

Chairman and President Statement (Summary)

December 22, 2015

Japanese Institute of Certified Public Accountants
Kimitaka Mori, Chairman and President

Retaining confidence in Audits

On December 22, 2015, the Financial Services Agency (FSA) of Japan issued administrative orders to Ernst & Young ShinNihon LLC and its partners in accordance with Article 34-21(2) and Article 30(2) of the CPA Act. Further, the FSA has announced that it will initiate a hearing procedure against the audit firm for an administrative monetary payment order in accordance with Article 34-40(1) of the CPA Act.

These orders relating to audit services provided by the audit firm and its partners, have the potential to cause significant damage to the public trust in the capital markets and audits conducted by CPAs. Given the gravity of this corporate scandal to a society as a whole, JICPA takes the matter very seriously.

JICPA is currently conducting its own investigation into the past audit engagements of the audit firm and its partners held responsible. Once we complete the investigation, we, as a self-regulatory professional body, will take disciplinary measures in accordance with the JICPA constitution. At the same time, we will be strongly committed to regain trust in audits and make all-out efforts to meet the expectations and requirements of the society by enforcing disciplinary rules to all of our members and further strengthening the audit system and audit environment in our country.

JICPA fully recognizes the importance of providing audit services in the public interest and with a sense of social responsibility. With this in mind, JICPA strives to take on its role as a self-regulatory professional body and make a unified effort to work on the necessary measures.