

## Response to the IFAC Part 2, SMO Self-Assessment Questionnaire

**Member Name:** KHT-yhdistys-Föreningen CGR ry

**Country:** Finland

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Number	Question Title/Text/Help text	Answer	Comments
<b>IFAC Part 2 SMO Self-Assessment</b>			
1.	<b>SMO 1</b>		
1.1.	<b>Quality Assurance Program</b>		
1.1.1.	<i>Quality Assurance Review Program</i> In your jurisdiction is there a mandatory quality assurance review program in place for members of your organization performing audits of financial statements of listed companies?	1 <input checked="" type="radio"/> Yes  2 <input type="radio"/> No	
1.2.	<b>Responsibility for Quality Assurance - Overview</b>		
1.2.1.	<i>Responsibility for Quality Assurance</i> Within your jurisdiction, is your organization responsible for monitoring the quality of the work of your members performing audits of financial statements? Select the answer option that is most appropriate.	1 <input checked="" type="radio"/> Yes - for all audits of financial statements  2 <input type="radio"/> Yes - for all audits except	

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		<p>those of listed entities</p> <p>3 <input type="radio"/> Our organization shares responsibility for the quality assurance program with another body</p> <p>4 <input type="radio"/> No, responsibility for quality assurance for all audits rests with another body</p> <p>5 <input type="radio"/> Other (please describe)</p> <p>6 <input type="radio"/> Not applicable - no members of our organization perform audits of listed entities</p>	
1.2.6.	<p><i>Quality Assurance (Member Body) All Audits - Scope</i></p> <p>What types of engagements are included in the scope of the quality assurance review program? Select all the answer options that are appropriate.</p>	<p>1 <input checked="" type="checkbox"/> Financial statement audit - listed entities (minimum requirement)</p> <p>2 <input checked="" type="checkbox"/> Financial statement audit - audit of other than listed entities</p> <p>3 <input type="checkbox"/> Other services (e.g., review, compilation)</p> <p>4 <input type="checkbox"/> Insolvency</p> <p>5 <input type="checkbox"/> Other (please specify)</p>	
1.4.	<b>Member - Benchmarking</b>		
1.4.1.	<b>Quality Control Standards and Guidance</b>		
1.4.1.1.	<p><i>Quality Control Standards</i></p> <p>Has your organization established and published quality control standards requiring</p>	1 <input type="radio"/> Yes	

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	firms to implement a system of quality control in accordance with International Standard on Quality Control 1?	2 <input checked="" type="radio"/> No	
1.4.1.2.	<i>Quality Control Standards Follow Up</i> What plans does your organization have for developing and issuing quality control standards for your members? If you do not have such plans, what special reasons or conditions for that fact exist?	ISQC1 will be translated and issued during 2006-2007.	
1.4.1.4.	<i>Other Quality Control Guidance</i> Has your organization established and published other quality control guidance to assist your members to understand the objectives of quality control and to implement and maintain appropriate systems of quality control?	1 <input type="radio"/> Yes	
		2 <input checked="" type="radio"/> No	
1.4.1.6.	<i>Other Quality Control Guidance Follow Up</i> What plans does your organization have for developing and issuing other quality control guidance for your members? If you do not have such plans, what special reasons or conditions for that fact exist?	ISQC1 will be translated and issued during 2006-2007.	
1.4.2.	<b>Design of the Quality Assurance Review Program</b>		
1.4.2.1.	<i>Subject of the QA Review Program</i> Who is the subject of the quality assurance	1 <input type="checkbox"/> Audit firm	

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	review program?	2 <input checked="" type="checkbox"/> Partner	
1.4.2.3.	<p><i>Partner</i></p> <p>As a partner is the subject of the quality assurance review program, the quality assurance program should be designed, as required by SMO1, to obtain reasonable assurance that:</p> <ul style="list-style-type: none"> <li>- The partner is subject to an adequate system of quality control relating to audits of financial statements of listed entities (and of other entities or engagements that are included within the scope of the review).</li> <li>- The partner complies with that system.</li> <li>- The partner has adhered to professional standards and regulatory and legal requirements in performing audits of financial statements selected for review.</li> </ul> <p>Does the quality assurance review program contain all three of these elements?</p>	<p>1 <input checked="" type="radio"/> Yes</p> <p>2 <input type="radio"/> No</p>	
1.4.2.5.	<p><i>Publication of Scope</i></p> <p>Does your organization publish a description of the scope and design of its quality assurance review program?</p>	<p>1 <input checked="" type="radio"/> Yes</p> <p>2 <input type="radio"/> No</p>	

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1.4.2.7.	<i>Name of Documents</i> Please name the published document(s) that describe the scope and design of the quality assurance review program.	Quality Reviewer's Handbook (Laaduntarkastajan käsikirja). The handbook gives a general description of the quality control system and guidance for the quality reviewers.	
1.4.2.8.	<i>Location of Documents</i> Please indicate where the document(s) that include details on the scope and design of the quality assurance program can be located (e.g., provide internet address or indicate that documents are available from your organization).	The handbook is available on the website for members of KHT-yhdistys. The handbook is also available from KHT-yhdistys.	
1.4.3.	<b>Review Cycle</b>		
1.4.3.1.	<i>Selection Approach</i> Please select the approach used to select subjects for quality assurance review. Select all the answer options that are appropriate.	1 <input checked="" type="checkbox"/> Cycle approach  2 <input type="checkbox"/> Risk-based approach	
1.4.3.3.	<i>Cycle Approach - Partner</i> As the partner is the subject of the review, please indicate the maximum number of years in the review cycle:	1 <input type="radio"/> 1 year  2 <input type="radio"/> 2 years	

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		<input type="radio"/> 3 years <input type="radio"/> 4 years <input checked="" type="radio"/> 5 years <input type="radio"/> 6 years <input type="radio"/> 7 years <input type="radio"/> 8 years <input type="radio"/> 9 or more years	
1.4.3.4.	<i>Cycle Greater Than Three Years</i> As the review cycle is more than the three year cycle recommended by SMO1, please provide an explanation for adopting a longer cycle.	The European Commission Recommendation allows for a longer cycle than recommended by SMO1.	
1.4.3.5.	<i>Cycle - Partner</i> Please describe how your organization evaluates the quality and effectiveness of the internal inspection program of a partner's firm when determining the cycle for review.	The quality review cycle is 5 years for all our members. If the results of the quality review are less than satisfactory a new quality review will be conducted within a year of the quality review in question.	
1.4.4.	<b>Implementation of the Quality Assurance Program</b>		
1.4.4.1.	<i>Date of Implementation</i> On what date did the quality assurance review program commence? (provide month/year)	5/12/1997	
1.4.4.2.	<i>Number of Reviews - 2005</i> How many quality assurance reviews were	156	

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	completed during the year ended December 31, 2005 (or other 12 month period ending in 2005)?		
1.4.4.3.	<i>Number of Reviews - 2004</i> How many quality assurance reviews were completed during the year ended December 31, 2004 (or other 12 month period ending in 2004)?	174	
1.4.4.4.	<i>Number of Reviews - 2003</i> How many quality assurance reviews were completed during the year ended December 31, 2003 (or other 12 month period ending in 2003)?	23	
1.4.5.	<b>Quality Assurance Review Team Procedures</b>		
1.4.5.1.	<i>Publication of Review Guidelines</i> Does your organization publish guidelines for procedures to be followed by quality assurance review teams?	1 <input checked="" type="radio"/> Yes	
		2 <input type="radio"/> No	
1.4.5.2.	<i>Name of Guidelines</i> State the name of the published document(s) that include the procedures required to be followed by quality assurance review teams.	Quality Reviewer's handbook (Laaduntarkastajan käsikirja)	

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1.4.5.4.	<p><i>Location of Guidelines</i> How can the document(s) that include the procedures required to be followed by quality assurance review teams be located (e.g., provide internet address or indicate that documents are available from your organization)?</p>	<p>The handbook is available on the Internet site for members of KHT-yhdistys and is also available from KHT-yhdistys.</p>	
1.4.5.5.	<p><i>Content of Guidelines</i> SMO 1 requires that the procedures to be performed during the quality assurance review include:</p> <p>a. An assessment of the system of quality control relating to audits of financial statements of listed entities (minimum requirement)</p> <p>b. Sufficient review of the quality control policies and procedures and reviews of engagement working papers to evaluate:</p> <ul style="list-style-type: none"> <li>- The functioning of that system of quality control, and compliance with it; and</li> <li>- The compliance with professional standards and regulatory and legal requirements in respect of audits of financial statements</li> </ul> <p>c. Review of engagement working papers</p> <p>d. Specific requirements regarding documentation of the review</p>	<p>1 ☉ Yes</p>	



Number	Question Title/Text/Help text	Answer	Comments
	Does your quality assurance review program include requirements for all of these procedures?	2 <input type="radio"/> No	
1.4.5.7.	<p><i>Review of Engagement Working Papers</i> SMO 1 requires procedures to be performed for the review of engagement working papers, including the evaluation of:</p> <ul style="list-style-type: none"> <li>- The existence and effectiveness of the system of quality control implemented by the subject of the review;</li> <li>- Compliance with professional standards and regulatory and legal requirements in performing the engagement;</li> <li>- The sufficiency and appropriateness of evidence documented in the working papers; and</li> <li>- Whether the auditor's reports are appropriate in the circumstances.</li> </ul> <p>Does your quality assurance review program include requirements for all of these procedures?</p>	1 <input checked="" type="radio"/> Yes	
		2 <input type="radio"/> No	
1.4.5.9.	<p><i>Documentation</i> Do the procedures to be performed by the quality assurance review team require documentation:</p>	1 <input checked="" type="radio"/> Yes	

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	<p>- of evidence supporting the quality assurance review report; and - that establishes that the quality assurance review was carried out in accordance with the established guidelines.</p> <p>Are both of these requirements included in the quality assurance review program?</p>	2 <input type="radio"/> No	
1.4.6.	<b>The Quality Assurance Review Team</b>		
1.4.6.1.	<p><i>Skills and Competence</i></p> <p>Members of the quality assurance review team should have the necessary competencies to perform expected work. As required by SMO 1, these competencies should include:</p> <ul style="list-style-type: none"> <li>- Appropriate professional education</li> <li>- Relevant professional experience</li> <li>- Specific training on performing quality assurance reviews</li> </ul> <p>Does the quality assurance review program require members of the quality assurance review team to have all three of these competencies?</p>	1 <input checked="" type="radio"/> Yes	
		2 <input type="radio"/> No	
1.4.6.3.	<p><i>Certification/Credentials</i></p> <p>Are members of the quality assurance review team required to possess certification</p>	1 <input checked="" type="radio"/> Yes	

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	or credentials issued by your organization to be eligible to serve as team members?	2○ No	
1.4.6.5.	<i>Quality Assurance Review Team Leader</i> Where more than one reviewer is used to conduct a review, is a quality assurance review team leader assigned for each quality assurance review assignment?	1○ Yes  2⊙ No	
1.4.6.6.	<i>QA Review Team Leader Follow Up</i> Please explain why a quality assurance review team leader is not assigned for each quality assurance review assignment.	There are never more than two reviewers per assignment and therefore there is no need to appoint a team leader.	
1.4.6.7.	<i>QA Review Team Leader - Responsibilities</i> As required by SMO 1, the responsibilities of the quality assurance review team leader should include:  - Supervision of the quality assurance review. - Communication of the quality assurance review team's conclusions to the subject of the review. - Preparation of the quality assurance review report.  Does the quality assurance program place all	1○ Yes	

Number	Question Title/Text/Help text	Answer	Comments
	these responsibilities on the review team leader?	2Ⓐ No	
1.4.6.8.	<i>QA Review Team Leader - Responsibilities Follow Up</i> Explain the reasons why one or more of these responsibilities have not been placed on the quality assurance review team leader.	See our response to question 1.4.6.6.	
1.4.6.9.	<i>Size of Quality Assurance Review Team</i> Please estimate the average number of reviewers included on a review team.	1	
1.4.7.	<b>Quality Assurance Confidentiality - QA Review Team</b>		
1.4.7.1.	<i>Exemption for QA Reviewers</i> Does your organization exempt reviewers from professional client confidentiality requirements concerning audit engagement working papers for the purpose of quality assurance reviews?	1Ⓐ Yes  2Ⓐ No	
1.4.7.3.	<i>Confidentiality Requirements</i> Is the quality assurance review team required to follow professional confidentiality requirements similar to those established for professional accountants performing audits of financial statements?	1Ⓐ Yes  2Ⓐ No	

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1.4.8.	<b>Ethical Requirements and QA Review Team</b>		
1.4.8.1.	<i>Fundamental Principles</i> Are the fundamental principles set out in the IFAC Code of Ethics (relevant national ethical requirements) considered in relation to the quality assurance review team's conduct of a review?	1 <input checked="" type="radio"/> Yes  2 <input type="radio"/> No	
1.4.8.3.	<i>Consideration of Independence</i> Quality assurance review team members are expected to be independent of the member (i.e., the accountant or firm being reviewed) and the member's clients selected for review.  Do those who select and approve a review team determine whether the independence of the quality assurance review team leader and each member of the quality assurance review team has been reasonably assured?	1 <input checked="" type="radio"/> Yes  2 <input type="radio"/> No	
1.4.8.5.	<i>Reciprocal Reviews</i> Where the review is performed by team members from a single firm (e.g., a "peer review"), please indicate whether firms are permitted to perform reciprocal quality assurance reviews.	1 <input type="radio"/> Yes, reciprocal reviews are permitted  2 <input checked="" type="radio"/> No, reciprocal reviews are not permitted 3 <input type="radio"/> Not applicable - peer review	

Number	Question Title/Text/Help text	Answer	Comments
		is not used	
1.4.9.	<b>Reporting</b>		
1.4.9.1.	<i>Quality Assurance Review Report</i> Is the quality assurance review team leader required to issue a written quality assurance review report to the reviewed firm or partner upon completion of each quality assurance review assignment?	1 <input type="radio"/> Yes  2 <input checked="" type="radio"/> No	
1.4.9.2.	<i>QA Review Report Follow Up</i> Please explain why the quality assurance review team leader is not required to issue a written quality assurance review report to the reviewed firm or partner upon completion of each quality assurance review assignment.		A written quality review report is available upon request.
1.4.9.8.	<i>Response to Reporting</i> Is the subject of the review required to provide a timely written response to the recommendations and conclusions of the quality assurance review report, including planned actions and expected time of completion or implementation?	1 <input type="radio"/> Yes  2 <input checked="" type="radio"/> No	
1.4.9.9.	<i>Response to Reporting Follow Up</i> Please explain why the subject of the review is not required to provide a timely written response to the recommendations and conclusions of the quality assurance review		In case the results of the quality review are less than satisfactory a new quality review will be performed within a year from the

Number	Question Title/Text/Help text	Answer	Comments
	report.		quality review in question.
1.4.9.10.	<i>Reporting to the Public</i> Does your organization prepare and make available to the public (and upon request from regulatory authorities) an annual report summarizing the results of the quality assurance review program?	1 <input checked="" type="radio"/> Yes	
		2 <input type="radio"/> No	
1.4.10.	<b>Corrective and Disciplinary Actions</b>		
1.4.10.1.	<i>Corrective Actions Required</i> Does your organization require each of its members to make appropriate corrections to its system of quality control, or in its compliance with policies and procedures?	1 <input checked="" type="radio"/> Yes	
		2 <input type="radio"/> No	
1.4.10.3.	<i>Disciplinary Actions</i> If one of your members subsequently fails to demonstrate compliance with professional standards and regulatory and legal requirements, do you take appropriate disciplinary action?	1 <input checked="" type="radio"/> Yes	
		2 <input type="radio"/> No	
1.4.10.5.	<i>Linkage with Disciplinary Actions</i> Does your organization clearly establish a link between less than satisfactory results of quality assurance reviews and the initiation of corrective and disciplinary actions under its disciplinary system?	1 <input checked="" type="radio"/> Yes	

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		2○ No	
<b>2.</b>	<b>SMO 2</b>		
2.1.	<i>MB Membership Requirements</i> Which of the following are required for individuals to be admitted as members in your organization? Select all the options that are appropriate.	1☑ Complete a program of professional accountancy education  2☑ Complete a practical experience requirement 3☑ Complete a final assessment of the individual's professional capabilities and competencies  4☐ None of the above	To be admitted as a member in KHT-yhdistys the auditor has to obtain authorisation as KHT auditor. KHT-yhdistys provides a voluntary preparatory education program (prior to authorisation as KHT auditor).
2.2.	<i>Continuous Professional Development</i> Is there a requirement for your members to develop and maintain competence through continuous professional development (CPD)?	1⊙ Yes  2○ No	
<b>2.3.</b>	<b>Professional Accountancy Education</b>		
2.3.1.	<i>Professional Accountancy Education Program</i> Who delivers the professional accountancy education program for your members?	1☐ Our organization	



Number	Question Title/Text/Help text	Answer	Comments
	Select all the answer options that are appropriate.	2 <input type="checkbox"/> Another IFAC member body 3 <input checked="" type="checkbox"/> Universities 4 <input type="checkbox"/> Approved training institutions 5 <input type="checkbox"/> Government bodies 6 <input type="checkbox"/> Other organizations	
2.3.2.	<i>Describe Other Organizations</i> Where your response in question 2.3.1 indicates another IFAC member body, universities, approved training institutions, and / or other organizations deliver the professional accountancy education program, describe these organizations and their legal authority to deliver the program. (Include the name of the other IFAC member body where relevant).	A higher academic degree is required to obtain authorisation as KHT auditor. The degree can be obtained at several universities in Finland.	
2.3.3.	<i>Prof Accountancy Education Program Follow Up</i> Please describe how your organization ensures the professional accountancy education program, delivered by the organization in response to question 2.6, meets the required content.  Include in your description the specific activities your organization undertakes with regards to the necessary content requirements.	The Auditing Board of the Central Chamber of Commerce is responsible for setting the requirements and also for ensuring that the education program meets the requirements.	

