



International
Federation
of Accountants®

DEVELOPING A FUTURE-READY PROFESSION

Sharing Knowledge, Ideas, and Experience

May 2017

Message from Charles Tilley, IFAC Professional Accountants in Business Committee Chair



I recently asked a colleague if they receive the IFAC Professional Accountants in Business Committee meeting reports, and if they read the entire report. Yes, they received it but reading it all is a different matter—“it’s too long!”

It is still long, and for good reason.

It represents the thinking and recommendations, made on behalf of substantially more than half of our profession, from more than thirty committee members, technical advisors, and guests who have hundreds of years of combined experience leading finance functions and organizations. The cost of these meetings is significant; they continue to be funded by IFAC members to better enable sharing knowledge and experiences globally to ensure a profession that is relevant to professional accountants in business, and meets the needs of society, capital markets, and organizations.

I, therefore, want to ensure the whole profession benefits from this thinking. We have made the report as accessible as possible, providing better navigation and summaries to enable a fast read. We’ve clearly identified future actions for the committee and, more importantly, those actions we believe are needed by professional accountancy organizations (PAOs).

The principal message from the meeting continues to be the opportunities and risks we face in maintaining our relevance. Technology is the principal driver that enables the finance function to be a more effective business partner working with the business by helping provide security, control, and quality decisions focused on value creation and preservation.

If the accountancy profession and professional accountants in business do not embrace change, other current or emerging professions will take our coveted place at the heart of business.

Technology and new business models have also driven massive change in effective communication, and we must embrace this change to tell our story both within the business and with our key stakeholders. Integrated thinking and reporting provides an innovative framework to achieve both communication and connectivity within the business. IFAC’s [Policy Position Paper 8, Enhanced Organizational Reporting: Integrated Reporting Key](#), issued earlier this year provides a platform for PAOs to step up their advocacy, and, hopefully, provides inspiration to PAOs to develop their own integrated reports. The <IR> Network for Professional Accountancy Organizations provides experiences and resources to support PAOs on this journey.

Ethics also remains at the heart of our profession. In both the private and public sectors there are many instances of poor behaviors destroying value for the business, customers, and stakeholders. The importance of developing metrics to incentivize good behavior and shine a light on bad behavior is also critical to maintaining our relevance.

As part of ongoing engagement across the profession, I am connecting with regional organizations and accountancy groupings to exchange information and share experiences about working in support of professional accountants in business. Frequent and constructive dialogues will only improve our mutual understanding of opportunities and challenges, and help us reach our collective objectives.

The principal matter for PAOs, I believe, is to maintain relevance of their professional qualification, and ensure continuing professional development and international standards meet the needs of today’s businesses in the private and public sectors.

I hope you find this report of value. I welcome any comments on how it can be improved, or on the work of the committee itself. Our accountability to our highly respected profession is at the forefront of my, Deputy Chair [Sanjay Rughani’s](#), and the committee’s minds.

Main Themes

Digital disruption and rapid cognitive business development

- To stay relevant, accountants in business have no choice but to embrace emerging technology. Change is now constant, opportunities are boundless, and finance professionals must embrace innovation through technology to remain effective business partners.
- While the profession has always embraced technology, the pace of change is accelerating, and having a profound impact. Digital technology has only just begun to penetrate industries and business models. Robotics and automation is replacing repetitive human tasks and decisions, and the emergence of cognitive business, driven by exponential increases in data and machine learning power and accessibility, provides significant opportunities for greater insights to enhance decision making.
- If the accounting profession is to maintain its relevance at the center of business and the public sector, professional accountants need the skills to assess and implement technology-driven initiatives so they enable cognitive business and further transform finance and accounting functions.
- The profession's positioning and brand needs to incorporate digital leadership and cognitive business. The social impact of rapid technological development should be considered by PAOs in the public interest.



The continued evolution of the profiles of finance leadership and accountants in business

- The impact of both technology and the changing risk environment is effecting the future profile of accountants in business. They will continue to carry out core roles, including stewardship, control, and strategic direction. But they face a fast-changing environment driven by digital disruption and emerging risks and opportunities.
- The character traits, attributes, and skills that accountants in business will need to be equipped with for the future represent a significant departure from the accountant stereotype. The profession is in a strong position to continue its highly influential role in business and the public sector, but PAOs need to ensure their competency frameworks, syllabi, curricula, and continuing professional development (CPD) support the skills and competencies needed.
- PAOs should continually evaluate how effectively their curriculum and professional training support the skills and competencies required by future-ready accountants in business.

