

# Assessment of the Effectiveness of the External Audit Process

In accordance with the Finnish Limited Liability Companies Act, the duties of the board of directors in a public interest entity (PIE) include, among other things:

- to monitor and evaluate the independence of the auditor and, in particular, the offering of services other than auditing services by the auditor;
- to monitor the company's auditing; and
- to prepare the appointment of the company's auditor.

For purposes of preparing the above-mentioned tasks, the board of directors may use the audit committee of the board, any other committee of the board or alternatively the board as a whole may prepare the tasks.

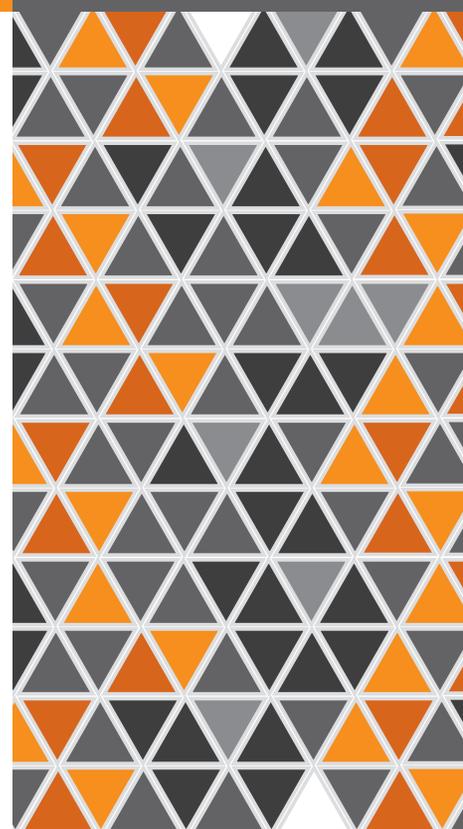
This tool has been designed for the board of directors or selected board committee to independently assess and monitor external auditor's work.

The tool takes the form of a series of statements which should be awarded by the board of directors or selected board committee members.

The statements are grouped under two headings:

- quality of audit,
- quality of people and service.

Once complete, the board of directors or selected board committee can use the tool to discuss and assess the external auditor's work and efficiency.



# Assessment of the Effectiveness of the External Audit Process

1 = Hardly ever/Poor                      2 = Occasionally/Below average  
 3 = Some of the time/Average      4 = Most of the time/Above average  
 5 = All of the time/Fully satisfactory

N/A	1	2	3	4	5
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## 1. Understanding business and its risks

The auditors demonstrate their understanding of the business risks and the business issues that your company feels are important.

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## 2. Timing and focus areas

Audit focus areas are relevant and timing of work is appropriate.

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## 3. Robust standpoint on issues

The auditors are firm in their challenges to management, when appropriate.

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## 4. Quality of accounting/auditing judgments

The significant accounting judgments made by management, their impact on the financial statements and the views of the auditors on the treatment are clearly explained.

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## 5. Timely resolution of issues

Identified issues are satisfactorily and promptly resolved, with no unnecessary surprises.

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## 6. Communication

The explanation of the audit plan, any deviations from it and the subsequent audit findings are comprehensive and comprehensible.

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## 7. Working relationship with management

The auditors have a constructive and working relationship with management.

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## 8. Effective liaison with internal audit

The auditors liaise effectively with the internal audit function.

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## 9. Thorough dialogue on independence

The auditors discuss with you, at least annually, the steps they take to ensure their independence and objectivity, give their independence confirmation and make you aware of any potential issues, explaining all relevant safeguards.

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## 10. Quality of audit

Overall quality of audit.

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Comments and suggestions

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 5 = All of the time/Fully satisfactory

N/A	1	2	3	4	5
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**11. The audit team**

The people you see demonstrate integrity, good judgment and a robust attitude.

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**12. Technical knowledge and expertise**

The auditors demonstrate appropriate technical knowledge and expertise, including access to right specialists, as required.

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**13. Continuity and succession plans**

The audit team is made up of sufficient, suitably experienced staff with cumulated knowledge of company's business, fresh insights and with provision made for knowledge retention on rotation of the partner.

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**14. Roles and responsibilities**

There is appropriate clarity of roles and responsibilities of audit team members.

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**15. Establishing and meeting expectations**

The auditors' work is client oriented, your expectations are agreed at the outset, including responses to your previous feedback, and have been met.

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**16. Constructive recommendations**

Insightful, practical and effective recommendations are made in respect of the business.

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**17. International coordination and presence**

The international coordination of group audit and audit firm presence is aligned with your business and it is effective.

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**18. Added value**

The audit adds value to owners, board of directors, audit committee and management.

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**19. Other services**

Other professionals of the audit firm understand your business and their services are useful and efficient.

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**20. Quality of people and service**

Overall quality of people and service.

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What should the auditors change to deliver better service for the company?

In co-operation with:

## **BOARDMAN**

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