TAC

for the USCPA Exam

USCPA

Business Environment & Concepts

直前対策講義 BEC

2022 Edition

V 4.0

CPA EXAM REVIEW

Business

Written Communication 対策＆総まとめ講義

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BUSINESS TABLE OF CONTENTS

本書の構成

本書は大きく2つの構成になっています。Part1はWritten Communication 対策、Part2は総まとめテキストです。Part1はWritten Communication 対策講座、Part2の各章は、BEC 総まとめ講座にそれぞれ対応する内容です。

Part1の Written Communication Preparation の「1. Written Communication Approach」(WC Approach)では、どのように英文を記述するかを中心に解説しています。「Written Communication 対策講座」第１回目に対応しています。
「2. Written Communication Examples」では、Written Communication の想定問題と模範解答を解説しており、WC Approach の実践解説となっています。「Written Communication 対策講座」第２回目に対応しています。

Part2は、BEC の各主要カリキュラムの総まとめとして、主要論点がまとめられています。「BEC 総まとめ講座」第１回目及び第2回目に対応する内容です。

Part 1 : Written Communication Preparation

Part 2 : Final Review

1A: Corporate Governance

1B: Operations Management

5B: Economics 2

6: Additional BEC Topics

APPENDIX：Past AICPA Release Written Communication

1. Written Communication Approach

Introduction　はじめに

There is good reason why accounting is often called "the language of business". Annual reports, auditor's reports and corporate profiles are used to communicate the health of a corporation. These documents offer more than just numbers. They use the written word as well. It is essential for accountants, and all businesspeople, to have the ability to communicate effectively in writing. There is no better illustration of this than the infinite number of business problems arising from poor communications. The AICPA has, therefore, established that all CPA exam candidates must prove their ability to communicate effectively in writing.

For many candidates with English as a second language this task causes worry. And while this is understandable, there really is no need. In this course, we will develop and practice a structured method for answering written communications CPA questions. Through dedicated study and consistent practice of this method, most candidates will realize that the written communications (WC) section can actually help to improve their CPA score.

1. Course Objectives:　コースの目標

There are 3 main objectives for this course:

次の 3 つをお伝えすることが本コースの目標です。
・回答の書き方
・回答の練習
・その他考慮事項

- **Provide candidates with a method to answer WC questions.**
- **Improve writing ability through practice of this method.**
- **Outline other writing and study considerations.**

2. Candidate's English Level & Goal　各自の英語レベルに応じたゴール

Of course, among non-native English speakers who attempt the CPA exam there is a varied range of English abilities. Depending on the candidate's level, they should have a specific goal.

Category 1 - increase total exam grade

These candidates are very comfortable with English. They should use the WC section as an opportunity to improve their overall grade.

Category 2 - maintain total exam grade

Although not perfectly comfortable with English, these candidates do have a relatively good level. They should use the WC section as a way to maintain their overall grade already achieved on the multiple-choice questions.

Category 3 - minimize damage to exam grade

These candidates find English quite difficult. Their comfort level is low. These candidates must use a strategy that helps them to minimize the damage of the WC section. As we will see later, the Short & Simple approach will work best.

It is important that you be honest with yourself when choosing your category. Don't be too modest. Simply ask yourself - how comfortable am I writing short and simple English sentences? Remember, there is no need to write long and complicated English. Just keep it Short and Simple.

3. Time Management for WC　時間管理

Time management is a critical factor for the CPA exam. Candidates will need to set time objectives for each section. As well, you will need to allot a certain amount of time specifically to the WC section. The amount of time you require will depend on what level of English you have.

The exam is 240 minutes (4 hours) in duration. The WC section is worth 15% of the exam. So, a person might be tempted to only allocate 36 minutes to this section (240 x 15%). This would most likely be a mistake. WC questions require you to think about the question, write down an outline, write the answer and check it. This is a longer process than simply answering a multiple-choice question. We recommend that, depending on your English level, you dedicate **45 to 60 minutes** to this section of the exam. There are 3 WC questions, so **15 to 20 minutes** for each would be a good target.

Candidates in Categories 1 or 2 above can aim for 15 minutes per question. For those in Category 3, 20 minutes would be a better target.

Breakdown:

Preparation	-	4 minutes
Write Introduction (topic & thesis)	-	1 to 2 minutes
Write Content	-	8 to 11 minutes
Conclusion & Check	-	2 to 3 minutes
		15 to 20 minutes

WC1 問当たり MAX20 分程度です。
Preparation　記述準備に 4 分
Write Introduction　導入部記述に 1～2 分
Write Content　主要部分記述に 8～11 分
Conclusion & Check　結論記述と見直しに 2～3 分
しかありません。

4. AICPA Requirement

AICPA has stated the following:　WC で要求されるもの

Written communications will be examined only in the BEC section of the CPA exam. It will be one of the 5 BEC Testlets. Your answers will be graded mainly for writing skills once a minimum content threshold has been achieved.

The written response to the question posed must be:

- On topic
- Address the concept (not just restate the concept)
- Contain a clearly identifiable thesis statement
- Contain developed main and support ideas
- Grammatically correct
- Contain correct punctuation and spelling

The first four of these points will be the focus of our essay writing method. Through good structure and organization students will be able to present essays that do all these things. Using the Short & Simple sentences approach, as well as, the spell-check function, candidates can cover the two remaining points. However, before learning the method, we must first understand what the focus of the WC section is.

5. Focus　何に重点をおくべきか

Primary Focus　-　ENGLISH

The primary focus of the WC section is English, not accounting. Graders want the candidate to prove their writing ability, not their accounting knowledge. The critical areas are:

- **Organization: Thesis/Overview, Paragraph Structure.**
- **Development: Details, Definitions, Examples.**
- **Expression: Grammar, Spelling, Word Usage.**

In the following pages we will examine how to create a thesis statement and how to ensure that candidates stay on topic. As well, we will examine how to provide supporting details and examples.

Secondary Focus -　Accounting/Business

- **On Topic**
- **Incorrect on topic vs. Correct off topic**

The accounting/business focus is secondary, but it is still critical that candidates provide answers that are on topic. Even if the content is incorrect, the English points can still be gained if the answer stays on topic. However, if the answer is off topic, then the candidate will receive low grades for both the accounting content and the English communications.

So, in short, candidates must prove their English writing ability by producing a well-structured essay on the topic specified in the question.

6. Preparing a WC Answer　回答の準備（記述に入る前の準備）

Preparation

Preparing is a very important part of writing a good essay. It is also the part which many people skip. You MUST prepare your answer before actually writing it. Do NOT just start writing!

A. Read the question and think about it. Write down any points that come to mind.
B. Decide on the key points to include and make an outline.

The outline, and the essay, should include an **introduction** that states the topic and thesis. It should have a **content body**, which offers the key information. Finally, it should include a **conclusion** that re-states the main point of the essay (the thesis).

Introduction:

Topic: What the essay is about. (e.g. Performance Measures)

The opening sentence of the essay should state clearly and simply what the topic of the essay is. This is the first step in establishing that your essay is on topic.

Thesis: What the essay will do. (Explain Effective Performance Measures)

The thesis statement should clearly express what the essay's intention is. The topic sentence and the thesis statement can be written together in the first paragraph. This provides the reader with a clear understanding of what the topic is and what the essay is going to do.

Content Body: **The Answer (Details about Effective Performance Measures).**

The content section is the "meat" of the essay. It is here that the topic and thesis are developed. Everything in this section should illustrate and support what you have already clearly stated in the thesis statement. Do NOT stray away from the topic!

