Organisational Reform of Auditor Oversight in Finland

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Auditors and statutory audits in Finland

- 1400 individual auditors (KHT, HT, JHT, JHTT)
- 80 audit firms of which 16 are PIE-audit firms
- Number of PIE entities ca 600 of which 130 are listed companies
- Number of statutory audit reports issued annually ca 120 000
Reform in 3 stages - ongoing

1. Organisational reform
2. Reform of the professional examinations
3. Implementation of the EU Audit Reform (Regulation and Directive) – in relation to auditors and audit clients
Reasons for the organisational reform

- Uniformity
- Concentration
- Constitutional reasons – enforcement
- International equivalency
- Other reasons
Finnish Constitution, Section 124

Delegation of administrative tasks to others than the authorities

A public administrative task may be delegated to others than public authorities only by an Act or by virtue of an Act, if this is necessary for the appropriate performance of the task and if basic rights and liberties, legal remedies and other requirements of good governance are not endangered. However, a task involving significant exercise of public powers can only be delegated to public authorities.
Concentration and Uniformity

AB3C
Finland Chamber of Commerce

Auditing Committees (14 pcs)
Chambers of Commerce

Auditing Board of the State

Auditing Board for the Public Sector

PRH
New Auditor Oversight Unit and its Auditing Board
PRH and its Auditor Oversight

Finnish Patent and Registration Office

Auditor Oversight Unit

Auditing Board
PRH - Mission and Role

We advance technological and economic progress and corporate activities both in Finland and internationally.

- We register businesses, foundations and associations.
- We examine and grant patents, utility models, trademarks and design protection.
- We supervise foundations and monitor compliance by businesses and organisations with registration requirements.
- We offer a wide range of advisory and information services, and courses.

Clients are our number one priority. We help you succeed.

Stakeholder workshop 4.3.2016
Staff and finances

Staff

- 420 current staff
- Auditor Oversight Unit: 12 civil servants

Income and expenditure

- Income €48.2 million (2014)
- Expenditure €47.2 million (2014)
- Auditor Oversight Unit: ca €1.9 million
Tasks of the Auditor Oversight Unit

1) Approval and registration of auditors and audit firms, incl. organising professional examinations.
2) Oversight of auditors and audit firms. Enforcement.
3) Oversight of auditors’ professional competence, continuous education and maintenance of qualifications.
4) Quality assurance of auditors and audit firms. Inspections.
5) General guidance and development of auditing.
6) International cooperation and exchange of information.
7) Other tasks assigned to it.
Tasks of the Auditing Board

1) General direction and development of auditing
2) Imposition of administrative sanctions
3) Decisions of rectifications of the decisions made by Auditor Oversight Unit
4) Appeal against decisions made by the administrative court

The Auditing Board’s duty is also to promote in an expedient manner the performance of the duties prescribed in the Auditing Act to the Auditor Oversight Unit.
The New Auditing Board

The Government shall appoint the Auditing Board for three years at a time. The Board comprises a Chairperson and a Deputy Chairperson and also no less than five and no more than eight other members.

In addition, the Board includes two permanent experts. Each member, with the exception of 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 Auditing Board shall be appointed on the proposal of the Ministry of Employment and the Economy.
What’s the change?

- Auditor Oversight Unit
  - Back office / Head of Unit makes most decisions
  - New tasks
  - More rigorous powers

- The Auditing Board
  - Now totally independent from the audit profession (nomination + independence requirements)
  - Independent in its decision making
  - Less members in the Board
  - Limited tasks
Cooperation with the Finnish FSA

- Auditing Act, Section 2
- The Auditor Oversight Unit and the Financial Supervisory Authority shall act in expedient cooperation.
- Cooperation focuses on oversight of PIE auditor and audit firms