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2.11.	<b>IES 5 Practical Experience Requirement</b>		
2.11.1.	<i>Approved Provider</i> Section 2.11 deals with the practical experience requirement established by your organization.  Does the practical experience requirement have to be obtained with approved providers or employers?	1 <input checked="" type="radio"/> Yes    2 <input type="radio"/> No	
2.11.2.	<i>Provider Characteristics</i> Please describe the characteristics set by your organization for recognizing approved providers.	The characteristics are set by the Auditing Board of the Central Chamber of Commerce.	
2.11.4.	<i>Length of Practical Experience</i> What is the required length of pre-qualification practical experience? Select the answer option that is most appropriate.	1 <input checked="" type="radio"/> Three years  2 <input type="radio"/> Less than three years 3 <input type="radio"/> More than three years	
2.11.6.	<b>Practical Application SMO 2</b>		
2.11.6.1.	<i>Practical Application</i> Where relevant graduate (beyond undergraduate, e.g., masters) professional education has a strong element of practical accounting application, may any portion of the professional education be contributed to the practical experience requirement?	1 <input type="radio"/> Yes	

Number	Question Title/Text/Help text	Answer	Comments
		2⊙ No	
2.11.7.	<b>Timing of Experience</b>		
2.11.7.1.	<i>Pre or Post Qualification Experience</i> The practical experience for accountants may be obtained (select all the answer options that are appropriate):	<input type="checkbox"/> Before the professional accountancy education program of study <input type="checkbox"/> At the same time as the professional accountancy education program of study <input checked="" type="checkbox"/> After the professional accountancy education program of study	
2.11.7.2.	<i>Describe Pre or Post Experience</i> Describe the length of practical experience that may be obtained pre-qualification and / or post-qualification.	3 years pre-qualification is a minimum requirement	
2.12.	<b>IES 5 Monitoring of Practical Experience Requirement</b>		
2.12.1.	<i>Monitoring of Practical Experience</i> Is the period of practical experience monitored?	1⊙ Yes  2○ No	
2.12.3.	<i>Monitoring Practical Experience</i> How is the practical experience requirement (or practical application) monitored and assessed? Select all the answer options that are appropriate.	<input type="checkbox"/> Mentoring system  <input type="checkbox"/> Approved training employers and organizations	The candidate has to attach the letter(s) of reference from the employer(s) in question to the self-declaration.

Number	Question Title/Text/Help text	Answer	Comments
		<p>3 <input checked="" type="checkbox"/> Self-declaration required from the candidate</p> <p>4 <input type="checkbox"/> Record of the practical experience is kept and submitted to the member body when applying for membership</p> <p>5 <input type="checkbox"/> An assessment is made by the mentor or employer</p> <p>6 <input checked="" type="checkbox"/> Other (please describe)</p>	
2.13.	<b>IES 6 Assessment of Prof Capabilities and Competence</b>		
2.13.1.	<p><i>Assessment by IFAC Body or Other</i></p> <p>Section 2.13 deals with the final assessment requirements established by your organization.</p> <p>Select all the organizations involved in conducting the final assessment.</p> <p>If the final assessment is conducted jointly between various organizations, select all those that have some responsibility for conducting the final assessment and in the Comment Box, describe the nature of their respective roles and responsibilities.</p>	<p>1 <input type="checkbox"/> Our organization (including training entities that are affiliated with our organization or a subsidiary of our organization).</p> <p>2 <input type="checkbox"/> Another IFAC member body</p> <p>3 <input checked="" type="checkbox"/> Government or regulatory body</p> <p>4 <input type="checkbox"/> Other</p>	

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2.13.2.	<p><i>Assessment - Name of IFAC Organization SMO 2</i> State the name of the IFAC member body, government or regulatory body, or other organization that conducts the final assessment.</p>	The Auditing Board of the Central Chamber of Commerce	
2.13.3.	<p><i>MB Input Follow Up</i> Please describe how does your organization provide input into the government or regulatory body or other organization's assessment activities?</p>	KHT-yhdistys has two representatives on the Auditing Board of the Central Chamber of Commerce.	
2.13.4.	<p><i>Characteristics of Assessment</i> Which of the following characteristics are applicable to the final assessment process? Select all the answer options that are appropriate.</p>	<p>1 <input checked="" type="checkbox"/> Uniform for all students</p> <p>2 <input type="checkbox"/> Given simultaneously where it is being held in more than once location in the country</p> <p>3 <input checked="" type="checkbox"/> Assessment is set and assessed only by qualified or approved individuals</p> <p>4 <input type="checkbox"/> None of the above</p>	
2.13.5.	<p><i>Qualifying for Final Assessment</i> What requirements must the candidate satisfy to take the final assessment? Select all the answer options that are appropriate.</p>	1 <input checked="" type="checkbox"/> Specified pre-qualification requirements relating to professional knowledge, professional skills, and	

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		<p>professional values, ethics, and attitudes</p> <p>2 <input checked="" type="checkbox"/> Specified practical experience requirements</p> <p>3 <input type="checkbox"/> Other (please describe)</p> <p>4 <input type="checkbox"/> None of the above</p>	
2.13.6.	<p><i>Timing Considerations for Final Assessment</i></p> <p>Is there a requirement or restriction for completing the final assessment? For example, some organization may require the candidate to take the final examination within a specified number of years of meeting the pre-assessment requirements.</p>	<p>1 <input type="radio"/> Yes</p> <p>2 <input checked="" type="radio"/> No</p>	
2.13.8.	<p><i>Assess Professional Knowledge</i></p> <p>Describe in general terms how required professional knowledge (e.g. technical knowledge about accounting, finance, audit, financial reporting, legislative requirements, information technology etc) is assessed during the final assessment.</p>	<p>The required professional knowledge is assessed during a two-day written examination arranged by the Auditing Board of the Central Chamber of Commerce. The examination includes both technical questions and case studies.</p>	
2.13.9.	<p><i>Assess Professional Skills</i></p> <p>Describe in general terms how required professional skills (e.g. ability to solve problems, make decisions, exercise judgment, personal skills, interpersonal and communication skills, organizational and</p>	<p>See our response to question 2.13.8.</p>	

Number	Question Title/Text/Help text	Answer	Comments
	business management skills etc) are assessed during the final assessment.		
2.13.10.	<i>Assess Professional Values, Ethics, Attitudes</i> Describe in general terms how required professional values, ethics, and attitudes are assessed during the final assessment.	See our response to question 2.13.8.	
2.13.11.	<i>Recorded or Oral Format</i> Is the final assessment conducted through:	1 <input checked="" type="radio"/> Recorded format with recorded (e.g. written) response required 2 <input type="radio"/> Oral format with oral responses 3 <input type="radio"/> Both recorded and oral response formats	
2.13.13.	<i>Assessment Formats</i> What formats are used in conducting the final assessment (select all the answer options that are appropriate)?	1 <input type="checkbox"/> Multiple choice questions  2 <input checked="" type="checkbox"/> Case studies 3 <input checked="" type="checkbox"/> Technical questions 4 <input type="checkbox"/> Thesis 5 <input type="checkbox"/> Other (please describe) 6 <input type="checkbox"/> None of the above	
2.13.14.	<i>Reliability and Validity</i> Describe in general terms the procedures in place to ensure the final assessments are reliable and valid. Include a description of how the assessment questions are set and by	The Auditing Board of the Central Chamber of Commerce appoints a working group responsible for the examination. The working group is	

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	whom and also how reviewers / assessors are selected.	assisted by experts. The questions are set by the working group and each question is reviewed by a single reviewer. The group of experts consists of academics, practitioners, accounting experts and jurists.	
2.13.15.	<i>Frequency of Final Assessments</i> How many times in a year is the final assessment offered? Select the answer option that is the most appropriate.	<input checked="" type="radio"/> Yearly (or once a year)  <input type="radio"/> Half yearly (or twice a year) <input type="radio"/> Three sessions a year <input type="radio"/> Four sessions a year <input type="radio"/> Five sessions a year <input type="radio"/> Other (please describe the frequency of the examinations)	
2.14.	<b>IES 7 Continuing Professional Development - CPD</b>		
2.14.1.	<i>Responsibility for CPD Requirements</i> Section 2.14 deals with the continuous professional development requirements established by your organization.	<input type="checkbox"/> Our organization	The Auditing Board of the Central Chamber of Commerce
	Who establishes the continuous professional development requirements applicable to your members? Select all the answer options that are appropriate.		



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		<p>2<input checked="" type="checkbox"/> Another organization (state the name of the organization including whether it is an IFAC member body)</p> <p>3<input type="checkbox"/> Law and / or regulation (state the name of the law / regulation)</p> <p>4<input type="checkbox"/> Other (please describe)</p>	
2.14.2.	<p><i>CPD and Professional Accountants</i></p> <p>Which membership categories are required to maintain professional competence through continuous professional development? Select all the answer options that are appropriate.</p>	<p>1<input checked="" type="checkbox"/> All our qualified members</p> <p>2<input type="checkbox"/> Qualified members who perform audits of listed entities</p> <p>3<input type="checkbox"/> Qualified members who perform audits of entities other than listed entities</p> <p>4<input type="checkbox"/> Qualified members who provide services (other than audit) to the public</p> <p>5<input type="checkbox"/> Qualified members who are employed in business</p> <p>6<input type="checkbox"/> Other (please describe)</p>	
2.14.3.	<b>Requirement - CPD</b>		
2.14.3.1.	<p><i>Type of CPD Requirement</i></p> <p>Which of the following answer options describes the way the continuous</p>	<p>1<input type="checkbox"/> Members must satisfy a number of hours of</p>	

Number	Question Title/Text/Help text	Answer	Comments
	professional development is structured? Select all the answer options that are appropriate.	continuous professional development a year or over a number of years 2 <input type="checkbox"/> All members are to satisfy specified content requirements (e.g. specified courses or knowledge content) 3 <input type="checkbox"/> Members working in specialist areas or areas of high risk to the public are to satisfy specified content requirements (e.g. specified courses or knowledge content) 4 <input checked="" type="checkbox"/> Other	
2.14.3.2.	<i>Other Type of Requirement</i> Please describe the continuous professional development requirement.	The Auditing Board of the Central Chamber of Commerce determines the continuous professional development requirement. There is no specified qualitative or quantitative continuous professional development requirement, instead the assessment is made on a case-by-case basis.	
2.14.3.8.	<i>Monitoring of CPD</i> Is there a process to monitor whether your	1 <input checked="" type="radio"/> Yes, there is a monitoring	

Number	Question Title/Text/Help text	Answer	Comments
	members who are qualified as professional accountants meet the continuous professional development requirements?	<p>process for CPD requirements</p> <p>2○ No, there is no monitoring process for CPD requirements</p>	
2.14.4.	<b>Monitoring of CPD Requirement</b>		
2.14.4.1.	<p><i>Monitoring Process SMO 2</i></p> <p>Which of the following elements does the monitoring process include? Select all the answer options that are appropriate.</p>	<p>1<input checked="" type="checkbox"/> Professional accountants are required to submit a declaration</p> <p>2<input type="checkbox"/> Professional accountants are required to submit evidence</p> <p>3<input type="checkbox"/> Our organization audits a sample of professional accountants to check compliance</p> <p>4<input type="checkbox"/> Compliance is monitored through firm quality control standards</p> <p>5<input type="checkbox"/> Compliance is monitored through a quality assurance review program</p> <p>6<input type="checkbox"/> Other (please describe)</p> <p>7<input type="checkbox"/> None of the above</p>	
2.14.4.2.	<p><i>Declaration and CPD SMO 2</i></p> <p>Describe the matters addressed in the declaration (select all that apply):</p>	<p>1<input type="checkbox"/> Professional accountant's obligation to meet ethical obligations</p> <p>2<input checked="" type="checkbox"/> Professional accountant's obligation to maintain</p>	

Number	Question Title/Text/Help text	Answer	Comments
		knowledge 3 <input checked="" type="checkbox"/> Professional accountant's obligation to maintain skills to perform competently 4 <input type="checkbox"/> Compliance with CPD requirement 5 <input type="checkbox"/> Other (please describe)	
2.14.4.3.	<i>Sanctions SMO 2</i> Where a professional accountant does not satisfy the CPD requirements (within a reasonable period of encouraging the professional accountant to meet the requirements), are sanctions or other non-compliance actions, such as expulsion or denial of the right to practice, imposed?	1 <input checked="" type="radio"/> Yes, sanctions or actions for non-compliance are imposed  2 <input type="radio"/> No, sanctions or other non-compliance actions are not imposed	
2.14.4.4.	<i>Sanction Types and CPD</i> Describe the nature and extent of the sanction, expulsions or denial of the right to practice.	The Auditing Board of the Central Chamber of Commerce determines the nature and extent of sanctions to be imposed.	
2.15.	<i>Activities to Promote IESs SMO 2</i> Please describe the activities your organization undertakes to promote and assist in implementing the pronouncements issued by IFAC's International Accounting Education Standards Board.	The authorisation as KHT auditor automatically covers IES1-6. IES7 will be taken into consideration when developing the course program for members of KHT-	

Number	Question Title/Text/Help text	Answer	Comments
yhdistys.			
3.	<b>SMO 3</b>		
3.1.	<p><i>Auditing Standards in Law/Regulation</i> Does law or regulation establish the set of auditing standards to be used in the audit of private sector listed entities and non-listed entities? Select all the answer options that are appropriate.</p> <p>Where the law / regulation establishes the auditing standards to be used by reference to the set of standards to be used by their name or by including the text of the standards in the law / regulation, please respond "yes" to this question. Section 3.8. of this module includes questions about the law / regulation.</p> <p>Where the law / regulation gives authority to a national standard-setter to establish the auditing standards, please respond "no". Section 3.2. of this module includes questions about the standard-setter and the auditing standards that are established.</p>	<p>1 <input type="checkbox"/> Yes for audits of listed entities</p> <p>2 <input type="checkbox"/> Yes for audits of non-listed entities</p> <p>3 <input checked="" type="checkbox"/> No for audits of listed entities</p> <p>4 <input checked="" type="checkbox"/> No for audits of non-listed entities</p>	

Number	Question Title/Text/Help text	Answer	Comments
3.2.	<b>Responsibility for Private Sector Auditing Standards</b>		
3.2.1.	<i>Auditing Standards - Private Sector</i> Is there only one set of auditing standards or are the auditing standards applicable to listed entities different from non-listed entities?	<input checked="" type="radio"/> 1 The auditing standards for listed entities and non-listed entities are the same set of standards <input type="radio"/> 2 The auditing standards for listed entities and non-listed entities are not the same set of standards	
3.2.6.	<i>Responsibility for Auditing Standards</i> Who has the authority for establishing the auditing standards for listed and non-listed entities?	<input checked="" type="radio"/> 1 Our organization <input type="radio"/> 2 Another IFAC member body <input type="radio"/> 3 Joint process between our organization and another IFAC member body or other organization <input type="radio"/> 4 Another organization	
3.3.	<b>Member Body SMO 3</b>		
3.3.1.	<i>MB Convergence Objective SMO 3</i> Has convergence with IAASB pronouncements been established as an objective?	<input checked="" type="radio"/> 1 Yes <input type="radio"/> 2 No	
3.3.3.	<i>MB Convergence Implemented SMO 3</i> Has the convergence objective for auditing standards been implemented?	<input checked="" type="radio"/> 1 Yes	

