

APESB Fifteen-Year Anniversary Event Highlights

APESB hosted a thought leadership event on 21 May 2021 for its 15-year anniversary, where four esteemed international speakers came together to discuss business ethics, the pace of digitalisation and the accountants' role in a post-COVID environment.

The panel, moderated by APESB Chairman Nancy Milne OAM, was comprised of:

[Dr. Stavros Thomadakis](#) – Chairman, International Ethics Standards Board of Accountants (IESBA)

[Mr. Kevin Dancey CM](#) – Chief Executive Officer, International Federation of Accountants (IFAC)

[Dr. Attracta Lagan](#) – Principal, Managing Values

[Ms. Ming Long AM](#) – Deputy Chair, Diversity Council Australia and various non-executive Director roles

The event was attended live by over 200 people, with an additional 400 plus registrants receiving a copy of the recorded session. The attendees were from 26 countries globally, including professional accountants in business and accounting firms, CFOs, financial controllers, International or National Standard Setters, company directors, public sector professionals, regulators and academics.

This document provides a high-level summary of the key themes and discussion points from the panel discussion. A complete recording of the panel discussion can be found on the [APESB website](#).

Business ethics, the pace of digitalisation and the accountants' role in a post-COVID environment

Introduction

Ms Milne began the session with an acknowledgment to country and by reflecting on APESB's operations over the last 15 years. Ms Milne acknowledged the contribution of the Professional Accounting Bodies, past and present APESB Board Members and staff, and the Taskforce Members who had contributed to APESB's world-class suite of professional pronouncements. Ms Milne then launched [APESB's 15-year Anniversary Publication](#).

Ms Milne introduced all four panellists, noting that the panellists will each make an opening statement before discussing the topics in more detail. Ms Milne asked Dr Stavros Thomadakis to commence the panel discussion.

Professional and business ethics are critical to successful decision-making

Dr Thomadakis, using the perspective of the IESBA's *International Code of Ethics for Professional Accountants (including International Independence Standards)* (the IESBA Code), stated that professional ethics is not only the foundation but also the mechanism for the formation and preservation of trust in professional accountants. Trust is critical in tackling the pandemic and making good long-term and sustainable decisions, especially when unprecedented adverse conditions and circumstances are impacting the global economy.

Dr Thomadakis added that increased uncertainty and adversity increase the risk of fraudulent behaviour and cyber-crime, but adherence to the IESBA Code counterweights this. With its principle-based requirements and conceptual framework, the IESBA Code serves as an anchor of stability of the values that should be upheld. Professional accountants should have recourse to not just the principles of the IESBA Code, but the spirit of the IESBA Code as well. Professional accountants need to have a critical mindset and resist pressure to misrepresent or to circumvent laws and regulations or to avoid transparency, especially in today's climate.

Dr Thomadakis noted the increase in duties for professional accountants with governments around the globe assisting private enterprises through the current crisis period. He emphasised the role of accountants in times of crisis to use their ethical instruments to protect from the danger of doing something in the short term that will be regretted in the long term. The IESBA Code must be used as an instrument for clear judgment, making sound decisions, and undertaking ethical actions.

The evolution and rapid digitalisation of business processes and resources

Mr Dancey, citing the 2020 [Gartner study](#), noted that 79% of small and medium businesses are increasing their software purchases in preparation for a more digital future, which has accelerated again because of the pandemic. The move to a digital future is a good thing and creates many opportunities for professional accountants, including an increased opportunity to deliver value to the client.

Mr Dancey echoed similar sentiments to Dr Thomadakis in noting that the ethical Code differentiates professional accountants from any other consultants. Professional accountants need to be alert to heightened risks, especially concerning fraud and financial misrepresentation and maintain effective control environments when there has been an increase in remote working and substantial technological changes. There is also a call for more transparency and disclosure of forward-looking information, which creates challenges around good faith judgements, and known and material uncertainties. However, the fundamental principles of integrity, objectivity and professional behaviour are essential guides for the accounting profession, now more than ever.

With the move towards digitalisation, professional accountants must be careful not to over rely on technology but should understand it and use it to augment their ability to apply professional judgement. This may mean gaining new skills and competencies and engaging or collaborating with experts such as data scientists.

Mr Dancey identified four keys risks that need mitigation as we accelerate into a digital era:

- Cyber risk and how it is being addressed;
- Entities cutting corners, especially in relation to controls and whether they are adequate;
- What motivates an entity, especially economic incentives; and
- The wellbeing and mental health of professional accountants, co-workers and clients.

Digital and technological change doesn't in itself lead to increased unethical behaviour, but technology can lower the barriers for bad actors and facilitate the perpetration of bad deeds.

Dr Thomadakis reiterated that while technology is evolving, the fundamental principles and conceptual framework in the IESBA Code are resilient and apply to the complexity of technological advances.

