

IFIAR 2024 Member Profile – PRH

1. Jurisdiction	1.1 Insert the name of the jurisdiction in English: Finland
2. Member¹	<p>2.1 Insert the name of the Member, both in the local language and in English:</p> <p>Patentti- ja rekisterihallitus, tilintarkastusvalvonta Finnish Patent and Registration Office, Auditor Oversight (PRH)</p> <hr/> <p>2.2 Include relevant contact information, including postal address, telephone number(s), a general email address (if any) and a link to the Member’s website:</p> <p>Sörnäisten rantatie 13, Helsinki 00091 PRH, Finland Tel.: + 29 509 5000 Email: tilintarkastusvalvonta@prh.fi Website: https://www.prh.fi</p> <hr/> <p>2.3 Include the basis for establishment of the Member, as well as the legislation or regulations which provide the Member the authority/mandate with respect to audit regulation. Please describe with an appropriate level of detail the mission and responsibilities of the Member with respect to audit regulation:</p> <p>The Auditor Oversight within the Finnish Patent and Registration Office (PRH) was established by the Auditing Act (1141/2015) which became effective on 1 January 2016. Within the Auditor Oversight there is the Audit Board, which shall be independent in its decision-making.</p> <p>Some detailed provisions on the register of auditors and audit firms as well as on the organization of the Auditor Oversight in the Patent and Registration Office and on the oversight has been given by Government decree (1377/2015).</p> <p>According to the Auditing Act, Chapter 7, the Auditor Oversight is responsible for the general direction and development as well as for the oversight of auditors. The Auditor Oversight shall:</p> <p>1) approve auditors and be responsible for the approval system and its development;</p>

¹ In the case where there are two or more regulators from the same jurisdiction that have been approved according to Section 2.3 of the IFIAR Charter, they together are considered as one Member. In that case, regulators are requested to include information for both organizations in the Member Profile.

	<p>2) oversee that auditors act in accordance with this Act, with provisions issued by virtue thereof, and with the Act on Auditing of Public Administration and Finance;</p> <p>3) oversee that auditors maintain and improve their professional competence and maintain the preconditions for approval;</p> <p>4) oversee the quality of auditing and be responsible for developing the quality control system;</p> <p>5) be responsible for the general direction and development of auditing;</p> <p>6) participate in international co-operation and exchange of information;</p> <p>7) attend to other duties prescribed to it in the Auditing Act (maintain the Auditor register and professional examinations register <i>inter alia</i>).</p> <p>In addition to what has been prescribed above, the Auditor Oversight shall</p> <ul style="list-style-type: none"> • approve auditors and audit firms as assurance providers of sustainability reports, register them and oversee their activities; and • perform the Finnish Patent and Registration Office’s other duties assigned to it (e.g. administrative duties and duties which arise from EU regulation and which require implementation into national law such as market monitoring, anti-money laundering activity etc.). <p>The Audit Board decides on sanctions against auditors and audit firms. The Board decides on rectifications, which can be sought against the decisions made by the Auditor Oversight. The Audit Board also tends to the general direction and development of auditing.</p> <p>2.4 Please indicate whether the Member has responsibility for the following tasks within the area of Audit Oversight:</p> <p><input checked="" type="checkbox"/> Licensing</p> <p><input checked="" type="checkbox"/> Registration</p> <p><input type="checkbox"/> Audit and/or Ethics Standard Setting</p> <p><input type="checkbox"/> Permanent Education / Continuous Training of Auditors</p> <p><input checked="" type="checkbox"/> Inspection</p> <p><input checked="" type="checkbox"/> Enforcement</p> <p><input checked="" type="checkbox"/> Other: _Arrangement of professional examinations, general direction and development of auditing, anti-money laundering and countering the financing of terrorism _</p>
<p>3. Governing Body Composition and members</p>	<p>3.1 Describe with an appropriate level of detail the current composition of the Member’s governing body, including, where possible, the names, the organization they represent (if any) and brief backgrounds of the governing body members, or provide a link to a page on your website where this information is provided.</p>

The Auditor Oversight comprises of staff and the Audit Board. The staff members are civil servants employed by the state and thus independent from the audit profession.

