

July 2016

## **New leadership, Continued Commitment**

### **- Message from Chairman and President –**

It is my great privilege to serve as the Chairman and President of JICPA for 2016-2019. Together with the management, I am committed to continue making progress in key issues and challenges facing the profession. As I begin my term in office, I wish to take this opportunity to share with you my views on some of the key initiatives that I will bring forward.

#### **Ensuring the quality of audit and Securing public trust in CPA audit**

Given the increased scrutiny from the public, it is important that we all, once again, revisit the mission and responsibilities of the profession to carry out our work faithfully and in an independent manner, while further building up our professional competence and skills. In assisting members in this respect, I will continue on advocating for securing adequate time and period for auditing with proportionate audit fees and the appropriate use of IT in audit engagements. I will also enhance newly introduced mandatory training seminar for all members regarding case studies on accounting fraud so that our members will be more equipped with performing audits with appropriate discharge of professional skepticism.

Audits provided by CPAs support healthy functioning of the socio-economy by ensuring the reliability of the financial information. As such, audits form an important part of the infrastructure in advancing the sustainable growth of the Japanese economy. In continuing our effort to secure public trust in CPA audit, it is important that we encompass varieties of views from market participants. In order to address this, I will also engage in the discussion on implementing audit firm governance code and responding to the call for more enhanced auditors reporting, such as the development of Key Audit Matters (KAM).

Following the Chairman and President Statement published in January 2016 in view of the corporate scandals erupted last year, JICPA has rigorously taken measures to further enhance audit quality and engagements by members. The extraordinary quality control reviews conducted in March 2016 to all of the firms registered under the listed company audit firm registration system was one of such measures, and JICPA has also

formed a special committee to address issues pertaining to ensuring quality audit. With increased members in quality control review unit at JICPA, we are determined to elevate our self-regulatory system and remain committed to acting on measures to ensure audit quality.

### **Responding to the expectation from the Public**

JICPA has now about 35,000 members in total and the profession itself is under steady transformation. Seeing the heightened expectations for the accountancy profession in the society, our members are working in increasingly diverse fields. As we see a growing number of Professional Accountants in Business (PAIB) and members working as Outside Directors of companies, the JICPA, as a membership organization, needs to further upgrade member support mechanisms in order to assist members to excel in variety of areas.

As such, enhancing the PAIB Network and the Special Committee on Supporting Members working as Directors or Audit & Supervisory Board Members of Companies is high on the agenda for the institute's effort to further assist members.

It is also imperative that we strengthen our members' engagement in public and not-for-profit sectors given that more transparency and improved governance are called on in local government and special public corporations, such as agricultural cooperatives, incorporated medical institutions, and social welfare service corporations. I believe that our members are best placed to promote governance and better financial management in public and not-for-profit sectors, and I am determined to implement necessary measures to raise the professional competence and skills of our members particularly entrusted to conduct audits in those sectors.

Setting high as one of the key initiatives to revitalize the Japanese economy, we must also look into what the accountancy profession can do to assist small and medium-sized enterprises (SMEs) as well as microenterprises expand their business overseas and boost their earning power. Through our Small and Medium Enterprise Committee, we will execute necessary actions so that our members are well-prepared for assisting those SMEs and microenterprises at each stage of their business development.

All of these measures that we implement to respond to the expectations from the public require close collaboration between JICPA headquarters and regional chapters

spreading across the country. In this regard, I truly believe that we need to firmly move forward to improve governance and organizational structures of the JICPA and also achieve maximum use of IT so as to advance the institute itself to the next stage.

### **Attracting and Retaining Talents in the Profession**

The innovation in information technologies and the development of IoT have transformed our environment where virtually every goods and services as well as information are shared and connected on a global scale. With further advances in globalization, free movement of people, and cross-border transactions, it has become ever more significant to attract and retain talents who can lead our profession.

For example, when giving advice to companies expanding their business abroad, having the knowledge of accounting and auditing treatments or rule and regulations is not enough. On top of having the global mindset to deal with a diverse range of people and issues, one must also be conversant with overall economies and business cultures in the local environment. As developing talents takes a great deal of time and effort, I will accelerate the institute's activities in reaching out to younger generations to illustrate the importance of our profession and the global opportunities that lies ahead for us.

As the first female Chairman and President, achieving gender diversity is also another important agenda during my term in office. The percentage of female members at JICPA is unfortunately low compared to other countries or similar professions in Japan. I have seen some fellow female accountants having difficulties in balancing work and family, and some have chosen to leave the profession. There are still various obstacles in building careers for women, but I am eager to address challenges female members face in the profession and reinforce the idea that the accountancy profession is a fascinating choice of a career for everyone.

To achieve widespread recognition of the importance of accounting and auditing in our society as a whole, I also place an emphasis on financial literacy and fundamental accounting education initiatives. In this respect, I plan to continue running our introductory accounting education programs in schools and conduct promotional activities targeting younger generations.

With these three pillars in place, I will work passionately to engage in the public interest and respond to the expectations from the public. I thank you for your

continuing understanding and support.

Aiko Sekine

Chairman and President 2016-2019