Risk management

- An IFAC survey of member organizations suggests a gap between the skills accountants in business require in implementing effective risk management in organizations and the skills they acquire from their professional training.
- A number of member organizations provide innovative support services in risk management but there is an opportunity for PAOs increase innovation in education, training, and services on risk management.
- PAOs need to consider how to better integrate all elements of risk management into professional education and training, and improve the relevance and quality of CPD.

Integrated reporting leads to better reporting outcomes

- CFOs are well placed to drive integrated reporting in organizations but they need to view integrated reporting as a means to enabling organizations to enhance their ability to create value over time. It is critical that integrated reporting leads to better reporting outcomes.
- The CFO role is often described as a navigator: helping the organization chart a course from where it is to where it wants to be. As the navigator and business partner, CFOs can ensure integrated reporting helps, and is seen to, enhance a collective understanding of value creation over time and supports the organization's value creation storytelling to investors and stakeholders.
- IFAC's [Policy Position Paper 8, *Enhanced Organizational Reporting: Integrated Reporting Key*](#), is a significant development for the global integrated reporting movement. The paper explicitly states that integrated reporting helps to achieve a more coherent corporate reporting system. The policy also forms part of the foundation of IFAC's continuing engagement with the G-20, as well as provide a basis for PAO advocacy on integrated reporting. IFAC and the PAIB Committee also encourage PAOs develop integrated reporting in their own organizations.

The new media landscape is changing the way we communicate

- Technology platforms sit between content suppliers and consumers, and now own the relationship with customers. This is arguably a contributing factor for decreasing levels of trust globally—in institutions, governments, the media, and not-for-profits—and today's inversion of influence, which sees trusted leaders and organizations as less influential than in the past. Effective communication requires a reinvention of how you share your message and a focus on storytelling that is based on people and individual impact, combined with effective visuals and overall brevity.
- PAOs can leverage their membership to develop compelling examples of what it means to be a professional accountant in business, success stories, and life experiences.

Technology's Impact on the Finance Function and Accountants in Business

Objective: Capture a global perspective on technology's impact on the finance function and stakeholder implications

Focus: How technologies, including robotics and automation, cognitive and artificial intelligence, are changing the world of professional accountants in business, and how organizations and accountants in business need to respond

The session built on the joint event organized by the Association of Chartered Accountants in the United States and IFAC held the evening prior to the committee meeting, Session Title Here, which is [detailed on the Global Knowledge Gateway](#).

David Powell, Global Brand Manager at IBM Cognitive Process Services, and President of the Association of Chartered Accountants in the US (ACAUS)



Professional accountants in business, as well as most other professionals, face the potential and reality of digital disruption. Technology is already disrupting finance and accounting functions and activities but disruption isn't limited to technology. For example, organizations and professions face "disruptive demographics"—the trend of young talent being attracted to desirable urban office locations and cultures.

Technology's impact on the finance function and accountants in business is already extensive, and likely to grow.

- The huge volumes of structured and unstructured data available to organizations provides significant opportunities to create deeper insights. Finance functions have the opportunity to provide insights to, and better support for, decisions at lower cost. In practice, improved data analytics in financial planning and analysis is evolving quickly with a greater interest in cognitive forecasting to help improve decision making, utilizing more data points and evidence from longer periods.
- Processing transactions is becoming standardized and automated at a rapid rate in many larger organizations. The rapid development of blockchain would allow full visibility of transactions from point of inception to the general ledger. This technology provides an opportunity for new roles to emerge—as has been seen in the past when roles and tasks have been entirely eradicated, such as comptometer operators disappearing in the 20th century. Fundamental finance and accounting understanding and training for professional accountants remains important, particularly given relatively few people have strong finance and accounting competence.