Number	Question Title/Text/Help text	Answer	Comments
20	No		
3.6.	<b>Incorporation of Auditing Standards</b>		
3.6.1.	<p data-bbox="398 355 965 683"><i>Incorporation Approach SMO 3</i> Where your response indicates that convergence with IAASB pronouncements has been implemented, which of the following best describes the approach is used to incorporate the IAASB pronouncements into national standards? Select the answer option that is most appropriate.</p> <p data-bbox="398 691 965 1129"><b>Help text:</b> Answer Option 1 and reference to "adopted without amendment" Select this option where IAASB pronouncements are adopted as drafted except for changes to: Rename the IAASB pronouncement to a national standard name; Translate the IAASB pronouncement into another language; Apply an effective date that differs from the IAASB pronouncement.</p> <p data-bbox="398 1169 965 1374">Answer Option 2 and 3 reference to "Differences" In responding to this question, "differences" may include: Requirements in addition to those specified in the IAASB pronouncement or ISA;</p>	<p data-bbox="1003 395 1473 531">10 IAASB pronouncements are adopted as drafted without amendments (refer Help Text)</p> <p data-bbox="1003 691 1473 943">20 IAASB pronouncements are adopted as national standards and amended as necessary to address differences due to conflicts with legal or regulatory requirements (refer Help Text)</p>	

Number	Question Title/Text/Help text	Answer	Comments
	<p>Deletion of a basic principle, essential procedure, and / or related guidance specified in the IAASB pronouncement or ISA;</p> <p>Modification of a requirement specified in the IAASB pronouncement or ISA (e.g. an ISA requirement was not deleted in full because a similar requirement was included).</p>	<p>3○ Existing national standards are compared with IAASB pronouncements to eliminate to the extent possible differences between the national standard and the IAASB pronouncement (refer Help Text)</p> <p>4○ Other</p>	
3.6.3.	<b>Adoption with Amendments SMO 3</b>		
3.6.3.1.	<p><i>IAASB Pronouncements with Amendments</i></p> <p>Which of the following IAASB pronouncements have been adopted or incorporated? Select all the answer options that are appropriate.</p>	<p>1□ International Standard on Quality Control 1</p> <p>2☑ International Standards on Auditing</p> <p>3☑ International Auditing Practices Statements</p> <p>4☑ International Standards on Assurance Engagements</p>	



Number	Question Title/Text/Help text	Answer	Comments
		5 <input checked="" type="checkbox"/>	International Standards on Review Engagements
		6 <input checked="" type="checkbox"/>	International Standards on Related Services
3.6.3.2.	<p><i>Name of Standards SMO 3 - Amendments</i> When the IAASB pronouncements are adopted, are the IAASB pronouncements renamed as national standards and pronouncements?</p>	1 <input type="radio"/>  2 <input checked="" type="radio"/>	<p>IAASB pronouncements are adopted without changes to the pronouncement's name</p> <p>IAASB pronouncements are adopted with changes to their names</p>
3.6.3.3.	<p><i>Name of National Auditing Standards - Amendments</i> State the name of the national auditing standards and pronouncements</p>		<p>Beginning 2006: Auditing Standards (tilintarkastusstandardit), before 2006: Auditing Recommendations (tilintarkastussuosituksset)</p>
3.6.3.4.	<p><i>Adopted with Amendments SMO 3</i> Is information publicly available describing: The IAASB pronouncements that have been adopted; Whether the adopted IAASB pronouncement is the version in effect as at September 30, 2005; The effective date set by your organization where it differs from the IAASB pronouncement;</p>	1 <input type="radio"/>	Yes

Number	Question Title/Text/Help text	Answer	Comments
	<p>The differences between the IAASB pronouncement and what was adopted; The reasons for the differences?</p>	<p>2 <input checked="" type="radio"/> No</p>	
<p>3.6.3.5.</p>	<p><i>Submit Information - Amendments SMO 3</i> If the standard-setter has issued information about the status of adopted ISAs and other IAASB pronouncements and it is available in English, indicate this in your response and submit a copy of the information to Compliance Staff.</p> <p>If this information is not available, complete the <a href="#">SMO 3 Comparison with IAASB Pronouncements.doc</a>&gt;SMO 3: Comparison with IAASB Pronouncements&lt;/a&gt; report by clicking on the link and submit it in Word format to Compliance Staff.</p> <p>Indicate whether your organization will be submitting available information or the "SMO 3: Comparison with IAASB Pronouncements" report.</p> <p><b>Help text:</b></p>	<p>1 <input type="radio"/></p>	<p>The information is available and in English and will be submitted to Compliance Staff</p>
<p>2 <input checked="" type="radio"/></p>	<p>The "SMO 3: Comparison with IAASB Pronouncements" report will be completed and submitted to Compliance Staff</p>		

Number	Question Title/Text/Help text	Answer	Comments
3.10.	<b>Translation SMO 3</b>		
3.10.1.	<i>Translation of IAASB Pronouncements</i> Are the IAASB pronouncements translated into a national language?	1 <input type="radio"/> No as English is the national language or a widely spoken language 2 <input checked="" type="radio"/> Yes, the IAASB pronouncements are translated 3 <input type="radio"/> No and English is not an official language or is not widely spoken	
3.10.2.	<i>IFAC Translation Policy SMO 3</i> Is the IFAC Translation Policy followed?	1 <input type="radio"/> Yes          2 <input checked="" type="radio"/> No	Until 2005 the translations were not made word-by-word and the effective dates of the Finnish recommendations are later than the effective dates of the English standard.
3.10.3.	<i>Principal Translator SMO 3</i> Who is the principal translator? Select the answer option that is most appropriate.	1 <input checked="" type="radio"/> Our organization is the principal translator 2 <input type="radio"/> The government or another organization is the principal translator 3 <input type="radio"/> Our organization and the government or another organization are the principal translators	
3.10.4.	<i>Key Words SMO 3</i>		

Number	Question Title/Text/Help text	Answer	Comments
	Does the translation process include a list of key words?	1 <input checked="" type="radio"/> Yes 2 <input type="radio"/> No	
3.10.5.	<i>Faithful Translation SMO 3</i> What processes are in place to ensure a faithful translation of the IAASB pronouncements?	The IAASB pronouncements are translated by a professional translator and reviewed by a group consisting of both practitioners and other representatives (incl. academics and representatives of business).	
3.11.	<i>Activities to Promote IAASB Pronouncements</i> Please describe the activities your organization undertakes to promote and assist in the implementation of IAASB pronouncements and other IAASB activities.	KHT-yhdistys yearly publishes a book containing all the auditing standards and recommendations and informs the members of new standards. KHT-yhdistys also organises courses and discussions for the members concerning the auditing standards and recommendations.	
4.	<b>SMO 4</b>		
4.1.	<b>Responsibility and National Ethical Requirements</b>		
4.1.1.	<i>IFAC MB and Ethical Requirements</i> Does your organization establish ethical requirements (e.g. code of ethics, code of	1 <input checked="" type="radio"/> Yes, our organization does establish ethical requirements	

Number	Question Title/Text/Help text	Answer	Comments
	<p>conduct, ethics rules, member regulations, etc.) to be complied with by your members?</p> <p><b>Help text:</b> In some countries, ethical requirements may be established on a regional, provincial, or state basis. Where this is the case in your country for the ethical requirements that apply to your members, please contact Compliance Staff for further instruction.</p>	2 <input type="radio"/>	No, our organization does not establish ethical requirements
4.1.2.	<p><i>IFAC MB and Convergence with IFAC Code</i> Has your organization implemented convergence with the IFAC Code of Ethics as an objective?</p>	1 <input checked="" type="radio"/>	Yes
		2 <input type="radio"/>	No
4.1.9.	<p><i>IFAC MB Approach to Ethics</i> Which of the following options best describes your organization's activities to incorporate the IFAC Code?</p> <p>For the purposes of the Part 2 SMO 4 module, modifications include: Deletion/omission of concepts, principles, or guidance that are established in the IFAC Code; Inclusion of concepts, principles, or guidance that are not in the IFAC Code; Other amendments that give rise to differences between your organization's ethical requirements and the IFAC Code.</p>	1 <input type="radio"/>	Our organization adopted the IFAC Code as issued without modifications

Number	Question Title/Text/Help text	Answer	Comments
		<p>2 <input checked="" type="radio"/> Our organization adopted the IFAC Code but with modifications</p> <p>3 <input type="radio"/> Our organization has developed our own ethical requirements with a process to eliminate differences between our ethical requirements and the IFAC Code</p> <p>4 <input type="radio"/> Our organization develops our own ethical requirements and uses another approach to incorporate the IFAC Code of Ethics</p>	
4.1.10.	<p><i>IFAC MB and Code - Eliminate Differences</i> Describe the process used to adopt the IFAC Code or the process used to eliminate differences between your organization's ethical requirements and the IFAC Code.</p>	The IFAC Code is translated into Finnish with some modifications and additions due to Finnish law.	
4.2.	<b>MB and Version of IFAC Code</b>		
4.2.1.	<p><i>Version of IFAC Code</i> Which version of the IFAC Code was adopted or used as the basis for your organization's ethical requirements?</p>	<p>1 <input type="radio"/> The IFAC Code currently in effect, revised and issued in June 2004</p> <p>2 <input checked="" type="radio"/> A version issued prior to 2004</p> <p>3 <input type="radio"/> The revised IFAC Code</p>	

Number	Question Title/Text/Help text	Answer	Comments
		issued and in effect June 30, 2006	
4.2.2.	<p><i>Version Pre 2004 Follow Up SMO 4</i> Please explain why the IFAC Code that is currently in effect has not been adopted or incorporated. Provide information about special conditions, challenges, or impediments relevant to this matter.</p>	The revised IFAC Code will be translated during 2006.	
4.2.3.	<p><i>MB and Revised Code</i> Does your organization have plans to adopt the revised IFAC Code (effective June 30, 2006) or revise your ethical requirements to incorporate the revised IFAC Code? Select the option that is the most relevant.</p>	<p>1 <input type="radio"/> Our organization has already amended our ethical requirements for the revised IFAC Code (effective June 30, 2006)</p> <p>2 <input checked="" type="radio"/> Our organization is in the process of amending or has included a plan to amend our ethical requirements for the revised IFAC Code (effective June 30, 2006)</p> <p>3 <input type="radio"/> Our organization currently has not included in our work program a plan to amend our ethical requirements for the revised IFAC Code (effective June 30, 2006)</p> <p>4 <input type="radio"/> Other (please describe)</p>	
4.2.5.	<p><i>MB and Revision Plans</i> Please describe the work program timetable.</p>	The revised Code will be translated	

Number	Question Title/Text/Help text	Answer	Comments
		during 2006.	
4.3.	<i>Ethical Requirements by Gov / Reg Bodies</i> In addition to the ethical requirements established by your organization, are there also laws or regulations that set out ethical requirements to be complied with by your members?	1 <input checked="" type="radio"/> Yes	
		2 <input type="radio"/> No	
4.4.	<b>Gov / Reg Bodies and Ethical Requirements</b>		
4.4.1.	<i>Gov/Reg Bodies - Ethical Requirements</i> Where ethical requirements applicable to your members are established in law or regulation, do they include any of the following types of laws and regulations? Select all the answer options that are appropriate.	1 <input checked="" type="checkbox"/> There is a law / regulation (e.g. Audit Law, Accountants Law) that sets out ethical requirements to be complied with by all professional accountants  2 <input type="checkbox"/> There is a law / regulation that sets out ethical requirements to be complied with by professional accountants who audit listed entities  3 <input type="checkbox"/> There is a law / regulation that sets out ethical requirements to be complied with by professional	



Number	Question Title/Text/Help text	Answer	Comments
		<p>accountants who audit entities other than listed entities</p> <p>4 <input type="checkbox"/> There is a law / regulation that sets out ethical requirements to be complied with by professional accountants who provide services to the public (other than as auditors of listed or other entities)</p> <p>5 <input type="checkbox"/> There is a law / regulation that sets out ethical requirements for professional accountants employed in business</p> <p>6 <input type="checkbox"/> None of the above</p>	
4.4.3.	<p><i>Describe Law / Reg - Prof Accountants</i></p> <p>Regarding your response to question 4.4.1 and the law / regulation for professional accountants, please:</p> <p>State the law / regulation's name;</p> <p>Provide a general description of the law / regulation;</p> <p>Describe how the law / regulation sets out the scope of professional accountants that it applies to.</p>	<p>The Auditing Act. The Auditing Act contains general rules considering independence and confidentiality.</p> <p>The Auditing Act applies to all audits and other assignments to be performed by an auditor according to law. The rule on confidentiality also applies to other kinds of assignments performed by an auditor.</p>	
4.4.7.	<p><i>Gov/Reg and Convergence</i></p>		

Number	Question Title/Text/Help text	Answer	Comments
	<p>Please explain whether your organization has undertaken any activities to promote the IFAC Code of Ethics to the relevant government or regulatory body that sets ethical requirements. Include in your explanation descriptions of any specific activities and the outcome or the reasons why such activities have not been undertaken.</p>	<p>KHT-yhdistys has translated the Code into Finnish and published it. The Code is the only set of ethical rules used by auditors in Finland.</p>	
<p>4.5.</p>	<p><i>Comparison of Requirements SMO 4</i></p> <p>Does your organization have information that identifies any differences between the IFAC Code of Ethics currently in effect or the revised Code and the national ethical requirements? In responding to this question, differences include:</p> <p>Principles, concepts, and guidance in the IFAC Code that are not addressed in the national ethical requirements;  Principles, concepts, and guidance in the IFAC Code that are not equivalent to the national ethical requirements;  Principles, concepts, rules, regulations, laws, or other mandatory ethical requirements in national ethical requirements that are not addressed in the IFAC Code.</p> <p>The phrase "national ethical requirements"</p>	<p>1 <input type="radio"/> Yes, our organization has this information and it will be submitted</p>	

Number	Question Title/Text/Help text	Answer	Comments
	as used in this questionnaire refers to the totality of ethical requirements established by your organization and others including government and regulatory bodies that are applicable to your members.	<input type="radio"/> This information will be submitted by another IFAC member body <input checked="" type="radio"/> No, the information is not available	
4.6.	<b>Fundamental Principles - National</b>		
4.6.1.	<b>Integrity - Principle</b>		
4.6.1.1.	<i>Integrity</i> Do the national ethical requirements require professional accountants to comply with the fundamental principle "integrity" as described in the revised IFAC Code?	<input type="radio"/> Yes, professional accountants are required to comply with the same principle <input checked="" type="radio"/> Yes, professional accountants are required to comply with a similar or equivalent principle <input type="radio"/> The same or similar / equivalent principle has not been established	
4.6.1.2.	<i>Integrity Requirement</i> Is the principle set out in your organization's ethical requirements and / or in laws and regulations? Select all the answer options that are appropriate.	<input checked="" type="checkbox"/> Our organization's ethical requirements  <input type="checkbox"/> Law that regulates professional accountants and /	

Number	Question Title/Text/Help text	Answer	Comments
		<ul style="list-style-type: none"> <li>or auditors</li> <li>3 <input type="checkbox"/> Securities regulation</li> <li>4 <input type="checkbox"/> Other laws and / or regulation</li> </ul>	
4.6.1.3.	<p><i>Integrity - Other</i> Please state the term used to describe this principle and how this principle is defined.</p>	<p>Honesty (rehellisyys). The auditor should be straightforward and honest.</p>	
4.6.2.	<b>Objectivity - Principle</b>		
4.6.2.1.	<p><i>Objectivity</i> Do the national ethical requirements require professional accountants to comply with the fundamental principle "objectivity" as described in the revised IFAC Code?</p>	<ul style="list-style-type: none"> <li>1 <input type="radio"/> Yes, professional accountants are required to comply with the same principle</li> <li>2 <input checked="" type="radio"/> Yes, professional accountants are required to comply with a similar or equivalent principle</li> <li>3 <input type="radio"/> The same or similar / equivalent principle has not been established</li> </ul>	
4.6.2.2.	<p><i>Objectivity Requirement</i> Is the principle set out in your organization's ethical requirements and / or in laws and regulations? Select all the answer options that are appropriate.</p>	<ul style="list-style-type: none"> <li>1 <input checked="" type="checkbox"/> Our organization's ethical requirements</li> <li>2 <input type="checkbox"/> Law that regulates professional accountants and / or auditors</li> <li>3 <input type="checkbox"/> Securities regulation</li> <li>4 <input type="checkbox"/> Other laws and / or regulation</li> </ul>	

