

Introduction

The Certified Public Accountants and Auditing Oversight Board (hereafter “CPAAOB”) conducts examinations and inspections etc. (monitoring) of audit firms from the viewpoint of safeguarding the public interest and protecting investors, in order to improve the quality and ensure the reliability of audits performed by certified public accountants (CPAs).

This report is aimed not only at audit and accounting specialists, but also market participants as well as ordinary readers such as students and working people. We have published it for the purpose of promoting understanding across society of the importance of audits by providing easy-to-understand and relevant information that is centered on the circumstances and results of the CPAAOB’s monitoring activities but also encompasses the current state and changes in the environment surrounding the audit sector.

Since CPAAOB launched publishing this sort of report under the title "Monitoring Report" in July 2016, we have updated the data about audit firms and audited companies, and also made revisions, such as adding the latest information obtained through the CPAAOB's monitoring activities.

The CPAAOB releases the "2022 Monitoring Reports" compiled incorporating achievements and so forth of monitoring in the program year 2021 (from July 2021 through June 2022).

(Major revisions for the 2022 version)

I. Overview of the Audit Sector

We have updated information on the overview of certified public accountants (CPAs) and audit firms, audited companies and audits of initial public offerings (IPOs) and so forth.

II. Monitoring by the CPAAOB

In addition to updating information related to monitoring, we have elaborated the Basic Policy for Monitoring Audit Firms for the CPAAOB's 7th Cycle (April 2022 – March 2025) and the Basic Plan for Monitoring Audit Firms and so forth in the program year 2022.

III. Operation of Audit Firms

In addition to updating data concerning the operation of audit firms, we have altered the column about remote work adopted by audit firms in accordance with the present circumstances.

IV. Responses to Changes in the Environment Surrounding Audit

Based on recent changes in the environment surrounding auditing, we have updated information about the impacts of and responses to the spread of COVID-19, responses to key audit matters (KAMs), and other recent trends related to auditing, and described an example of an audit firm's structure relating to the reporting of KAMs.

To improve the audit quality, the CPAAOB considers it important to spur interest and raise awareness of accounting auditing among not only market participants, such as auditors or investors but also people on a broader basis. We welcome your comments and requests to further improve the content of our monitoring report.