

July 2017

Message from the Chairman and President

It has been a year since I was assigned the role of Chairman in July 2016, and we have just held our first Annual General Meeting of my term. Since my appointment, I have grouped the various challenges we are facing into three main categories, and have been devoting my best efforts to the management of our organization. I would like to look back on the past year and talk a little about our future outlook and goals.

Improving the reliability and quality of the CPA auditing system

Our first challenge is *moving toward making gains and improvements in the reliability of CPA auditing*. Needless to say, auditing is a crucial part of the infrastructure of the capital market and it is important for core trust. We need to reinvent ourselves together with those who are involved in the capital market, and we are taking steady steps forward with each challenge. We are providing information and spreading messages through our journals, website, and symposiums.

The principles of effective management of audit firms (Corporate Governance Code for Audit Firms) were published in conjunction with an improvement in the reliability of audits. As I mentioned in the Message from the Chairman issued around the same time, the principles were compiled based on the management of a large audit firm, and they present a great opportunity to improve governance at audit firms. I expect that all audit firms will improve their governance by adopting their own methods that they consider to be the best fit for their own characteristics.

Also in the past year, it was widely said that AI would take over the work of CPAs. As technology evolves, our work needs to change with it. Checking work currently performed by CPAs, which takes an enormous amount of time, is a great example of work area that should be performed by AI. As a result, CPAs can spend more time on discussions with management and focus more on decision-making work. As for utilizing AI in audit work, I believe that we can continue to research and explore the possibilities that AI can offer.

Creating an environment where we can contribute to society and thrive in it

The second challenge is to *work toward creating an environment in which we can contribute to and thrive in society*. The size of social welfare corporations that are subject to audits is to be reconsidered “according to the status subsequent to the FY2017 audits.” Therefore, by CPAs performing thorough audit work, we can gain people’s understanding that audits are

beneficial to society. It is also important that we make an appeal to the public that CPAs are specialists who contribute to the local offices.

We also plan to work on further improving our social presence as tax specialists. We will provide support to small and medium-sized businesses that are starting out as new businesses, and we will also help with business turnarounds, successions, and overseas expansions by strengthening our collaboration with local offices all over the country.

Recruiting people who can work internationally in a diverse setting and making CPA careers more attractive

Our third challenge is to *recruit people who can work internationally in a diverse setting and make CPA careers more attractive*. CPAs must go abroad in order to support businesses that are expanding overseas. It is vital that we train individuals who can work well at international organizations that specialize in setting standards.

In addition, we plan to work on *reforming the way we work*, continuing what was in the press release in March in conjunction with improving the audit environment and reducing stress at work sites. I also believe that it is important to attract highly capable talent to this profession. We plan to promote the favorable aspects of the CPA profession, under which CPAs can be dynamic, devoted to society, and work in international settings.

We will continue to support female CPAs in the country, and further support all females with their careers. We will also encourage more CPAs to serve as outside board members.

As a platform for working toward these three main challenges, we will strive to have sustainable financing of the Institute and integrated management of the headquarters and local offices.

The coming year will mark the 70th anniversary of the Certified Public Accountants Act that was enacted on July 6, 1948. Our organization has been making efforts to fulfill our mission as CPAs together with fellow members. I plan to strive even more to help develop CPA institutions further as we look forward to our organization's 80th, 90th, and 100th anniversaries.

Aiko Sekine
Chairman and President