Number	Question Title/Text/Help text	Answer	Comments
4.6.2.3.	<i>Objectivity - Other</i> Please state the term used to describe this principle and how this principle is defined.	Objectivity (objektiivisuus). A professional accountant should be fair and should not allow prejudice or bias, conflict of interest or influence of others to override objectivity.	
4.6.3.	<b>Professional Competence / Due Care - Principle</b>		
4.6.3.1.	<i>Prof Competence / Due Care</i> Do the national ethical requirements require professional accountants to comply with the fundamental principle "professional competence and due care" as described in the revised IFAC Code?	<p>1 <input type="radio"/> Yes, professional accountants are required to comply with the same principle</p> <p>2 <input checked="" type="radio"/> Yes, professional accountants are required to comply with a similar or equivalent principle</p> <p>3 <input type="radio"/> The same or similar / equivalent principle has not been established</p>	
4.6.3.2.	<i>Prof Competence / Due Care Req</i> Is the principle set out in your organization's ethical requirements and / or in laws and regulations? Select all the answer options that are appropriate.	<p>1 <input checked="" type="checkbox"/> Our organization's ethical requirements</p> <p>2 <input type="checkbox"/> Law that regulates professional accountants and / or auditors</p>	

Number	Question Title/Text/Help text	Answer	Comments
		3 <input type="checkbox"/> Securities regulation 4 <input type="checkbox"/> Other laws and / or regulation	
4.6.3.3.	<i>Prof Competence / Due Care - Other</i> Please state the term used to describe this principle and how this principle is defined.	Professional competence and due care (pätevyys ja huolellisuus). A professional accountant should perform professional services with due care, competence and diligence and has a continuing duty to maintain professional knowledge and skill at a level required to ensure that a client or employer receives the advantage of competent professional service based on up-to-date developments in practice, legislation and techniques.	
4.6.4.	<b>Confidentiality - Principle</b>		
4.6.4.1.	<i>Confidentiality</i> Do the national ethical requirements require professional accountants to comply with the fundamental principle "confidentiality" as described in the revised IFAC Code?	1 <input type="radio"/> Yes, professional accountants are required to comply with the same principle  2 <input checked="" type="radio"/> Yes, professional accountants are required to comply with a similar or equivalent principle  3 <input type="radio"/> The same or similar / equivalent principle has not been established	

Number	Question Title/Text/Help text	Answer	Comments
4.6.4.2.	<p><i>Confidentiality Requirement</i> Is the principle set out in your organization's ethical requirements and / or in laws and regulations? Select all the answer options that are appropriate.</p>	<p>1 <input checked="" type="checkbox"/> Our organization's ethical requirements</p> <p>2 <input checked="" type="checkbox"/> Law that regulates professional accountants and / or auditors</p> <p>3 <input type="checkbox"/> Securities regulation</p> <p>4 <input type="checkbox"/> Other laws and / or regulation</p>	
4.6.4.3.	<p><i>Confidentiality - Other</i> Please state the term used to describe this principle and how this principle is defined.</p>	<p>Confidentiality (salassapitovelvollisuus). An auditor may not reveal information on the audited corporation or foundation he has received while carrying out the assignment, an individual shareholder or a member or someone in a similar position, where this could cause harm to the corporation or foundation.</p>	
4.6.5.	<p><b>Professional Behavior - Principle</b></p>		
4.6.5.1.	<p><i>Professional Behavior</i> Do the national ethical requirements require professional accountants to comply with the fundamental principle "professional behavior" as described in the revised IFAC Code?</p>	<p>1 <input type="radio"/> Yes, professional accountants are required to comply with the same principle</p>	

Number	Question Title/Text/Help text	Answer	Comments
		<p>2 <input checked="" type="radio"/> Yes, professional accountants are required to comply with a similar or equivalent principle</p> <p>3 <input type="radio"/> The same or similar / equivalent principle has not been established</p>	
4.6.5.2.	<p><i>Professional Behavior Requirement</i></p> <p>Is the principle set out in your organization's ethical requirements and / or in laws and regulations? Select all the answer options that are appropriate.</p>	<p>1 <input checked="" type="checkbox"/> Our organization's ethical requirements</p> <p>2 <input type="checkbox"/> Law that regulates professional accountants and / or auditors</p> <p>3 <input type="checkbox"/> Securities regulation</p> <p>4 <input type="checkbox"/> Other laws and / or regulation</p>	
4.6.5.3.	<p><i>Professional Behavior - Other</i></p> <p>Please state the term used to describe this principle and how this principle is defined.</p>	<p>Professional behaviour (käyttäytyminen). A professional accountant should act in a manner consistent with the good reputation of the profession. The professional accountant should always consider the responsibilities to clients, third parties, other members of the accountancy profession, staff, employers and the general public.</p>	
4.7.	<b>Threats and Safeguards - National</b>		
4.7.1.	<i>Threats and Safeguards</i>		



Number	Question Title/Text/Help text	Answer	Comments
	Do the national ethical requirements establish a framework or principle similar or equivalent to the threats and safeguards framework as described in the revised IFAC Code (effective June 30, 2006)? Select the answer option that is the most appropriate.	<p>1 <input checked="" type="radio"/> Yes, our organization has a threats and safeguards framework or similar / equivalent framework in our ethical requirements</p> <p>2 <input type="radio"/> Yes, a threats and safeguards framework or similar / equivalent framework is in the ethical requirements established in law and / or regulation</p> <p>3 <input type="radio"/> No, a threats and safeguards framework, or similar / equivalent framework has not been established in the national ethical requirements</p>	
4.7.3.	<p><i>Threats and Safeguards - Other</i></p> <p>Please describe the threats and safeguards framework or similar requirement established by your organization or law / regulation.</p>	<p>The threats to independence are self-interest threat, self-review threat, advocacy threat, familiarity threat and intimidation threat. The safeguards fall into three categories: safeguards created by the profession, legislation or regulation, safeguards within the assurance client and safeguards within the firms own systems and procedures.</p>	

Number	Question Title/Text/Help text	Answer	Comments
4.7.4.	<i>Application of Framework SMO 4</i> Which of the following does the threats and safeguards framework, or similar / equivalent requirement, apply to? Select the answer option that is the most appropriate.	<p>1 <input type="radio"/> All professional accountants</p> <p>2 <input checked="" type="radio"/> Only to independence requirements relating to professional accountants in public practice.</p> <p>3 <input type="radio"/> Other</p>	
4.8.	<b>Ethical Behavior Resolution</b>		
4.8.1.	<i>Identifying and Resolving Unethical Behavior</i> Are there specific requirements and guidance provided to assist your members in identifying and resolving ethical matters? Select all of the answer option that are appropriate.	<p>1 <input checked="" type="checkbox"/> Yes, our organization has developed requirements for identifying and resolving ethical matters</p> <p>2 <input type="checkbox"/> Yes, government, regulatory, or oversight bodies have developed requirements for identifying and resolving ethical matters</p> <p>3 <input type="checkbox"/> No, there is no such requirements or guidance</p>	
4.8.2.	<i>MB and Ethical Conflict Resolution</i> Are the ethical conflict resolution requirements and guidance adopted from the	1 <input type="radio"/> Yes, the requirements and guidance are adopted from	

Number	Question Title/Text/Help text	Answer	Comments
	IFAC Code or similar / equivalent to the guidance in the Code? Select the answer option that is the most appropriate.	the IFAC Code	
		2 <input type="radio"/> Yes, the IFAC Code was used as a model in developing the requirements	
		3 <input checked="" type="radio"/> Yes, the requirements are similar / equivalent to the IFAC Code	
		4 <input type="radio"/> No, the requirements differ from the IFAC Code	
4.9.	<b>Independence and Threats So Significant</b>		
4.9.1.	<p><i>Provisions and Threats to Independence</i></p> <p>The "SMO 4: Provisions Relating to Threats to Independence" report refers to specific provisions of Section 290 of the revised IFAC Code of Ethics that are currently in effect. Section 290 requires members of assurance teams, firms, and when applicable, network firms be independent of assurance clients and describes specific circumstances that may give rise to threats to independence.</p> <p>Where Section 290 is applicable to your members, the <a href="SMO 4 Comparison of Threats to Independence.doc">SMO 4: Provisions Relating to Threats to Independence report</a> should be completed and submitted to Compliance</p>	1 <input checked="" type="radio"/> Our organization will complete the "SMO 4: Provisions Relating to Threats to Independence" report	

Number	Question Title/Text/Help text	Answer	Comments
	<p>Staff. Alternatively, where this information is available in another format it can be submitted instead of the report. Select the option below to confirm the information to be submitted.</p> <p><b>Help text:</b> Section 290 of the revised Code of Ethics is currently in effect. Section 290 describes specific provisions that may give rise to threats to independence that are so significant, no safeguards are available to reduce the threat to an acceptable level. For some provisions the Code describes the actions that are available to address the threat.</p>	2	<p><input type="radio"/> Our members provide assurance services; however, another IFAC member body will complete the "SMO 4; Provisions Relating to Threats to Independence" report or provide the relevant information to Compliance Staff.</p>
3	<p><input type="radio"/> Our members do not provide assurance services; therefore, Section 290 and the Provisions Relating to Threats to Independence is not applicable to our organization.</p>	4.10.	<b>National Ethical Requirements - Other</b>
4.10.1.	<b>National - Prof Accountants</b>	4.10.1.1.	<i>National Additional - Prof Accountants</i>
1	<input type="radio"/>	Yes	<p>Are there rules, regulations, laws, or other mandatory ethical requirements established by your organization, government, regulatory or other bodies that your</p>

Number	Question Title/Text/Help text	Answer	Comments
	members must comply with but are not addressed in the revised IFAC Code (effective June 30, 2006)?	2 <input checked="" type="radio"/> No	
4.10.1.2.	<i>National Conflicts - Prof Accountants</i> Are there principles, concepts, and guidance in the revised IFAC Code (effective June 30, 2006) that conflict with national ethical requirements applicable to your requirements?	1 <input type="radio"/> Yes  2 <input checked="" type="radio"/> No	
4.10.2.	<b>National - Public Practice</b>		
4.10.2.1.	<i>National Additional - Public Practice</i> Are there rules, regulations, laws, or other mandatory ethical requirements established by your organization, government, regulatory or other bodies that are applicable to your members who are professional accountants in public practice that are not addressed in the revised IFAC Code (effective June 30, 2006)?	1 <input type="radio"/> Not applicable as our members do not operate as professional accountants in public practice  2 <input type="radio"/> Yes 3 <input checked="" type="radio"/> No	
4.10.2.2.	<i>National Conflicts - Public Practice</i> Are there principles, concepts, and guidance in the revised IFAC Code (effective June 30, 2006) that conflict with national ethical requirements applicable to your members who are professional accountants in public practice?	1 <input type="radio"/> Not applicable as our members do not operate as professional accountants in public practice	

Number	Question Title/Text/Help text	Answer	Comments
		2 <input type="radio"/> Yes 3 <input checked="" type="radio"/> No	
4.10.3.	<b>National - Business</b>		
4.10.3.1.	<i>National Additional - Business</i> Are there rules, regulations, laws, or other mandatory ethical requirements established by your organization, government, regulatory or other bodies that are applicable to your members who are professional accountants in business that are not addressed in the revised IFAC Code (effective June 30, 2006)?	1 <input type="radio"/> Not applicable as our members do not operate as professional accountants employed in business  2 <input type="radio"/> Yes 3 <input checked="" type="radio"/> No	
4.10.3.2.	<i>National Conflicts - Business</i> Are there principles, concepts, and guidance in the revised IFAC Code (effective June 30, 2006) that conflict with national ethical requirements applicable to your members who are professional accountants employed in business?	1 <input type="radio"/> Not applicable as our members do not operate as professional accountants employed in business  2 <input type="radio"/> Yes 3 <input checked="" type="radio"/> No	
4.11.	<i>Translation of IFAC Code</i> Has your organization or others (e.g. government or regulatory body) translated the IFAC Code (in effect) or earlier versions of the Code? Select all the answer options that are appropriate.	1 <input type="checkbox"/> No, as English is an official language or widely spoken language  2 <input checked="" type="checkbox"/> Yes, our organization has	

Number	Question Title/Text/Help text	Answer	Comments
		<p>translated the IFAC Code</p> <p>3 <input type="checkbox"/> Yes, a government, regulatory, or other body has translated the IFAC Code</p> <p>4 <input type="checkbox"/> No, the IFAC Code has not been translated and English is not an official language or widely spoken language</p>	
4.14.	<b>IFAC Code Translated SMO 4</b>		
4.14.1.	<p><i>IFAC Translation Policy SMO 4</i></p> <p>Was the IFAC Translation Policy followed?</p>	<p>1 <input type="radio"/> Yes</p> <p>2 <input checked="" type="radio"/> No</p> <p>3 <input type="radio"/> It was translated by a government or regulatory body and the information is not available</p>	<p>Please see our response to question 3.10.2.</p>
4.14.2.	<p><i>Principal Translator SMO 4</i></p> <p>Who was the principal translator? Select the answer option that is the most appropriate.</p>	<p>1 <input checked="" type="radio"/> Our organization is the principal translator</p> <p>2 <input type="radio"/> The government or another organization is the principal translator</p> <p>3 <input type="radio"/> Our organization and the government or another organization are the principal translators</p> <p>4 <input type="radio"/> It was translated by a government or regulatory body and the information is</p>	

Number	Question Title/Text/Help text	Answer	Comments
not available			
4.14.3.	<p><i>Key Words SMO 4</i> Does the translation process include a list of key words including terms defined within the IFAC Code?</p>	<p>1 <input checked="" type="radio"/> Yes</p> <p>2 <input type="radio"/> No</p> <p>3 <input type="radio"/> It was translated by a government or regulatory body and the information is not available</p>	
4.14.4.	<p><i>Faithful Translation SMO 4</i> What processes are in place to ensure a faithful translation of the IFAC Code? If it was translated by a government or regulatory body and the information is not available, please state this in the response.</p>	<p>The Code will be translated by a professional translator and reviewed by a group of practitioners. Thereafter the Code will be approved by the board of the Institute (KHT-yhdistys).</p>	
4.15.	<p><i>Activities to Promote IFAC Code of Ethics</i> Please describe the activities your organization undertakes to promote and assist in implementing the pronouncements (e.g. IFAC Code of Ethics) and work of IFAC's International Ethics Standards Board for Accountants.</p>	<p>KHT-yhdistys translates and publishes the Code of Ethics.</p>	
5.	<b>SMO 5</b>		
5.1.	<p><i>Public Sector Accounting Standards - Objective</i> Has the federal government / national</p>	<p>1 <input type="radio"/> Yes</p>	





Number	Question Title/Text/Help text	Answer	Comments
	<p><i>Discipline</i> Is your organization responsible for investigation and discipline of misconduct, including breaches of professional standards and rules by its individual members (and, if local laws and practices permit, by firms)? Select the answer option that is most appropriate.</p>	<p>1 <input type="radio"/> Yes, our organization has this responsibility</p> <p>2 <input checked="" type="radio"/> No, responsibility for investigation and discipline rests solely with an external body</p> <p>3 <input type="radio"/> Our organization shares responsibility for investigation and discipline with an external body</p> <p>4 <input type="radio"/> Other</p>	
6.3.2.	<p><i>Name of Body Responsible for Investigation and Discipline</i> Provide the name(s) of the external body responsible for investigation and discipline or the name of the body sharing this responsibility with the member body.</p>	The Auditing Board of the Central Chamber of Commerce	
6.4.	<p><i>Activities to Promote SMO 6</i> Please describe what activities your organization undertakes to promote obligations set in SMO 6, Investigation and Discipline.</p>	The Auditing Board of the Central Chamber of Commerce is responsible for discipline issues.	

