fulfilled the criteria stated in Chapter 6, section 3(2) or (4), has been approved as having the specific competence of a KHT auditor of public administration and public finances;
- 5) *audit firm* shall mean a corporation that, having fulfilled the criteria stated in Chapter 6, section 5, has been approved as an audit firm;
- 6) *group* shall mean a group referred to in Chapter 1, section 6 of the Accounting Act;
- 7) *group undertaking* shall mean a group undertaking referred to in Chapter 1, section 6 of the Accounting Act;
- 8) *entity subject to public trading in a regulated market* shall mean an entity whose securities are subject to public trading in a regulated market referred to in [Chapter 1, section 2 \(748/2012\) of the Act on Trading in Financial Instruments](#);
- 9) *public-interest entity* shall mean a public-interest entity referred to in Chapter 1, section 9 of the Accounting Act;
- 10) *network* shall mean a large network which is aimed at cooperation and to which an auditor belongs, and other large structure formed by them, which is clearly aimed at profit- or cost-sharing or shares common ownership, control or management, common quality-control policies and procedures, a common business strategy, the use of a common brand-name or common professional resources;
- 11) *EEA country* shall mean states belonging to the European Economic Area.

## Chapter 2

### Obligation to have an audit carried out

#### [Section 1](#)

## **General qualifications of auditors**

A person for whom a guardian has been appointed, whose competence or legal capacity has been restricted, who is in bankruptcy or who has been barred from conducting business may not act as an auditor.

If one or several natural persons are appointed as auditors, at least one of them must be a resident in an EEA state.

## **Section 2**

### **Obligation to carry out an audit**

An auditor shall be appointed for a corporation or a foundation and an audit shall be carried out as provided in this or another act.

Unless otherwise provided in any other act, there is no obligation to appoint an auditor for a corporation where no more than one of the following conditions were met in both the last completed financial year and the financial year immediately preceding it:

- 1) the balance sheet total exceeds EUR 100,000;
- 2) the net sales or comparable revenue exceeds EUR 200,000; or
- 3) the average number of employees exceeds three.

There is also no obligation to appoint an auditor for a corporation beginning its operations that does not, as yet, have financial years referred to in subsection 2, unless it is obvious that the criteria for not appointing an auditor will not be met.

An auditor shall, however, always be appointed for a corporation whose principal activities consist of the owning and holding of securities and which exercises significant influence, as described in Chapter 1, section 8 of the Accounting Act, over the operating and financial policies of another entity that is obliged to keep accounting records.

If a corporation or a foundation has no obligation to appoint an auditor pursuant to subsections 1, 2 or 3, its articles of association, deed of partnership or rules may include provisions on carrying out an audit. ([12.8.2016/622](#))

The articles of association, the deed of partnership or the rules of a corporation or a foundation may include provisions on appointing more than one auditor. ([12.8.2016/622](#))

## **Section 3**

### **Obligation to appoint a deputy auditor**

If only one auditor has been appointed for a corporation and this auditor is not an audit firm, at least one deputy auditor shall be appointed.

The provisions on auditors in this or another act shall also be applied to a deputy auditor.

## **Section 4**

### **Submission of financial statements and management reports to the auditor**

If the financial statements are to be adopted in a meeting of a governing body of a corporation or a foundation, the financial statements and the management report shall be submitted to the auditor no later than one month before that meeting.

## **Section 5 ([12.8.2016/622](#))**

### **Obligation to appoint a KHT auditor or a KHT audit firm**

At least one of the auditors appointed by the partners, by the general meeting or by an equivalent governing body shall be a KHT auditor or a KHT audit firm where the key audit partner is a KHT auditor, if the corporation is a public-interest entity or if at least two of the following conditions were met by the corporation or the foundation in the past completed financial year:

- 1) the balance sheet total exceeds EUR 25,000,000;
- 2) the net sales or comparable revenue exceeds EUR 50,000,000; or
- 3) the average number of employees in the corporation or foundation exceeds 300.

## **Section 6**

### **Obligation to carry out an audit in a group**

What is provided in sections 2–4 shall apply correspondingly to a corporation which is the parent entity in a group if at least two of the three conditions referred to in section 2 are met by the group, and what is provided in section 5 shall apply if at least two of the three conditions referred to in section 5 are met.

At least one of the auditors appointed for a subsidiary must be an auditor of the parent entity. The aforementioned rule may be departed from only where there are proper grounds for doing so.

## **Section 7 ([12.8.2016/622](#))**

### **Key audit partner**

If an audit firm has been appointed as the auditor, the firm must inform the audited corporation or foundation of who, within the audit firm, will be the key audit partner. The key audit partner shall be selected so as to ensure independent and competent conduct of audit.

The key audit partner shall have at least the same qualifications as those required of a natural person appointed as an auditor. He or she shall also be actively involved in the carrying-out of the audit engagement.

What is provided on auditors in this Act shall also apply to a key audit partner.

## **Section 8**

### **Finnish Patent and Registration Office's obligation to designate an auditor**

The Finnish Patent and Registration Office shall, acting on a notification received by it, designate a qualified auditor for a corporation or a foundation if:

- 1) an auditor has not been appointed in accordance with this Act or other acts;
- 2) the auditor is not qualified in the manner referred to in section 1, or is not independent in the manner referred to in Chapter 4, sections 6 and 7; or
- 3) a provision in the articles of association, rules, or deed of partnership regarding the number or the qualifications of auditors has been violated.

In matters concerning independence referred to in subsection 1(2) above, the Finnish Patent and Registration Office shall request a statement from the Audit Board before deciding upon the matter.

In the cases referred to above in this section, the notification may be made by anyone. The Board of Directors, an equivalent governing body, or a partner shall have the obligation to submit a notification to the Finnish Patent and Registration Office if the one responsible for appointing an auditor does not appoint a qualified auditor without delay. The notifying obligation does not, however, apply to a silent partner in a limited partnership.

Before the designation referred to in this section is made, the Board of Directors, an equivalent governing body, or the partners of the corporation or foundation shall be heard. The designation may be enforced even if it has not gained legal force. The designation shall be valid until an auditor to replace the one designated by the Finnish Patent and Registration Office has been duly appointed for the corporation or foundation. The designation cannot be made after the financial statements for the financial year in question have been adopted and the decision on their adoption has gained legal force.

## [Section 9](#)

### **Dismissal and resignation of an auditor**

An auditor may be dismissed during an engagement by the one who has appointed, designated or assigned the auditor. An auditor can be dismissed during an engagement only on proper grounds. If an auditor is dismissed during an engagement, the one that dismissed the auditor must report to the Auditor Oversight Unit referred to in Chapter 7, section 1 below on the dismissal and its reasons.

An auditor may resign during an engagement by notifying the corporation or foundation. The auditor shall file his or her resignation for registration within two weeks after submitting his or her notification. An auditor shall also notify the Auditor Oversight Unit of his or her resignation and the reasons that justified it.

If an auditor's position becomes vacant during an engagement or if an auditor becomes disqualified for the position and there is no deputy auditor, the partners, the Board of Directors, or an equivalent governing body participating in the appointment of an auditor shall ensure that a new auditor is appointed for the remaining engagement.

## [Section 10](#)

### **Hand-over file**

If an auditor resigns or is dismissed or if an auditor's engagement is otherwise terminated, the auditor must, upon request, hand over to his or her successor the information necessary for conducting the audit.

What is provided in subsection 1 also applies to an audit firm by which the auditor was employed.

#### **Section 11** ([12.8.2016/622](#))

##### **Prohibition of contractual clauses that restrict the choice of an auditor**

Any contractual clause restricting the choice by the partners, shareholders' meeting or similar governing body as regards the appointment of an auditor for the corporation or foundation shall be null and void.

### **Chapter 3**

#### **Contents of an audit**

##### **Section 1** ([12.8.2016/622](#))

###### **Subject of audit**

An audit referred to in this Act covers the accounting records, the financial statements, and the governance of a corporation or a foundation for the financial year.

Where an audit is otherwise required by law, the provisions of this Act on the audit for a financial year and on its contents shall apply.

##### **Section 2** ([12.8.2016/622](#))

###### **Group audit**

The auditor of the parent company must also audit the consolidated financial statements, while ensuring that the auditors of the group undertakings have conducted their audits appropriately.

If the auditor of the parent company is unable to audit the consolidated financial statements or to ensure that the auditors of the group undertakings have conducted their audits appropriately as referred to in subsection 1, the auditor must take the appropriate action to rectify the matter and notify the Audit Oversight Unit.

##### **[Section 3](#)**

###### **International auditing standards**

In addition to the provisions laid down in this Act and any statutes issued by virtue thereof, anyone acting in a duty referred to in Chapter 1, section 1(1)(1) shall comply with the auditing standards adopted for application in the European Union (*international auditing standards*), which are referred to in Article 26 of Directive 2006/43/EY of the European Parliament and of the Council on statutory audits of annual accounts and consolidated accounts, amending Council Directives 78/660/EEC and 83/349/EEC and repealing Council Directive 84/253/EEC.

International auditing standards may be applied within an appropriate scope to the audit of a small undertaking referred to in Chapter 1, section 4a of the Accounting Act in compliance with the good auditing practice referred to in Chapter 4, section 3 of this act. ([12.8.2016/622](#))

#### **Section 4**

##### **Auditor's note**

After an audit has been conducted, the auditor must make a note thereof in the financial statements, with a reference to the audit report.

#### **Section 5 ([12.8.2016/622](#))**

##### **Audit report**

An auditor must issue, for each financial year, an audit report, which shall be dated and signed. The audit report shall include the identification of the financial statements subject to the audit and refer to the financial reporting framework according to which the financial statements have been prepared. The audit report shall identify the auditing standards in compliance of which the audit was conducted. The audit report shall also state the auditor's place of business.

