

## **BACKGROUND NOTE ON ACTION PLANS**

Action Plans are developed by IFAC members and associates to address policy matters identified through their responses to the IFAC Compliance Self-Assessment Questionnaires. They form part of a continuous process within the IFAC Member Body Compliance Program to support the ongoing development and improvement of the accountancy profession around the world.

Action Plans are prepared by members and associates for their own use based on the national frameworks, priorities, processes and challenges specific to each jurisdiction. As such, they will vary in their objectives, content and level of detail, consistent with their differing national environments and stages of development, and will be subject to periodic review and update.

Refer to responses to the Part 1 Assessment of the Regulatory and Standard-Setting Framework Questionnaire and Part 2 SMO Self-Assessment Questionnaire for background information on each member and associate their environment and existing processes. These responses may be viewed at: [http://www.ifac.org/ComplianceAssessment/published\\_surveys.php](http://www.ifac.org/ComplianceAssessment/published_surveys.php)

### **Use of Information**

Please refer to the Disclaimer published on the Compliance Program website.

## **ACTION PLAN**

<b>IFAC Member/Associate:</b>	HTM-tilintarkastajat ry – GRM – revisorer rf
<b>Approved by Governing Body:</b>	Board
<b>Date Approved:</b>	November 2010
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**Glossary**

<b>AB3C's</b>	The Auditing Board of the Central Chamber of Commerce
<b>HTM</b>	The Registered Association of Certified HTM-Auditors
<b>IFAC</b>	International Federation of Accountants
<b>IFRS</b>	International Financial Reporting Standards
<b>IPSAS</b>	International Public Sector Accounting Standards
<b>ISA</b>	International Standards on Auditing
<b>ISAE</b>	International Standard on Assurance Engagements
<b>ISQC</b>	International Standard on Quality Control
<b>ISRE</b>	International Standard on Review Engagements
<b>ISRS</b>	Integrated Statewide Record System
<b>QA</b>	Quality Assurance

**Action Plan Subject:** SMO 1 and Quality Assurance  
**Action Plan Objective:** To continue to ensure that association fulfill the SMO 1 requirements

#	Start Date	Actions	Completion Date	Responsibility	Resource
		<p>HTM-auditors' associations mandatory quality assurance was first commenced in January 1998. All members of the association were subjected to a quality assurance examination at 5 years' intervals. During 1998-1999, a pilot phase was executed. From year 2000 compulsory examinations were carried out for ca 200 members annually.</p> <p>Due to new Auditing Act (459/13.4.2007), the Auditing Board of the Central Chamber of Commerce has been in charge of overseeing the quality assurance reviews since 2009. The New quality assurance system fulfills the 8th EU Directive requirements. The Central Chamber of Commerce supervises auditing, goods inspection and property valuation in Finland.</p> <p>The Auditing Board of the Central Chamber of Commerce has set up a Quality Section, which is to operate in the role of an advisory body in the quality assurance system. The Quality Section helps the Auditing Board of the Central Chamber of Commerce and its Quality Assurance team to find best practices in the field of quality assurance.</p> <p>While overseeing the quality assurance of auditors, the Board:</p> <ol style="list-style-type: none"> <li>1) Orders an auditor to a quality assurance review at least every six years or, in the case of an auditor who audits an entity subject to public trading, at least every three years;</li> <li>2) Designates one or more independent reviewers to conduct quality assurance reviews;</li> <li>3) Determines the contents and the manner of implementation of the quality assurance review; and</li> <li>4) Processes the results of a quality assurance review and decides on measures to be taken on the basis of the review.</li> </ol> <p>Auditors and firms of auditors approved by the Central Chamber of Commerce are under oversight of the Auditing Board of the Central Chamber of Commerce, whereas auditors and firms of auditors approved by a local Chamber of Commerce are under oversight of the Auditing Committee of the local Chamber of Commerce. HTM-auditors' association works in cooperation with the Auditing Board to give input and develop the quality assurance system.</p> <p>KHT-auditors' association has translated ISQC 1 (Clarity) in Finnish. And though officially it was not adopted in Finland, the general regulation in the Auditing act prescribes that auditors must comply with good auditing practise.</p>			