Number	Question Title/Text/Help text	Answer	Comments
7.	<b>SMO 7</b>		
7.1.	<p><i>Accounting Standards in Law/Regulation</i></p> <p>Does law or regulation establish the set of accounting standards to be used for preparation of financial statements of private sector listed entities and non-listed entities? Select all the answer options that are appropriate.</p> <p>Where the law / regulation establishes the accounting standards to be used by reference to the set of standards to be used by their name or by including the text of the standards in the law / regulation, please respond "yes" to this question. Section 7.8. of this module includes questions about the law / regulation.</p> <p>Where the law / regulation gives authority to a national standard-setter to establish the accounting standards, please respond "no". Section 7.2. of this module includes questions about the standard-setter and the accounting standards that are established.</p>	<p>1 <input checked="" type="checkbox"/> Yes, for financial statements of listed entities</p> <p>2 <input checked="" type="checkbox"/> Yes, for financial statements of non-listed entities</p> <p>3 <input type="checkbox"/> No, for financial statements of listed entities</p> <p>4 <input type="checkbox"/> No, for financial statements of non-listed entities</p>	

Number	Question Title/Text/Help text	Answer	Comments
7.8.	<b>Law/Reg and Accounting Standards</b>		
7.8.1.	<i>Law/Reg Accounting Standards - Private Sector</i> Is there only one group of accounting standards or are the accounting standards applicable to listed entities different from non-listed entities?	<p>1○ The accounting standards for listed entities and non-listed entities are the same set of standards</p> <p>2⊙ The accounting standards for listed entities and non-listed entities are not the same set of standards</p>	
7.8.3.	<i>Accounting Standards for Listed</i> Does the law/regulation require the use of International Financial Reporting Standards issued by the International Accounting Standards Board for preparation of financial statements of listed entities? Select the answer option that is most appropriate.	<p>1⊙ The law/regulation simply refers to International Financial Reporting Standards as the accounting standards (without bringing in the full or partial text of individual IFRSs)</p> <p>2○ For listed entities, the law/regulation contains the full text of each IFRS</p> <p>3○ For listed entities, the law/regulation contains the main principles of the IFRSs</p> <p>4○ For listed entities, the law / regulation has a requirement to use IFRSs using another approach (please describe)</p> <p>5○ For listed entities, the law /</p>	

Number	Question Title/Text/Help text	Answer	Comments
		regulation requires the use of national standards with no reference to IFRSs	
7.8.4.	<p><i>Accounting Standards for Non-Listed</i> Does the law/regulation require the use of International Financial Reporting Standards issued by the International Accounting Standards Board for preparation of financial statements of non-listed entities? Select the answer option that is most appropriate.</p>	<p>1○ The law/regulation simply refers to International Financial Reporting Standards as the accounting standards (without bringing in the full or partial text of individual IFRSs)</p> <p>2○ For non-listed entities, the law/regulation contains the full text of each IFRS</p> <p>3○ For non-listed entities, the law/regulation contains the main principles of the IFRSs</p> <p>4○ For non-listed entities, the law / regulation has a requirement to use IFRSs using another approach (please describe)</p> <p>5⊙ For non-listed entities, the law / regulation requires the use of national standards with no reference to IFRSs</p>	
7.8.7.	<p><i>National Accounting Standards - Non-Listed</i> Provide the name of the national accounting standards for non-listed entities and other authoritative pronouncements established by</p>	Accounting Act and Accounting Ordinance	

Number	Question Title/Text/Help text	Answer	Comments
	law/regulation.		
7.8.8.	<p><i>MB Responsibilities National Standards SMO 7</i></p> <p>Does your organization have responsibility for any of the following activities? Select all the answer options that are appropriate.</p>	<p>1 <input type="checkbox"/> Develop or assist in developing the proposed standards as law / regulation</p> <p>2 <input type="checkbox"/> Develop other authoritative pronouncements</p> <p>3 <input checked="" type="checkbox"/> Promulgate the accounting standards (e.g. by publishing or communicating the standards to the public)</p> <p>4 <input type="checkbox"/> Other (please describe)</p> <p>5 <input type="checkbox"/> None of the above</p>	
7.8.9.	<p><i>MB Responsibilities and IASB SMO 7</i></p> <p>Does your organization have responsibility for any of the following activities? Select all the answer options that are appropriate.</p>	<p>1 <input type="checkbox"/> Develop other authoritative pronouncements</p> <p>2 <input checked="" type="checkbox"/> Promulgate the IFRSs established by law / regulation (e.g. by publishing or communicating the standards to the public)</p> <p>3 <input type="checkbox"/> Other (please describe)</p> <p>4 <input type="checkbox"/> None of the above</p>	
7.8.11.	<p><i>Describe Activities and Law/Reg SMO 7</i></p> <p>Describe your organization's activities for promulgating and / or implementing the standards.</p>	<p>KHT-yhdistys has translated and published the IFRSs.</p>	

Number	Question Title/Text/Help text	Answer	Comments
7.8.13.	<p><i>National Standards and Convergence SMO</i> 7 Please describe the activities your organization has undertaken to promote IFRSs and other IAASB pronouncements to the relevant government or regulatory body that sets national standards. Include in your explanation descriptions of any specific activities and the outcome.</p>	Please see our response to question 7.8.11.	
7.9.	<b>Law/Reg and IASB Pronouncements</b>		
7.9.1.	<p><i>Incorporation into Law/Reg SMO 7</i> Is information publicly available about IFRSs and other IASB pronouncements that have been established into law/regulation, including:  IFRSs and other IASB pronouncements that have been established into law / regulation; Whether the IFRS or IASB pronouncement established into law / regulation is the version in effect as at September 30, 2005; The effective date set by law / regulation where it differs from the IFRS or IASB pronouncement; The differences between IFRSs and IASB pronouncements and what was established into law / regulation; and The reasons for the differences?</p>	1 ☉ Yes	

Number	Question Title/Text/Help text	Answer	Comments
7.9.2.	<p data-bbox="398 316 963 379"><i>Incorporation Description - Law/Reg SMO 7</i></p> <p data-bbox="398 387 963 611">If the information about the status of IFRSs and other IASB pronouncements that have been established into law is available in English, indicate this in your response and submit a copy of the information to Compliance Staff.</p> <p data-bbox="398 643 963 866">If this information is not available, complete the &lt;a href="SMO 7 Comparison with IASB Pronouncements.doc"&gt;SMO 7: Comparison with IASB Pronouncements&lt;/a&gt; report and submit it in Word format to Compliance Staff.</p> <p data-bbox="398 898 963 1050">Indicate whether your organization will be submitting available information or the "SMO 7: Comparison with IASB Pronouncements" report.</p>	<p data-bbox="1003 276 1456 308">2○ No</p> <p data-bbox="1003 387 1456 531">1○ Yes, information is available and in English and will be submitted to Compliance Staff</p> <p data-bbox="1003 1058 1456 1345">2○ No, information is not available; however our organization or jointly with another IFAC member / associate will complete the "SMO 7: Comparison with IASB Pronouncements" and submit it to Compliance Staff</p> <p data-bbox="1003 1353 1456 1380">3○ No, information is not</p>	<p data-bbox="1496 387 1879 611">The information is available at the website of the European Commission: <a href="http://europa.eu.int/comm/internal_market/accounting/ias_en.htm#adopted-commission">http://europa.eu.int/comm/internal_market/accounting/ias_en.htm#adopted-commission</a></p>



Number	Question Title/Text/Help text	Answer	Comments
		available	
7.10.	<b>Translation SMO 7</b>		
7.10.1.	<i>Translation of IFRSs</i> Are the IFRSs and other IASB pronouncements translated into national language?	<input type="radio"/> 1 No, as English is an official language or widely spoken language <input checked="" type="radio"/> 2 Yes, the IFRSs are translated <input type="radio"/> 3 No and English is not an official language or is not widely spoken	
7.10.4.	<i>Translation coordinator SMO 7</i> Who is the translation coordinator? Select the answer option that is most appropriate.	<input checked="" type="radio"/> 1 Our organization is the translation coordinator <input type="radio"/> 2 The government or another organization is the translation coordinator <input type="radio"/> 3 Our organization and the government or another organization are the translation coordinators	
7.10.5.	<i>Key Terms SMO 7</i> Does the translation process include a list of key terms?	<input checked="" type="radio"/> 1 Yes <input type="radio"/> 2 No	
7.10.6.	<i>Faithful Translation SMO 7</i> What processes are in place to ensure a faithful translation of the IFRSs?	A professional translator is responsible for the translation and a working group for the review of the translations. The review group includes practitioners,	

Number	Question Title/Text/Help text	Answer	Comments
		representatives of business as well as academics.	
7.11.	<p><i>Promotion Activities SMO 7</i> Please describe the activities your organization undertakes to promote and assist in the implementation of IFRSs and other IASB pronouncements and activities.</p>	KHT-yhdistys translates and publishes IFRSs and other IASB pronouncements in Finnish. KHT-yhdistys also develops other forms of guidance concerning IFRSs and arranges courses for both members and non-members.	
8.	<p><b>Certification of Chief Executive</b></p>		
8.1.	<p><i>Complete Certification</i> Once all required questions have been completed, the Certification of Chief Executive should be signed and submitted to Compliance Staff. Click <a href="#">Part 2 SMO Self Assessment Certification.doc</a> here to download a copy of the Certification form.</p>	<p>1 <input checked="" type="checkbox"/> Yes, the Certification of Chief Executive has been submitted</p>	
		<p>2 <input type="checkbox"/></p>	

## **SMO 3: Comparison with IAASB Pronouncements**

### **Objective**

The purpose of this report is to understand how national auditing standards and related pronouncements compare with pronouncements issued by the International Auditing and Assurance Standards Board (IAASB). The comparison seeks to understand whether there are differences between national pronouncements and IAASB pronouncements and the reasons for these differences. These differences often exist because of conflicts between the IAASB pronouncement and requirements stipulated by national law or regulation. Other times differences exist because of timing differences between the national standard-setter's work program and the IAASB's work program.

The differences may be in the form of specific IAASB pronouncements or individual principles, procedures, or related guidance within an IAASB pronouncement that is not in the national auditing standard and related pronouncement. There may also be differences in the form of principles, procedures, or guidance in national auditing standards and related pronouncements that are not required or addressed by IAASB pronouncements. Information obtained about the differences will assist the Compliance Advisory Panel in understanding the special conditions, challenges, and impediments IFAC member bodies face within their standard-setting and regulatory framework and convergence with IAASB pronouncements.

This report includes a listing of IAASB pronouncements that have been issued or amended and are in effect as of **September 30, 2005**. These pronouncements include conforming amendments to recently issued ISAs including the Audit Risk ISAs issued in 2004 (effective for audits of financial statements for periods beginning on or after December 15, 2004). When completing the report, the full text of the IAASB pronouncement that is in effect should be referred to. IAASB's pronouncements are available, in Adobe Acrobat pdf format, freely on its website at [www.ifac.org/iaasb](http://www.ifac.org/iaasb).

### **Instructions to the SMO 3: Comparison with IAASB Pronouncements**

Respondents are asked to provide the following information:

1. Provide the name and effective date of the national auditing standard and related pronouncement which address the IAASB pronouncement. Where the IAASB pronouncement has not yet been addressed in national auditing standards and related pronouncements indicate whether it is in the standard-setter's work program or describe the special conditions, challenges, impediments or other reasons why it has not yet been addressed
2. Describe the principles, procedures or related guidance in national auditing standards and related pronouncements that are not required by the IAASB pronouncement. Include a brief description about the legal, regulatory, or other national practice giving rise to this difference.
3. Describe the IAASB principles, procedures or related guidance that has been omitted from or modified in the national auditing standards and related pronouncements in order to comply with national requirements and practices. Include a brief description about the legal, regulatory, or other national practice giving rise to this omission or modification.
4. Additional information may be provided in the Comment Box or by attaching additional pages.
5. To avoid duplication of effort, where this information is available in other formats, the information may be separately submitted to Compliance Staff.

### SMO 3: Comparison with IAASB Pronouncements

No.	IAASB Pronouncements Issued and in Effect <sup>1</sup> as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. <sup>2</sup>	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state "None")	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state "None")	Comment Box for additional relevant information
	Glossary of Terms	Glossary of Terms Finnish-English (Termistö suomi-englanti)	None	<p>IAASB Glossary of Terms: Confirm whether terms defined in the IAASB Glossary have the same term and meaning in the national auditing standards and related pronouncements.</p> <p>Differences include the translations of the terms Governance and Supreme Audit Institution.</p>	The glossary has been revised during 2006 and will be published in June 2006 including new or changed terms used in the new Auditing Standards 200, 315, 330 and 500.
ISQC 1	International Standards on Quality Control (ISQC)	Not yet effective, will be translated during 2006-2007			

<sup>1</sup> Where no effective date is indicated, the pronouncement does not have an effective date and is deemed to be effective.

<sup>2</sup> Where the IAASB pronouncement has not yet been addressed in national auditing standards and related pronouncements indicate whether it is in the standard-setter's work program or the reasons why it has not yet been addressed.

No.	IAASB Pronouncements Issued and in Effect <sup>1</sup> as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. <sup>2</sup>	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state "None")	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state "None")	Comment Box for additional relevant information
	<p><b>Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.</b></p> <p>Systems in compliance with ISQC 1 are required to be established by June 15, 2005</p>				
	<b>International Framework for Assurance Engagements</b>	Auditing Recommendation 120 Framework for Auditing Recommendations			Auditing Recommendation 120 will be replaced by the International Framework for

<sup>1</sup> Where no effective date is indicated, the pronouncement does not have an effective date and is deemed to be effective.

<sup>2</sup> Where the IAASB pronouncement has not yet been addressed in national auditing standards and related pronouncements, indicate whether it is in the standard-setter's work program or the reasons why it has not yet been addressed.

No.	IAASB Pronouncements Issued and in Effect <sup>1</sup> as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. <sup>2</sup>	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state "None")	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state "None")	Comment Box for additional relevant information
	(ISA Framework of International Standards on Auditing was withdrawn in December 2004)	(Tilintarkastussuositusten sisältö ja laajuus), effective 1.7.2000			Assurance Engagements during 2006.
	International Standards on Auditing (ISAs)				
ISA 200	Objective and General Principles Governing an Audit of Financial Statements	Auditing Standard 200 Objective and General Principles Governing an Audit of Financial Statements (Tilintarkastuksen tavoitteet ja yleiset periaatteet), effective 1.7.2006	Paragraphs 2, 4 and 5 have been replaced by national paragraphs in accordance with Finnish law and include a requirement for management audit and the obligation to serve good auditing practice.	Paragraphs 2, 4 and 5 have been replaced by national paragraphs in accordance with Finnish law.	
ISA 210	Terms of Audit Engagements	Auditing Recommendation 210 Terms of Audit Engagements (Tilintarkastus-	The national Auditing Recommendation 210 includes some footnotes with references to the Finnish Auditing Act.	Auditing Recommendation 210 does not contain the Public Sector Perspective included in ISA 210. The engagement letter in the appendix has been	Audit Risk Conforming Amendments will be effective 1.7.2006

<sup>1</sup> Where no effective date is indicated, the pronouncement does not have an effective date and is deemed to be effective.

<sup>2</sup> Where the IAASB pronouncement has not yet been addressed in national auditing standards and related pronouncements, indicate whether it is in the standard-setter's work program or the reasons why it has not yet been addressed.

No.	IAASB Pronouncements Issued and in Effect <sup>1</sup> as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. <sup>2</sup>	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state "None")	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state "None")	Comment Box for additional relevant information
		toimeksiannon ehdot), effective 1.7.2000		modified according to Finnish law.	
<b>ISA 220 (Revised)</b>	<b>Quality Control for Audits of Historical Financial Information</b>  Effective for audits of historical financial information for periods commencing on or after June 15, 2005	Auditing Recommendation 220 Quality Control for Audit Work (Tilintarkastustyön laadunvalvonta), effective 1.7.2000	The national Auditing Recommendation 220 includes some footnotes with references to the Finnish Auditing Act.	Auditing Recommendation 220 does not contain the Public Sector Perspective included in ISA 220.	The revised ISA 220 will be translated during 2006-2007.
<b>ISA 230</b>	<b>Documentation</b>	Auditing Recommendation 230 Documentation (Dokumentointi), effective 1.7.2000	The national Auditing Recommendation 230 includes a footnote with a reference to the Finnish Auditing Act.	None	Audit Risk Conforming Amendments will be effective 1.7.2006
<b>ISA 240</b>	<b>The Auditor's Responsibility to Consider Fraud in</b>	Auditing Recommendation 240 The Auditor's	Eventual national amendments are still to be determined.	Eventual national amendments are still to be determined.	

<sup>1</sup> Where no effective date is indicated, the pronouncement does not have an effective date and is deemed to be effective.

<sup>2</sup> Where the IAASB pronouncement has not yet been addressed in national auditing standards and related pronouncements, indicate whether it is in the standard-setter's work program or the reasons why it has not yet been addressed.



No.	IAASB Pronouncements Issued and in Effect <sup>1</sup> as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. <sup>2</sup>	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state “None”)	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state “None”)	Comment Box for additional relevant information
	<p><b>an Audit of Financial Statements</b></p> <p><b>Effective for audits of financial statements for periods beginning on or after December 15, 2004</b></p>	<p>Responsibility to Consider Fraud in an Audit of Financial Statements (Tilintarkastajan velvollisuus ottaa väärinkäytös huomioon tilintarkastuksessa) has been approved by the annual meeting 26.11.2004 and will be finally approved in May 2006.</p>			
<b>ISA 250</b>	<b>Consideration of Laws and Regulations in an Audit of Financial Statements</b>	<p>Auditing Recommendation 250 Consideration of Laws and Regulations in an Audit of Financial Statements (Säännösten ja määräysten huomioon ottaminen tilintarkastuksessa),</p>	<p>National Auditing Recommendation 250 includes footnotes with references to Finnish law. Paragraph 34 includes requirements addressed in the Finnish Auditing Act.</p>	<p>Auditing Recommendation 250 does not contain the Public Sector Perspective included in ISA 250. Paragraph 6 has been modified and includes a reference to management audit.</p>	<p>Audit Risk Conforming Amendments will be effective 1.7.2006</p>

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<sup>2</sup> Where the IAASB pronouncement has not yet been addressed in national auditing standards and related pronouncements, indicate whether it is in the standard-setter's work program or the reasons why it has not yet been addressed.