The audit report shall contain an opinion on:

- 1) whether the financial statements give a true and fair view, in accordance with the applicable financial reporting framework, of the result of operations and the financial position of the corporation or foundation;
- 2) whether the financial statements comply with statutory requirements;
- 3) whether the applicable provisions have been complied with in the preparation of the management report;
- 4) whether the information included in the management report for the financial year is consistent with the information included in the financial statements.

The opinion referred to in subsection 2 above may be unqualified, qualified or adverse. If the auditor is unable to express an audit opinion, a disclaimer of opinion shall be contained in the audit report.

The audit report shall also state whether the auditor, based on the information arising from the audit, has observed material misstatements in the management report, and report on the nature of these misstatements.

The auditor shall include a remark to it in the auditor's report if a partner, a member or the Chairperson or the deputy Chairperson of the Board of Directors or of the Supervisory Board or of an equivalent governing body, or the Managing Director or any other accountable person in the corporation or foundation:

- 1) is guilty of an act or negligence which may result in liability for damages towards the corporation or foundation; or

2) has violated an act applicable to the corporation or foundation, or the articles of association, deed of partnership, or rules of the corporation or foundation.

The audit report shall also incorporate any other statements based on the audit required by the shareholders' meeting or other governing body of a corporation or a foundation.

The audit report shall refer to any other matters to which the auditor draws attention, and information on any conditions that may cast significant doubt about the entity's ability to continue as a going concern.

Where a corporation or a foundation has more than one auditor, the auditors shall submit a joint audit report. If the auditors disagree on the opinion referred to in subsection 2, a reference referred to in subsection 5 or a statement referred to in subsection 6, each auditor shall clearly state his or her opinion in the audit report, stating the reason for the disagreement.

The auditor of a corporation or a foundation which is a parent entity shall also issue a particular report regarding the group, in accordance with the provisions laid down in subsections 1 to 7. In addition, the auditor shall prepare an additional report to the audit committee referred to in Article 11 of the EU Audit Regulation on a public-interest entity referred to in Chapter 1, section 9 of the Accounting Act.

Section 5 a ([12/08/2016/622](#))

#### **Declaration of inadequate audit report**

The Audit Board shall be entitled to publish on its website a declaration that an audit report issued by an auditor does not meet the requirements of the relevant provisions. The declaration shall identify the audit report and the auditor.

Section 6 ([12.8.2016/622](#))

#### **Submission of an audit report and an additional report to the audit committee to a corporation or a foundation**

The auditor shall submit the audit report to the Board of Directors or other governing body of a corporation or a foundation no later than two weeks before the meeting at which the adoption of the financial statements shall be proposed.

An additional report to the audit committee referred to in Article 11 of the EU Audit Regulation shall be submitted to the governing body referred to in subsection 1 at the latest at the time the audit report is issued.

Section 7 ([12.8.2016/622](#))

#### **Audit memorandum**

An auditor may make remarks to the Board of Directors, the Managing Director or other accountable party about matters not covered in the audit report or the additional report to audit committee referred to in section 6(2). These matters shall be recorded in the audit memorandum. The audit memorandum shall be submitted to the Board of Directors or other governing body of the corporation or the foundation. This body shall process the audit memorandum without delay and retain it in a reliable manner.

## **Section 8**

### **Determination of audit fee**

The fee payable to an auditor for the conduct of an audit shall not be determined in a manner that may endanger the auditor's independence.

## **Section 9**

### **Obligation of the governing bodies of a corporation or a foundation to assist an auditor**

The partners or the Board of Directors and the Managing Director or equivalent governing bodies shall provide an auditor with an opportunity to conduct an audit in the scope considered necessary by the auditor, and they shall provide any information and assistance requested by the auditor. The same obligation applies to a partner, the Board of Directors and the Managing Director or an equivalent governing body of a subsidiary towards the auditor of the parent entity.

## **Section 10**

### **Auditor's presence in the general meeting of a corporation or a foundation**

The auditor has the right to be present and to speak in the meeting of the governing body of a corporation or a foundation where matters relating to his or her duties are dealt with.

The auditor must be present in the meeting where the matters to be dealt with require his or her presence.

Upon request by the general meeting or by an equivalent governing body, the auditor shall provide further information on matters that may have an effect on the consideration of a matter being dealt with in the meeting. Information shall, however, not be provided where its disclosure would result in material damage to the corporation.

## **Chapter 4**

### **Other provisions regarding an auditor**

#### **Section 1 ([12.8.2016/622](#))**

##### **Principles of professional ethics**

An auditor shall perform the duties referred to in this Act with professional competence, integrity, objectivity and professional scepticism, and having regard to the public interest.

## **Section 2**

### **Maintaining and developing professional competence**

An auditor shall maintain and develop his or her professional competence.

## **Section 3**

### **Obligation to observe good auditing practice**

In carrying out the duties referred to in this Act, an auditor shall observe good auditing practice.

An auditor shall observe any particular instructions given by the partners or by the shareholders' meeting or equivalent governing body, insofar as these instructions are not in conflict with the law, the articles of association, the rules, the deed of partnership, international auditing standards, good auditing practice, or the principles of professional ethics.

#### **Section 4**

##### **Retaining documents**

An auditor shall retain the documents related to an engagement referred to in Chapter 1, section 1(1) and (2) for at least six years.

#### **Section 5**

##### **Quality assurance**

An auditor shall see to the quality of his or her audit work and participate in a quality assurance review referred to in Chapter 7, section 9(1)(1).

#### **Section 6 (12.8.2016/622)**

##### **Auditor's independence**

An auditor shall be independent when carrying out an engagement referred to in Chapter 1, section 1(1) and during the period covered by the financial statements to be audited, as well as arrange his or her activities in a manner that ensures independence.

Where the preconditions for independent activity do not exist, an auditor shall refuse to accept an engagement or he or she must withdraw from it. However, an auditor need not refuse to accept or withdraw from an engagement if:

- 1) the threats to independence, assessed as a whole, are considered insignificant; or
- 2) the auditor has applied safeguards to mitigate the threats to his or her independence.

An auditor shall apply safeguards at least in cases where:

- 1) the auditor has financial or other interests in the corporation or foundation, or where a business relationship, other than an ordinary one, exists between the auditor and the corporation or foundation;
- 2) the auditor's own activities are subject to the audit;
- 3) the auditor acts for or against the corporation or foundation in legal proceedings or other matters;
- 4) the auditor has a close personal relationship with a member of the management of the corporation or foundation, or with a person who is, as an employee of the corporation or foundation, involved with a matter that is the subject of the engagement; or

5) the auditor is being intimidated.

The threats to an auditor's independence referred to in subsection 2 above and the safeguards applied to mitigate them referred to in subsection 3 shall be recorded in the engagement documentation.

The provisions laid down in subsection 3 on a corporation or a foundation shall also apply to corporations and foundations over which it exercises control as referred to in Chapter 1, section 5 of the Accounting Act, as well as to a corporation or a foundation which exercises direct control over it.

When making the assessment referred to in subsection 2 above, consideration shall be given to threats to auditor's independence relating to:

- 1) the audit firm for which the auditor works;
- 2) any person significantly involved with the performance of the engagement under the supervision of the auditor;
- 3) any person who has direct management or supervisory responsibility over the activities of the auditor; or
- 4) an owner or a member of the management of the audit firm referred to in paragraph 1 above who works in a unit of the audit firm that is significantly involved with the performance of the engagement.

If the threat to the auditor's independence is due to a business reorganisation that affects the audited corporation or foundation, the auditor shall, within three months of being informed of the reorganisation, apply safeguards to mitigate the threat to his or her independence or withdraw from the engagement.

#### **Section 7 [\(12.8.2016/622\)](#)**

##### **Disqualification of an auditor**

An auditor is not independent in the manner referred to in section 6, at least if:

- 1) the auditor is a partner, a member of the Board of Directors or Supervisory Board, Managing Director or one in an equivalent position in the corporation or foundation or in a corporation belonging to the same group, or in an associate referred to in Chapter 1, section 8 of the Accounting Act;
- 2) the auditor is responsible for the preparation of the accounting records, or for the management of assets or supervision of the management of assets in the corporation or foundation;
- 3) the auditor is employed by the corporation or foundation or by a person referred to in paragraphs 1 and 2;
- 4) the auditor has a direct or indirect ownership interest in or other right to the shares of a profit-seeking entity;

5) the auditor has accepted a loan, a guarantee or similar benefit from or has given such benefit to the corporation or foundation or a member of its management;

6) the auditor or a person closely associated with the auditor as referred to in the [Chapter 12, section 4 of the Security Markets Act \(746/2012\)](#) possesses a financial instrument issued or guaranteed by the audited entity, or he or she otherwise stands to gain substantial and direct financial advantage through such a financial instrument, or he or she participates in business activities that concern such a financial instrument;

7) the person referred to in paragraph 1 or paragraph 2 is the auditor's spouse, brother or sister or the auditor's relative in the direct line of ascent or descent; or

8) the auditor's spouse or a relative in a direct line of descent has an ownership interest or other right referred to in paragraph 4 and this right is not insignificant.

The provisions laid down in subsection 1(4) shall not apply to a corporation whose membership is required in order to have access to essential utility services provided by it. In such a corporation, an auditor is permitted to hold an ownership interest only to the extent that is needed for entitlement to the services; however, the interest shall not exceed one per cent.

