

AGENDA PAPER

Item Number: 5
Date of Meeting: 3 December 2018
Subject: World Congress of Accountants highlights, and implications on APESB pronouncements

Action Required For Discussion For Noting For Information

Purpose:

To provide an overview from a professional and ethical standards perspective on the key themes from the World Congress of Accountants (WCOA), the likely future challenges for standard-setting, and the potential implications of these changes on the APESB suite of pronouncements.

Background

The World Congress of Accountants (WCOA) brought together accountants from around the globe sharing ideas and key changes in the technological, business and regulatory environment shaping the profession in the years to come. The conference was held in Sydney over November 5-8, 2018. The International Federation of Accountants (IFAC) oversee WCOA, which is run every four years and has previously been held in Istanbul, Turkey (2006), Kuala Lumpur, Malaysia (2010), and Rome, Italy (2014). WCOA Sydney was co-hosted by CPA Australia and Chartered Accountants Australia and New Zealand. IPA was a gold sponsor of the event.

Over 5,700 delegates from 130 countries attended WCOA, with a mission to “bring together finance leaders, policy setters, accountants and business leaders in a world-class business event that embraces the future of our profession.”

Potential implications on APESB pronouncements

Conference Theme	Key matters discussed	Implications on APESB pronouncements
Ethics education	The School of Accounting at RMIT University will be launching a game in February 2019 called 'Bogart Technologies' based on the new Restructured IESBA Code of Ethics which accountants can use to earn three CPD hours.	<ul style="list-style-type: none"> • APESB Technical Staff have provided input to RMIT on the development of the game. • RMIT has also requested the involvement of technical staff in testing the game. • This game is expected to increase awareness of the new restructured IESBA Code of Ethics.
Technological developments in the digital age and the future work environment	<ul style="list-style-type: none"> • The advent of new technologies as we enter the digital age, such as big data and analytics, artificial intelligence (AI) and blockchain. • The impact of an increased reliance on connected technologies on privacy and cybersecurity. • Ethical behaviour helps build trust. Therefore, strong ethical principles and behaviour will become more important in the digital age. 	<ul style="list-style-type: none"> • The fundamental principle most likely at risk of non-compliance in the digital age is professional competence and due care, in part because people will need to upskill themselves to deal with new and emerging technologies, but also because of the decrease in human intervention in automated processes. At times the principles of integrity and confidentiality could also be impacted by digital technology. • Design of AI processes for an accounting service will need to include careful consideration of the relevant key decisions the system will undertake, and how the risks of an incorrect or inaccurate decision can be mitigated. In the future, this may also require changes to APESB Standards; however, as our standards are principles-based, these changes are not expected to be pervasive. • During the revision of the APESB suite of pronouncements, APESB will need to ask specific questions from stakeholders surrounding the impact of these emerging technologies and whether they necessitate changes to the provisions of our standards.
Learning from Accounting Scandals	<ul style="list-style-type: none"> • Accounting scandals and fraud have impacted trust in business across the globe. • Sound ethical behaviour in business will assist in avoiding financial crises and building trust in the accounting profession. 	<ul style="list-style-type: none"> • APESB 110 incorporates NOCLAR provisions and some APESB pronouncements incorporate guidance on whistleblowing. • Draft whistleblowing legislation is currently under consideration in the Australian parliament. Once the legislation is finalised, some amendments may be required in APESB pronouncements. APESB is keeping a watching brief on these developments. • APESB to create awareness of the new Code during 2019 and how it creates trust in the accounting profession.

Conference Theme	Key matters discussed	Implications on APESB pronouncements
Converging reporting frameworks	<ul style="list-style-type: none"> • The Corporate Reporting Dialogue, a joint venture of the FASB, IFRS, and a number of other standard-setters, will launch the 'Better Alignment Project' with the aim to bring together non-financial reporting frameworks. • The project will start on 20 November 2018 and is expected to run for two years. 	<ul style="list-style-type: none"> • APESB Technical Staff will continue to monitor and evaluate developments in the reporting frameworks, to assess and evaluate the impact on APESB pronouncements (e.g. APES 205 <i>Conformity with Accounting Standards</i> and APES 315 <i>Compilation of Financial Information</i>).
The role of the accounting profession in the transformation of global economic and social changes	<ul style="list-style-type: none"> • The accounting profession has played an invaluable role in the development process of all major economies. • Global leaders believe accountants will have a significant role to play in future global transformations. 	<ul style="list-style-type: none"> • For the accounting profession to continue to perform its role, it is imperative that a robust Code of Ethics and set of professional standards exist to regulate and guide their behaviour and conduct. Accordingly, the APESB must ensure that its standards are kept up to date, continue to reflect global best practice, and remain principles-based, to prevent the standard-setting process from becoming reactive. • In some advanced economies, the role played by auditors performing Non-Assurance Services has increasingly become an area of focus. APESB will need to keep a watching brief on these jurisdictional developments and make an assessment of any potential impacts on APESB's standards.
Valuations	<ul style="list-style-type: none"> • Leading valuers say the current valuation of technology stocks highlights the importance of valuation fundamentals. • Accountants must specify if a valuation is not independent, and if an accountant is working on a transaction and he/she is receiving a success fee, then he/she is not independent. 	<ul style="list-style-type: none"> • APES 225 <i>Valuation Services</i> is a principles-based standard which already incorporates disclosure obligations and professional fee requirements in order to mitigate risks associated with a valuation.

Recommendation

The Board note the highlights of the World Congress of Accountants 2018 and the potential implications for APESB pronouncements.

Material Presented

Agenda Item 5 (a) World Congress of Accountants 2018 - Synopsis

Author: Channa Wijesinghe
Vijay Kumar

Date: 20 November 2018