No.	IAASB Pronouncements Issued and in Effect <sup>1</sup> as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. <sup>2</sup>	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state "None")	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state "None")	Comment Box for additional relevant information
ISA 260	<b>Communications of Audit Matters With Those Charged With Governance</b>  <b>Effective for audits of financial statements for periods ending on or after December 31, 2000</b>	Auditing Recommendation 260 Communications of Audit Matters With Those Charged With Governance and management audit (Tilintarkastusta koskevien kysymysten kommunikaatio hallintoelinten jäsenten kanssa ja hallinnon tarkastus), effective 1.7.2004	The Auditing Recommendation 260 includes Part B: Management Audit.	Auditing Recommendation 260 does not contain the Public Sector Perspective included in ISA 260.	Audit Risk Conforming Amendments will be effective 1.7.2006
ISA 300	<b>Planning an Audit of Financial Statements</b>  <b>Effective for audits of financial statements for</b>	Auditing Recommendation 300 Planning (Suunnittelu), effective 1.7.2000	None.	Auditing Recommendation 300 does not contain the Public Sector Perspective included in ISA 300.	A new Auditing Standard 300 Planning an Audit of Financial Statements has been translated and will be approved in May 2006

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No.	IAASB Pronouncements Issued and in Effect <sup>1</sup> as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. <sup>2</sup>	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state "None")	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state "None")	Comment Box for additional relevant information
	periods beginning on or after December 15, 2004				
ISA 315	<b>Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement</b>  <b>Effective for audits of financial statements for periods beginning on or after December 15, 2004 (ISA 310 Knowledge of the Business was withdrawn in December 2004)</b>	Auditing Standard 315 Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement (Yhteisön ja sen toimintaympäristön käsittäminen sekä olennaisen virheen tai puutteen riskien arviointi), effective 1.7.2006	None	None	
ISA 320	<b>Audit Materiality</b>	Auditing Recommendation 320	None	Auditing Recommendation 320 does not contain the Public	Audit Risk Conforming

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No.	IAASB Pronouncements Issued and in Effect <sup>1</sup> as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. <sup>2</sup>	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state "None")	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state "None")	Comment Box for additional relevant information
		Audit Materiality (Olenaisuus) effective 1.7.2000		Sector Perspective included in ISA 320. Paragraph 4 has been modified in accordance with Finnish law.	Amendments will be effective 1.7.2006
ISA 330	<b>The Auditor's Procedures in Response to Assessed Risks</b>  <b>Effective for audits of financial statements for periods beginning on or after December 15, 2004 (ISA 400 Risk Assessments and ISA 401 Internal Control and Auditing in a Computer Information</b>	Auditing Standard 330 The Auditor's Procedures in Response to Assessed Risks (Arvioituihin riskeihin vastaavat tarkastustoimenpiteet) effective 1.7.2006	None	None	

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<sup>2</sup> Where the IAASB pronouncement has not yet been addressed in national auditing standards and related pronouncements, indicate whether it is in the standard-setter's work program or the reasons why it has not yet been addressed.

No.	IAASB Pronouncements Issued and in Effect <sup>1</sup> as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. <sup>2</sup>	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state "None")	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state "None")	Comment Box for additional relevant information
	Systems Environment were withdrawn in December 2004)				
ISA 402	Audit Considerations Relating to Entities Using Service Organizations	Auditing Recommendation 402 Audit Considerations Relating to Entities Using Service Organizations (Palveluyritystä käyttävien tarkastuskohteiden tilintarkastuksessa huomioonotettavaa) effective 1.7.2000	None	None	Audit Risk Conforming Amendments will be effective 1.7.2006
ISA 500	Audit Evidence Effective for audits of financial statements for periods beginning on or after	Auditing Standard 500 Audit Evidence (Tilintarkastus-evidenssi), effective 1.7.2006	None	None	

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No.	IAASB Pronouncements Issued and in Effect <sup>1</sup> as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. <sup>2</sup>	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state “None”)	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state “None”)	Comment Box for additional relevant information
	December 15, 2004				
ISA 501	Audit Evidence— Additional Considerations for Specific Items	Auditing Recommendation 501 Audit Evidence— Additional Considerations for Specific Items (Tilintarkastus-evidenssi – tietyt tarkastuserät), effective 1.7.2000	None	None	Audit Risk Conforming Amendments will be effective 1.7.2006
ISA 505	External Confirmations  Effective for audits of financial statements for periods ending on or after December 31, 2001	Auditing Recommendation 505 External Confirmations (Vahvistukset ulkopuolisilta), effective 1.7.2003	None	None	Audit Risk Conforming Amendments will be effective 1.7.2006
ISA 510	Initial Engagements— Opening Balances	Auditing Recommendation 510 Initial Engagements—	None	The audit report in paragraph 11 has been modified in accordance with Finnish law.	Audit Risk Conforming Amendments will be effective 1.7.2006

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No.	IAASB Pronouncements Issued and in Effect <sup>1</sup> as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. <sup>2</sup>	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state "None")	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state "None")	Comment Box for additional relevant information
		Opening Balances (Uudet toimeksiannot – avaava tase) effective 1.7.2000			
ISA 520	Analytical Procedures	Auditing Recommendation 520 Analytical Procedures (Analyttinen tarkastus), effective 1.7.2000	None	Auditing Recommendation 520 does not contain the Public Sector Perspective included in ISA 520.	Audit Risk Conforming Amendments will be effective 1.7.2006
ISA 530	Audit Sampling and Other Selective Testing Procedures  Effective for audits of financial statements for periods ending on or after July 1, 1999	Auditing Recommendation 530 Audit Sampling and Other Selective Testing Procedures (Otanta ja muita selektiivisiä testausmenetelmiä), effective 1.7.2000	None	Paragraphs 9 and 45 have been modified to comply with Finnish practice.	Audit Risk Conforming Amendments will be effective 1.7.2006
ISA 540	Audit of Accounting Estimates	Auditing Recommendation 540 Auditing of Accounting Estimates	None	None	Audit Risk Conforming Amendments will be effective 1.7.2006

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No.	IAASB Pronouncements Issued and in Effect <sup>1</sup> as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. <sup>2</sup>	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state “None”)	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state “None”)	Comment Box for additional relevant information
		(Arvionvaraisten erien tarkastaminen), effective 1.7.2000			
ISA 545	<b>Auditing Fair Value Measurements and Disclosures</b>  <b>Effective for audits of financial statements for periods ending on or after December 31, 2003</b>	Auditing Recommendation 545 Auditing Fair Value Measurements and Disclosures (Käyvän arvon määrittämisen ja sitä koskevien tilinpäätöstietojen tilintarkastus), effective 1.7.2005	None	Auditing Recommendation 545 does not contain the Public Sector Perspective included in ISA 545.	Audit Risk Conforming Amendments will be effective 1.7.2006
ISA 550	<b>Related Parties</b>	Auditing Recommendation 550 Related Parties (Lähipiiri), effective 1.7.2000	Auditing Recommendation 550 contains footnotes with references to Finnish Law.	Auditing Recommendation 550 does not contain the Public Sector Perspective included in ISA 550.	Audit Risk Conforming Amendments will be effective 1.7.2006
ISA 560	<b>Subsequent Events</b>	Auditing Recommendation 560 Subsequent Events (Tilinpäätöspäivän jälkeiset tapahtumat), effective 1.7.2000	None	Paragraph 16 has been modified to comply with Finnish practice.	Audit Risk Conforming Amendments will be effective 1.7.2006

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No.	IAASB Pronouncements Issued and in Effect <sup>1</sup> as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. <sup>2</sup>	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state “None”)	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state “None”)	Comment Box for additional relevant information
ISA 570	Going Concern  Effective for audits of financial statements for periods ending on or after December 31, 2000	Auditing Recommendation 570 Going Concern (Epävarmuus toiminnan jatkuvuudesta), effective 1.7.2004	Auditing Recommendation 570 contains footnotes with references to Finnish law.	Auditing Recommendation 570 does not contain the Public Sector Perspective included in ISA 570. The audit reports in paragraphs 33 and 34 have been modified in accordance with Finnish law.	Audit Risk Conforming Amendments will be effective 1.7.2006
ISA 580	Management Representations	Auditing Recommendation 580 Management Representations (Johdon antamat tiedot), effective 1.7.2000	Auditing Recommendation 580 contains a footnote with reference to Finnish law.	None	Audit Risk Conforming Amendments will be effective 1.7.2006
ISA 600	Using the Work of Another Auditor	Auditing Recommendation 600 Using the Work of Another Auditor (Toisen tilintarkastajan työn hyödyntäminen), effective 1.7.2000	None	Auditing Recommendation 600 does not contain the Public Sector Perspective included in ISA 600. Paragraph 18 has been omitted to comply with national practices.	
ISA 610	Considering the	Auditing	None	Auditing Recommendation 610	Audit Risk

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No.	IAASB Pronouncements Issued and in Effect <sup>1</sup> as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. <sup>2</sup>	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state “None”)	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state “None”)	Comment Box for additional relevant information
	<b>Work of Internal Auditing</b>	Recommendation 610 Considering the Work of Internal Auditing (Sisäisen tarkastuksen työn hyödyntäminen), effective 1.7.2000		does not contain the Public Sector Perspective included in ISA 610.	Conforming Amendments will be effective 1.7.2006
<b>ISA 620</b>	<b>Using the Work of an Expert</b>	Auditing recommendation 620 Using the Work of an Expert (Asiantuntijan työn käyttäminen), effective 1.7.2000	None	None	Audit Risk Conforming Amendments will be effective 1.7.2006
<b>ISA 700</b>	<b>The Auditor’s Report on Financial Statements</b>  <b>Effective for audits of financial statements for periods ending on or after September 30, 2002</b>	Auditing Recommendation 700 The Auditor’s Report on Financial Statements and Other Reporting (Tilintarkastuskertomus ja muu tilintarkastajan raportointi), effective 1.7.2004	Auditing Recommendation 700 contains footnotes with references to Finnish law. The Auditing Recommendation contains paragraphs 48-49, which consider Audit Minutes and Auditor’s Endorsement.	Auditing Recommendation 700 does not contain the Public Sector Perspective included in ISA 700. The audit reports included in the Recommendation have been amended in accordance with Finnish law.	

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No.	IAASB Pronouncements Issued and in Effect <sup>1</sup> as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. <sup>2</sup>	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state "None")	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state "None")	Comment Box for additional relevant information
ISA 710	<b>Comparatives</b>  <b>Effective for reports issued or reissued on or after July 1, 1997</b>	Auditing Recommendation 710 Comparatives (Vertailevat tiedot), effective 1.7.2000	Auditing Recommendation 710 contains footnotes with references to Finnish law.	The audit reports included in the Recommendation have been amended in accordance with Finnish law.	Audit Risk Conforming Amendments will be effective 1.7.2006
ISA 720	<b>Other Information in Documents Containing Audited Financial Statements</b>	Auditing Recommendation 720 Other Information in Documents Containing Audited Financial Statements (Muu informaatio tilintarkastetun tilinpäätöksen sisältävässä asiakirjassa), effective 1.7.2000	None	Auditing Recommendation 720 does not contain the Public Sector Perspective included in ISA 720.	Audit Risk Conforming Amendments will be effective 1.7.2006
ISA 800	<b>The Auditor's Report on Special Purpose Audit Engagements</b>	Auditing Recommendation 800 The Auditor's Report on Special Purpose Audit Engagements (Raportointi erityistä tarkoitusta varten	Auditing Recommendation 800 contains a footnote with references to Finnish law.	The reports in the appendices have been modified in accordance with Finnish law. Auditing Recommendation 800 does not contain the Public Sector Perspective included in ISA 800.	

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		tehdystä tarkastus-toimeksiannosta), effective 1.7.2003			
	<b>International Auditing Practice Statements (IAPSs)</b>				
<b>IAPS 1000</b>	<b>Inter-Bank Confirmation Procedures</b>	Not translated, not implemented			
<b>IAPS 1004</b>	<b>The Relationship Between Bank Supervisors and Banks’ External Auditors</b>	Not translated, not implemented			
<b>IAPS 1005</b>	<b>The Special Considerations in the Audit of Small Entities</b>	Application Guideline 1005 The Special Considerations in the Audit of Small Entities (Pienen tarkastuskohteen (pienyhtiön) tilintarkastuksen	National application guideline 1005 contains paragraphs concerning management audit.	The part considering provision of accounting services to the small entity being audited (appendix 1) has been omitted due to Finnish law. The audit reports have been modified in accordance with Finnish law.	

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No.	IAASB Pronouncements Issued and in Effect <sup>1</sup> as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. <sup>2</sup>	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state "None")	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state "None")	Comment Box for additional relevant information
		erityispiirteitä), effective 23.11.2001			
IAPS 1006	Audits of the Financial Statements of Banks	Not translated, not implemented			
IAPS 1010	The Consideration of Environmental Matters in the Audit of Financial Statements	Application Guideline 1010 The Consideration of Environmental Matters in the Audit of Financial Statements (Ympäristöasioiden huomioon ottaminen tilinpäätöstarkastuksessa), effective 21.11.2003	None	The national Application Guideline 1010 does not contain the Public Sector Perspective included in IAPS 1010.	
IAPS 1012	Auditing Derivative Financial Instruments	Application Guideline 1012 Auditing Derivative Financial Instruments (Johdannais-instrumenttien tilintarkastus), effective 29.11.2002	None	None	

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No.	IAASB Pronouncements Issued and in Effect <sup>1</sup> as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. <sup>2</sup>	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state “None”)	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state “None”)	Comment Box for additional relevant information
IAPS 1013	Electronic Commerce—Effect on the Audit of Financial Statements	Not translated, not implemented			
IAPS 1014	Reporting by Auditors on Compliance With International Financial Reporting Standards  Approved in March 2003 for publication on June 1, 2003	Application Guideline 1014 Reporting by Auditors on Compliance With International Financial Reporting Standards (Tilintarkastajan raportointi kansainvälisten tilinpäätösstandardien (IFRS) noudattamisesta), effective 21.11.2003	The national Application Guideline 1014 contains a footnote with reference to Finnish law.	None	
	International Standards on Review Engagements				

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	(ISREs)				
ISRE 2400	Engagements to Review Financial Statements (Previously ISA 910)	Auditing Recommendation 910 Engagements to Review Financial Statements (Yleisluonteinen tarkastus), effective 1.7.2002	Auditing Recommendation 910 contains a footnote with reference to Finnish law.	The review reports in appendices 3 and 4 have been modified in accordance with Finnish law.	
	International Standards on Assurance Engagements (ISAEs)				
ISAE 3000	Assurance Engagements Other Than Audits or Reviews of Historical Financial Information  Effective for assurance reports	Auditing Recommendation 100 Assurance Engagements (Varmennus-toimeksiannot), effective date 1.7.2003			Auditing Recommendation 100 corresponds to ISAE 100. ISAE 3000 will be translated during 2006-2007.

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No.	IAASB Pronouncements Issued and in Effect <sup>1</sup> as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. <sup>2</sup>	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state “None”)	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state “None”)	Comment Box for additional relevant information
	dated on or after January 1, 2005				
ISAE 3400	<b>The Examination of Prospective Financial Information (Previously ISA 810)</b>	Auditing Recommendation 810 The Examination of Prospective Financial Information (Tulevaisuutta koskevan taloudellisen informaation arvioiminen), effective 1.7.2003	None	None	
	<b>International Standards on Related Services (ISRSs)</b>				
ISRS 4400	<b>Engagements to Perform Agreed-upon Procedures Regarding Financial Information (Previously ISA 920)</b>	Auditing Recommendation 920 Engagements to Perform Agreed-upon Procedures Regarding Financial Information (Taloudellista	Auditing Recommendation 920 contains a footnote with reference to Finnish law.	Auditing Recommendation 920 does not contain the Public Sector Perspective included in ISRS 4400.	

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		informaatiota koskevat erityistoimeksiannot), effective 1.7.2002			
<b>ISRS 4410</b>	<b>Engagements to Compile Financial Information (Previously ISA 930)</b>	Auditing Recommendation 930 Engagements to Compile Financial Information (Toimeksiannot taloudellisen informaation kokoamiseksi), effective 1.7.2002	Auditing Recommendation 930 contains footnotes with references to Finnish law and practice.	None	

### IAASB Pronouncements Issued but Not in Effect as of September 30, 2005

The following IAASB pronouncements have been issued but are not in effect as of September 30, 2005.

<sup>1</sup> Where no effective date is indicated, the pronouncement does not have an effective date and is deemed to be effective.