Drivers of ethical behaviour in times of uncertainty and financial difficulty

Dr Lagan noted the importance of keeping the ethical dimension at the forefront of the profession by ensuring access to resources that deal with the complexity of ethical issues, especially when COVID-19 has accelerated the onset of the fourth industrial revolution.

Dr Lagan agreed with Mr Dancey that there is opportunity in the progress of digitalisation and its global impact, stating that we need to ensure we are using the technologies to enhance society for the broader good. However, the pandemic has highlighted the shortfalls of the current leadership/governance systems and economic model, including the large levels of casualised labour, human slavery in supply chains, discrimination still occurring and business corruption impacting civil society.

The World Economic Forum and the World Trade Organisation have called on political and business leaders to use the disruption caused by COVID and emerging technologies to reset and create a more humane economy and a fairer world. The accountancy profession has significantly contributed to raising the ethical floor through integrated reporting, but more can be done to increase ethical leadership. Business leaders are facing questions about the intersection of ethical conduct and commercial imperatives and the role of the marketplace in society. In addition, global social movements have made personal and organisational reputations vulnerable, with leaders being brought to account for their actions and ethical impacts.

Dr Lagan believes many global leaders have heeded the call and signed up for a global reset. Professional accountants are in a perfect position, having already signed up through the IESBA Code, to protect society's interests. All stakeholders need to play a proactive role to ensure technology enhances individual wellbeing. As accountants sit in every business and institution, they have the 'box seat' to help create a more inclusive and social world.

Dr Thomadakis says ethical culture is now more critical than ever, and the professional accountant's more advanced Code should become an example for all professionals across the corporate eco-system.

Impacts of technology and COVID-19 on organisational culture and board oversight

The unexpectedness of the COVID pandemic, Ms Long raised, has impacted organisational culture and board oversight. Organisational culture has evolved but is not yet settled with changing conditions affecting how people want to work. Leaders are grappling with determining the work environment and what leadership should be in that altered environment.

The ability of leaders and Boards to work towards a new future will make organisations and society more resilient and organisations more valuable. There is an opportunity to create environments to experiment, fail, and continue to evolve the way we want to work. Board themselves also need to evolve to lead in the new environment. There is an opportunity to shape the culture of Boards, group executives and leadership teams.

Ms Long elaborated on the opportunities the COVID-19 pandemic provided, including an environment to experiment, the opportunity to restructure and encouraged organisations to invest in technological and digital advances. She highlighted the need to move away from traditional leadership, admit some humility in not knowing all the answers in this new era and learn to evolve how we want to work in the future.

Mr Dancey agreed with Ms Long, noting that this was a time of golden opportunities for the accounting profession with the opportunity to challenge and change the way we address situations.

The COVID-19 pandemic has highlighted the benefits of flexible working arrangements and working from home, which Ms Long believes stemmed from feminism which established this kind of work flexibility. People need to fight to keep this flexibility and create a balance between adaptability and collaboration. Ms Long commented that to see this approach continue indefinitely, we should continue to work flexibly and support staff when needed.

Climate Change and Sustainability

Ms Long emphasized that beyond COVID-19, we must aggressively tackle the issue of climate change. This next decade is where professional accountants can really stand up to change the world

All the panellists agreed upon the need for sustainability reporting frameworks. Mr Dancey noted that professional accountants deal with the language of business and reporting so that entities can decipher what is going on. Here he referenced Professor Mervyn King, who suggests that the most appropriate people to lead the charge are accountants, specifically Chief Financial Officers, and should be renamed [Chief Value Officers](#). Mr Dancey commented that sustainability reporting is currently IFAC's biggest challenge, as many countries have climate targets, but there is no common framework, so it is difficult for those targets to be accurately measured and compared.

Professional Accountants, as preparers, advisors and assurance providers, are dealing with all kinds of stakeholders, and we need to come to grips with the complexity of reporting. IFAC recently published a revised [building blocks approach to reporting sustainability information](#) entitled [Enhancing Corporate Reporting: Sustainability Building Blocks](#), enhancing its previously issued roadmap, [The Way Forward](#). IFAC's explicit intention with this two-page schematic is to foster discussion on 'how this approach can deliver a global system for consistent, comparable, and assurable sustainability-related information that best meets the needs of investors and other stakeholders.

Mental health implications

The panel considered mental health with the myriad of consequences of COVID-19 on professional accountants and how mental stress can also undermine one's ethical behaviour. Mr Dancey stated that the burden of the pandemic along with the pace of technological change means that we may not be at the top of our game. IFAC is addressing this issue with multiple events, including a panel discussion held in June: [Mental Wellness: An Informative Discussion with Practical Insights as the Pandemic Continues](#), which attempts to de-stigmatize mental health issues and to offer practical insights in support of mental wellness.

Conclusion

Ms Milne thanked the attendees for their questions and the panellists for their insights into key ethical issues facing businesses and professional accountants in the COVID environment.