Conclusion: **Sum up main idea**

All good essays finish with a conclusion. This can be a simple and brief summary of the main point of the essay. Basically, it is the thesis re-stated.

So, in short, the essay structure follows the pattern of Introduction (topic & thesis), Content, & Conclusion. **(I** (t&t)**, C, & C)**

Practice 1 – Creating the Outline

The process of creating the outline includes: thinking about the question, writing down any points that come to mind and then writing an organized outline. In the exam, you should use about **4 minutes** to complete this preparation process.

1. *think about question (What is the topic? What is needed?)*
2. *write down any points that come to mind*
3. *organize 1 & 2 into a structured outline*

Consider the question below and then practice making an outline. A sample outline structure is provided.

Sample Question.

Your client has some worry about whether his company's performance measures are effective or not. He has asked you to explain some of the important characteristics of effective performance measures.

Sample Outline Format

Introduction	Topic	______________________
	Thesis	______________________
Content Points		______________________
		______________________
		______________________
		______________________
		______________________
Conclusion		______________________

……………………………………

Sample Outline

Introduction	Topic	Performance Measure
	Thesis	Characteristics - effectiveness
Content Points		relate to organization goals – long & short
		reflect key activities. – e.g. bal. scorecard
		employee – understandable & in control
		consistency – performance up or down
Conclusion		Overall Organizational Success

With the outline complete, you are now ready to begin writing the essay.

7. Writing a WC Answer　回答の記述

If you have done a good job of preparing your outline, writing the WC answer is straightforward. You simply need to tie together all the key points written in your outline. To do this well, you should:

A. Stay on Topic.

Do not let your writing move away from the topic itself. Sometimes when we write, new ideas come to mind. These can pull us off topic. Make sure you stay on the topic you identified in your outline.

Tip 1 Assume the reader does <u>not</u> know the **question** in advance!

An effective technique for making sure that you stay on topic is to assume the person grading your essay does not know what the question is. By doing this, you are forced to clearly state the topic in the opening sentence. As well, this will help you stay on topic. If the reader doesn't know the question, then you will be more sensitive about what you write and how you write it.

B. Keep Sentences Short & Simple

There is nothing wrong with using short sentences and simple words. In fact, there would be less miscommunication if everyone learned to do this. Long and confusing sentences are often a result of trying to say too much in one sentence. Also, poor communications happen because we include unnecessary information. For example, consider the following:

When I was born, my family gave me the name Jack.

Why not just write:

My name is Jack.

All the other information is obvious and doesn't need to be included. Also, the longer the sentence is the greater the chance you will make a grammar or punctuation mistake. Keep it simple. Keep it short!

Tip 2. Check how long your sentences are!

If a sentence runs for two lines or more without any punctuation, it is likely a problem. Break the sentence into two, if possible.

C. Be Clear and Concise.

Everything you write should be clear in meaning. It should also support the topic and thesis. Do not add unnecessary extra information.

Tip 3. Don't try to hide a lack of knowledge behind words!

Often, when people are unsure of a concept they will write as much as possible. The hope is to hide the lack of knowledge. In reality, it just creates confusion. Remember, the WC section is more about English than about knowledge. Just use the content from your outline. Stay on the topic and explain it to the best of your ability and in simple words.

Practice 2 – Writing the Essay

On your computer, or in the space below, practice writing an essay from the outline you created earlier. Don't worry about how long it takes. Remember: 1. On Topic

2. Short & Simple
3. Clear & Concise
4. Outline (I, C & C)

Question

Your client has some worry about whether his company's performance measures are effective or not. He has asked you to explain some of the important characteristics of effective performance measures.

To:

Re:

Sample Answer

To: Client
Re: Effective Performance Measures

Performance measures are used to help an organization achieve its goals. As explained below, in order to be effective, these measures should have certain characteristics.

First, effective performance measures should relate to the goals of the organization. Also, they should balance both short and long term issues. **Second**, they should reflect the key activities of the organization. For example, the balanced scorecard can be used to identify critical success factors. These are the activities that the organization must carry out effectively. **Third**, performance measures must be understandable to employees. As well, they must only measure the activities that are under the employee's control. **Finally**, it is essential that managers use these measures consistently. If they don't, this could lead to confusion and decreased employee performance.

In summary, effective performance measures can contribute to overall organizational success.

If you would like to discuss this further, please let me know.

Regards,

••

Do NOT underline or bold key topics as above. These are for teaching purposes only.

8. Analyzing Your Writing Performance　自分のライティングを分析する

Now that you have had a chance to write an essay, you should compare it to the sample essay above. Of course, your answer may vary in content. Don't worry about this. What is important is that the content is **clearly communicated**. Check the following:

Did you prepare by creating a well-organized outline?
Does your essay have an introduction (topic & thesis)?
Does your essay have a conclusion?
Is the body of your essay well organized?
Are your sentences short & simple (easy to follow)?
Does your essay answer the question that was asked?
Did you re-read and run spell check on your essay?

Practice 3 – Re-writing Your Essay

After comparing your essay to the sample, it would be a good idea to write it again. Even if you are happy with your essay, re-writing will offer valuable extra practice.

To:
Re:

9. More Practice

It is important that you become comfortable with your writing. The more you practice the easier it will get. Try to write the next essay under exam-type conditions.

Tip 4 Write essay content body first, then introduction and conclusion

Often the most difficult part of writing the essay is actually putting the first words on paper. We can get caught up in wanting to start with a perfect first sentence. Of course, a strong first sentence is important, but we may waste valuable time thinking too much about it. So, some writers find it easier to write the body of the essay first. This gets you writing. Then after finishing the body, you can go back and write the introduction and conclusion. Some writers like this approach, others don't. It is a matter of preference. After practicing both styles, you can decide.

Tip 5 Run the spell check and then re-read the essay

After you finish re-writing an essay, run the spell check and then re-read the entire essay carefully.

Practice 4 – Writing an Essay Under Exam-Type Conditions

In this next practice essay try to follow true exam conditions. Decide the amount of time you will dedicate to the essay. Try to complete the essay in this amount of time (page 3). Also, if possible, use a computer for this essay. This simulates true exam conditions.

Remember:
1. On Topic
2. Short & Simple
3. Clear & Concise
4. Outline (I, C & C)
5. Re-read and spell check

Question

A new hire in your finance department is trying to better understand the concept of "risk". She wants to understand the different types of managerial attitudes toward risk. In a brief memo to the new hire, explain the different types of attitudes toward risk and how these will impact investment behavior.

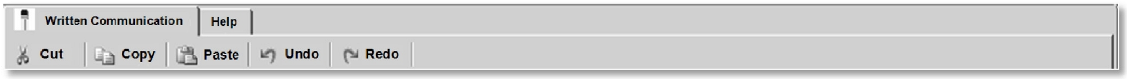
To:

Re:

<u>＜問題文＞</u>

T A S K - B A S E D S I M U L A T I O N S

T A SK - B AS E D SIM U LA T IO N: *Written Communication*



The owner of a private school is trying to increase its revenues to meet rising costs. Capacity is limited and you have been asked to comment on the ways in which revenue can be increased.

Prepare a memorandum to the owner describing why pure price increases may result in increased revenue.

Type your communication in the response area below using the word processor provided.

REMINDER: Your response will be graded for both technical content and writing skills. Technical content will be evaluated for information that is helpful to the intended reader and clearly relevant to the issue. Writing skills will be evaluated for development, organization, and the appropriate expression of ideas in professional correspondence. Use a standard business memo or letter format with a clear beginning, middle, and end. Do not convey information in the form of a table, bullet point list, or other abbreviated presentation.