The State Government shall appoint the Audit 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 relies on two permanent experts in an advisory role and without Board membership or voting rights. Each member, with the exception of the Chairperson and the Deputy Chairperson, shall have a personal deputy, and each permanent expert shall have a deputy. The Chairperson and the Deputy Chairperson of the Audit Board shall be appointed on the proposal of the Ministry of Employment and the Economy.

The members of the Audit Board, their deputies or experts for the term until 31 December 2021 are the following - name, job title and employer:

Chairman:

- Pekka Pajamo, CFO, Keskinäinen työeläkevakuutusyhtiö Varma

Vice Chairman:

- Jussi Heiskanen, Justice of the Court of Appeal, Helsinki Court of Appeal

Members (Deputies in brackets):

- Ari Ahti, Bachelor of Science in Economics and Business Administration (B.Sc) - *(Pasi Päällysaho, Senior Manager, Kemira Plc)*
- Mari Arala, Manager IFRS & Compliance, Huhtamäki Plc - *(Tuomas Tahvanainen, CEO, Gallant Ltd)*
- Antti Fredriksson, Ph.D, Professor, University of Turku, Turku School of Economics - *(Lasse Oulasvirta, Professor, Tampere University)*
- Lasse Niemi, Associate Professor, Aalto University, School of Business, Department of Accounting - *(Janne Ruuhonen, Professor, Company Law, Tampere University)*
- Riikka Rannikko, Attorney-at-law, Hannes Snellman Attorneys Ltd - *(Silja Leino, Assessor, Helsinki Court of Appeal)*
- Anders Tallberg, Senior Fellow, Hanken & SSE Executive Education - *(Eljas Vesterbacka, Attorney-at-Law, Teperi & Co Ltd)*
- Tiina Toivonen, Legal Manager, Suomen Yrittäjät - *(Heikki Wahlroos, Attorney-at-Law, Borenius Attorneys Ltd)*

Experts (non-members):

- Juha-Pekka Keimmo, KHT auditor, Partner and CEO, Revico Grant Thornton Ltd - *(Heikki Ilkka, KHT auditor, Ernst & Young Ltd)*

	<p>○ Tiina Torniainen, KHT Auditor, KPMG Ltd) (Terhi Latvala, KHT auditor, Tuokko Ltd)</p> <p>3.2 What are the eligibility criteria / requirements and composition requirements for the members of the governing body? E.g. Does national legislation require representatives on the governing body from certain organizations, or with specific experience, etc.</p> <p><u>The Audit Board:</u> According to the Auditing Act all members and their deputies of the Audit Board must have thorough knowledge of auditing. At least two members must have a higher university degree in law, other than Master’s Degree in International and Comparative Law. The Board as a whole must possess other expertise required by its duties. Permanent experts must be practicing auditors. An auditor, a shareholder of an audit firm or a person holding a similar position, a member of the Board of Directors or a similar body of an audit firm, or a person with an employment or assignment relationship with an audit firm cannot be elected a member of the Board. The majority of the members must be persons, who have not been engaged in the above tasks for at least three years (cooling-off period). The provisions on the members shall correspondingly apply to their deputies. As for composition requirements see section 3.1.</p> <p>3.3 Is there a restriction or recusal process that is applicable to members of the governing body of the Member who are current or former auditors/practitioners?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Does this include a “cooling-off” period for former auditors?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If yes to either of the above, please describe:</p> <p>Members of the governing body may not be practicing auditors. In addition, there is a statutory cooling-off period. The statutory cooling-off period for is three years for the Audit Board members and their deputies as well as for Chairperson and a Deputy Chairperson.</p>
<p>4. Independence safeguards</p>	<p>4.1 Please describe the national independence requirements for the governing body and its members, and legal or regulatory requirements/provisions in place that safeguard their independence from the audit profession.</p> <p><u>The Audit Board:</u> According to the Auditing Act an auditor, a shareholder of an audit firm or a person holding a similar position, a member of the Board of Directors or a similar body of an audit firm, or a person with an employment or assignment relationship with an audit firm cannot be</p>