#	Start Date	Actions	Completion Date	Responsibility	Resource
HTM-auditors' association have translated and adapted (due to the need to incorporate some additional information caused by Finnish legislation) "quality control model" based on the Implementation Guide: Guide to Quality Control for Small and Medium-Sized Practices - Sample Quality Control Manual Two-to-Five Partner Firm published by IFACs Small and Medium Practices Committee, March 2009. There is some national amendments in the "quality control model".					
<i>Maintaining Ongoing Processes</i>					
1	10/2009	Ensure that quality assurance reviewer shall have a thorough knowledge of auditing, together with specific training qualifying him or her for quality assurance reviews.	2009 Completed	HTM Board	HTM board and staff
2	Ongoing	HTM-auditors' association maintains cooperation with the Auditing Board of the Central Chamber of Commerce.	Ongoing	HTM Board	HTM board and staff
3	5/2010	Association arranges conferences on quality assurance for its members.	Ongoing	Associations staff	Associations staff
4	10/2009	Continue to ensure that quality assurance review system is operating effectively and continues to be in line with SMO 1 requirements.	Ongoing	Associations staff	Associations staff
<i>Review of HTM's Compliance Information</i>					
5	Ongoing	Perform periodic review of HTM's response to the IFAC Compliance Self-Assessment questionnaires and update sections relevant to SMO 1 as necessary.	Ongoing	HTM Board	Associations staff

**Action Plan Subject:** SMO 2 and International Education Standards for Professional Accountants and other IAESB guidance  
**Action Plan Objective:** Continue to use the best endeavors to ensure that all members are incorporated into the auditors' education system

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Background</i>					
<p>The certified auditors fulfill the requirements of the EC's 8th directive on qualifications of persons allowed to carry out statutory audits. In addition to the three years' practical experience they have university level education in business administration in specified subjects. They have also passed a very demanding professional auditor's a one or two day examination which was introduced in 1970, conducted by the Auditing Board of the Central Chamber of Commerce</p> <p>The Auditing Board of the Central Chamber of Commerce keeps the official register of those certified auditors who hold a valid licence in Finland and issues extracts from the register at request. The use of the title certified auditor (HTM and KHT) is restricted by law to only those in the register.</p> <p>Finnish auditing act 21 § (which is based on auditing directives article 13) requires auditors to maintain professional competence on a sufficient level. There are no exact hours per year and 3 years. Every auditor and every circumstance are to be evaluated separately.</p> <p>The Auditing Board of the Central Chamber of Commerce and regional Chambers of Commerce supervise and take appropriate measures to ensure that all auditors and audit firms authorised by them maintain their proficiency and other qualifications required for the authorisation.</p>					
<i>Maintaining Ongoing Processes</i>					
6.	2005	HTM-examination annual training with external institution was first started in a year 2005. In the spring 2010 HTM-training course started fifth time.	Ongoing	Associations staff	Associations staff
7.	2009	To organize on the annual basis quality training by HTM-Info Ltd (training arm of HTM) There are six training days / year.	Ongoing	Associations staff	Associations staff

<b>#</b>	<b>Start Date</b>	<b>Actions</b>	<b>Completion Date</b>	<b>Responsibility</b>	<b>Resource</b>
8.	2011	To develop and perform training programmes of clarified standards will be organized by HTM-auditors' association.	Ongoing	Associations staff	Associations staff
9.	2010	To organize separate seminars related to important issues, for example "quality control manual".	Ongoing	Associations staff	Associations staff
10	Ongoing	The HTM-auditors' association organizes local events for members around the country.	Ongoing	Associations staff	Associations staff
<i>Review of HTM's Compliance Information</i>					
11	Ongoing	Perform periodic review of HTM's response to the IFAC Compliance Self-Assessment questionnaires and update sections relevant to SMO 2 as necessary.	Ongoing	HTM Board	Associations staff