M E M O R A N D U M

To: Private School Owner

Subject: Price Increases

[*Response area*]

Sincerely,

Accountant

＜解答例１原文＞

T A SK - B AS E D SIMU LA T IO N: *Solution*

M E M O R A N D U M

To: Private School Owner

Subject: Price Increases

Increasing tuition may be a highly effective method of increasing revenue. Although increases in tuition may result in decreased enrollment, if the percentage increase in revenue exceeds the percentage decrease in enrollment, total revenue will increase.

The inelasticity of demand (the idea that demand will remain relatively unchanged in responses to changes in price) is generally equated with essential items for survival like water, or food or even fuel. However the quality of education of our children has a strong perceived value to the families already enrolled. Clearly the families you serve have elected to use your school rather than to rely on public schools that are "free."

As you review your strategy for the coming year, recognize you are electing to differentiate yourself from the competition as a premier choice in education that is worth the price, not as a cost leader that undersells other options.

Revenue can increase purely based on tuition increases but you will need to insure that the demand for your school's service is differentiated from the competition and remains an alternative that cannot be duplicated by your competition.

Let me know if you need further assistance on this issue.

Sincerely,

Accountant

＜解答例１日本語訳＞

T A SK - B AS E D SIMU LA T IO N: *Solution*

M E M O R A N D U M

To: Private School Owner

Subject: Price Increases

収益の増加には授業料の引き上げが有効でしょう。しかしながら、授業料の引き上げは入学者数の減少をもたらす可能性があります。授業料の引き上げ率が入学の減少率を超過した場合、総収益は増加します。

需要の非弾力性（価格における変更に対応して需要は比較的変わらずに残るという考え方）は一般的に、水、食糧、燃料といった、生き残るために不可欠なアイテムで表れる現象です。しかしながら、子供の教育の質という価値は強力に認知されています。すでに入学されているご家族は、無料の公立学校に頼るよりも（有料の）貴校を選択していることからもこれは明らかです。

来年の戦略を検討するにあたり、コストリーダーとしてではなく、金額に見合った質の高い教育を提供する学校として差別化してください。収益は授業料に基づき増加しますが、貴校のサービス需要が競合校から差別化され、競合校ではマネのできない選択肢となることを確実にする必要があります。

この件に関係して、何かあればお知らせください。

Sincerely,
Accountant

＜解答例２原文＞

T A SK - B AS E D SIMU LA T IO N: *Solution*

M E M O R A N D U M

To: Private School Owner

Subject: Price Increases

This memo discusses the conditions where a price increase can result in increased revenue.

Increasing tuition fees may be an effective way to increase revenue. The increase may result in decreased enrollment. However, if the percentage increase in tuition fees exceeds the percentage decrease in enrollment, total revenue will increase.

Important here is that your customers feel your educational service is superior to public education, which is generally free. The extra services that you offer differentiate you from the competition. Those who perceive your added value should still be willing to pay the higher fees. Of course, it is crucial that the price you charge is in line with this perceived value.

Revenue can increase based on tuition increases but you will need to insure that the demand for your school's service is differentiated from the competition.

If you would like to discuss this in further detail, please let me know.

Sincerely,

Accountant

＜解答例２日本語訳＞

T A SK - B AS E D SIMU LA T IO N: *Solution*

M E M O R A N D U M

To: Private School Owner

Subject: Price Increases

このメモは、価格の上昇が収益の上昇となる状況について説明するものです。

収益の増加には授業料の引き上げが有効でしょう。授業料の引き上げは入学者の減少となるかもしれません。しかしながら、授業料の引き上げ率が入学者の減少率を上回れば、総収益は上昇します。

ここで重要なことは、通常無料である公立学校に対して、貴校の教育サービスが優れていると顧客に認識して頂くことです。追加のサービスは、他の競合校から貴校を差別化します。貴校のサービスに付加価値を認識した顧客は喜んでより高い授業料を払うでしょう。もちろん、授業料は認知される価値に一致していることが非常に重要です。

収益は授業料に基づき増加しますが、サービスの差別化により貴校への需要を確実にする必要があります。

さらに詳細についての議論が必要であれば、ご連絡ください。

Sincerely,

Accountant

＜補足解説：WC Approach に沿った流れ＞

ステップ	注意するポイント	具体例
1. Stop and Think:	· Primary focus– ENGLISH · Secondary focus– Accounting · Time to complete – 15 to 20 minutes per question	
2. Prepare Scrap Paper:	· 1 full clean page	
3. Read Question	• Note the Topic	
4. Think About Topic	• Note ANY ideas that come to mind on this topic	
5. Prepare an Outline	• Topic • Thesis • Content • Conclusion	
6. Write – Content	• Short & Simple-Sentences • Clear & Concise- Concept	・Price と Revenue の関係 ・差別化による付加価値 という Concept を用意し、Sentence を構成していく。
7. Write - Introduction		Topic: Price increase Thesis: Conditions where a price increase can result in increased revenue.
8. Write - Conclusion		価格の引き上げにより収益は上昇すること、但し、価格の引上げではサービスの差別化により需要を確保する必要があることを結論で強調する。
9. Spell check & Re-read		

Technique!!

序論（Introduction）の事例

The purpose of this memo is to provide a brief summary of the results of market research performed six companies operating in various industries.

The purpose of this memo is to explain the difference between a short-term and a long-term strategy **and to describe** the advantages and risks of implementing these options.

The purpose of this memo is to provide a brief overview of what was found during the security audit **and to offer suggestions of** what should be included in an ABC, Inc security policy.

The purpose of this memo is to present you with the benefits of taking Sunshine, Inc. online **and to explain** how these Internet transactions would be secure.

Technique!!

代表的な接続詞やイディオム等

＜例示＞　such as～, for example, for instance,

＜一般論＞　in general, generally,

＜引用元、言及＞　according to～, as for～, regarding～,

＜付け足しなど＞　besides, in addition, moreover, furthermore

＜対比＞　in contrast, on the other hand, on the contrary,

＜逆説＞　although, while, nevertheless,

＜強調など＞　indeed, in fact, obviously, clearly,

＜言い換え＞　in other words, namely,

＜理由＞　because, since, because of this, because of these,

＜結果＞　so, as a result, consequently, therefore,

＜時間＞　after, as soon as, before, when, as, while, afterward,

＜順序、連続性＞　first of all, first, second, third, next, finally,

＜条件＞　if, unless

＜結論＞　in summary, in conclusion, to sum up, in the end, in sum

BUSINESS 1A

Corporate Governance ～Internal Controls and Enterprise Risk Management～

Board of Directors and Officers

Sarbanes-Oxley Act of 2002 (SOX)

Internal Controls (IC)

Enterprise Risk Management (ERM)

NOTES

I. BOARD OF DIRECTORS AND OFFICERS（取締役会と執行役）

① **Board of directors**（取締役会）

Inside directors
社内取締役

Outside directors
社外取締役

② **Audit committee**（監査委員会）
③ Nominating committee（指名委員会）
④ Compensation committee（報酬委員会）

Oversight ↓（監視）

⑤ Officers（執行役）
(= Management・経営者）

A. Board of directors（取締役会）

Among the specific duties of board of directors are the appointment, removal, and oversight of **officers**; amendment and repeal of **bylaws**; fixing management compensation; initiating **fundamental changes** (e.g., merger) to the corporation's structure (e.g., mergers); and **declaration of dividends**. Directors (board of directors) are **fiduciaries** of the corporation and must act in the best interests of the corporation **(fiduciary duty)**.
Board の主な職務は、**officers** の選任・解任・監視、**付属定款**の変更・廃止、役員報酬の決定、組織の**重要な変更事項**（吸収合併等）の提案、**配当決議**等に及ぶ。director は会社の**受託者**として、会社の利益が最大になるように行動しなければならない（**信認義務**）。