<sup>2</sup> Where the IAASB pronouncement has not yet been addressed in national auditing standards and related pronouncements, indicate whether it is in the standard-setter's work program or the reasons why it has not yet been addressed.

	<b>IAASB Pronouncements Issued and not in Effect<sup>1</sup> as of September 30, 2005</b>	<b>Has this IAASB pronouncement been adopted or otherwise incorporated into national standards on auditing and related pronouncements? (Yes / No )</b>	<b>If “yes”, please state the name of the pronouncement and its effective date.</b>	<b>If “no”, please explain whether this pronouncement has been included in the work program.</b>	<b>Comment Box for additional relevant information</b>
<b>ISA 230 (Revised )</b>	<b>Audit Documentation</b>  <b>Effective for audits of historical financial information for periods beginning on or after June 15, 2006</b>	No		Yes, ISA 230 has been included in the work program and will be translated during 2006-2007.	
<b>ISA 700 (Revised )</b>	<b>The Independent Auditor’s Report on a Complete Set of General Purpose Financial Statements</b>  <b>Effective for auditors’ reports’ dated on or after December 31, 2006</b>	No		Yes, ISA 700 has been included in the work program and will be translated during 2006-2007.	
<b>ISA 701</b>	<b>Modifications to the Independent Auditor’s Report</b>	No		ISA 701 has not yet been included in the work program.	

<sup>1</sup> Where no effective date is indicated, the pronouncement does not have an effective date and is deemed to be effective.

<sup>2</sup> Where the IAASB pronouncement has not yet been addressed in national auditing standards and related pronouncements, indicate whether it is in the standard-setter’s work program or the reasons why it has not yet been addressed.

	<b>IAASB Pronouncements Issued and not in Effect<sup>1</sup> as of September 30, 2005</b>	<b>Has this IAASB pronouncement been adopted or otherwise incorporated into national standards on auditing and related pronouncements? (Yes / No )</b>	<b>If “yes”, please state the name of the pronouncement and its effective date.</b>	<b>If “no”, please explain whether this pronouncement has been included in the work program.</b>	<b>Comment Box for additional relevant information</b>
	<b>Effective for auditors’ reports’ dated on or after December 31, 2006</b>				
<b>ISRE 2410</b>	<b>Review of Interim Financial Information Performed by the Independent Auditor of the Entity</b>  <b>Effective for engagements to review the interim financial information of an audit client for periods beginning on or after December 15, 2006</b>	No		Yes, ISRE 2410 has been included in the work program and will be translated during 2006-2007.	
<b>ISA 200</b>	<b>ISA 200 Amended as a</b>	No		Yes, ISA 200 will also be	

<sup>1</sup> Where no effective date is indicated, the pronouncement does not have an effective date and is deemed to be effective.

<sup>2</sup> Where the IAASB pronouncement has not yet been addressed in national auditing standards and related pronouncements, indicate whether it is in the standard-setter’s work program or the reasons why it has not yet been addressed.

	<b>IAASB Pronouncements Issued and not in Effect<sup>1</sup> as of September 30, 2005</b>	<b>Has this IAASB pronouncement been adopted or otherwise incorporated into national standards on auditing and related pronouncements? (Yes / No )</b>	<b>If “yes”, please state the name of the pronouncement and its effective date.</b>	<b>If “no”, please explain whether this pronouncement has been included in the work program.</b>	<b>Comment Box for additional relevant information</b>
<b>(Amended)</b>	<b>Result of ISA 700 (Revised)—Effective for Audits of Financial Statements for Periods Beginning On or After December 15, 2005</b>			translated during 2006-2007.	
<b>ISA 210 (Amended)</b>	<b>ISA 210 Amended as a Result of ISA 700 (Revised)—Effective for Audits of Financial Statements for Periods Beginning on or after December 15, 2005</b>	No		Yes, ISA 210 will also be translated during 2006-2007.	
<b>ISA 560 (Amended)</b>	<b>Conforming Amendments to ISA 560 as a Result of ISA 700 (Revised) - Effective for Auditor’s Reports Dated On or After December 31, 2006</b>	No		Yes, ISA 560 will also be translated during 2006-2007.	

<sup>1</sup> Where no effective date is indicated, the pronouncement does not have an effective date and is deemed to be effective.

<sup>2</sup> Where the IAASB pronouncement has not yet been addressed in national auditing standards and related pronouncements, indicate whether it is in the standard-setter’s work program or the reasons why it has not yet been addressed.

	<b>IAASB Pronouncements Issued and not in Effect<sup>1</sup> as of September 30, 2005</b>	<b>Has this IAASB pronouncement been adopted or otherwise incorporated into national standards on auditing and related pronouncements? (Yes / No )</b>	<b>If “yes”, please state the name of the pronouncement and its effective date.</b>	<b>If “no”, please explain whether this pronouncement has been included in the work program.</b>	<b>Comment Box for additional relevant information</b>
<b>ISA 800 (Amended)</b>	<b>Conforming Amendments to ISA 800 as a Result of ISA 700 (Revised)— Effective for Auditor’s Reports Dated On or After December 31, 2006</b>	No		Yes, ISA 800 will also be translated during 2006-2007.	

### **IAASB Pronouncements that Have Been Withdrawn**

The following IAASB pronouncements have been withdrawn and are no longer in effect as of September 30, 2005.

<sup>1</sup> Where no effective date is indicated, the pronouncement does not have an effective date and is deemed to be effective.

<sup>2</sup> Where the IAASB pronouncement has not yet been addressed in national auditing standards and related pronouncements, indicate whether it is in the standard-setter’s work program or the reasons why it has not yet been addressed.

	<b>Withdrawn IAASB Pronouncements</b>	<b>Has your organization withdrawn this IAASB pronouncement or the similar / equivalent national standard or pronouncement addressing this subject matter? (Yes / No)</b>	<b>If “no”, please explain whether there are plans to withdraw the pronouncement and provide a description of the plans.</b>	<b>Where there are no plans to withdraw the pronouncement, please explain the reasons, conditions that exist and give rise to the need for this pronouncement.</b>	<b>Comment Box for additional relevant information</b>
<b>IAPS 1001</b>	<b>IT Environments— Stand-alone Personal Computers – Withdrawn December 2004</b>	Not translated, not implemented			
<b>IAPS 1002</b>	<b>IT Environments— On-line Computer Systems – Withdrawn December 2004</b>	Not translated, not implemented			
<b>IAPS 1003</b>	<b>IT Environments— Database Systems – Withdrawn December 2004</b>	Not translated, not implemented			
<b>IAPS 1007</b>	<b>Communications With Management— Withdrawn</b>	Not translated, not implemented			
<b>IAPS 1008</b>	<b>Risk Assessments and Internal Control—</b>	Not translated, not implemented			

<sup>1</sup> Where no effective date is indicated, the pronouncement does not have an effective date and is deemed to be effective.

<sup>2</sup> Where the IAASB pronouncement has not yet been addressed in national auditing standards and related pronouncements, indicate whether it is in the standard-setter’s work program or the reasons why it has not yet been addressed.

	<b>Withdrawn IAASB Pronouncements</b>	<b>Has your organization withdrawn this IAASB pronouncement or the similar / equivalent national standard or pronouncement addressing this subject matter? (Yes / No)</b>	<b>If “no”, please explain whether there are plans to withdraw the pronouncement and provide a description of the plans.</b>	<b>Where there are no plans to withdraw the pronouncement, please explain the reasons, conditions that exist and give rise to the need for this pronouncement.</b>	<b>Comment Box for additional relevant information</b>
	<b>CIS Characteristics and Considerations – Withdrawn December 2004</b>				
<b>IAPS 1009</b>	<b>Computer-assisted Audit Techniques – Withdrawn December 2004</b>	Not translated, not implemented			
<b>IAPS 1011</b>	<b>Implications for Management and Auditors of the Year 2000 Issue— Withdrawn</b>	Not translated, not implemented			

<sup>1</sup> Where no effective date is indicated, the pronouncement does not have an effective date and is deemed to be effective.

<sup>2</sup> Where the IAASB pronouncement has not yet been addressed in national auditing standards and related pronouncements, indicate whether it is in the standard-setter’s work program or the reasons why it has not yet been addressed.

#### **SMO 4: Provisions Relating to Threats to Independence**

Section 290 of the revised IFAC Code of Ethics describe circumstances and relationships that may give rise to threats to independence so significant that no safeguard could reduce the threat to an acceptable level. Section 290 of the revised IFAC Code of Ethics is applicable to assurance engagements when the assurance report is dated on or after June 30, 2006.

The purpose of this report is to understand whether your country's national ethical requirements currently contain the same, equivalent or similar requirements as the revised IFAC Code of Ethics. If not, the report provides a basis for IFAC member bodies to explain whether the revised Section 290 is currently under development or how the national ethical requirements differ from the IFAC Code of Ethics.

Appendix 1 includes an extract of the relevant paragraphs of Section 290 of the revised IFAC Code of Ethics. It is necessary to refer to the full text of the Code of Ethics and the definitions as extracts do not include relevant concepts and definitions.



#### SMO 4: Provisions Relating to Threats to Independence

In completing this report, IFAC members and associate should refer to the terms defined in the revised IFAC Code of Ethics (see Definitions)

	Paragraph (refer to the full text of the relevant paragraph in the revised IFAC Code of Ethics)	Does the same /equivalent or similar national ethical requirement exist? Answer Options: 1. Yes 2. No 3. Under development – please describe 4. Other – please describe	Describe differences between the revised IFAC Code and the national ethical requirements including differences in scope of application and required actions and safeguards by the professional accountant.	Comment Box for additional information
	<b>General:</b>			
1.	290.13	Yes	None	
2.	290.21	Yes	None	
	<b>Restricted Use Reports:</b>			
3.	290.19	Yes	None	
	<b>Engagement Period:</b>			
4.	290.31	Yes	None	
5.	290.32	Yes	None	
6.	<b>Provisions Applicable to All Assurance Clients:</b>			
7.	290.106	Yes	None	
	<b>Provisions Applicable to Financial Statement Audit Clients:</b>			

	<b>Paragraph (refer to the full text of the relevant paragraph in the revised IFAC Code of Ethics)</b>	<b>Does the same /equivalent or similar national ethical requirement exist? Answer Options: 1. Yes 2. No 3. Under development – please describe 4. Other – please describe</b>	<b>Describe differences between the revised IFAC Code and the national ethical requirements including differences in scope of application and required actions and safeguards by the professional accountant.</b>	<b>Comment Box for additional information</b>
8.	290.113	Yes	None	
9.	290.114	Yes	None	
10.	290.115	Yes	None	
11.	290.117	Yes	None	
12.	290.119	Yes	None	
13.	290.121	Yes	None	
	<b>Provisions Applicable to Non-Financial Statement Audit Assurance Clients:</b>			
14.	290.122	Yes	None	
15.	290.123	Yes	None	
16.	290.124	Yes	None	
	<b>Loans and Guarantees:</b>			
17.	290.129	Yes	None	
18.	290.130	Yes	None	
19.	290.131	Yes	None	
20.	<b>Close Business Relationships With Assurance Clients:</b>			
21.	290.132	Yes	None	
	<b>Family and</b>			

	Paragraph (refer to the full text of the relevant paragraph in the revised IFAC Code of Ethics)	Does the same /equivalent or similar national ethical requirement exist? Answer Options: 1. Yes 2. No 3. Under development – please describe 4. Other – please describe	Describe differences between the revised IFAC Code and the national ethical requirements including differences in scope of application and required actions and safeguards by the professional accountant.	Comment Box for additional information
	<b>Personal Relationships:</b>			
22.	290.136	Yes	None	
	<b>Recent Service with Assurance Clients:</b>			
23.	290.147	Yes	None	
	<b>Serving as an Officer or Director on the Board of Assurance Clients:</b>			
24.	290.149	Yes	None	
25.	290.151	Yes	None	
	<b>Financial Statement Audit Clients That are Listed Entities:</b>			
26.	290.154	Yes	The national ethical requirement does not contain any requirements for rotating the individual responsible for the engagement quality control review.	
	<b>Provision of Non-Assurance services</b>			

	Paragraph (refer to the full text of the relevant paragraph in the revised IFAC Code of Ethics)	Does the same /equivalent or similar national ethical requirement exist? Answer Options: 1. Yes 2. No 3. Under development – please describe 4. Other – please describe	Describe differences between the revised IFAC Code and the national ethical requirements including differences in scope of application and required actions and safeguards by the professional accountant.	Comment Box for additional information
	<b>to Assurance Clients:</b>			
27.	290.158	Yes	None	
28.	290.159	Yes	None	
29.	<b>Preparing Accounting Records and Financial Statements:</b>			
30.	290.167	Yes	None	
31.	290.171	Yes	None	
	<b>Valuation Services:</b>			
32.	290.176	Yes	None	
	<b>Provision of Internal Audit Services to Financial Statement Audit Clients:</b>			
33.	290.185	Yes	None	
	<b>Provision of IT Systems Services to Financial Statement Audit Client:</b>			

	Paragraph (refer to the full text of the relevant paragraph in the revised IFAC Code of Ethics)	Does the same /equivalent or similar national ethical requirement exist? Answer Options: 1. Yes 2. No 3. Under development – please describe 4. Other – please describe	Describe differences between the revised IFAC Code and the national ethical requirements including differences in scope of application and required actions and safeguards by the professional accountant.	Comment Box for additional information
34.	290.188	Yes	None	
	<b>Temporary Staff Assignments to Financial Statement Audit Clients:</b>			
35.	290.192	Yes	None	
36.	290.200	Yes	None	
37.	290.202	Yes	None	
38.	290.204	Yes	None	
	<b>Pricing:</b>			
39.	290.209	Yes	None	
	<b>Contingent Fees:</b>			
40.	290.11	Yes	None	
	<b>Gifts and Hospitality:</b>			
41.	290.213	Yes	None	

## **Appendix 1: Section 290 Provisions**

The following paragraphs from section 290 of the revised IFAC Code of Ethics describe circumstances and relationships that may give rise to threats to independence so significant that no safeguard could reduce the threat to an acceptable level. The provisions are effective.

### *General*

- 290.13 The nature of the threats to independence and the applicable safeguards necessary to eliminate the threats or reduce them to an acceptable level differ depending on the characteristics of the individual assurance engagement: whether it is a financial statement audit engagement or another type of assurance engagement; and in the latter case, the purpose, subject matter information and intended users of the report. A firm should, therefore, evaluate the relevant circumstances, the nature of the assurance engagement and the threats to independence in deciding whether it is appropriate to accept or continue an engagement, as well as the nature of the safeguards required and whether a particular individual should be a member of the assurance team.
- 290.21 The threats and safeguards identified in this section are generally discussed in the context of interests or relationships between the firm, network firms, members of the assurance team and the assurance client. In the case of a financial statement audit client that is a listed entity, the firm and any network firms are required to consider the interests and relationships that involve that client's related entities. Ideally those entities and the interests and relationships should be identified in advance. For all other assurance clients, when the assurance team has reason to believe that a related entity of such an assurance client is relevant to the evaluation of the firm's independence of the client, the assurance team should consider that related entity when evaluating independence and applying appropriate safeguards.

### *Restricted Use Reports*

- 290.19 In the case of an assurance report in respect of a non-financial statement audit client expressly restricted for use by identified users, the users of the report are considered to be knowledgeable as to the purpose, subject matter information and limitations of the report through their participation in establishing the nature and scope of the firm's instructions to deliver the services, including the criteria against which the subject matter are to be evaluated or measured. This knowledge and the enhanced ability of the firm to communicate about safeguards with all users of the report increase the effectiveness of safeguards to independence in appearance. These circumstances may be taken into account by the firm in evaluating the threats to independence and considering the applicable safeguards necessary to eliminate the threats or reduce them to an acceptable level. At a minimum, it will be necessary to apply the provisions of this section in evaluating the independence of members of the assurance team and their immediate and close family. Further, if the firm had a material financial interest,

whether direct or indirect, in the assurance client, the self-interest threat created would be so significant no safeguard could reduce the threat to an acceptable level. Limited consideration of any threats created by network firm interests and relationships may be sufficient.

### *Objective and Structure of This Section*

290.24 The objective of this section is to assist firms and members of assurance teams in:

- (a) Identifying threats to independence;
- (b) Evaluating whether these threats are clearly insignificant; and
- (c) In cases when the threats are not clearly insignificant, identifying and applying appropriate safeguards to eliminate or reduce the threats to an acceptable level.

Consideration should always be given to what a reasonable and informed third party having knowledge of all relevant information, including safeguards applied, would reasonably conclude to be unacceptable. In situations when no safeguards are available to reduce the threat to an acceptable level, the only possible actions are to eliminate the activities or interest creating the threat, or to refuse to accept or continue the assurance engagement.