	<p>elected a member of the Board. The majority of the members must be persons, who have not been engaged in the above tasks for at least three years (cooling-off period). The provisions on the members shall correspondingly apply to their deputies.</p> <p>Are employees of the Member covered by the same or separate set of independence requirements?</p> <p><input type="checkbox"/> Same set of requirements <input checked="" type="checkbox"/> Different set of requirements</p> <p>There are independence requirements regarding all governmental civil servants in various laws, especially the Administrative Procedure Act (434/2003) which also sets prompt independence requirements when processing a certain issue within the organisation. Criminal Act (39/1889) Chapter 40 addresses special provisions on violations against civil servants' duties.</p> <p>If there are separate independence requirements for employees, please describe:</p> <p>Administrative Procedure Act (434/2003) sets prompt independence requirements for civil servants. A non-independent staff member may not participate in a process of an administrative matter. Case by case approach applies.</p> <p>For inspection and investigation staff the PRH has established a general policy that the staff of the Auditor Oversight must be independent from the audit profession. If PRH recruited a person with an employment or assignment relationship with an audit firm the person would be under a cooling-off period of three years in relation to his/her association with a certain audit firm. As for inspectors EU Audit Regulation (537/2014) Chapter VI, Article 29.2 applies.</p> <p>4.2 Are there any additional safeguards in place that provide for the Member's overall independence from the audit profession? E.g. through the appointment process, specific Board actions, etc.</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If yes, please describe:</p> <p>The Administrative Procedure Act (434/2003) which also sets prompt independence requirements when processing a certain issue within the Audit Board is applicable also to Audit Board members and its experts. Criminal Act (39/1889) Chapter 40 addresses special provisions on violations against their duties.</p>
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5. Funding Arrangements	5.1 Describe the main funding arrangements of the Member, including the setting and approval of the budget: The auditor oversight system is funded by mandatory fees collected from the auditors. The funding and fees are based on a special law on auditors' annual fees (1512/2015) and a degree of the Ministry of Employment and the Economy (14/2023). The Finnish Patent and Registration Office shall compose the budget.
	5.2 Is the funding free from undue influence by the profession? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe with an appropriate level of detail the safeguards in place to prevent undue influence by the profession: The funding and mandatory fees are based on a special law on auditors' annual fees (1512/2015) and a degree of the Ministry of Employment and the Economy (14/2023).
6. Audit Market	6.1 Provide the number of audit firms subject to inspections. Include an indication of the number of public interest audits (PIEs) and other audits that fall under the Member's oversight or mandate. There are ca. 70 audit firms subject to inspections. Approximately 12% of them audit PIEs. There are ca. 350 PIEs in Finland. There are ca 125 000 statutory audit engagements annually, which fall under PRH's oversight mandate.
	6.2 Please describe the sizes (in terms of revenue / number of listed entity clients / number of partners and audit staff / etc. – whichever measure is commonly used and available in your jurisdiction) and market shares of each of the largest audit firms in the Member's jurisdiction. In terms of number of PIE audit clients/listed companies, Nasdaq Helsinki (30 December 2023): <ul style="list-style-type: none"> - KPMG 33 % - EY 27 % - PwC 25 % - Deloitte 8 % - Others 7 % In terms of number of Top 100 big audit clients (June 2023): <ul style="list-style-type: none"> - KPMG 37 % - PwC 26 % - EY 22 %

	<ul style="list-style-type: none"> - Deloitte 12 % - Others 3 % <p>Source: KPMG 2024</p>
7. Inspection System	<p>7.1 Does the Member have the responsibility for recurring inspections of audit firms undertaking audits of public interest entities (PIEs)?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>
	<p>7.2 Is this responsibility undertaken directly or through oversight of inspection conducted by another organization?</p> <p><input checked="" type="checkbox"/> Directly <input type="checkbox"/> Through Oversight</p> <p>If directly, please describe the responsibility, including the follow-up and reporting process, and the regulatory measures available to be taken as a result of inspections (if described in Question 11 Enforcement, please reference that section for details on such measures).</p> <p>If through oversight of another organization, please describe with an appropriate level of detail the other organization, its relation to the Member, its role, and the arrangements for oversight by the Member:</p> <p>Inspections are led and organized by the Head of Inspections. Inspections are conducted by an independent quality assurance team, which comprises of the staff of the Auditor Oversight. The Auditor Oversight sets the criteria of good audit quality and determines the outcome of each inspection.</p>
	<p>7.3 Please describe with an appropriate level of detail the requirements and practices regarding the frequency of inspections:</p> <p>Minimum inspection cycle is 3 years for PIE sector auditor and audit firms. Minimum inspection cycle is 6 years for Non-PIE sector auditors and audit firms.</p>
	<p>7.4 Does the Member have its own inspection staff, use reviewers from the professional body or sub-contract to third parties, independent contractors, etc. for the conduct of inspections? Please tick the boxes that apply: (multiple responses allowed) Note that there is no need to tick a box if non-employee reviewers are used very occasionally and are not a core staffing approach.</p> <p><input checked="" type="checkbox"/> Employees of the Member <input type="checkbox"/> Professional body</p> <p><input type="checkbox"/> Third Parties <input type="checkbox"/> Other</p> <p>Please explain below:</p>