Fiduciary duty（信認義務）

Duty of care（注意義務）　**Duty of loyalty**（忠実義務）

B. Officers（執行役）

Officers, like directors (board), are **fiduciaries** of the corporation and must act in the best interests of the corporation **(fiduciary duty)**.
Officers は、directors (board) と同様、**受託者**として、会社の利益が最大になるように行動しなければならない（**信認義務**）。

II. SARBANES-OXLEY ACT OF 2002 (SOX)（2002年サーベンス・オクスリー法）

A. Three financial reporting issues（３つの財務報告上の課題）

SOX seeks to restore **investor confidence** by ensuring **transparency** for the following **three financial reporting issues**.
ＳＯＸ法は、以下の**３つの財務報告上の課題**に関する**情報開示**（透明性）を確保することにより、企業に対する**投資家の信頼**の回復を求める。

1. Information on the **audit committee's competence**.
Audit committee の専門能力に関する情報。

2. Information on the **ethical behavior of the senior officers** (CEO, CFO, or a similar position).
上級役員（CEO、CFO などの経営陣）**の倫理的行動**に関する情報。

3. **Information on adequacy of internal controls.**
内部統制**の妥当性**に関する情報。

☆ これらの情報開示を強化 (enhance) することによって、**信頼できる財務報告 (reliable financial reporting) の実現**が可能となる。

B. Title I. Public Company Accounting Oversight Board (PCAOB)（第１章 公開会社会計監視委員会）

1. **Establishment of the PCAOB**（PCAOB の設立）

The Sarbanes-Oxley Act established the **Public Company Accounting Oversight Board (PCAOB)** to **control (regulate) the auditing profession** and oversee the audit of public companies that are subject to the securities acts.
ＳＯＸ法によって、**監査業界を規制**し、証券規制法の適用を受ける public companies の監査を実施する監査法人の業務を監視するＰＣＡＯＢが設立された。

2. **Registration with the PCAOB**（PCAOB への登録）

Only a **registered public accounting firm** may audit public companies and prepare auditor's reports.
ＰＣＡＯＢに登録をした**会計事務所（監査法人）**だけが public companies の監査を実施して監査報告書を作成することができる。

C. Title III. Corporate Responsibility（第３章 会社の責任）

1. **Public Company Audit Committee**（公開会社の監査委員会）→ Section 301.

Public companies are required to establish an **independent audit committee**.
Public companies は、**独立した audit committee** を設置しなければならない。

☆ Audit committee のメンバー全員が**独立社外取締役 (independent outside director)** でなければならない！

Audit committee

Independent outside director	Independent outside director	Independent outside director	Independent outside director	Independent outside director
Oversight ↓	Oversight ↓	Oversight ↓	Oversight ↓	Oversight ↓

① **Accounting and reporting process** operated by the officers and other employees.
Officers と従業員による**会計・報告プロセス**。

② **Process of the financial statements audits** performed by the external auditor.
監査人（会計士・監査法人）による**財務諸表監査プロセス**。

2. The audit committee is **directly responsible** for the **appointment**, **compensation (audit fees)** and **oversight of the work** performed by the **auditor** (registered public accounting firm).
Audit committee は、**監査人**（登録会計事務所）の**選任**、**監査報酬**、および**監査業務の監視**について**直接責任**を負う。

3. Each member of the audit committee must be a **member of the board of directors** and must be **independent** of the issuer.
Audit committee のメンバーになるには、**ボードメンバー (board member)** でなければならず、かつ、issuer から**独立**していなければならない。

ＳＯＸ法が定める Independence criteria・２つの独立性の基準

a. Each member can **only receive compensation for his/her position on the board (outside director) and cannot receive any other compensation** (consulting or advisory fees) **from the issuer**.
報酬 (compensation) に関する基準 Audit committee の各メンバーは、**社外取締役としての報酬以外の報酬**（コンサルティング料、アドバイザリー料等）**を issuer から受け取ってはならない**。

b. Each member may **not** be an **affiliated person** of the issuer or any subsidiary.
関係性 (affiliation) に関する基準 Audit committee の各メンバーは、issuer またはその子会社の**特別関係者**であってはな**らない**。

4. **Executive Certification**（経営者による宣誓書） → Section 302.

Both the CEO and CFO must **sign** and **certify accuracy** of disclosures regarding the financial reports and internal control in the reports filed to the SEC.
CEO と CFO の両者は、SEC に提出するレポートに**サイン**し、財務報告書と内部統制に関する記載事項が**正確であることを宣誓**しなければならない。

D.　Title IV. Enhanced Financial Disclosures（第４章 財務情報開示の強化）Ａランク！

1.　Enhanced Conflict of Interest Provisions（利益相反規定の強化）→ Section 402.
It is **generally unlawful** for an issuer to make **personal loans** to directors or executive officers.
Issuer が director 等の役員に**個人融資**を行うのは**原則として違法**である。

→ **Exceptions**（例外 → Director 等の役員に融資をしてもよい場合）

a.　The consumer credit loans are made **in the ordinary course of the business** of the issuer.
消費者金融業を営む会社が、**通常の営業過程**（日常取引）**の範囲内で** director 等に融資を行ったに過ぎない場合。

b.　The terms of the loans are made available to the general public and are **no more favorable** than those offered by the issuer to the public.
一般大衆向け金融業を営む会社による director 等への融資条件が、一般大衆向けの融資条件に比べて**有利でない**場合。

2.　Management Assessment of Internal Controls（経営者による内部統制評価）
→ Section 404.

The management is required to contain the **management's report on internal control** in each annual report and include the following.
経営者は、annual report に**経営者による内部統制報告書**を添付し、以下を記載しなければならない。

a.　**Management** assumes **responsibility** for the internal controls.
経営者が、内部統制の**責任者**であること。

b.　**Management** has **made conclusions** with respect to the **assessment of the effectiveness** of the internal controls.
経営者が、内部統制の**有効性に関する評価**を自ら行い**結論付け**をしたこと。

The **auditor** has **attested** to the assessment made by the management **(internal control audit)**.
これを受けて **Auditor** は、経営者による内部統制評価の**監査証明**を行ったこと（**内部統制監査**を実施したこと）。

☆ Auditor は、management による内部統制の effectiveness の評価プロセスをチェックし、独自に内部統制の監査手続を実施して、**内部統制監査報告書**（**auditor's report on internal control**）を作成・開示しなければならない。

3. Code of Ethics for Senior Officers（上級役員の倫理規程）
→ Section 406.

An issuer (public company) is required to disclose whether the issuer has adopted a **code of ethics (code of conduct) applied to senior officers** (CEO, CFO, or a similar position). If the issuer does **not** adopt, the issuer must disclose the **reason why the issuer does not adopt a code of ethics**.
公開会社は、**上級役員**（CEO、CFO、または同等の役職）**に適用される倫理規程**（**行動規程**）を設けているか否かを開示しなければならない。倫理規程が**ない**場合には、**その理由**を開示しなければならない。