If an auditor receives a right referred to in subsection 1(4) after his or her appointment, he or she shall dispose of the right or resign from the engagement within a reasonable period of time after he or she was informed of the right and he or she was entitled to dispose of it. If the auditor does not dispose of his or her right within a reasonable period, he or she must withdraw from the engagement.

The provisions laid down above in this section regarding a corporation or a foundation shall also apply to corporations over which it exercises control as referred to in Chapter 1, section 5 of the Accounting Act, as well as to a corporation or a foundation which exercises direct control over it.

#### **Section 8 ([12.8.2016/622](#))**

##### **Obligation of confidentiality and professional secrecy**

An auditor or his or her assistant is not permitted to disclose to an outsider any information received while carrying out the duties referred to in this Act unless otherwise provided in subsection 2 or 3.

However, the obligation of confidentiality and secrecy does not apply to information which:

- 1) an auditor has an obligation to disclose or to report under an act or the EU Audit Regulation;
- 2) the one for whose benefit the obligation of secrecy has been enacted gives his or her permission to disclose;
- 3) a public authority, a court, or another person has a legal right to have access to; or
- 4) is publicly available.

The obligation of secrecy does not prevent an auditor or an audit firm from making the information needed for conducting an audit available for another auditor.

**Section 9 [\(12.8.2016/622\)](#)**

**Client account record**

An auditor shall maintain a client account record that includes at least the following data for each audit client:

- 1) name, address and place of business;
- 2) in the case of an audit firm, the name of the key audit partner;
- 3) the fees charged for the audit and the fees charged for other services in each financial year of the client.

The auditor may outsource client account record maintenance to another auditor. However, the responsibility for keeping an appropriate client account record always rests with the client's auditor.

The data for an audit client in the record shall be retained for 10 years after the conclusion of the client's audit engagement.

**Section 10 [\(12.8.2016/622\)](#)**

**Audit file**

While performing the tasks referred to in Chapter 1, section 1(1)(1) above, the auditor shall collect significant information and documents relevant to the engagement into an audit file that shall be closed no later than 60 days after the date of signature of the audit report.

**Section 11 [\(12.8.2016/622\)](#)**

**Employment by audited entities of former auditors**

An auditor or a key audit partner who carries out an audit on behalf of an audit firm may not, before a period of at least one year has elapsed since he or she ceased to act as an auditor in connection with the audit engagement:

- 1) take up a key management position in the audited entity;
- 2) become a member of the audit committee of the audited entity or of the body performing equivalent functions to an audit committee;
- 3) become a non-executive member of the administrative body or a member of the supervisory body of the audited entity.

The period referred to in subsection 1 above shall be two years if the audited entity is a public-interest entity.

What is provided on auditors in subsection 1 above shall also apply to employees and partners other than key audit partners of an auditor or of an audit firm carrying out an audit, as well as any other natural person whose services are placed at the disposal or under the control of such auditor or audit

firm and who are personally approved as auditors. In this case, the period will be calculated from the date when he or she was directly involved in the statutory audit engagement.

#### **Section 12** ([12.8.2016/622](#))

##### **Internal organisation of auditors**

Auditors shall organise their activities in accordance with good auditing practices proportionate to their scale and complexity and lay down practices for ensuring this. These practices shall contain adequate principles on risk management, annual internal quality assurance reviews, documentation of the material related to each engagement, adequate resource allocation to an audit engagement, remuneration policies, annual monitoring of breaches and complaints as well as the procedure for reporting suspected breaches.

Notwithstanding the provisions in subsection 1 above there is no obligation to, in the audits of small undertakings referred to in [Chapter 1, section 4a of the Accounting Act \(1336/1997\)](#):

- 1) evaluate the internal quality control system annually;
- 2) ensure continuity and regularity in carrying out its activities;
- 3) prepare documentation on resource allocations to individual audit engagements;
- 4) establish principles concerning remuneration;
- 5) draw up an annual report on breaches and complaints.

#### **Section 13** ([12.8.2016/622](#))

##### **Reporting suspicions**

Auditors shall provide for persons employed by them an internal procedure ensuring that these persons can anonymously report any suspected breaches of audit regulation.

The reporting procedure shall contain actions that protect the person who reports a breach and secure the protection of personal data concerning both the person reporting a breach and the person whom the report concerns in compliance with the Personal Data Act ([523/1999](#)). The reporting procedure shall also include instructions for protecting the identity of the person reporting a breach, unless otherwise provided in an act in order to investigate a breach or in provisions on an authority's right to access information.

An auditor shall retain the necessary information concerning a report referred to in subsection 1. The information shall be deleted after five years have elapsed from the submission of the report, unless retaining the information further is necessary because of a criminal investigation, pending court proceedings, an official investigation, or in order to protect the rights of the person reporting a breach or the person suspected of a breach. The necessity of retaining the information shall be reviewed at the latest three years after the most recent similar review. Records must be kept of these reviews.

In addition to the provisions in the Personal Data Act, the subject of a report referred to in subsection 1 above shall not have the right to access the information referred to in subsections 1 and

2 if providing access to the information could impede an investigation of suspected breaches. Provisions on the rights of the person who is the subject of the report are laid down in the Personal Data Act.

The Auditor Oversight Unit may issue more detailed orders on the submission and processing of reports referred to in subsection 1.

## **Chapter 5 [\(12.8.2016/622\)](#)**

### **Special provisions regarding an auditor and audit of a public-interest entity**

#### **Section 1 [\(12.8.2016/622\)](#)**

##### **Maximum duration of audit engagements**

The total duration of engagements of an auditor or an audit firm of a public-interest entity shall not exceed ten years.

After the maximum duration referred to in subsection 1 has been reached, the engagement of an auditor or an audit firm may only be renewed if the audit is subjected to a tendering process referred to in Article 16(2–5) of the EU Audit Regulation. After a public tendering process, the auditor or the audit firm may serve as a corporation's auditor for a maximum duration of twenty years, including the engagements before and after the tendering process.

The engagement of an auditor may exceptionally be extended to 24 years if:

- 1) the maximum duration laid down in subsection 1 has been attained;
- 2) more than one auditor or audit firm is simultaneously engaged;
- 3) the auditors referred to in paragraph 2 present a joint audit report.

When calculating the maximum durations laid down in subsections 1 and 2 above, engagements during which a natural person working for an audit firm referred to in subsection 1 or 2 has been acting as an auditor are also included.

When the maximum duration referred to in subsection 1 has been reached, an auditor working in an audit firm referred to in subsection 1 or 2 may only be appointed on the same conditions that apply to the relevant audit firm.

#### **Section 2 [\(12.8.2016/622\)](#)**

##### **Dismissal of an auditor by a court decision**

An auditor of a public-interest entity shall be dismissed by a court during an engagement if there is proper grounds for doing so. However, the auditor may not be dismissed after the financial statements for the financial year in question have been adopted and the decision on their adoption has gained legal force.

A claim referred to in subsection 1 above may be brought in a public court of first instance:

1) in a limited liability company, by shareholders representing 5% or more of the voting rights or the share capital, and members of a cooperative who represent at least 5% of the cooperative's membership;

2) the Auditor Oversight Unit;

3) the Financial Supervision Authority.

A matter concerning the dismissal of an auditor shall be heard by the court urgently.

The court shall inform the Auditor Oversight Unit of a legally valid decision in a matter referred to in subsection 2 by which an auditor has been dismissed.

### **Section 3 [\(12.8.2016/622\)](#)**

#### **Prohibition of the provision of non-audit services**

Provisions on an auditor's right to provide non-audit services in addition to audit services to an audited entity and its group undertakings are laid down in Article 5 of the EU Audit Regulation.

Notwithstanding the provisions in Article 5 of the EU Audit Regulation, an auditor or an audit firm, or any member of the network to which the auditor belongs or an audit firm in which an auditor works may, however, provide to the audited entity and its group undertakings valuation services and tax services related to:

- 1) preparation of tax forms;
- 2) identification of public subsidies and tax incentives ;
- 3) support regarding tax inspections by tax authorities;
- 4) calculation of direct and indirect tax and deferred tax;
- 5) provision of tax advice.

An auditor may only offer the services referred to in subsection 2 provided that they are immaterial or have no direct effect, separately or in the aggregate, on the audited financial statements. The assessment of the effects shall be documented and described in the additional report to the audit committee referred to in Chapter 3, section 5(9).

When offering services referred to in subsections 1–2, the provisions on independence in section 6, on disqualification in section 7, and on principles of professional ethics in section 1 of Chapter 4 shall be complied with. The provisions on auditors laid down in subsections 1–3 shall also apply to an audit firm in which the auditor works and a member of the network to which an auditor, or an audit firm in which an auditor works, belongs.

### **Section 4 [\(12.8.2016/622\)](#)**

#### **Maximum amount of fees for non-audit services**

When Article 4 of the EU Audit Regulation on audit fees is applied to total fees that the audited entity pays to the auditor, fees paid to the audit firm shall also be included in the total fees if the auditor works for an audit firm.

The provisions in Article 4(2) of the EU Audit Regulation on the maximum fees for non-audit services paid to an auditor shall not apply if an exemption from the maximum amount has been granted by the Auditor Oversight Unit upon request by the auditor.

The Auditor Oversight Unit may grant the exemption referred to in subsection 2 if particular reasons related to the activities of the audited entity exist.

An exemption may be granted for a period not exceeding two subsequent financial years.

## **Chapter 6**

### **Approval and registration**

#### **Section 1**

##### **Approval of an auditor**

Upon application, the Auditor Oversight Unit shall approve as an HT auditor an applicant who meets the requirements for approval laid down in section 2, and as a KHT or JHT auditor an applicant who meets the requirements for approving his or her specific competence laid down in section 3, and as an audit firm an applicant that meets the requirements for approving an audit firm laid down in section 5.

