

AGENDA PAPER

Item Number: 4
Date of Meeting: 29 November 2016
Subject: APESB's Digital Disruption Initiative

Action required For discussion For noting For information

Purpose

To present for Board consideration and approval the APESB approach and proposed project to address the impact of digital disruption on APESB pronouncements.

Introduction

Digital technology is rapidly changing businesses, markets and economies. In a highly digital environment, access to and sharing of information has become quicker and inexpensive. Digital technology has enabled automation of tasks, encouraging further innovations in the way people work, conduct business and interact with others.

The accounting profession is not immune to the disruption caused by digital technology, which has transformed many of the work that accountants do and the ways they perform their work whether in public practice or in business. Digital disruption has significantly altered the manner by which accountants interact with various parties, in the workplace and externally such as with clients, regulators, businesses and the wider community in general.

For example, it is common these days to hear of accountants using the cloud for data storage or cloud-based software for financial statements preparation. Auditors make use of data analytics to facilitate efficient completion of engagements. Communications and delivery of services are now normally done electronically. Many accountants frequently use social media for marketing and communication purposes.

It should be noted that the many changes brought about by digital disruption are not always viewed as positive. For instance, there are concerns about cyber security including improper use or loss of confidential information. There are also people-related issues such as the potential for certain accounting jobs becoming irrelevant, to be replaced by automated tools or applications.

APESB recognises these massive changes in the accounting profession and that it is essential for the APESB and its pronouncements to continue to be responsive to the needs of accountants in view of these changes.

Background

At its November 2015 meeting, the Board considered the impact of technological advances on APESB pronouncements, including the need to review them to ensure their application and relevance in light of the changing electronic environment. The Board also considered the potential electronic enhancements in APESB pronouncements to improve user experience in terms of access to information.

At its February 2016 meeting, the Board requested Technical Staff to consider how to assess the effects of digital disruption on APESB pronouncements and recommend a way forward.

Proposed APESB Approach

Technical Staff are proposing a holistic approach in respect of APESB's digital disruption initiative. In line with this, Technical Staff recommend that the initiative should focus first on an assessment of the effects of digital disruption on professional accountants and the accounting profession.

It is then expected that the results of this assessment will inform APESB on the implications of digital disruption on its work including its pronouncements and provide a guide to APESB on developing a way forward.

Agenda Item 4(a) provides details of the proposed APESB approach by Technical Staff to address the impact of digital disruption.

Recommendation

Technical Staff recommend that the Board approve:

- that APESB undertake a formal project on digital disruption; and
- develop a project plan using as a guide the assessment results and related analysis performed in line with the proposed approach.

Material Presented

Agenda Item 4(a) APESB's proposed approach to address impact of digital disruption

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