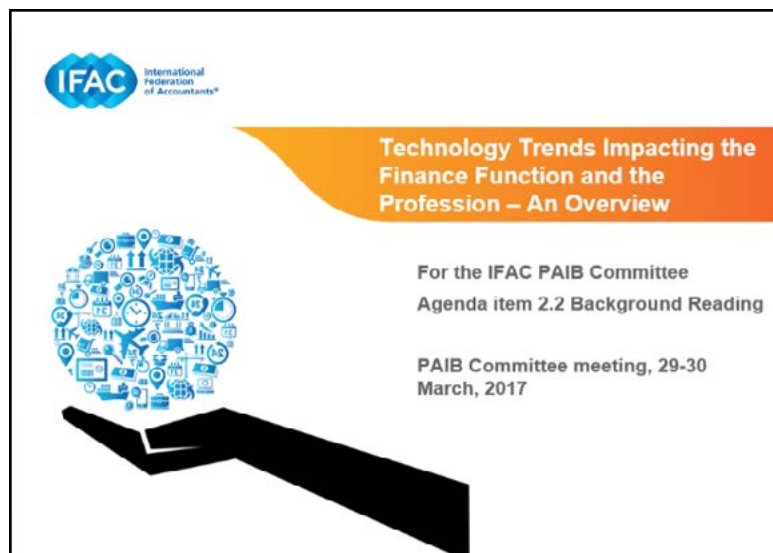
- Organizations need to assess where they are on their own maturity path to be ready to leverage cognitive computing and cognitive business. Since transformation through cognitive technologies requires targeted application, it is applied to solving specific business challenges and opportunities to drive customer value. Cognitive computing involves four key attributes:
 - understand (unstructured data like humans do);
 - reason (form hypothesis and infer or extract ideas);
 - learn (sharpen expertise with each interaction; never stop learning); and
 - interact (see, talk, and hear to interact with humans in a natural way).
- Many technologies are emerging and constantly evolving, and their full potential is still to be completely understood and applied. Recent IBM research established that 50% of finance functions surveyed planned to implement cognitive computing in two years, with two-thirds planning to do so in five years. As with other technology service providers, IBM works in partnership with clients who want to be at the forefront of change and apply the benefits of new technologies to their business models. A big challenge for technology companies and their clients is closing the gaps in skills and expertise to implement such technologies.

IBM Resources on applying analytics and cognitive computing, CFO case studies, and finance function transformation are available on the [Global Knowledge Gateway](#).

Interactive session: How might specific technologies impact finance and accounting & how quickly?

Quickly emerging technologies still in a development and experimentation phase

- **Cognitive and artificial intelligence (AI) and robotics** used to automate and augment human tasks and decisions. In most cases, cognitive and AI augment human decision making and can help enhance the advice provided by financial professionals to the rest of the business. Robotics, on the other hand, is replacing a range of repetitive tasks in finance and accounting because it is not subject to human error and provides 24/7 service. Robotics provides a significant opportunity to capture new talent and knowledge within the profession for higher-value roles in finance and accounting.
- **Blockchain** provides full visibility on transactions with an audit trail and significant opportunities for finance and accounting, as well as the finance system more broadly. The current trend is leading to huge increases in investment in financial technology (fintech) from start-ups and legacy financial services companies. Finance leaders need to consider how finance and operational processes, as well as their products and services, might be impacted by blockchain.

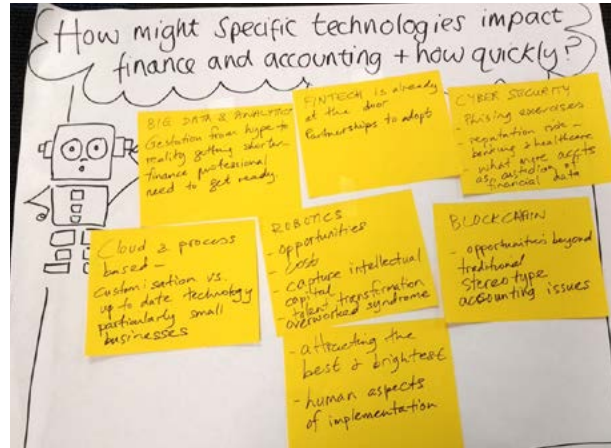


PAO resource:

Technology Trends Impacting the Finance Function and the Profession, which is available to IFAC member organization to share and/or customize. Please contact stathisgould@ifac.org to request use.

Technologies currently deployed widely

- **Big data and analytics** facilitate improved decision-making by providing intelligence and insights from large amounts of data. Given data is a valuable asset for most organizations, investing in leveraging data for greater insights are increasing rapidly. The physical world's digitization through connected and sensorized objects and people (customers, machines, vehicles, etc.) is also rapidly increasing the amount of available data. Finance professionals need to partner closely with other parts of an organization to ensure data is integral to strategic and operational decisions, and analytics supports business decisions. The finance function should also become more predictive using data from other sources for budgeting and forecasting, and improve internal control and risk management.
- **Cloud computing** allowing agility and speed, and lower cost whether managed by third parties or in-house, private cloud infrastructures. These technologies also have indirect effects, and benefits, for IT and security governance.