The approval referred to in subsection 1 above shall be valid until further notice.

Further provisions on the application procedure may be laid down by Ministry of Economic Affairs and Employment decree.

#### **Section 2**

##### **Requirements for approving an HT auditor**

As an HT auditor shall be approved a natural person who:

- 1) is not bankrupt, has not been barred from conducting business or had his or her competence or legal capacity restricted, and for whom no guardian has been appointed;
- 2) has not, through his or her actions, proven to be unfit as an auditor;
- 3) has completed university degree or obtained at least seven years of experience in professional tasks in the fields of accounting, finance and law;
- 4) has completed studies necessary for the performance of the duties of an auditor in accounting, law and other subjects in the field of business and economics;

5) has obtained a minimum of three years' practical experience in the auditing of financial statements or consolidated financial statements or similar financial calculations, or a minimum of 15 years of practical experience in professional tasks in the fields of accounting, finance and law;

6) has passed the professional examination for HT auditors, hereinafter *HT examination*; and

7) after passing the professional examination for HT auditors, has given an auditor's affirmation before the court.

The requirements referred to in subsection 1(4) above may be departed from if the applicant has passed a set of additional assignments in the relevant subjects.

A person is unfit as an auditor as referred to in subsection 1(2) if he or she has, by a legally valid decision, been sentenced to a fine in the previous three years, or to imprisonment in the previous five years, for an offence that proves his or her unfitness for acting as an auditor. Neither shall a person be considered suitable if he or she, by his or her previous actions, has otherwise proven to be obviously unsuitable for acting as an auditor.

A person whose approval has been withdrawn under Chapter 10, section 2(1)(1) or (2) cannot be restored as an HT auditor until three years have elapsed from the date on which the approval was withdrawn.

Notwithstanding the provisions in subsection 1 above, an auditor approved in an EEA state and a person who is professionally qualified to practice auditing in a country with which the European Union and its Member States have concluded an agreement on mutual recognition of professional qualifications may be approved as an HT auditor. Prior to approval, this person shall pass an aptitude test.

More detailed provisions on the studies, the possibility of replacing studies by additional assignments, experience requirements, examinations and examination requirements, contents of an auditor's affirmation and the aptitude test shall be laid down in Ministry of Economic Affairs and Employment decree.

### **Section 3**

#### **Requirements for approving KHT and JHT auditors' specific competence**

As a KHT auditor shall be approved an HT auditor who continues to meet the qualification requirements laid down in section 2(1)(1) and (2) and who:

1) has completed a higher university degree, or has worked as an HT auditor for at least five years, or has at least seven years of experience in professional tasks in the fields of accounting, finance and law; and

2) has passed a specialisation examination in auditing public-interest entities, hereinafter *KHT specialisation examination*.

As a JHT auditor shall be approved an HT auditor who continues to meet the qualification requirements laid down in section 2(1)(1) and (2) and who:

1) has completed a higher university degree or worked as an HT auditor for at least five years, or has at least seven years of experience in professional tasks in the fields of accounting, finance and law;

2) has completed studies necessary for the performance of the duties of an auditor of public administration and public finances in accounting and law and obtained at least 18 months of experience of tasks in public administration and public finances; and

3) has passed a specialisation examination in auditing public administration and public finances, hereinafter *JHT specialisation examination*.

The requirements referred to in subsection 2(2) above may be departed from if the auditor has passed a set of additional assignments in the relevant subjects.

Notwithstanding the provisions in subsections 1 and 2 above, an auditor approved in an EEA state and a person who is professionally qualified to practice auditing in a country with which the European Union and its Member States have concluded an agreement on mutual recognition of professional qualifications must be approved as a KHT and JHT auditor. Prior to approval, this person shall pass an aptitude test.

More detailed provisions on the studies, replacing studies by additional assignments and experience requirements, examinations and examination requirements shall be laid down in Ministry of Economic Affairs and Employment decree.

#### **Section 4**

##### **Examinations and admittance to examinations**

HT examinations and KHT and JHT specialisation examinations are organised at least once in a calendar year.

A natural person who has been granted permission to attend by the Auditor Oversight Unit can be admitted to the examination. Once granted, permission to attend the examination is valid for the year in which it was granted and the following five calendar years.

Permission to attend an HT examination must, upon application, be granted to a natural person who has the qualifications referred to in section 2(1)(3) and who has completed the studies referred to in paragraph 4 and obtained practical experience referred to in paragraph 5, with no more than 12 months missing of the required time. The requirements concerning studies may be departed from if the applicant completes the additional assignments in the missing subjects.

Permission to attend a KHT specialisation examination must, upon application, be granted to a natural person who has passed the HT examination referred to in section 2(1)(6), or obtained permission to attend it and who meets the qualifications referred to in section 3(1)(1). If the candidate does not have a higher university degree, the permission may be granted if no more than 12 months are missing from the practical experience referred to in section 3(1)(1).

Permission to attend a JHT specialisation examination must, upon application, be granted to a natural person who has passed the HT examination referred to in section 2(1)(6), or obtained permission to attend it and who meets the qualifications referred to in section 3(2)(1) and (2). If the

candidate does not have a higher university degree, the permission may be granted if no more than 12 months are missing from the practical experience referred to in section 3(2)(1). If the candidate has not completed the studies referred to in section 3(2)(2), permission may be granted if no more than six months are missing from the practical experience referred to in this paragraph. The requirements concerning studies may be departed from if the applicant completes the additional assignments in the missing subjects.

If a candidate has been granted permission to participate in both an HT examination and a KHT or JHT specialisation examination but he or she has not passed the HT examination, he or she may only take the specialisation examination at the same time as the HT examination. If, at that time, he or she only passes the specialisation examination, this result will be valid for five calendar years following the year of the examination. If the candidate does not pass the HT examination during the period of validity of the specialisation examination, the specialisation examination result will expire.

Further provisions on the application procedure may be laid down by Ministry of Economic Affairs and Employment decree.

## Section 5

### **Requirements for approving an audit firm**

As an audit firm shall be approved a limited liability company, a cooperative, a limited partnership or a general partnership which practises auditing and:

- 1) which is qualified to act as an independent audit firm in accordance with this Act;
- 2) where a majority of partners in a general partnership or personally liable partners in a limited partnership are auditors working in the firm, audit firms or auditors or audit firms approved in an EEA state, or audit firms where a majority of voting rights in a limited liability company or the votes of the members and representatives of a cooperative are held by auditors or audit firms referred to above;
- 3) where over one half of the members and deputy members, and the Chairperson and the deputy Chairperson of the Board of Directors of a limited liability company or a cooperative are auditors working in the audit firm or auditors approved in an EEA state; and
- 4) where a personally liable partner, Managing Director or deputy Managing Director or a member or a deputy member of the Board of Directors has not proven through his or her actions to be unfit for serving as a key audit partner in an audit firm.

A person is unfit for the position as referred to in subsection 1(4) if he or she has, by a legally valid decision, been sentenced to a fine in the previous three years, or to imprisonment in the previous five years, for an offence that proves his or her unfitness for serving in a position involving accountability in an audit firm. Neither shall a person be considered fit if he or she has, by his or her previous actions, otherwise proven to be obviously unfit for serving in a position involving accountability in an audit firm.

What is provided on a limited liability company, a cooperative, a limited partnership or a general partnership above shall apply to a similar foreign corporation.

## **Section 6**

### **Right to use a professional title**

The professional title of an HT auditor and the relevant abbreviation may only be used by a natural person approved as an HT auditor under section 1.

The professional title of a KHT auditor and the relevant abbreviation may only be used by a natural person approved as a KHT auditor under section 1.

The professional title of a JHT auditor and the relevant abbreviation may only be used by a natural person approved as a JHT auditor under section 1.

The professional title of an audit firm may only be used by an audit firm approved under section 1.

## **Section 7**

### **Cancellation and restoration of approval**

The Auditor Oversight Unit shall cancel approval:

- 1) upon application of an auditor;
- 2) upon death of an auditor;
- 3) if an auditor has failed to pay the supervision fee referred to in section 11(2) within a reasonable delay after being reminded of this non-payment.

If the approval was cancelled under section 1(1), it can be restored upon application if the applicant still qualifies for approval and meets the requirement laid down in Chapter 4, section 2 regarding maintenance and development of professional competence. A precondition for restoration of approval in cases referred to in subsection 1(3) of this section is that the applicant has paid the overdue fees.

## **Section 8**

### **Register of auditors' examinations**

The Auditor Oversight Unit keeps a register of auditors of those who have taken the auditor's and specialisation examinations and the aptitude test. The purpose of the register is to keep information on examinations on file, to allow the Auditor Oversight Unit to perform its tasks, and to facilitate the monitoring of the system's effectiveness.

The register shall include the name and personal identity code of the person attending the examination, as well as the title of the examination, the candidate's results and the date on which the examination was taken. If a specialisation examination completed by a candidate expires, this information shall also be recorded in the register.

The information shall be retained in the register for 50 years.

## **Section 9 [\(12.8.2016/622\)](#)**

## **Register of auditors**

The Auditor Oversight Unit keeps a register of auditors for the purposes of identifying persons entitled to carry out audits as well as supervising auditors' activities and restoration of approvals (*register of auditors*). The register shall include the information identifying a natural person approved as an auditor and a firm approved as an audit firm, as well as other necessary information regarding the practice of the auditor's profession and the conduct of business.

