

FSC CHAIRMAN DISCUSSES WAYS TO MAKE FURTHER IMPROVEMENTS TO ACCOUNTING INDUSTRY

FSC Chairman Koh Seungbeom held a meeting with the heads of major accounting firms and other industry representatives virtually on February 21 and discussed the effects of the 2017 accounting reforms and the government's efforts to further improve the accounting and auditing practices.

The following is a summary of Chairman Koh's opening remarks.

Since the 2017 revision of the Act on External Audit of Stock Companies,¹ the accounting industry in Korea has continued to grow with the number of certified public accountants and accounting firms rising some 20 percent and the sector's sales earnings also growing about 46 percent compared to 2017. Despite this quantitative growth shown by the accounting industry, there are still concerns about the issue of accounting transparency where inappropriate actions from a few listed firms may erode public trust built over the years. Moreover, some of the SMEs may be undergoing hardships in catching up with the accounting reforms, and the audit quality of certain accounting firms has been found to be below market expectations.

Against this backdrop, the government will make efforts this year to promote qualitative growth of the accounting industry. First, the authorities will actively seek improvements to the audit quality of accounting firms through performance-based incentives and inducements for self-improvements. Second, the authorities will strengthen efforts to ensure seamless enforcement of the best practice guideline on the designation of external auditor by facilitating communication between companies and auditors and preventing the possibility of conflicts. Third, the authorities will work to ease auditing burdens of SMEs in the process of applying the current accounting and auditing standards. Fourth, the authorities will work to promote the environmental, social and governance (ESG) standards as sustainable business management is a key issue handled by the accounting sector. With the International Sustainability Standards Board (ISSB)'s sustainability disclosure standards expected to be unveiled next year, the government plans to make improvements to its ESG disclosure framework on a par with global standards.

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¹ Please click [here](#) to see the press release dated September 28, 2017.