4. Disclosure of Audit Committee Financial Expert（監査委員会の財務専門家に関する開示）
→ Section 407. 注意！

a. **At least one member** of the audit committee should be a **financial expert** to enhance **the level of financial sophistication** and its **oversight function**.
Audit committee の**財務的な知識・技能のレベル**を向上し、もって**監視機能**を高めるため、メンバーの中に**財務専門家**を**１名以上**含めるべきである。

b. An issuer is required to disclose whether the audit committee is comprised of at least one member who is a financial expert. If the committee does **not** have a financial expert, the issuer must disclose the **reason why the committee does not have a financial expert**.
Issuer は、audit committee のメンバーの中に financial expert が１名以上いるか否かについて開示しなければならない。financial expert が**いない**場合、**その理由**を開示しなければならない。

c. Typically, the qualification is determined based on the candidate's mix of **education (knowledge)** and **experience** by the **board of directors** of each issuer.
ふつう会社の **board** が、候補者の**教育**（**知識**）と**経験**をもとに適任かどうかを判断する。

e.g., Experience with **internal accounting controls**.
会計に関する内部統制業務の経験があること。

Experience in the **preparation or auditing of financial statements** of compatible issuers.
現在の会社と同等の会社の**財務諸表の作成や監査**の経験があること。

E. Title VIII. Corporate and Criminal Fraud Accountability（第８章 会社および刑事詐欺に関する責任）

1. Criminal Penalties for Altering Documents（文書改ざんに対する刑事罰）

→ Section 802.

a. Auditors of issuers are required to retain workpapers and other supporting documents for **at least 7 years** from the report release date.

保管義務 Issuers の auditors（会計士・監査法人）は、workpapers および関連文書を、レポート発行日から**７年以上**の期間にわたって保管しなければならない。

→ Failure for the auditor to retain workpapers will result in a **fine**, **imprisonment for not more than 10 years**, or **both**.

刑罰 Auditor が workpapers の保管義務に違反した場合、**罰金**もしくは**10年以下の禁固**、またはその**両方**が科される。

（**捜査 (investigation)** の妨害など**悪質**な改ざん、破棄、秘匿、偽造の場合、**罰金**もしくは**20年以下の禁固**、またはその**両方**が科される点に注意！）

2. Securities Fraud（証券詐欺）

Any person who knowingly executes **securities fraud** will be **fined**, **imprisoned not more than 25 years**, or **both**.

刑罰 **証券詐欺**を犯した者（故意にレポートに虚偽表示をした CEO や CFO 等）は、**罰金**もしくは**25年以下の禁固**、またはその**両方**が科される。

III. INTERNAL CONTROLS (IC)（内部統制）

A. Committee of Sponsoring Organizations of Treadway Commission（COSO・トレッドウェイ委員会支援組織委員会）

The **COSO** (formerly, a **private sponsoring organizations** of Treadway Commission) internal control framework is comprised of **5 components** and relevant **17 principles** that to help public companies **assess the effectiveness of internal controls over financial reporting**. Use mnemonic **"CRIME"** to memorize these 5 components.
COSO（もともとは Treadway Commission の民間支援組織（スポンサー））の内部統制フレームワークは、**５つの構成要素 (components)** と**17の原則 (principles)** からなり、公開会社が**財務報告に係る内部統制の有効性の評価**を行う際の指針を提供する。

☆ ５つの component の暗記法 (mnemonic) は、**CRIME** (**C**ontrol activities, **R**isk assessment, **I**nformation and communication, **M**onitoring activities, Control **E**nvironment)。

B. Definition and 3 objectives of internal control（内部統制の定義と３つの目的）

Internal control is a **process**, implemented by an entity's board of directors, management and other personnel, designed to provide **reasonable assurance** (**not** absolute assurance) regarding the **achievement of** its **operations objectives**, **reporting objectives**, and **compliance objectives**.
内部統制とは、会社の board、経営者および従業員によって実施され、**業務目的、報告目的、**および**コンプライアンス目的の達成**に**合理的な保証**（絶対的保証では**ない**）を与えるために設計された**プロセス**である。

1. **Operations objectives**（業務目的）

   Effective and efficient operations.
   効果的かつ効率的な業務運営に関する目的。

   → 内部統制は、**業績目標の達成 (achieving performance goals or targets)** や、**経営資源の保全 (safeguarding or protection for entity resources)** に役立つ。

2. **Reporting objectives**（報告目的）

   Reliability of reporting. (including external and internal, financial and nonfinancial reporting).
   報告の信頼性に関する目的。（外部・内部報告、財務・非財務報告を含む。）

3. **Compliance objectives**（コンプライアンス目的）

   Compliance with applicable laws and regulations.
   規制法令の順守に関する目的。

5 components of internal control and 17 principles associated with each component
（内部統制の５つの **components** と各 **component** に関連する17の **principles**）

1. Control Environment（統制環境）→ **EBOCA!** $\boxed{１番重要！}$

① Commitment to **Ethical values and integrity**（**倫理観と誠実性**に対するコミットメント）
② **Board** independence and oversight（**Board** の独立性と監視）
③ Establishing **Organizational structure**（**組織構造**の構築）
④ Commitment to **Competence**（**専門能力**に対するコミットメント）
⑤ **Accountability**（**責任**）

2. Risk Assessment（リスクの評価）

⑥ Specify objectives（目的の特定）
⑦ Identify and analyze risks（リスクの特定と分析）
⑧ Consider potential for fraud（不正の可能性の検討）
⑨ Identify and assess changes（変更事項の特定と評価）

3. Control Activities（統制活動）

⑩ Select and develop control activities（統制活動の選択と整備）
⑪ Select and develop technology controls（ＩＴの統制活動の選択と整備）
⑫ Deployment of policies and procedures（方針と手続による統制活動の展開）

4. Information and Communication（情報と伝達）

⑬ Obtain and use information（情報の入手と利用）
⑭ Internally communicate information（組織内部への情報伝達）
⑮ Communicate with external parties（外部関係者との情報伝達）

5. Monitoring Activities（モニタリング）$\boxed{２番目に重要！}$

⑯ **Ongoing monitoring** and/or **Separate evaluations**（**日常的モニタリング**と**独立的評価**）
⑰ **Communication (reporting) of deficiencies**（**不備の伝達（報告）**）

C. Limitations of internal controls（内部統制の限界）

1. Limitations of internal controls result from the realities that **human judgment** in decision making can be **faulty**. Controls can also be circumvented by **collusion** of two or more persons and the management or managers could **override** the internal controls **(management override of internal controls!)**.
内部統制の限界は、意思決定を行う**人間の判断ミス**によって生じる。また、複数の者（管理者と従業員、従業員と顧客・仕入先など）が**共謀**して統制手続を回避したり、経営者が統制手続を**無視する**（**無効化する**）おそれもある（**経営者による内部統制手続の無視（無効化）！** $\boxed{重要！}$）。

☆ ごく少数の経営者に経営や業務の権限が過度に集中している会社では、経営者が内部統制手続を無視する（無効化する）リスクが大きくなる傾向にある。

2. The internal control system may also **break down** because of a number of reasons including simple errors or mistakes.
内部統制システムは、単純なエラーやミスによって**ダウン**することもある。

3. The internal control system can**not** be perfect because of **cost constraints**.
システムの構築に当たって**コストの制約**を受けるので、完全な内部統制システムは**ない**。

4. Moreover, the **uncertainty*** of future events and **competence** of the employees responsible for its functioning may limit the effectiveness of the internal control system.
さらに将来の事象の**不確実性***や担当者の**専門能力**（の不足）によっても有効性は制限されてしまう。

* uncertainty・不確実性 → 潜在的事象が顕在化するかどうかが不明な状況 (The state of not knowing if potential events may manifest.)。

→ ☆ These limitations may **preclude management and a board of directors from having reasonable assurance** regarding achievement of the entity's objectives.
これらの限界があるために、**経営者と board は会社の目的達成について合理的保証を得ることができなくなる**おそれがある。

D. **Effectiveness** of Internal Controls（内部統制の有効性）

Determining whether an entity's internal control is **"effective"** is a judgment resulting from an assessment of whether the **5 components and relevant 17 principles are present and functioning effectively and efficiently**. Therefore, the 5 components and 17 principles are also **criteria for evaluating "the effectiveness of internal control"**.
会社の内部統制の**「有効性」**は、**５つの components と関連する17の principles が存在 (present) し、かつそれらが効果的・効率的に機能 (functioning) しているかどうか**によって判断される。したがって５つの components と17の principles は、**「内部統制の有効性」の評価基準**でもある。

Internal control system	**5 Components and 17 Principles**	**Internal controls**
① Design ② Implementation ③ Operations	→ Present and Functioning	→ Effective !