At least the following data shall be saved in the register:

- 1) name and personal identity code or, if a personal identity code is not available, the date of birth of a natural person, and the trade name and business ID of a firm;
- 2) date of registration and identification number;
- 3) postal address and possible e-mail address as well as telephone number;
- 4) approval as an HT, KHT and JHT auditor or audit firm, the date of the approval and the date of expiry of the approval;
- 5) the date on which approval was cancelled by application and the date on which approval was restored;
- 6) reprimand, warning, withdrawal of approval and the date of withdrawal as well as fixed-term withdrawal of approval, penalty fee and notice of a conditional fine issued to an auditor and any declarations of inadequate audit report;
- 7) the names and personal identity codes or, if personal identity codes are not available, the dates of birth or business IDs and postal addresses of the owners of an audit firm, as well as the names and personal identity codes or, if personal identity codes are not available, the dates of birth of members in its Board of Directors or equivalent governing body as well as the Managing Director and his or her deputy.

This data shall be retained in the register of auditors as follows:

- 1) data referred to in subsection 2(1), (2), (4) and (5) shall be retained for 30 years after the approval has been cancelled under section 7, or withdrawn by a legally valid decision under Chapter 10, section 2;
- 2) data on a cancellation referred to in subsection 2(6) shall be retained for ten years, information on a warning for six years and information on a reprimand for three years after the decision on the relevant sanction became legally valid;
- 3) data other than that referred to in paragraphs 1 and 2 shall be retained in the register until the approval has been cancelled under section 7, or withdrawn by a legally valid decision under Chapter 10, section 2.

Data on an audit firm approved and registered in an EEA state whose key audit partner meets the approval requirements in Chapter 6, section 2 or 3 shall also be entered in the register. If such an audit firm is entered in the register of auditors in an EEA state that is also the home state of the

audit firm, the Auditor Oversight Unit shall notify the competent authority responsible for the register of auditors in the auditor's home state of the registration.

The register of auditors shall also include data for an auditor who is approved and registered in a non-EEA state and who issues an auditor's report on the financial statements or consolidated financial statements as well as on the management report of a corporation registered in a non-EEA state, when the securities of the corporation in question are subject to public trading referred to in Chapter 1, section 2(4) of the Act on Trading in Financial Instruments. An auditor to be registered shall also meet the requirements, which will be detailed in a government decree, relating to professional competence, the administration of the audit firm, the carrying out of an audit and the publication of information. The registration referred to above does not apply to an auditor of a corporation whose securities subject to public trading only include other than equity securities whose nominal value per unit or book value is at least:

- 1) EUR 50,000 or an equivalent amount in another currency on the date of issue if the issue took place before 31 December 2010; or
- 2) EUR 100,000 or an equivalent amount in another currency on the date of issue if the issue took place on 31 December 2010 or thereafter.

Further provisions on information other than personal data to be entered in the register and on register-keeping may be laid down by government decree.

#### **Section 10**

##### **Obligation to give notification of changes in approval requirements and register data**

An auditor must notify the Auditor Oversight Unit without delay of any changes that have occurred in the requirements for approval and the data contained in the register of auditors.

The provisions on an auditor's obligation to give notification of changes in register data in subsection 1 above shall also apply to a non-EEA auditor registered as referred to in section 9(4).

#### **Section 11**

##### **Access to register information**

Notwithstanding the provisions in [section 16 of the Act on the Openness of Government Activities \(621/1999\)](#), the Auditor Oversight Unit may provide access to data in the register of auditors across a public information network, however excluding the last four digits of a personal identity code. The information shall be removed from the register without undue delay if an auditor's approval has been cancelled under section 7, or withdrawn by a legally valid decision under Chapter 10, section 2. ([12.8.2016/622](#))

Anyone shall be entitled to obtain extracts and copies of the information in the register of auditors' examinations and the register of auditors at cost price. Notwithstanding the provisions in section 16(3) of the Act on the Openness of Government Activities, anyone is entitled to obtain information, extracts and certificates based on the entries in the registers by electronic means. The provisions laid down above in this subsection shall apply to the last four digits of a natural person's personal identity code if this information is necessary in order to protect interests or rights, or other acceptable grounds exist for providing access to it.

## Chapter 7

### Direction, development and oversight

#### Section 1

##### **Auditor Oversight Unit**

The Auditor Oversight Unit works in conjunction with the Finnish Patent and Registration Office.

Further provisions on the organisation of the Auditor Oversight Unit in the Finnish Patent and Registration Office and the procedures followed in the oversight activities may be laid down in government decree.

#### Section 2

##### **Tasks of the Auditor Oversight Unit**

The Auditor Oversight Unit shall be responsible for the general direction and development of auditing and the oversight of auditors. The Auditor Oversight Unit

- 1) approves auditors and sees to the approval system and its development;
- 2) supervises auditors' compliance with this Act, statutes laid down by virtue of it and the act on auditing public administration entities and public finances;
- 3) supervises that auditors maintain and develop their professional competence and maintain the qualifications for approval;
- 4) supervises the quality of auditing and sees to the development of the quality assurance system;
- 5) sees to the general direction and development of auditing;
- 6) participates in international cooperation and information exchanges;
- 7) performs other duties imposed on it in this Act.

In addition to what is provided in subsection 1 above, the Auditor Oversight Unit shall perform any other tasks of the Finnish Patent and Registration Office assigned to it.

The Auditor Oversight Unit shall serve as the competent authority referred to in Article 20(1) of the EU Audit Regulation, excluding in the monitoring and assessment of the audit committees referred to in Article 27(1)(c) of the EU Audit Regulation, in which the competent authority shall be the Financial Supervision Authority. ([12.8.2016/622](#))

#### **Section 3 ([12.8.2016/622](#))**

##### **Subjects of oversight**

The Auditor Oversight Unit oversees auditors.

In addition, the Auditor Oversight Unit oversees audit firms approved and registered in an EEA state as referred to in Chapter 6, section 9(4) regarding audits conducted by them in Finland.

The Auditor Oversight Unit also oversees auditors approved and registered in a non-EEA state as referred to in Chapter 6, section 9(5), applying the provisions on the oversight of auditors, unless the oversight in the relevant state has been deemed to be equivalent to the oversight of auditors in EEA states. In the assessment of equivalence, a European Commission equivalence decision recognizing the public supervision of auditors in a non-EEA country shall be complied with. If no such decision has been made concerning the state in question, the Auditor Oversight Unit shall assess the equivalence of supervision of auditors in the relevant state or comply with an equivalence assessment conducted by another EEA state.

The Auditor Oversight Unit may not investigate an auditor's actions if more than six years have elapsed from the relevant incidents.

The Auditor Oversight Unit may refrain from investigating an auditor's actions and the Audit Board may refrain from imposing a sanction if the auditor's approval has been cancelled under Chapter 6, section 7 or withdrawn under Chapter 10 section 2.

#### **Section 4**

##### **Audit Board**

An Audit Board that makes autonomous decisions operates within the Auditor Oversight Unit.

#### **Section 5**

##### **Audit Board's decision-making power**

The Audit Board shall make decisions on matters referred to in this Act concerning:

- 1) the general direction and development of auditing;
- 2) imposing, or refraining from imposing, an administrative sanction referred to in Chapter 10, sections 1 and 2;
- 3) a claim for a revised decision referred to in Chapter 11, section 1(1);
- 4) an appeal against an Administrative Court decision referred to in Chapter 11, section 1(5).

The tasks of the Audit Board also include promoting in an appropriate manner the performance of the duties assigned to the Auditor Oversight Unit in this Act.

#### **Section 6**

##### **Appointment and composition of the Audit Board**

The Audit Board shall be appointed by the government for a term of three years. The Board shall consist of a chairperson, a deputy chairperson and at least five and at most eight other members. In addition, the Board shall have two permanent experts. Each member, excluding the chairperson and the deputy chairperson, shall have a personal deputy, and a permanent expert shall have a deputy.

The chairperson and the deputy chairperson of the Audit Board shall be appointed based on the proposal of the Ministry of Economic Affairs and Employment.

All members shall have solid expertise in auditing. At least two of the members shall have a Master of Laws degree in a field other than international and comparative law. As a body, the Board shall have the other requisite expertise for performing its tasks. The permanent experts shall be auditors.

An auditor, a shareholder in an audit firm or a person in an equivalent position, a member of an audit firm's Board of Directors or an equivalent governing body, or a person who has an employment relationship with or accepts engagements from an audit firm cannot be appointed a member of the Audit Board. The majority of the members shall be persons who have ceased working in the aforementioned positions more than three years previously.

The above provisions on the members shall also apply to their deputy members.

## Section 7

### **Procedure followed by the Audit Board**

In the Audit Board, a quorum shall be constituted by the chairperson or the deputy chairperson and at least three other members or their deputies, at least one of whom shall have a Master of Laws degree. The Board shall make its decisions by a simple majority vote. In case of equality of votes, the vote of the chairperson, or the deputy chairperson acting on behalf of him or her, shall be decisive. The permanent experts may not take part in making decisions.

The Audit Board shall make its decisions on the basis of a proposal, further provisions on which are laid down in the rules of procedure of the Finnish Patent and Registration Office.

In order to perform its duties, the Board may consult external experts and establish divisions.

A member, deputy member, expert and division member of the Audit Board shall be subject to criminal liability for acts in office when performing his or her tasks referred to in this act. Provisions on liability for damages are laid down in the Tort Liability Act ([412/1974](#)).

More detailed provisions on the Board's work procedures shall be contained in its rules of procedure approved by the chairperson.

Further provisions on the procedures followed by the divisions may be laid down by government decree.