**Action Plan Subject:** SMO 3 International Standards, related Practice statements and other papers issued by the IAASB  
**Action Plan Objective:** *Promote knowledge of clarified ISAs in Finland*

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Background</i>					
Auditing Act section 22 imposes that in carrying out the duties referred to Auditing Act, an auditor shall comply with good auditing practice. No details of these practices are given in the laws, thus the laws constitute framework legislation.					
The Auditing Board of the State is a separate, independent Board from the Ministry and not part of the operations of the Ministry. The Auditing Board of the State gives instructions and statements on the Auditing Act and the decrees given on the basis thereof. The Auditing Board of the State shall also make proposals and motions regarding the development of audit regulations and look after the general guidance, development and supervision of the audit function.					
The Institute of KHT auditors have issued standards in Finland. The standards issued by KHT Institute are translations from the standards of the International Federation of Accountants (IFAC). KHT association has published in Finnish clarified auditing standards with effect on audits of financial years beginning on or after 15 December 2009. HTM auditors association have agreed that the same standards, principles and rules of ethics as well as guidelines of good auditing practices apply to the activities of HTM auditors and HTM audit firms.					
<i>Maintaining Ongoing Processes</i>					
	2009	Conduct training for the auditors on the translated Clarity ISAs	Ongoing	Associations staff	Associations staff
	Ongoing	Monitor new and amended standards from the IAASBA, provide and send comments to exposure drafts(through NRF, with other auditing associations in the Northern Europe-area)as needed and incorporate new and amended requirements	Ongoing	Associations staff	Associations staff
<i>Review of HTM's Compliance Information</i>					
	Ongoing	Perform periodic review of HTM's response to the IFAC Self-Assessment questionnaires and update sections relevant to SMO 3 as necessary.	Ongoing	HTM Board	Associations staff

**Action Plan Subject:** SMO 4 IFAC Code of Ethics for Professional Accountants

**Action Plan Objective:** *Promote knowledge of IFAC code of Ethics in Finland*

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Background</i>					
The standards issued by KHT Institute are translations from the standards of the International Federation of Accountants (IFAC). This also applies to the Code of Ethics. HTM auditors association have agreed that the same standards, principles and rules of ethics as well as guidelines of good auditing practices apply to the activities of HTM auditors and HTM audit firms.					
<i>Maintaining Ongoing Processes</i>					
	Ongoing	Inform members of HTM on a timely basis of the revisions and to ensure adherence to them.	Ongoing	Associations staff	Associations staff
	Ongoing	Pursue awareness of and adherence to the Code by the members through quality control measures and (further) training.	Ongoing	HTM Board	Associations staff
	Ongoing	Conduct ethics seminar for all members of HTM.	Ongoing	Associations staff	Associations staff
	Ongoing	Monitor new and amended standards from the IESBA, consider providing and sending comments to exposure drafts as needed.	Ongoing	HTM Board	Associations staff
<i>Review of HTM's Compliance Information</i>					
	Ongoing	Perform periodic review of HTM's response to the IFAC Compliance Self-Assessment questionnaires and update sections relevant to SMO 4 as necessary.	Ongoing	Associations staff	Associations staff

**Action Plan Subject:** SMO 5 International Public Sector Accounting Standards and Other IPSASB guidance  
**Action Plan Objective:** Ongoing convergence with requirements. Continue to use best endeavors to support incorporation of IPSAS requirements into national Public Sector Accounting Requirements.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Background</i>					
<p>In Finland separate auditors (JHTT-auditors) are specialised in auditing of corporations or foundations in which a controlling interest is held by municipality or a joint municipal board. JHTT-auditors also have separate association in Finland. Although, HTM association has close cooperation with JHTT-auditors association.</p> <p>According to Auditing Act (459/2007): a JHTT auditor or a JHTT firm referred to in the Act on Chartered Public Finance Auditors (467/1997) may be appointed, in addition to a KHT auditor, an HTM auditor, a KHT firm, or an HTM firm, as an auditor for a corporation or a foundation in which a controlling interest is held by a municipality or a joint municipal board.</p> <p>JHTT-association has given recommendations to their members: models for audit report and fundamental principles. These recommendations are translated in Finnish. There have been made some national amendments and adjustment to meet requirements of municipality. IPSAS are not yet translated into Finnish.</p>					
<i>Maintaining Ongoing Processes</i>					
20	Ongoing	Continue to monitor the activities of the International Public Sector Accounting Standards Board (IPSASB) and to promote the adoption of IPSAS for all public sector entities of Finland.	Ongoing	HTM Board	Associations staff
<i>Review of HTM's Compliance Information</i>					
21	Ongoing	Perform periodic review of HTM's response to the IFAC Compliance Self-Assessment questionnaires and update sections relevant to SMO 5 as necessary.	Ongoing	Associations staff	Associations staff