	<p>Inspection team consists of full-time experts employed by the PRH. Inspection staff members are former experienced auditors. They are independent of the audit profession. All inspections are conducted by the inspection team of the PRH.</p>
8. Licensing	<p>8.1 If the Member has the responsibility for <u>Licensing</u>, please indicate whether this responsibility is undertaken directly or through oversight of Licensing conducted by another organization?</p> <p><input checked="" type="checkbox"/> Directly <input type="checkbox"/> Through Oversight</p> <p>If directly, please describe the responsibility, including any changes, with an appropriate level of detail.</p> <p>If through oversight, please indicate the name of the other organization and its composition. Also, give a description of the powers of the other organization and procedure applied, as well as the role of the Member in these procedures.</p> <p>The Auditor Oversight of the PRH shall arrange professional examinations in Finnish and in Swedish according to the Auditing Act, Chapter 6.</p> <p>The HT examination is the basic professional examination in auditing. A person who has passed the HT examination can specialize</p> <ul style="list-style-type: none"> • in audits of public interest entities (PIE) by passing a KHT examination and/or • in audits of public administration and finance by passing a JHT examination. <p>The Auditor Oversight shall decide whether a candidate has passed the examination and decide on his/her registration in the public auditors' register. There are no practitioners involved in the decision making.</p>
9. Registration	<p>9.1 If the Member has the responsibility for <u>Registration</u>, please indicate whether this responsibility is undertaken directly or through oversight of Registration conducted by another organization?</p> <p><input checked="" type="checkbox"/> Directly <input type="checkbox"/> Through Oversight</p> <p>If directly, please describe the responsibility, including any changes, with an appropriate level of detail.</p> <p>According to Auditing Act, Chapter 6, Section 9. 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 (<i>register of auditors</i>). 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</p>

	<p>business. The detailed content of the register is prescribed in the Auditing Act.</p> <p>If through oversight, please indicate the name of the other organization and its composition (i.e. whether practitioners from the audit profession are involved in decision-making). Also, give a description of the powers of the other organization and procedure applied, as well as the role of the Member in these procedures.</p>
10. Audits and/or Ethics Standard Setting	<p>10.1 If the Member has the responsibility for <u>Audit and/or Ethics Standard Setting</u>, please indicate whether this responsibility is undertaken directly or through oversight of Audit and/or Ethics Standard Setting conducted by another organization?</p> <p><input type="checkbox"/> Directly <input type="checkbox"/> Through Oversight</p> <p>If directly, please describe the responsibility, including any changes, with an appropriate level of detail.</p> <p>If through oversight, please indicate the name of the other organization and its composition (i.e. whether practitioners from the audit profession are involved in decision-making). Also, give a description of the powers of the other organization and procedures applied, as well as the role of the Member in these procedures.</p> <p style="text-align: center;">N/A</p>
11. Permanent Education / Continuous Training of Auditors	<p>11.1 If the Member has the responsibility for <u>Permanent Education / Continuous Training of Auditors</u>, please indicate whether this responsibility is undertaken directly or through oversight of Permanent Education / Continuous Training of Auditors conducted by another organization?</p> <p><input type="checkbox"/> Directly <input checked="" type="checkbox"/> Through Oversight</p> <p>If directly, please describe the responsibility, including any changes, with an appropriate level of detail.</p> <p>If through oversight, please indicate the name of the other organization and its composition (i.e. whether practitioners from the audit profession are involved in decision-making). Also, give a description of the powers of the other organization and procedures applied, as well as the role of the Member in these procedures.</p> <p>The Auditor Oversight shall oversee that the auditors and audit firms maintain their professional competence and other qualifications required for approval. The Auditor Oversight establishes the criteria for permanent education of auditors, but it does not delegate or authorize any specific organization to conduct the education task.</p>