## Section 8

### **Organisation of examinations and tests**

The Auditor Oversight Unit shall be responsible for organising the examinations, tests and additional assignments referred to in Chapter 6, sections 2 and 3. The Auditor Oversight Unit may use external experts in performing these tasks. The provisions laid down in Chapter 8, section 8(4) shall apply to an external expert.

By its decision, the Auditor Oversight Unit may authorise the Audit Board or a corporation that, in terms of its independence, reliability, expertise and other aspects, is deemed to be suitable for this

task, to perform the tasks referred to in subsection 1. The Auditor Oversight Unit shall supervise the performance of the delegated tasks.

The tasks delegated by virtue of subsection 2 above shall be performed in compliance with the provisions of the Administrative Procedure Act ([434/2003](#)), the Language Act ([423/2003](#)) and the Act on the Openness of Government Activities. Persons performing tasks delegated under subsection 2 shall be subject to criminal liability for acts in office. Provisions on liability for damages are laid down in the Tort Liability Act.

## **Section 9 ([12.8.2016/622](#))**

### **Quality assurance**

When supervising the quality of auditing, the Auditor Oversight Unit shall:

- 1) carry out a quality assurance review on an auditor at least every six years;
- 2) appoint one or several independent quality control reviewers to carry out quality assurance reviews;
- 3) make decisions on the contents and implementation method of the quality assurance review, which shall be proportionate in view of the scale and complexity of the auditor's activity;
- 4) process the findings of quality assurance reviews and make decisions on actions to be taken as a result.

The Auditor Oversight Unit may use external experts to conduct quality assurance reviews.

An external quality assurance reviewer shall report to the Auditor Oversight Unit on a conducted quality review without delay.

The provisions on experts laid down in Chapter 8, section 8 shall also apply to external quality assurance reviewers.

The provisions laid down in this section shall not apply to an auditor who audits a public-interest entity.

## **Chapter 8**

### **Competence to exercise oversight**

#### **[Section 1](#)**

##### **Right to obtain information from an auditor**

Notwithstanding the secrecy provisions, an auditor shall, openly and truthfully and without undue delay, submit to the Auditor Oversight Unit any information and reports necessary for oversight, and also in other respects assist the Unit in examining an oversight matter.

The Auditor Oversight Unit has the right to obtain from an auditor all documents and records it deems necessary for exercising oversight, in a format that is appropriate for the purposes of the oversight, and to obtain any required copies of them free of charge.

The provisions in subsections 1 and 2 above also apply to the auditor of a corporation or a foundation which is a parent entity, unless the disclosure of information regarding the audit of the group is prevented by the legislation of another country or because of some other impediment not within the auditor's control. An auditor shall demonstrate the existence of such an impediment.

## **Section 2**

### **Right to obtain information from other persons**

Notwithstanding the secrecy provisions, the Auditor Oversight Unit has the right to obtain from the audited entity, or from an entity that has control over it or is under its control as referred to in Chapter 1, section 5 of the Accounting Act, all information in their possession on an auditor or an audit that the Auditor Oversight Unit needs to perform is statutory oversight task.

Notwithstanding the secrecy provisions, the Auditor Oversight Unit has the right to obtain information essential for the exercise of oversight for the purposes of an individual oversight action from parties other than those referred to above in this section who may, for a justified reason, be expected to have such information.

## **Section 3**

### **Right to carry out inspections**

Notwithstanding the secrecy provisions, the Auditor Oversight Unit has the right to, on the auditor's premises, inspect documents and other records as well as information systems relevant to the auditor's activity and administration to the extent that this is necessary in order for the Auditor Oversight Unit to perform its statutory oversight task.

An inspection may not, however, be conducted on premises used for the purposes of permanent residence.

The provisions on an auditor laid down in subsection 1 shall also apply to an undertaking which, as an auditor's agent or otherwise contracted by an auditor, performs tasks related to his or her business activities, accounting, information system, risk management or internal control.

Notwithstanding the secrecy provisions, the Auditor Oversight Unit also has the right to obtain from persons, corporations and foundations referred to in section 2 documents and records that contain information referred to in the aforementioned section, and the right to obtain copies of them.

## **Section 4**

### **Derogation from the provisions on the right to obtain information and carry out inspections concerning advocates, legal counsels and attorneys**

By derogation from the provisions laid down above in this Chapter, the Auditor Oversight Unit shall not have the right to obtain from an advocate referred to in the advocates act ([496/1958](#)) or from an advocate's assistant information, documents or records concerning the advocate's client or

inspect them, nor obtain from any other person information, documents or recordings he or she has acquired while performing the tasks of a legal counsel or an attorney, or inspect them. In the tasks of a legal counsel or an attorney shall be included, in addition to actual tasks related to legal proceedings, the provision of legal advice on the client's judicial position in the pre-trial investigation of an offence, or in some other phase of a process preceding legal proceedings, or initiating or avoiding legal proceedings.

## **Section 5**

### **Right to obtain information from the Register of fines and Criminal records**

The Auditor Oversight Unit has the right to obtain information from the Register of fines referred to in section 46 of the act on the enforcement of a fine ([672/2002](#)) necessary for determining the fitness of an auditor and a person in a position involving accountability in an audit firm referred to in Chapter 6, section 5(1)(4).

The Auditor Oversight Unit's right to obtain information from the Criminal records is based on the Criminal Records Act ([770/1993](#)).

## **Section 6**

### **Obtaining information from other authorities**

Notwithstanding the secrecy provisions and other restrictions of access to information, the Auditor Oversight Unit has the right to obtain information essential for exercising oversight referred to in this Act from the authorities and others performing a public duty. This information may be accessed using a technical interface without the consent of the party whose interests the obligation of secrecy was laid down to protect. The provisions laid down above shall not, however, apply to sensitive personal data.

## **Section 7**

### **Notice of a conditional fine**

In case of a minor negligence, the Auditor Oversight Unit may issue a notice of a conditional fine to parties referred to in sections 1–3 to oblige them to fulfil their obligations laid down in these sections.

A notice of a conditional fine may not be issued to a natural person to enforce an obligation to provide information laid down in this Act if the person is suspected of an offence and the information is relevant to the matter concerned in the suspected offence.

The decision to issue a notice of a conditional fine and order a conditional fine to be paid is made by the Auditor Oversight Unit. Provisions on appealing a matter concerning a notice of a conditional fine are laid down in this Act.

## **Section 8 ([12.8.2016/622](#))**

### **Using an external expert**

In order to investigate a matter essential for the exercise of oversight that requires particular expertise, the Auditor Oversight Unit may use an external expert.

The expert shall have sufficient competence considering the nature and scope of each individual task. If an expert serves as an external quality assurance reviewer, he or she shall have solid expertise in carrying out audits and specific training on quality assurance reviews.

An expert may not serve as a reviewer in a quality assurance review of an auditor or an audit firm until at least three years have elapsed since he or she ceased to be an employee of that auditor or a partner of that audit firm or to be otherwise associated with that auditor or audit firm.

The provisions on an auditor's rights laid down in section 1 and section 3(1)(2) shall also apply to an expert.

Provisions on the principles of good governance that an expert shall comply with are laid down in the Administrative Procedure Act, the Language Act and the Act on the Openness of Government Activities. When performing administrative tasks under public law assigned to him or her in accordance to this Act, an expert shall be subject to criminal liability for acts in office. Provisions on liability for damages are laid down in the Tort Liability Act.

The Auditor Oversight Unit may order that the fee of an external expert be paid by the auditor if the review concerns the quality assurance review of an auditor or there is a particular reason for the use of an expert that is due to the auditor's activity. The amount of the fee must be equivalent to the general level typical of this field.

## **Chapter 9**

### **Disclosure of information and cooperation between competent authorities**

#### **Section 1**

##### **Right to disclose information**

Notwithstanding the secrecy provisions, the Auditor Oversight Unit has the right to disclose documents and other information:

- 1) for the purpose of performing other tasks of the Finnish Patent and Registration Office;
- 2) to another Finnish authority and party performing a public function for the purpose of performing its tasks;
- 3) to a European Union institution or other authority if the disclosure of this information is required under Union law;
- 4) an oversight body in an EEA state that performs similar tasks in its home country under law.

The provisions laid down in subsection 1 above shall not, however, apply to sensitive personal data.

#### **Section 2 (12.8.2016/622)**

##### **Cooperation between the Auditor Oversight Unit and the Financial Supervisory Authority in oversight**

The Auditor Oversight Unit and the Financial Supervisory Authority shall engage in appropriate cooperation.

When required for the oversight of a supervised entity referred to in [sections 4 and 5 of the act on the Financial Supervisory Authority \(878/2008\)](#) or another financial market actor, the Financial Supervisory Authority may investigate if an auditor has acted in compliance with this Act and the statutes issued by virtue of it, or the provisions of the EU Audit Regulation applicable to the entities in question. The Financial Supervisory Authority may present a supervisory matter for the Audit Board to decide.

### **Section 3 ([12.8.2016/622](#))**

#### **International cooperation in oversight**

Notwithstanding the secrecy provisions, the Auditor Oversight Unit shall, upon request, submit any documents and other information considered necessary for the conduct of oversight to an oversight body of an EEA state referred to in section 1(1)(4).

The provisions laid down in subsection 1 shall also apply to the submission of documents considered necessary for the conduct of oversight to an oversight body in a non-EEA state, if:

- 1) the documents relate to the audit of a corporation which prepares consolidated financial statements in that state or whose securities are in that state subject to public trading in a market that is equivalent to a regulated market referred to in Chapter 1, section 2(6) of the Act on Trading in Financial Instruments and if the protection of the relevant corporation's commercial interests is not put at risk as a consequence;
- 2) the oversight of auditors in that state has been deemed adequate as referred to in Chapter 7, section 3(2);
- 3) an agreement has been reached with the oversight body in that country regarding the submission, use and confidentiality of information;
- 4) the provisions laid down in the Personal Data Act ([523/1999](#)) are observed in the exchange of information.