**Action Plan Subject:** SMO 6 Investigations and Discipline  
**Action Plan Objective:** Improve and ensure ongoing maintenance of Investigation and Discipline System.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Background</i>					
<p>The Auditing Board of the Central Chamber of Commerce shall supervise and take appropriate measures to ensure that the auditors and audit firms authorised by it (KHT auditors and KHT audit firms) maintain their proficiency and other qualifications required for the authorisation and that they observe the Auditing Act and any rules given by virtue thereof. The board also lead and develop authorisation and supervision of auditors and is responsible for international cooperative oversight activities.</p> <p>These provisions concerning the tasks of the Auditing Board of the Central Chamber of Commerce also apply to the duty of an Auditing Committee of the regional Chamber of Commerce to supervise, within its area of operation, auditors authorised by the Chamber of Commerce (HTM auditors and HTM audit firms).</p> <p>HTM-auditors association is permanently represented in the State Auditing Board, the Auditing Board of the Central Chamber of Commerce, the Audit Committees of the regional Chambers of Commerce and the Committee for Good Auditing Practice. HTM-auditors association regularly informs its members about the investigations and disciplinary decisions.</p>					
<b>Disciplinary sanctions</b>					
<p>The monitored peer review does not have a disciplinary aspect as such. An operational disciplinary link is being discussed with the supervisory bodies. The associations exclude any member, who does not comply with the quality assurance obligations. The decision of dismissal of a member is delivered to the supervisory body – the Auditing Board of the Central Chamber of Commerce (KHT) and the Auditing Committees of the regional Chambers of Commerce (HTM), which will take necessary steps. This will include an order to carry out a quality control review visit or using disciplinary sanctions against the auditor in question.</p>					
<i>Maintaining Ongoing Processes</i>					
	Ongoing	HTM will continue to use its representatives on the State Auditing Board to identify areas for improvement and promote their implementation	Ongoing	HTM Board	HTM Board

#	Start Date	Actions	Completion Date	Responsibility	Resource
		in line with the requirements of SMO 6.			
<i>Review of HTM's Compliance Information</i>					
	Ongoing	Perform periodic review of HTM response to the IFAC Compliance Self-Assessment questionnaires and update sections relevant to SMO 6 as necessary.	Ongoing	HTM Board	Associations staff

**Action Plan Subject:** SMO 7 International Financial Reporting Standards  
**Action Plan Objective:** Continue to use best endeavours to maintain and continuously improve the ongoing program for adoption and implementation of IFRS.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Background</i>					
As a member-state in the EU it is mandatory for Finland to use IFRS in consolidated financial statements for companies listed on a regulated market. HTM-auditors association has no direct responsibility for adoption or promulgation of IFRS in the country as it lies with the European Commission and relevant national regulator.					
<i>Maintaining Ongoing Processes</i>					
	Ongoing	Raising awareness and providing training about new and updated standards.	Ongoing	HTM Board	Associations staff
<i>Review of HTM's Compliance Information</i>					
	Ongoing	Perform periodic review of HTM's response to the IFAC Compliance Self-Assessment questionnaires and update sections relevant to SMO 7 as necessary.	Ongoing	HTM Board	Associations staff