12. Enforcement	<p>12.1 If the Member has the responsibility for <u>Enforcement</u>, please indicate whether this responsibility is undertaken directly or through referral to other organization(s)?</p> <p><input checked="" type="checkbox"/> Directly <input type="checkbox"/> Through Referral</p> <p>If directly, please describe the responsibility and procedures applied (including investigations, disciplinary actions or sanctions), as well as the reporting process for disciplinary action.</p> <p>If through referral, please indicate the name of the other organization and its composition (i.e. whether practitioners from the audit profession are involved in decision-making). Also, give a description of the enforcement powers of the other organization and procedures applied, as well as the role of the Member in these procedures.</p> <p>The staff of the PRH Auditor Oversight conducts the investigations. A staff member can bring the case to the Audit Board. The Audit Board decides on sanctions against auditors and audit firms. The Board decides on rectifications, which can be sought against the decisions made by the Auditor Oversight.</p>
13. Other Responsibilities in Audit Oversight or Audit Regulation	<p>13.1 If the Member has the responsibility for <u>other tasks within the area of Audit Oversight or Audit Regulation</u>, please describe with an appropriate level of detail:</p> <p>The Auditor Oversight shall oversee that the auditors and audit firms maintain their professional competence and other qualifications required for approval. The Auditor Oversight shall oversee that the auditors and audit firms operate in accordance with the Auditing Act (1141/2015) and the PIE-auditors and PIE audit firms in accordance with the EU Regulation (537/2014) on specific requirements regarding statutory audit of PIEs.</p> <p>According to the Auditing Act, Chapter 7, the Auditor Oversight is responsible for the general direction and development of auditing. This task can include general guidance through various channels, but most importantly through inspection and investigation decisions and annual reports on inspections and enforcement.</p> <p>As for auditors and audit firms, the Auditor Oversight is responsible for supervision of anti-money laundering and countering the financing of terrorism. Anti-money laundering and countering the financing of terrorism covers cooperation with other authorities and oversight of auditors and audit firms in compliance with this regime.</p> <p>The Auditor Oversight shall approve auditors and be responsible for the approval system and its development. The Auditor Oversight participates in international co-operation and exchange of information. The Auditor</p>

	<p>Oversight maintains the Auditor register and professional examinations register.</p> <p>Auditor Oversight shall approve auditors and audit firms as assurance providers of sustainability reports, register them and oversee their activities.</p> <p>In addition to what has been prescribed above, the Auditor Oversight shall perform other duties assigned to it, e.g. administrative duties and duties which arise from EU regulation and which require implementation into national law such as market monitoring. PRH is responsible of the tasks stipulated by EU Audit Regulation 537/2014, Article 4(2), 17(6) and 17(8), for instance it can grant an extension to the maximum duration of an audit engagement.</p> <p>PRH may appoint an auditor in exceptional cases for instance if the entity has no auditor.</p>
14. Main Other Responsibilities of the Member outside the area of Audit Oversight or Audit Regulation	<p>14.1 Please describe with an appropriate level of detail, the responsibility of the Member for <u>tasks outside the area of audit oversight or audit regulation</u> such as supervision of financial reporting or securities regulation:</p> <p style="text-align: center;">N/A</p>
15. Member Update for public information (if any)	<p>15.1 Are there any major news, activities, events or updates (on audit matters, the Member’s organization, the governing legislation or the authority/responsibilities) that you wish to keep the public informed of since completing last year’s Member Profile?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If yes, please describe these changes with an appropriate level of detail:</p> <p>In the context of implementing the EU Sustainability Directive (CSRD) into Finnish legislation the Audit Act has been amended (1250/2023). The amendments became effective on 31 December 2023. The amendments address the assurance of sustainability reporting and the assurance providers, who can be auditors or audit firms. Special license for sustainability assurance is required. The Auditor Oversight approves auditors and audit firms as assurance providers of sustainability reports, registers them and oversees their activities. Provisions in the Audit Act regarding auditors and auditing are in general applied to sustainability assurance providers respectively.</p>