E. Control Environment（統制環境） A ランク！ → ５つの components の中でもっとも重要！

The **control environment** component is the **foundation of all of the other components** of internal control (**basic structure**) and has 5 relevant **principles (factors** or **elements)**.
統制環境は、**他の全ての components の基礎（基盤）**であり、５つの **principles (factors・elements)** からなる。

① Control environment（統制環境）	② Risk assessment（リスクの評価） ↓ ③ Control activities（統制活動） ↓ ④ Information and communication（情報と伝達） ↓ ⑤ Monitoring activities（モニタリング）

☆ Management が control environment に与える影響は非常に大きいので、control environment は**経営者の気風**または**トップの姿勢 (tone at the top)** と換言される。

☆ 適切な tone at the top は、法令順守を尊ぶ企業文化の育成 (creating a compliance-supporting culture)、具体的なルールやガイドラインが**ない**分野の判断指針の提供 (navigating grey areas)、是正措置 (corrective action) が間に合う早期のうちに進んで問題点を報告し解決を求める意欲の向上 (promoting a willingness) に役立つ。

Principles of "control environment" component **<u>EBOCA</u>**
① **Commitment to <u>E</u>thical values and integrity**（倫理観と誠実性に対するコミットメント） ② **<u>B</u>oard independence and oversight**（Board の独立性と監視） ③ **Establishing <u>O</u>rganizational structure**（組織構造の構築） ④ **Commitment to <u>C</u>ompetence**（専門能力に対するコミットメント） ⑤ **<u>A</u>ccountability**（説明責任）

1. Commitment to <u>E</u>thical values and integrity（原則① 倫理観と誠実性に対するコミットメント） 注意！

a. The presence of a **written code of conduct (code of ethics)** promotes **honest and ethical conduct** of the employees, **appropriate disclosures**, **compliance**, and **teamwork** in the pursuit of the company's objectives.
会社に**文書化された行動規程（倫理規程）**があることによって、従業員の**誠実かつ倫理的行動、適切な情報開示、コンプライアンス**、さらには会社の目的を追求するために役立つ**チームワーク**の形成が促進される。

b. Management should establish and implement a **code of conduct (code of ethics)** that are comprehensive, addressing acceptable or unacceptable (prohibited) behavior, **<u>conflicts of interest</u>**, improper payments, **<u>anticompetitive behavior</u>**, and insider trading.
経営者は、容認行為と禁止行為、**<u>利益相反行為</u>**、不適切な支払、**<u>反競争的行為</u>**、インサイダー取引等に関する**行動規程（倫理規程）**を定め実施しなければならない。

c. Each statement must be **clearly articulated** (e.g., **self-dealing**, prohibition or limits on **gifts** or **gratuities**, establishing **required reporting**, provisions on **confidentiality**).
各規定は**具体的で明確**でなければならない（例：**自己取引**の禁止、**贈答品**や**謝礼**の禁止や制限、**要報告事項**の設定、**守秘義務**に関する規定）。

d. Promoting **all employee participation** in preventing and identifying **frauds** is an example of "Commitment to integrity and ethical values" principle.
不正の防止や摘発への**全従業員の参加**は、「誠実性と倫理観に対するコミットメント」の原則の適用例である。

e.g., Establishing an **anonymous reporting line** or the **ethics training class** for all employees.
例） 内部告発用**匿名報告ライン**の設置や全従業員参加の**倫理研修クラス**の実施。
注意！

2. Board independence and oversight（原則② Board の独立性と監視）

a. **Active engagement by the audit committee (**or **the board)** relative to all matters of internal and external audits (CPA audits, regulatory audits) is evidence of the **board's understanding of their oversight responsibility**.
たとえば内部監査と、外部監査（会計士監査や規制当局の検査）に関するあらゆる問題に **audit committee**（または **board**）**が積極的に関与**しているという事実は、**board が監視責任を理解している**証拠になる。

3. Establishing Organizational structure（原則③ 組織構造の構築）

a. Management should consider the **nature of its business activities**, establishing **reporting lines** and **assigning and limiting authorities and responsibilities** to establish the organizational structure that are appropriate to its objectives.
経営者は、**事業活動の内容**、**報告ライン**の構築、**権限と責任の割当・制限**等を検討し、会社の目的に相応しい組織構造を構築しなければならない。

4. Commitment to Competence（原則④ 専門能力に対するコミットメント）

a. **Retaining a CPA with the competence** to prepare financial reports is an example of "Commitment to competence" principle.
Financial reports の作成**能力をもった会計士を雇っておくこと**は、「専門能力に対するコミットメント」の原則の適用例である。

b. **Providing training programs** and **keeping records of training** that employees receive are an example of "Commitment to competence" principle.
研修プログラムの実施、および従業員が受けた**研修記録の保管**は、「専門能力に対するコミットメント」の原則の適用例である。

5. Accountability（原則⑤ 責任）

a. Establishing and evaluating **performance measures** (e.g., Baseline expectations for employee performance), **incentives**, and **rewards** are an example of "Accountability" principle.
従業員の**パフォーマンスの評価基準**（例：従業員に期待されるパフォーマンスの基準)、**インセンティブ**、**報奨制度**を設けるとともに、それらの適切性を評価していることは、「責任」の原則の適用例である。

F. Risk Assessment（リスクの評価）

Risk assessment is the **identification** and **analysis** of relevant risks to achievement of the objectives, **forming a basis** for determining how the risks should be managed.
リスクの評価とは、会社の目的達成を妨害するリスクを**特定・分析**することによって、そのリスクをどのように管理すべきかを判断するための**基礎を提供**することをいう。

☆ **発生可能性 (likelihood)** と**影響度 (impact)** の両面からリスクの**ランク付け**をすること。

a. Management should **specify reporting objectives** to enable the **identification of risks to reliable financial reporting**.
経営者は、**報告目的を具体的に示して**、**信頼できる財務報告を妨げるリスクを特定**できるようにしなければならない。

b. **Fraud risk factors**（不正リスクのファクター）
→ **Fraud triangle**（不正のトライアングル）

① **Incentives/Pressures**（インセンティブ／プレッシャー）
② **Opportunity**（機会）
③ **Rationalization/Attitude**（正当化／姿勢）

G. Control Activities（統制活動）

Control activities are the entity's **policies and procedures** that help ensure the management directives are carried out to **mitigate risks**.
統制活動とは、**リスク軽減**のための経営者の指令が実行されることを保証する**方針と手続**である。

a. **Segregation of duties**（職務の分離） 重要！

Segregation of duties is critical to effective internal control **(preventive control)**. Incompatible duties should be **segregated among different employees (departments)** to reduce the risk of errors and frauds.
職務の分離は、有効な内部統制にとって重要である（**予防的統制**）。エラーや不正のリスクを引き下げるため、両立できない職務（同一人物・同一部門が担当すべきでない職務）は**異なる担当者（部門）によって分離**すべきである。