### *Engagement Period*

290.31 The members of the assurance team and the firm should be independent of the assurance client during the period of the assurance engagement. The period of the engagement starts when the assurance team begins to perform assurance services and ends when the assurance report is issued, except when the assurance engagement is of a recurring nature. If the assurance engagement is expected to recur, the period of the assurance engagement ends with the notification by either party that the professional relationship has terminated or the issuance of the final assurance report, whichever is later.

290.32 In the case of a financial statement audit engagement, the engagement period includes the period covered by the financial statements reported on by the firm. When an entity becomes a financial statement audit client during or after the period covered by the financial statements that the firm will report on, the firm should consider whether any threats to independence may be created by:

- Financial or business relationships with the audit client during or after the period covered by the financial statements, but prior to the acceptance of the financial statement audit engagement; or
- Previous services provided to the audit client.

Similarly, in the case of an assurance engagement that is not a financial statement audit engagement, the firm should consider whether any financial or business relationships or previous services may create threats to independence.

*Provisions Applicable to All Assurance Clients*

- 290.106 If a member of the assurance team, or their immediate family member, has a direct financial interest, or a material indirect financial interest, in the assurance client, the self-interest threat created would be so significant the only safeguards available to eliminate the threat or reduce it to an acceptable level would be to:
- (a) Dispose of the direct financial interest prior to the individual becoming a member of the assurance team;
  - (b) Dispose of the indirect financial interest in total or dispose of a sufficient amount of it so that the remaining interest is no longer material prior to the individual becoming a member of the assurance team; or
  - (c) Remove the member of the assurance team from the assurance engagement.

*Provisions Applicable to Financial Statement Audit Clients*

- 290.113 If a firm, or a network firm, has a direct financial interest in a financial statement audit client of the firm the self-interest threat created would be so significant no safeguard could reduce the threat to an acceptable level. Consequently, disposal of the financial interest would be the only action appropriate to permit the firm to perform the engagement.
- 290.114 If a firm, or a network firm, has a material indirect financial interest in a financial statement audit client of the firm a self-interest threat is also created. The only actions appropriate to permit the firm to perform the engagement would be for the firm, or the network firm, either to dispose of the indirect interest in total or to dispose of a sufficient amount of it so that the remaining interest is no longer material.
- 290.115 If a firm, or a network firm, has a material financial interest in an entity that has a controlling interest in a financial statement audit client, the self-interest threat created would be so significant no safeguard could reduce the threat to an acceptable level. The only actions appropriate to permit the firm to perform the engagement would be for the firm, or the network firm, either to dispose of the financial interest in total or to dispose of a sufficient amount of it so that the remaining interest is no longer material.
- 290.117 If other partners, including partners who do not perform assurance engagements, or their immediate family, in the office in which the engagement partner practices in connection with the financial statement audit hold a direct financial interest or a material indirect financial interest in that audit client, the self-interest threat created would be so significant no safeguard could reduce the threat to an acceptable level. Accordingly, such partners or their immediate family should not hold any such financial interests in such an audit client.



- 290.119 If other partners and managerial employees who provide non-assurance services to the financial statement audit client, except those whose involvement is clearly insignificant, or their immediate family, hold a direct financial interest or a material indirect financial interest in the audit client, the self-interest threat created would be so significant no safeguard could reduce the threat to an acceptable level. Accordingly, such personnel or their immediate family should not hold any such financial interests in such an audit client.
- 290.121 A self-interest threat may be created if the firm, or the network firm, or a member of the assurance team has an interest in an entity and a financial statement audit client, or a director, officer or controlling owner thereof also has an investment in that entity. Independence is not compromised with respect to the audit client if the respective interests of the firm, the network firm, or member of the assurance team, and the audit client, or director, officer or controlling owner thereof are both immaterial and the audit client cannot exercise significant influence over the entity. If an interest is material, to either the firm, the network firm or the audit client, and the audit client can exercise significant influence over the entity, no safeguards are available to reduce the threat to an acceptable level and the firm, or the network firm, should either dispose of the interest or decline the audit engagement. Any member of the assurance team with such a material interest should either:
- (a) Dispose of the interest;
  - (b) Dispose of a sufficient amount of the interest so that the remaining interest is no longer material; or
  - (c) Withdraw from the audit.
- 290.122 If a firm has a direct financial interest in an assurance client that is not a financial statement audit client the self-interest threat created would be so significant no safeguard could reduce the threat to an acceptable level. Consequently, disposal of the financial interest would be the only action appropriate to permit the firm to perform the engagement.
- 290.123 If a firm has a material indirect financial interest in an assurance client that is not a financial statement audit client a self-interest threat is also created. The only action appropriate to permit the firm to perform the engagement would be for the firm to either dispose of the indirect interest in total or to dispose of a sufficient amount of it so that the remaining interest is no longer material.
- 290.124 If a firm has a material financial interest in an entity that has a controlling interest in an assurance client that is not a financial statement audit client, the self-interest threat created would be so significant no safeguard could reduce the threat to an acceptable level. The only action appropriate to permit the firm to perform the engagement would be for the firm either to dispose of the financial interest in total or to dispose of a sufficient amount of it so that the remaining interest is no longer material.

### *Loans and Guarantees*

- 290.129 If the firm, or a member of the assurance team, makes a loan to an assurance client, that is not a bank or similar institution, or guarantees such an assurance client's borrowing, the self-interest threat created would be so significant no safeguard could reduce the threat to an acceptable level, unless the loan or guarantee is immaterial to both the firm or the member of the assurance team and the assurance client.
- 290.130 Similarly, if the firm or a member of the assurance team accepts a loan from, or has borrowing guaranteed by, an assurance client that is not a bank or similar institution, the self-interest threat created would be so significant no safeguard could reduce the threat to an acceptable level, unless the loan or guarantee is immaterial to both the firm or the member of the assurance team and the assurance client.
- 290.131 The examples in paragraphs 290.126 through 290.130 relate to loans and guarantees between the firm and an assurance client. In the case of a financial statement audit engagement, the provisions should be applied to the firm, all network firms and the audit client.
- 290.132 In the case of a financial statement audit client, unless the financial interest is immaterial and the relationship is clearly insignificant to the firm, the network firm and the audit client, no safeguards could reduce the threat to an acceptable level. In the case of an assurance client that is not a financial statement audit client, unless the financial interest is immaterial and the relationship is clearly insignificant to the firm and the assurance client, no safeguards could reduce the threat to an acceptable level. Consequently, in both these circumstances the only possible courses of action are to:
- (a) Terminate the business relationship;
  - (b) Reduce the magnitude of the relationship so that the financial interest is immaterial and the relationship is clearly insignificant; or
  - (c) Refuse to perform the assurance engagement.

Unless any such financial interest is immaterial and the relationship is clearly insignificant to the member of the assurance team, the only appropriate safeguard would be to remove the individual from the assurance team.

### *Family and Personal Relationships*

- 290.136 When an immediate family member of a member of the assurance team is a director, an officer or an employee of the assurance client in a position to exert direct and significant influence over the subject matter information of the assurance engagement, or was in such a position during any period covered by the engagement, the threats to independence can only be reduced to an acceptable level by removing the individual from the assurance team. The

closeness of the relationship is such that no other safeguard could reduce the threat to independence to an acceptable level. If application of this safeguard is not used, the only course of action is to withdraw from the assurance engagement. For example, in the case of an audit of financial statements, if the spouse of a member of the assurance team is an employee in a position to exert direct and significant influence over the preparation of the audit client's accounting records or financial statements, the threat to independence could only be reduced to an acceptable level by removing the individual from the assurance team.

#### *Recent Services with Assurance Clients*

290.147 If, during the period covered by the assurance report, a member of the assurance team had served as an officer or director of the assurance client, or had been an employee in a position to exert direct and significant influence over the subject matter information of the assurance engagement, the threat created would be so significant no safeguard could reduce the threat to an acceptable level. Consequently, such individuals should not be assigned to the assurance team.

#### *Serving as an Officer or Director on the Board of Assurance Clients*

290.149 If a partner or employee of the firm serves as an officer or as a director on the board of an assurance client the self-review and self-interest threats created would be so significant no safeguard could reduce the threats to an acceptable level. In the case of a financial statement audit engagement, if a partner or employee of a network firm were to serve as an officer or as a director on the board of the audit client the threats created would be so significant no safeguard could reduce the threats to an acceptable level. Consequently, if such an individual were to accept such a position the only course of action is to refuse to perform, or to withdraw from the assurance engagement.

290.151 If a partner or employee of the firm or a network firm serves as Company Secretary for a financial statement audit client the self-review and advocacy threats created would generally be so significant, no safeguard could reduce the threat to an acceptable level. When the practice is specifically permitted under local law, professional rules or practice, the duties and functions undertaken should be limited to those of a routine and formal administrative nature such as the preparation of minutes and maintenance of statutory returns.

#### *Financial Statement Audit Clients That are Listed Entities*

290.154 Using the same engagement partner or the same individual responsible for the engagement quality control review on a financial statement audit over a prolonged period may create a familiarity threat. This threat is particularly relevant in the context of the financial statement audit of a listed entity and safeguards should be applied in such situations to reduce such threat to an acceptable level. Accordingly in respect of the financial statement audit of listed entities:

- (a) The engagement partner and the individual responsible for the engagement quality control review should be rotated after serving in either capacity, or a combination thereof, for a pre-defined period, normally no more than seven years; and
- (b) Such an individual rotating after a pre-defined period should not participate in the audit engagement until a further period of time, normally two years, has elapsed.

### ***Provision of Non-assurance Services to Assurance Clients***

290.158 Firms have traditionally provided to their assurance clients a range of non-assurance services that are consistent with their skills and expertise. Assurance clients value the benefits that derive from having these firms, which have a good understanding of the business, bring their knowledge and skill to bear in other areas. Furthermore, the provision of such non-assurance services will often result in the assurance team obtaining information regarding the assurance client's business and operations that is helpful in relation to the assurance engagement. The greater the knowledge of the assurance client's business, the better the assurance team will understand the assurance client's procedures and controls, and the business and financial risks that it faces. The provision of non-assurance services may, however, create threats to the independence of the firm, a network firm or the members of the assurance team, particularly with respect to perceived threats to independence. Consequently, it is necessary to evaluate the significance of any threat created by the provision of such services. In some cases it may be possible to eliminate or reduce the threat created by application of safeguards. In other cases no safeguards are available to reduce the threat to an acceptable level.

290.159 The following activities would generally create self-interest or self-review threats that are so significant that only avoidance of the activity or refusal to perform the assurance engagement would reduce the threats to an acceptable level:

- Authorizing, executing or consummating a transaction, or otherwise exercising authority on behalf of the assurance client, or having the authority to do so.
- Determining which recommendation of the firm should be implemented.
- Reporting, in a management role, to those charged with governance.

### ***Preparing Accounting Records and Financial Statements***

290.167 It is the responsibility of financial statement audit client management to ensure that accounting records are kept and financial statements are prepared, although they may request the firm to provide assistance. If firm, or network firm, personnel providing such assistance make management decisions, the self-

review threat created could not be reduced to an acceptable level by any safeguards. Consequently, personnel should not make such decisions. Examples of such managerial decisions include:

- Determining or changing journal entries, or the classifications for accounts or transaction or other accounting records without obtaining the approval of the financial statement audit client;
- Authorizing or approving transactions; and
- Preparing source documents or originating data (including decisions on valuation assumptions), or making changes to such documents or data.

#### *Financial Statement Audit Clients That are Listed Entities*

290.171 The provision of accounting and bookkeeping services, including payroll services and the preparation of financial statements or financial information which forms the basis of the financial statements on which the audit report is provided, on behalf of a financial statement audit client that is a listed entity, may impair the independence of the firm or network firm, or at least give the appearance of impairing independence. Accordingly, no safeguard other than the prohibition of such services, except in emergency situations and when the services fall within the statutory audit mandate, could reduce the threat created to an acceptable level. Therefore, a firm or a network firm should not, with the limited exceptions below, provide such services to a listed entity that is a financial statement audit client.

#### *Valuation Services*

290.176 If the valuation service involves the valuation of matters material to the financial statements and the valuation involves a significant degree of subjectivity, the self-review threat created could not be reduced to an acceptable level by the application of any safeguard. Accordingly, such valuation services should not be provided or, alternatively, the only course of action would be to withdraw from the financial statement audit engagement.

#### *Provision of Internal Audit Services to Financial Statement Audit Clients*

290.185 Safeguards that should be applied in all circumstances to reduce any threats created to an acceptable level include ensuring that:

- (a) The audit client is responsible for internal audit activities and acknowledges its responsibility for establishing, maintaining and monitoring the system of internal controls;
- (b) The audit client designates a competent employee, preferably within senior management, to be responsible for internal audit activities;
- (c) The audit client, the audit committee or supervisory body approves the scope, risk and frequency of internal audit work;

- (d) The audit client is responsible for evaluating and determining which recommendations of the firm should be implemented;
- (e) The audit client evaluates the adequacy of the internal audit procedures performed and the findings resulting from the performance of those procedures by, among other things, obtaining and acting on reports from the firm; and
- (f) The findings and recommendations resulting from the internal audit activities are reported appropriately to the audit committee or supervisory body.

*Provision of IT Systems Services to Financial Statement Audit Clients*

290.188 The self-review threat is likely to be too significant to allow the provision of such services to a financial statement audit client unless appropriate safeguards are put in place ensuring that:

- (a) The audit client acknowledges its responsibility for establishing and monitoring a system of internal controls;
- (b) The audit client designates a competent employee, preferably within senior management, with the responsibility to make all management decisions with respect to the design and implementation of the hardware or software system;
- (c) The audit client makes all management decisions with respect to the design and implementation process;
- (d) The audit client evaluates the adequacy and results of the design and implementation of the system; and
- (e) The audit client is responsible for the operation of the system (hardware or software) and the data used or generated by the system.

*Temporary Staff Assignments to Financial Statement Audit Client*

290.192 The lending of staff by a firm, or network firm, to a financial statement audit client may create a self-review threat when the individual is in a position to influence the preparation of a client's accounts or financial statements. In practice, such assistance may be given (particularly in emergency situations) but only on the understanding that the firm's or network firm's personnel will not be involved in:

- (a) Making management decisions;
- (b) Approving or signing agreements or other similar documents; or
- (c) Exercising discretionary authority to commit the client.

Each situation should be carefully analyzed to identify whether any threats are created and whether appropriate safeguards should be implemented. Safeguards

that should be applied in all circumstances to reduce any threats to an acceptable level include:

- The staff providing the assistance should not be given audit responsibility for any function or activity that they performed or supervised during their temporary staff assignment; and
- The audit client should acknowledge its responsibility for directing and supervising the activities of firm, or network firm, personnel.

#### *Provision of Legal Services to Financial Statement Audit Clients*

290.200 Acting for a financial statement audit client in the resolution of a dispute or litigation in such circumstances when the amounts involved are material in relation to the financial statements of the audit client would create advocacy and self-review threats so significant no safeguard could reduce the threat to an acceptable level. Therefore, the firm should not perform this type of service for a financial statement audit client.

290.202 The appointment of a partner or an employee of the firm or network firm as General Counsel for legal affairs to a financial statement audit client would create self-review and advocacy threats that are so significant no safeguards could reduce the threats to an acceptable level. The position of General Counsel is generally a senior management position with broad responsibility for the legal affairs of a company and consequently, no member of the firm or network firm should accept such an appointment for a financial statement audit client.

#### *Corporate Finance and Similar Activities*

290.204 The provision of corporate finance services, advice or assistance to an assurance client may create advocacy and self-review threats. In the case of certain corporate finance services, the independence threats created would be so significant no safeguards could be applied to reduce the threats to an acceptable level. For example, promoting, dealing in, or underwriting of an assurance client's shares is not compatible with providing assurance services. Moreover, committing the assurance client to the terms of a transaction or consummating a transaction on behalf of the client would create a threat to independence so significant no safeguard could reduce the threat to an acceptable level. In the case of a financial statement audit client the provision of those corporate finance services referred to above by a firm or a network firm would create a threat to independence so significant no safeguard could reduce the threat to an acceptable level.

#### *Contingent Fees*

290.211 A contingent fee charged by a firm in respect of an assurance engagement creates self-interest and advocacy threats that cannot be reduced to an

acceptable level by the application of any safeguard. Accordingly, a firm should not enter into any fee arrangement for an assurance engagement under which the amount of the fee is contingent on the result of the assurance work or on items that are the subject matter information of the assurance engagement.

### *Gifts and Hospitality*

290.213 Accepting gifts or hospitality from an assurance client may create self-interest and familiarity threats. When a firm or a member of the assurance team accepts gifts or hospitality, unless the value is clearly insignificant, the threats to independence cannot be reduced to an acceptable level by the application of any safeguard. Consequently, a firm or a member of the assurance team should not accept such gifts or hospitality.