The Auditor Oversight Unit shall undertake oversight activities on request by an oversight body of an EEA state referred to in section 1(1)(4) or allow the oversight body that made the request to participate in the performance of the activities.

The Auditor Oversight Unit may, for a weighty reason, refuse to act on a request referred to in subsections 1–3. The Auditor Oversight Unit may also refuse to act on a request if a sanctions procedure has already been initiated in Finland in respect of the same actions or the same auditor or where a final decision or judgement has already been passed in Finland.

### **Chapter 10 ([12.8.2016/622](#))**

#### **Sanctions**

##### **Section 1 ([12.8.2016/622](#))**

### **Reprimand and warning**

The Audit Board shall issue a reprimand to an auditor if the auditor has, out of negligence, violated this Act or any provisions given by virtue thereof, or the act on auditing public administration entities and public finances, or provisions on auditing in other statutes. A reprimand shall be an adequate sanction where the reprehensible act is minor, there are mitigating circumstances, or the act is of little financial significance.

Where the act referred to in subsection 1 is so serious that a reprimand is not considered an adequate sanction, the Auditor Oversight Unit shall issue the auditor with a warning.

### **Section 2 ([12.8.2016/622](#))**

#### **Withdrawal of approval**

The Audit Board shall withdraw an auditor's approval if the auditor:

- 1) has deliberately or out of gross negligence materially violated this Act or any provisions given by virtue thereof, or the act on auditing public administration entities and public finances, or provisions on auditing in other statutes; or
- 2) no longer meets the requirements for approval.

If the grounds referred to in subsection 1(2) are relevant to an auditor's activity in a task where a KHT or JHT auditor is required and a natural person continues to have capabilities for acting as an auditor, the Audit Board shall only withdraw the approval of the specific competence in question.

A precondition for withdrawing approval is that an auditor has been issued a warning concerning the grounds of withdrawing the approval, and he or she has not corrected his or her action.

A decision regarding the withdrawal of approval may be ordered to be implemented regardless of appeal if there are extremely weighty reasons to do so.

Where an auditor's approval has been withdrawn or he or she has been banned from carrying out audits as referred to in section 3, the Auditor Oversight Unit shall, immediately after the decision becomes legally valid, notify the relevant competent authorities in EEA states that keep registers of auditors of the withdrawal or the ban and its reasons.

If the approval was withdrawn under subsection 1(2), re-approval may be granted under Chapter 6, section 1(1) when the applicant meets the requirements for granting the approval he or she has applied for. An auditor whose approval has been withdrawn under subsection 1(1) cannot be re-approved until three years have elapsed from the date on which the decision on withdrawal became legally valid.

### **Section 3 ([12.8.2016/622](#))**

#### **Temporary ban on carrying out audits**

If the Audit Board deems that a warning is too mild and withdrawal of approval too severe a sanction, the Audit Board may ban an auditor or a key audit partner from carrying out audits and signing audit reports for a set period of at most three years.

#### **Section 4 ([12.8.2016/622](#))**

##### **Temporary ban on exercising functions in an audit firm's governing bodies**

The Audit Board may ban an auditor or another shareholder in an audit firm from participating in the audit firm's bodies governed by corporate law for a fixed period not exceeding three years if he or she has participated, in a particularly reprehensible manner, in the making of a decision that violates the EU Audit Regulation or this act, or provisions issued by virtue of them.

#### **Section 5 ([12.8.2016/622](#))**

##### **Penalty fees and their determination**

The Audit Board may impose a penalty fee on an auditor who fails to comply with the periods referred to in Chapter 4, section 11 regarding employment by an audited entity.

The maximum penalty fee for failing to comply with the period referred to in Chapter 4, section 11 shall be EUR 50,000.

The penalty fee shall be payable to the state.

#### **Section 6 ([12.8.2016/622](#))**

##### **Limitation period and enforcement of a penalty fee**

A penalty fee may not be imposed if the proposal on it has not been submitted to the Audit Board within five years of the date on which the breach occurred.

A penalty fee referred to in this Act and its interests are directly distrainable. Provisions on collecting the fee are laid down in the act on the collection of taxes and charges ([706/2007](#)). However, a penalty fee may only be enforced by a final decision or judgement. The fee will be enforced by the Legal Register Centre. Further provisions on enforcement may be given by government decree.

The Audit Board shall notify the Legal Register Centre of its decision to impose a penalty fee. The Administrative Court shall give similar notification of a decision by which it has reversed a penalty fee imposed by the Audit Board or removed it, and the Supreme Administrative Court of a decision to reverse a penalty fee imposed by the Administrative Court or remove it.

#### **Section 7 ([12.8.2016/622](#))**

##### **Matters to be taken into consideration when making decisions on sanctions**

When making decisions on sanctions, all relevant matters shall be taken into consideration. These include:

- 1) the gravity and duration of the breach;
- 2) the degree of responsibility of the auditor;
- 3) the level of cooperation of the auditor with the competent authority;

- 4) previous sanctions imposed on the auditor; and
- 5) the extent of the damage or detriment caused by the act or the negligence.

When making a decision on the amount of a penalty fee, in addition to the matters referred to in subsection 1, the following must be taken into account:

- 1) the auditor's financial strength;
- 2) the amount of the benefits gained by the auditor.

#### **Section 8 [\(12.8.2016/622\)](#)**

##### **Publication of sanctions**

The Audit Board shall publish a decision on a reprimand, a warning, a withdrawal of approval, a ban on carrying out audits, a notice of a conditional fine and a penalty fee. The published information shall indicate whether the decision is legally valid. If the decision is not yet legally valid, the Audit Board may not publish identified information on a natural person or a legal person. If the decision is repealed by an appeal authority, the Audit Board shall publish information on the appeal authority's decision using the same method that was used for publishing the Audit Board's decision. Information on a sanction shall remain on the Auditor Oversight Unit's website for five years after all rights of appeal have been exhausted or have expired.

Notwithstanding the provisions in section 16(3) of the Act on the Openness of Government Activities, information on published sanctions, excluding information subject to secrecy, may be provided across a public information network. Information may only be searched across the public information network as individual searches, using a person's name as a search argument. Other authorities may be given access to the information using a technical user interface.

A reprimand, a warning, a withdrawal of approval, a ban on carrying out audits, a notice of a conditional fine or a penalty fee may be published on an anonymous basis if publication as referred to in subsection 1 would jeopardise the general reliability of the auditing sector or an on-going investigation by a public authority, or cause disproportional damage to the parties involved, or be disproportionate in the case of a natural person.

#### **Section 9 [\(12.8.2016/622\)](#)**

##### **Liability for damages**

An auditor is liable for damages caused by him or her, deliberately or out of negligence, to a corporation or foundation when carrying out the duties referred to in Chapter 1, section 1(1). This shall also apply to a loss caused to a shareholder, a partner, or a member of the corporation or another person by a violation of this Act, an Act applicable to the corporation or foundation, or articles of association, rules, or deed of partnership. An auditor is also liable to compensate a loss caused, deliberately or out of negligence, by his or her assistant.

By derogation from subsection 1 above, an auditor is only liable to compensate financial losses caused by a disclosure under Article 7 of the EU Audit Regulation referred to in Chapter 4, section 8(2)(1) if the auditor caused the losses deliberately or by gross negligence, providing false information on the matters on which the suspicion was founded.

If the auditor is an audit firm, the firm as well as the key audit partner shall be liable for the loss.

The adjustment of the damages and the allocation of liability between two or more liable persons shall be governed by the provisions in the Tort Liability Act.

#### **Section 10** ([12.8.2016/622](#))

##### **Penal provisions**

One who deliberately or out of gross negligence violates the provision in Chapter 3, section 5 on the preparation of an audit report or, when performing duties referred to in Chapter 1, section 1(1)(2), deliberately or out of gross negligence gives incorrect or misleading information in his or her statement, shall be sentenced for *an audit violation* to a fine, unless a more severe punishment for the act is provided elsewhere in the law.

One who in violation of Chapter 6, section 6 uses the title of an auditor or any other title which might cause him or her to be mistakenly considered to be an auditor, shall be sentenced for *unlawful use of the professional title of an auditor* to a fine.

The penalty for an audit offence is laid down in [Chapter 30, section 10a of the Criminal Code \(39/1889\)](#).

The penalty for a violation of the confidentiality and professional secrecy obligation of an auditor laid down in Chapter 4, section 8 shall be imposed in accordance to [Chapter 38, section 1 or 2 of the Criminal Code](#), unless the act is punishable under [Chapter 30, section 5 or 6 of the Criminal Code](#), or a more severe punishment for the act is provided elsewhere in the law.

## **Chapter 11**

### **Miscellaneous provisions**

#### **Section 1** ([12.8.2016/622](#))

##### **Appeals**

A decision made by the Auditor Oversight Unit may be appealed to the Audit Board in accordance to the provisions of the Administrative Procedure Act. A decision on a claim for a revised decision may be appealed to the Helsinki Administrative Court as provided in the Administrative Judicial Procedure Act ([586/1996](#)). A decision by the Administrative Court may only be appealed if the Supreme Administrative Court grants a leave to appeal.

By derogation from subsection 1 above, one whose approval has been withdrawn under Chapter 6, section 7, or who has been served with a notice of conditional fine or ordered to pay a conditional fine under Chapter 8, section 7, may appeal the Auditor Oversight Unit's decision to the Helsinki Administrative Court as provided in the Administrative Judicial Procedure Act, and the Administrative Court decision to the Supreme Administrative Court.