① **Authorization** or **approval** of transactions（取引の**許可・承認**）
② **Record keeping** of the transactions.（その取引の**記録管理**）
③ **Custody** of related assets.（その取引に関連する資産の**保全管理**）

b. Programmer access to both **development (environment)** and **production (environment)** without monitoring represents **flawed segregation of duties** that causes **deficiencies for change control**.
IT の例 同一プログラマーが、**開発環境 (development environment)** だけでなく**本番（実運用）環境 (production environment)** にも監視や検証なしでアクセスできてしまう場合（例：開発担当のプログラマーが本番（実運用）環境へのアプリケーションコードを監視なしで変更できてしまう場合）、**職務の分離に欠陥**があり、**変更管理上の不備**が生じていることになる。

c. Management reviewing the actual performance of a marketing plan and comparing them to benchmarks (goals) is an example of a **"top-level review"** as a control activity.
経営者によるマーケティング計画の実績のレビューや、ベンチマーク（比較基準 → 目標）との比較は、統制活動の１つである「**経営者（トップレベル）によるレビュー**」の例である。

H. Information and Communication（情報と伝達）

The **information and communication** component entails **obtaining** and **using** information to support internal control functioning. This information should be shared both **within the entity** (internal communications) and **outside of the entity** (external communications).
情報と伝達の component は、内部統制機能を支える情報の**入手**と**利用**を扱う。情報は、**社内**（内部伝達）と**社外**（外部伝達）の両方で共有される必要がある。

I. Monitoring Activities（モニタリング） Aランク！ → ５つの **components** の中で２番目に重要！

a. **Monitoring** is the process of assessing the **quality of internal control performance** over time by assessing the **design** and **operation** of controls on a timely basis and taking the necessary **corrective actions**.
モニタリングとは、内部統制の**設計**と**運用状況**を評価することによって**内部統制のパフォーマンスの品質**を継続的に評価し、必要に応じて**是正措置**を講じるプロセスである。

b. The monitoring activities are designed to ensure that the **internal controls continue to operate effectively**. Thus, a **primary purpose** of monitoring internal control is to verify that the **existing** internal control system and controls remain adequate to address **changes in risks**.
モニタリングは、**有効な内部統制の継続的な運用**を確保するために設計される。したがって、**現在の**内部統制システムや統制手続が**リスクの変化**に十分対処しているかどうかを検証することが、モニタリングの**主目的**である。

Monitoring process (steps)

① **Establishing a foundation for monitoring**（モニタリングの基礎の構築）
↓ 内部統制のベースライン (control baseline) を定める。

② **Designing and executing monitoring procedures**（監視手続の設計と実施）
↓ リスクの重要性に応じたモニタリングの策定と実施。

③ **Assessing and reporting the results**（評価と結果の報告）
→ **Assess-and-report phase**（評価と報告のフェーズ）
モニタリング手続の実施によって得られた**検出事項の優先順位付け (prioritizing findings)** を行い、内部統制上の重要な問題点を明らかにするとともに、特定された**不備 (deficiencies)** については責任者に報告する。必要に応じて**是正措置 (corrective action)** を講じる。

c. The organization should select, develop, and perform **ongoing monitoring** (routine basis) and/or **separate evaluations** (non-routine basis, e.g., **periodic internal audits** by the **internal auditors**, evaluations by **ad hoc committees**) ascertain whether the components of internal control are **present** and **functioning**.
会社は、内部統制の components が**存在**し**機能**していることを確かめるため、（日々の業務の中で各担当者が実施する）**日常的モニタリング**と（定期的または随時に実施される）**独立的評価**（**内部監査人による定期的な内部監査**や**特別委員会**による評価等）を選択、整備、実施すべきである。

d. Note that regular reporting by the CFO to the audit committee represents **"communication of deficiencies (**or **reporting of deficiencies)"**, **not** "ongoing monitoring".
CFO による audit committee への内部統制の運用状況に関する定期的な報告は、内部統制の**「不備の伝達（不備の報告）」**の例であり、「日常的モニタリング」では**ない**点に注意！

IV. ENTERPRISE RISK MANAGEMENT (ERM)（全社的リスクマネジメント）

A. Definition of “Enterprise Risk Management”（ＥＲＭの定義）

Enterprise risk management (ERM) is the **culture**, **capabilities**, and **practices**, integrated with strategy-setting and performance, that organizations rely on to manage risk in **creating**, **preserving**, and **realizing value**.
全社的リスクマネジメント（ＥＲＭ）とは、組織が**価値を創造し、維持し、実現する**過程においてリスクを管理するために依拠する、戦略策定およびパフォーマンスと統合された**カルチャー、能力、実務**である。

☆ **Management** is responsible for the **development** and **implementation** of the enterprise risk management framework and process.
$\boxed{\text{内部統制と同様}}$ ＥＲＭのフレームワークとプロセスの**開発・導入**の責任者は**経営者**である。

B. Value（価値）

1. **Value <u>creation</u>**（価値の**<u>創造</u>**）

e.g., A new product is successfully launched and its profit is positive.
例） 新製品が無事に販売開始にこぎ着け、利益もプラスであった。

2. **Value <u>preservation</u>**（価値の**<u>維持</u>**）

e.g., The continuous delivery of superior products results in customers’ continuous satisfaction.
例） より優れた製品を提供し続けることが、顧客の継続的な満足に繋がっている。

3. **Value <u>realization</u>**（価値の**<u>実現</u>**）

e.g., Distribution of dividends to shareholders, Increased profitability and stock prices (for the shareholders).
例） 株主への配当の支払、(株主にとっての）会社の収益力の向上や株価の上昇。

⬍

4. **Value <u>erosion</u>**（価値の**<u>毀損</u>**）

e.g., Substantial resources are consumed to develop a new product but the development is subsequently abandoned.
例） かなりの資源が新製品の開発に投入されたが、その後開発は断念された。

C. Goals of ERM（ＥＲＭのゴール）

1. Providing **<u>reasonable expectation</u> (reasonable assurance)** regarding the achievement of entity’s **strategy and business objectives**.
会社の**戦略と事業目標**の達成について**<u>合理的期待</u>（合理的保証）**を与える。

☆ ERM helps the business to achieve various targets **(financial and operational (performance) targets)**.
ＥＲＭは、会社の様々な目標（**財務や業務（業績）の目標**）の達成に役立つ。

2. Assessing risks continuously and identify the **steps to mitigate the risks**.
継続的にリスクを評価することによって、**リスクを軽減する手段**を特定する。

3. Identifying **allocation of resources** (improving **deployment of capital**) to mitigate the risks.
リスクの軽減に必要な**資源の配分**を特定・改善する。

4. Enhancing **risk response decisions**.
リスクへの対応に関する判断力を高める。

5. Reducing **operational surprises** or **unexpected losses**.
業務上の予期せぬ事象や**不測の損失の発生**を減らす。

6. Seizing not only **negative events (risks)** but **positive events (opportunities)**.
マイナスの事象（リスク）だけでなく、**プラスの事象**（機会）も捉える。

