



Regulation

ON AUDITS OF COST-ACCOUNTING PROCEDURES IN TELECOMMUNICATIONS COMPANIES

Issued in Helsinki on 1 September 2007

The Finnish Communications Regulatory Authority (FICORA) has, under section 88(2) of the Communications Market Act of 23 May 2003 (393/2003), laid down, as provided for in Act 70/2007:

Section 1

Scope of application

This regulation concerns audits of cost-accounting procedures performed by auditors in those telecommunications companies on which FICORA has, in accordance with section 87 of the Communications Market Act, imposed an obligation to use cost-accounting procedures.

Section 2

Inspection of the description of cost-accounting procedures

The auditor selected by the telecommunications operator must ensure that the description of the cost-accounting procedures in the telecommunications company gives a true and adequate view of the cost-accounting procedures used by the telecommunications operator. The auditor must also ensure that the description of the cost-accounting procedures drawn up by the telecommunications operator includes an account of the connection between the cost-accounting procedures used by the operator and the pricing calculations.

Section 3

Auditing the pricing of regulated products

The auditor must examine the operator's pricing calculations with regard to the relevant regulated products. During the audit, the auditor must ensure that the pricing calculation information is based on the operator's cost-accounting procedures.

Section 4

Criteria on the basis of which it can be verified whether the operator complies with the obligations imposed on it

The auditor must ensure that the description of the cost-accounting procedures of the telecommunications company corresponds to the cost-accounting methods used by the operator in reality, and that the cost-accounting procedures provide information on the costs incurred from regulated products at the level of accuracy determined in section 2 of the Regulation on the operators' cost-accounting procedures and the descriptions of these procedures (regulation 55/2007).

The description of the cost-accounting procedures can be considered to give a true and adequate view of the company's cost-accounting procedures and the cost-accounting procedures can be considered to produce sufficient information for the pricing calculation of regulated products if the description of the cost-accounting procedures and the actual findings resulting from the audit provide the auditor with a consistent view of the company's cost control method and adequate accuracy of the control.

The auditor must ensure, with the help of the description of the cost-accounting procedures and pricing calculations, that there is a concrete connection between the cost-accounting procedures and the pricing calculations. The audit must verify the existence of this connection at least with regard to the most relevant regulated products. If sufficient information sources on the cost-accounting procedures used and described by the telecommunications operator are available for the calculation information included in the pricing calculations, a connection can be considered to exist.

If all the above-mentioned criteria are fulfilled, the operations of the telecommunications operator can be considered to meet the obligations imposed on it regarding cost-accounting procedures.

Section 5

Content of the audit report to be drawn up

The auditor must form, on the basis of the material drawn up by the operator, a general impression of whether the cost-accounting procedures are viable and also whether the cost-accounting procedures of the operator fulfil the requirements set for them in the Communications Market Act and in the provisions issued under it. The audit report must specify the auditor's findings and itemize the shortcomings that came to light during the audit.

Section 6

General information on the audit and annexes to the audit report

The audit report must provide general information on the manner in which the audit was carried out and the date of the audit. In addition, the report must state which accounting period is under review and the contact persons in the telecommunications company who took part in the audit.

The telecommunications operator must include an annex to the audit report in which the relevant audited material is presented. Annexed material can include, for example, the pricing calculations and background calculations of the most relevant regulated products. The telecommunications operator must indicate which part of the material in the audit report's annex is classified as confidential and contains business secrets.

Section 7

Entry into force

This Regulation enters into force on 1 September 2007.

Section 8

Information and publication

This Regulation is included in the Series of Regulations issued by the Finnish Communications Regulatory Authority and it can be obtained from the Customer Service Office of FICORA:

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