An Audit Board decision may be appealed to the Helsinki Administrative Court as provided in the Administrative Judicial Procedure Act, and an Administrative Court decision to the Supreme Administrative Court by one:

- 1) who has been issued with a reprimand or a warning referred to in Chapter 10, section 1;
- 2) whose approval has been withdrawn under Chapter 10, section 2;
- 3) on whom a temporary ban on carrying out audits has been imposed;
- 4) on whom a temporary ban on serving in the governing body of an audit firm has been imposed;
- 5) on whom a penalty fee has been imposed under Chapter 10, section 5.

A decision concerning a matter referred to in Chapter 7, section 5(1)(1) or (4) or Chapter 7, section 9(1)(1), (2) or (3) may not be appealed.

The Audit Board has the right to appeal an Administrative Court decision by which the Administrative Court has reversed or repealed a decision referred to in subsection 3.

A decision referred to in this Act by which a decision to withdraw approval is implemented regardless of an appeal shall be complied with unless otherwise ordered by the appeal authority. The appeal authority shall hear the matter urgently.

## **Section 2 ([12.8.2016/1513](#))**

### **Fees charged to auditors**

A fee whose determination criteria are laid down in the act on the fees charged for the services of the Finnish Patent and Registration Office ([1032/1992](#)) and statutes issued by virtue of it shall be payable for admission to an auditor's examination, admission to a JHTT qualification examination, a certificate and an extract from the Register of Auditors and Register of Auditors' Examinations as well as for an application to restore approval, a preliminary statement on whether the requirements for approval are fulfilled, a quality assurance review and the processing of the registration application of a non-EEA auditor.

Provisions on the annual fees charged to an auditor, a JHTT auditor and a JHTT firm as well as the basic quality assurance fee and an auditor's quality assurance review fee are laid down in the act on the annual fees charged to auditors and quality assurance fees ([1512/2015](#)).

## **Chapter 12**

### **Entry into force**

#### **1 §**

#### **Entry into force**

This Act enters into force on 1 January, 2016.

This Act repeals the Auditing Act ([459/2007](#)), hereinafter *the repealed act*.

#### **2 §**

### **Transitional provisions**

1. A reference to the Auditing Act in another act or statute shall refer to this Act after this Act's entry into force.
2. If, under an act or a decree, or the articles of association, deed of partnership or rules, a corporation or a foundation must appoint an HTM auditor as its auditor, after this Act's entry into force the corporation or the foundation shall appoint an HT, KHT or JHT auditor. If a corporation or a foundation must appoint a KHT or an HTM firm as its auditors, after this Act has entered into force, the corporation or the foundation shall appoint an audit firm. If a corporation or a foundation must appoint a KHT firm, the key audit partner of the selected audit firm shall be a KHT auditor.
3. Notwithstanding the provisions laid down in Chapter 2, sections 2, 5 and 6 of this Act and section 12 of the act on auditing public administration entities and public finances, in a corporation or a foundation controlled by a municipality or a joint municipal authority, a JHTT auditor may be appointed instead of an HT auditor for the financial year ending no later than 31 December 2016. However, a corporation referred to above in this subsection that is a limited liability company, a general partnership or a limited partnership where all general partners are limited liability companies or general or limited partnerships where all general partners are limited liability companies, a JHTT auditor may be appointed for a financial year ending on 1 January 2013 or thereafter, only if at most one of the following thresholds are exceeded both in the financial year to be audited and the preceding financial year:
  - 1) the balance sheet total is EUR 4,400,000;
  - 2) the net sales or comparable revenue is EUR 8,800,000; or
  - 3) the average number of employees in the corporation is 50.
4. If provisions on appointing a JHTT auditor or a JHTT firm are laid down in another act or decree, a JHT auditor or an audit firm may be selected after this act's entry into force. In that case, the key audit partner of the audit firm shall be a JHT or a JHTT auditor.
5. An HTM auditor and a KHT auditor who has been approved and entered in the Register of Auditors as this Act enters into force, and an HTM firm and a KHT firm, may continue to operate provided that it, within three months of this Act's entry into force, registers with the Auditor Oversight Unit, or else its approval shall expire. An HTM auditor registered with the Auditor Oversight Unit shall be entered in the Register of Auditors as an HT auditor, a KHT auditor as an HT and a KHT auditor, and a KHT and an HTM firm as an audit firm. A person or an entity whose approval has expired under this subsection may apply for restoration of approval. The provisions laid down in Chapter 6, section 7 of this Act on the restoration of approval shall apply to the restoration. The obligation to renew registration shall not apply to an auditor approved in a non-EEA state entered in the Register of Auditors under section 37(2) of the repealed act.
6. If a person has, before the entry into force of this Act, been admitted to the HTM examination, this approval is equivalent to permission to attend the HT examination. If a person has, before the entry into force of this Act, been admitted to the KHT examination, this approval is equivalent to permission to attend the HT examination and the KHT specialisation examination.
7. An HTM examination passed before the entry into force of this Act shall, after this Act's entry into force, be equivalent to an HT examination, and a KHT examination shall be equivalent to an HT examination and a KHT specialisation examination.

8. As this Act enters into force, the Auditing Board of the Central Chamber of Commerce and the Auditing Committees of local Chambers of Commerce shall cease to operate, and any pending matters and the keeping of the Register of Auditors shall be transferred to the Auditor Oversight Unit. The obligations of the memoranda of understanding concluded by the Central Chamber of Commerce in the context of international cooperation shall also be transferred to the Auditor Oversight Unit.
9. To the arrangements regarding the position of personnel employed by the Auditing Board of the Central Chamber of Commerce who have an employment relationship with the Central Chamber of Commerce, the provisions on assignment of business in the Employment Contracts Act ([55/2001](#)) shall apply. The personnel will be appointed to posts to be established for this purpose in the Finnish Patent and Registration Office from 1 January 2016.
10. The Auditor Oversight Unit shall ensure that the Register of Auditors complies with the requirements laid down in this Act within five months of the Act's entry into force.
11. The Auditor Oversight Unit shall ensure that an annual report is drawn up for the last operating year of the Auditing Board of the State, the Auditing Board of the Central Chamber of Commerce and the Auditing Committees of local Chambers of Commerce.
12. The provisions laid down in another act or decree on the Auditing Board of the Central Chamber of Commerce and the Auditing Committees of local Chambers of Commerce shall apply to the Auditor Oversight Unit after this Act's entry into force.
13. As this Act enters into force, the Auditing Board of the State shall cease to operate, and any pending appeals concerning reprimands and warnings shall be transferred to the Helsinki Administrative Court. Other pending matters shall be transferred to the Auditor Oversight Unit. The appeal matters transferred to the Auditor Oversight Unit shall be processed as claims for a revised decision in compliance with the provisions on processing claims for a revised decision in this Act. A decision issued on a matter transferred under this subsection shall be appealed in compliance with the appeal provisions laid down in this Act.
14. An appeal transferred to the Auditor Oversight Unit, a matter transferred to Helsinki Administrative Court and a matter that is pending in the Supreme Administrative Court as this Act enters into force shall be processed in compliance with the provisions that were valid as this Act entered into force. However, appeal provisions are laid down in subsection 13.
15. Where the activity subject to oversight took place in the period preceding this Act's entry into force, the preconditions for issuing a warning and a reprimand in Chapter 10, section 1(1)(1), and the preconditions for withdrawing approval in Chapter 10, section 2(1)(1) shall be assessed in accordance to the repealed act and the statutes issued by virtue of it. The Auditor Oversight Unit may not initiate an investigation on an auditor's activity that took place before this Act's entry into force if the auditor's approval has been cancelled or withdrawn.
16. The provisions of the repealed act shall be applied to losses caused before this Act's entry into force.
17. The provisions that were valid as this Act entered into force shall be applied to appeals against fees charged to auditors imposed by the Central Chamber of Commerce or local Chambers of Commerce.

18. As this Act enters into force, matters concerning the appointment of an auditor pending in the Regional State Administrative Agencies shall be transferred to the Finnish Patent and Registration Office.

[HE 254/2014](#), TaVM 34/2014, EV 371/2014

**Entry into force, and application, of the amending statutes:**

**17.12.2015/1513:**

This Act enters into force on 1 January, 2016.

[HE 47/2015](#), TaVm 7/2015, EV 31/2015

**12.8.2016/622:**

This Act enters into force on 19 August 2016.

Chapter 3, section 1 on the subject of audit and section 5 on the audit report shall first be applied to the audits of financial statements prepared for financial years ending on 31 December 2016.

The provisions in Chapter 4, section 9 of this Act on the client account record and in section 10 of the same Chapter on an audit file, section 12 on internal organisation of an auditor, and section 13 on reporting suspicions shall be applied as from 1 January 2017 at the latest.

The provisions in Chapter 5, section 1 of this Act on the maximum duration of an audit engagement, and section 3 of this Chapter on restrictions on non-audit services and section 4 on the maximum amount of fees for non-audit services shall be applied for the first time in the financial year that starts after this Act's entry into force.

The provisions in Chapter 10 of this Act shall be applied to an auditor's acts and negligence that occurred after this Act's entry into force.

[HE 70/2016](#), TaVM 16/2016, EV 85/2016, Directive of the European Parliament and of the Council 2014/56/EU, (32014L0056); OJEU No L 158, 27 May 2014, p. 196, Regulation of the European Parliament and of the Council (EU) No 537/2014, (32014R0537); OJEU No L 158, 27.5.2014, p. 77