7. Identifying and managing **multiple and cross-enterprise risks**.
多重かつ全社的なリスクを特定し管理する。

D. Limitations of ERM（ＥＲＭの限界）

1. Limitations of ERM result from the realities that **human judgment** in decision making can be **faulty**. Controls can also be circumvented by **collusion** of two or more persons and the management could **override** the ERM processes.
ＥＲＭの限界は、意思決定を行う**人間の判断ミス**によって生じる。また、複数の者（管理者と従業員、従業員と取引先など）が**共謀**して統制手続を回避したり、経営者や管理者がＥＲＭのプロセスを**無視する**（**無効化する**）おそれもある。

2. The ERM system may also **break down** because of a number of reasons including simple errors or mistakes.
ＥＲＭシステムは、単純なエラーやミスによって**ダウン**することもある。

3. The ERM system can**not** be perfect because of **cost constraints**.
システムの構築に当たって**コストの制約**を受けるので、完全なＥＲＭシステムは**ない**。

4. Moreover, the **uncertainty*** of future events, the **complexity** of the ERM system, and **competence (capabilities)** of the employees responsible for its functioning may limit the effectiveness of the ERM system.
さらに将来の事象の**不確実性***、ＥＲＭシステムの**複雑性**（会社全体から各事業部門に至るまであらゆる階層に適用される）、さらに担当者の**専門能力**（の不足）によってもＥＲＭの有効性は制限されてしまう。

* uncertainty・不確実性 → 潜在的事象が顕在化するかどうかが不明な状況 (The state of **not** knowing if potential events may manifest.)。

☆ These limitations may **preclude management and a board of directors** from having **reasonable expectation (reasonable assurance)** regarding achievement of the entity's strategy and business objectives.
これらの限界があるために、**経営者と board** は会社の戦略と事業目標の達成について**合理的期待**（**合理的保証**）**を得ることができなくなる**おそれがある。

E. Enterprise Risk Management Terms（ERM における諸概念）

1. Culture（カルチャー・企業文化）

Culture is the **attitudes**, **behaviors**, and **understanding** about risk that influence the decisions of management and personnel and reflect the **mission**, **vision**, and **core values** of the organization.
カルチャー（企業文化）とは、経営者や従業員の判断に影響を与え、組織の**ミッション、ビジョン**および**コアバリュー**を反映した、リスクに対する**姿勢**、**行動**、**理解**の総称である。

2. Core values（コアバリュー）

Core values are the entity's **beliefs and ideals** about what is good or bad, acceptable or unacceptable, which influence the behavior of the organization.
コアバリューとは、善と悪、容認行為と禁止行為に関する会社の**信条と理念**で、組織の行動に影響を与えるものである。

☆ **Core values** of an entity most closely correlate with its **culture**.
コアバリューは、**カルチャー**（企業文化）ともっとも密接な関係にある。

3. Strategy（戦略）

Strategy is the **organization's plan** to achieve its **mission** and **vision** and apply its **core values**.
戦略とは、会社がその**ミッション・ビジョン**を達成し、**コアバリュー**を実現するための**全社的な計画**である。

4. Business objectives（事業目標）

Business objectives are those **measurable steps** the organization takes to achieve its **strategy**.
事業目標とは、会社が**戦略**を達成するための**測定可能なステップ**（手段）である。

☆ **Mission and vision** are most closely correlate with an entity's **strategy**.
ミッション・ビジョンは、会社の**戦略**ともっとも密接な関係にある。

Mission・Vision → Strategy → Business objectives

5. Risk Appetite（リスク選好）

Risk appetite is the types and amounts of risk, on a broad level, that an entity is willing to accept in **pursuit of value**.
リスク選好とは、会社が**価値を追求**するに当たって進んで受け入れる、幅広いリスクの種類と総量をいう。
→ 会社が進んで取るリスク。

☆ **Risk appetite** is established (set) by **management with oversight from the board of directors**.
リスク選好は、**board の監視のもとで経営者**が設定する。

6. Inherent risk and Residual risk（固有リスクと残余リスク） **重要！**

a. **Inherent risk** is the risk to an entity **in the absence of any actions (responses)** management might take to mitigate the risk's likelihood or impact.
固有リスクとは、経営者が発生可能性や影響度を軽減するための対応策を実施していない状況におけるリスクをいう。

b. **Residual risk** is the **remaining risk after** management has taken actions (responses) to mitigate the risk's likelihood or impact.
残余リスクとは、経営者が発生可能性や影響度を軽減するための対応策を実施した後なお残存しているリスクをいう。

☆ 経営者は、２つの **residual risk** を比較し検討する。
・**Target residual risk**（ターゲット残余リスク）（目標値）
・**Actual residual risk**（実際残余リスク）（実際値）
→ Actual が Target を上回った場合、経営者は severity を引き下げる追加的対応策を特定・実施すべきである。

F. 5 Components and 20 Principles of ERM（ＥＲＭの５つの構成要素と20の原則）

1. The ERM Framework is a set of **principles** (elements) organized into **5 interrelated components**. The **5 components** are supported by the **20 principles** that cover everything from governance to reporting.
ＥＲＭフレームワークは、相互に関連する５つの構成要素の中に編成された一組の原則（要素）からなっている。５つの **components** は、ガバナンスから報告までの全プロセスをカバーする20の **principles** によって支えられている。

2. Determining whether an entity's ERM is **effective** is a judgment resulting from an assessment of whether the **5 components** are **present** and **functioning effectively and efficiently**. Therefore, the five components are also **criteria for evaluating the effectiveness of ERM**.
会社のＥＲＭが有効かどうかは、５つの **components** が存在し、かつ効果的・効率的に機能しているかどうかで判断される。したがって５つの components は、ＥＲＭの有効性の評価基準でもある。

Five Components of ERM
GO PRO

① **Governance and Culture**
② **Strategy and Objective-Setting**
③ **Performance**
④ **Review and Revision**
⑤ **Information, Communication, and Reporting (Ongoing)**

5 Components of ERM and 20 Principles Supporting Each Component
ＥＲＭの５つの **Components** と各 **Component** を支える20の **Principles**

A. **Governance and Culture**（ガバナンスとカルチャー） 1番重要

1. Exercises **board** risk **oversight**.
   取締役会がリスクの**監視**を行う。
2. Establishes **operating structures**.
   業務構造を確立する。
3. Defines desired **culture**.
   望ましい**カルチャー**を定義づける。
4. Demonstrates commitment to **core values**.
   コアバリューに対するコミットメントを表明する。
5. Attracts, develops, and retains **capable individuals (employees)**.
   有能な人材（従業員）を惹きつけ、養成し、維持する。

B. **Strategy and Objective-Setting**（戦略と目標の設定）

6. Analyzes **business context**.
   事業環境を分析する。
7. Defines **risk appetite**.
   リスク選好を定める。
8. Evaluates **alternative strategies**.
   代替戦略を評価する。
9. Formulates **business objectives**.
   事業目標を組み立てる。

C. **Performance**（パフォーマンス） ２番目に重要

10. **Identifies** risks.
    リスクを**特定**する。
11. **Assesses severity** of risk
    リスクの**重大度を評価**する。
12. **Prioritizes** risks.
    リスクの**優先順位付け**をする。
13. Implements **risk responses**.
    リスク対応策を実施する。
14. Develops **portfolio view**.
    ポートフォリオの視点を策定する。

USCPA 直前対策講義 (BEC) 2022Edition - Text

2022 年 3 月 12 日　初版初刷発行

編　　者　TAC 米国公認会計士講座
発 行 者　多 田 敏 男
発 行 所　TAC 株式会社
〒101-8383
東京都千代田区神田三崎町3-2-18

印刷・製本　株式会社　日興印刷

落丁・乱丁本はお取り替えいたします。

091-1271-1002-17

BRADLEY
University