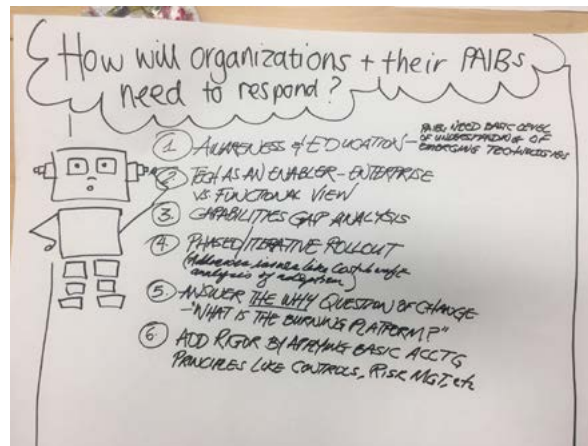


Cybersecurity, which is related to all of these developments, has also become a key risk area as organizations move toward digitization. Cloud, cognitive, and inter-enterprise data flows with blockchain and the internet connectivity of so many devices and end points all present significant security challenges. Accountants have a professional and personal accountability to address these security risks.

Interactive session: How do organizations and their accountants need to respond?

As a profession, accountants need to seize the opportunities technology presents.

- Finance professionals need to become digital leaders of their organizations.
- Finance and accounting functions have a significant opportunity to be more effective at a lower cost by leveraging technology in audit and control, automation of processes, use of data, and driving better decisions.



Recommendations for Organizations

- Transformational change is required within many organizations to leverage the potential of new technologies. Such change initiatives need to be tied to strategy and business need as well as involve clear leadership and build trust. To be successful, organizations need to “think like Uber” (think outside the box) and answer the “why?” question for change.
- Successful technological implementation and utilization requires investment and senior management commitment underpinned by phased and iterative rollouts across the organization.



Recommendations for Accountants in Business

- Accountants in business need to assess an organization's, as well as the finance function's, current state of readiness in terms of systems and processes, people, and skills. They need to be aware of the nature of technology's impact and opportunity in their industry in the context of internal and external customer needs.
- As well as being familiar with and aware of emerging technologies, understanding how to manage change and uncertainty is as important as the technology itself. Implementing fundamental accounting, risk management, and control principles that provide confidence in the systems, processes, and outputs are equally important.
- Being a business partner involves supporting their organizations' understanding of its value creation process through business model changes to deliver greater customer value, and enhancing efficiency, which can be enabled by technology applied to a clear business need.
- Professional accountants in business' commitment to sustained and continuous learning and growth, particularly as technologies constantly evolve, is paramount.
- Although there is continued pressure on finance functions to provide higher value at ever lower cost, it is important for the finance function to be held accountable primarily on outcomes delivered to the business, rather than solely on cost.
- Creating constructive partnerships with others in the organization, particularly the chief information officer, is more important than ever to leverage benefits across the organization.

PAO Action Embracing and Facilitating a Digital-Ready Profession

- The profession's positioning and branding needs to incorporate digital leadership.
- Engaging technology needs to be a core part of PAO strategies and plans, including assessing opportunities and risks, such as the displacement of jobs as well as the creation of new jobs, including "new collar jobs" like cyber security experts and data scientists. PAOs need to assess what roles and tasks are affected and how quickly. For example, in India more accountants are moving into forensic accounting and cyber security roles.
- Many PAOs may not currently have the capacity to respond to the scale of change and may need consider appropriate partnerships both within and outside of the profession.
- PAOs need to consider their role in making technology more accessible and understandable to their members and students. The support PAOs require to develop a digital relevant curricula and competency frameworks needs to be further considered.
- The implications for accountancy education could be significant given professional accountancy education currently does not comprehensively incorporate technology, innovation, and design thinking. Frequently updated, digitally relevant competency frameworks and curricula are needed for the profession to leverage the opportunities technology presents. Lifelong learning is ever more critical to future-proofing the profession—incorporating both technology itself as well as its effective application and implementation.
- Engaging with regulators and standard setters to assess how technology might impact the continuing effectiveness and relevance of financial regulations and accounting standards.



The Changing Role of Finance Leadership

Objective: Develop thought leadership on how the role of professional accountants in business, particularly in finance leadership, is changing internationally to help PAOs respond to opportunities and challenges and support related advocacy activities.

Reflections from a CFO: Alessandro Broedel Lopes

Alessandro Broedel Lopes is Group Finance Director at Itaú Unibanco, the 10th largest bank in the world by market value.

Itaú is focused on sustainable performance and integrated reporting

- A strong focus on supporting wider societal goals while also delivering customer satisfaction is key to Itaú's success (Itaú has been in existence longer than the Brazilian constitution).
- Itaú builds trust by promoting healthy relationships with customers and other stakeholders. Driving value for shareholders, employees, clients and society is its basis for sustainable performance. This wider perspective of value creation drives the need for non-financial metrics covering risk and opportunity for both value creation and preservation.
- Itaú was the first Brazilian financial institution to publish a voluntary integrated report, which shines a spotlight on value creation and the business model. The integrated report now receives more downloads than Itaú's consolidated annual report (containing regulatory filings and sustainability report).



The role of the finance function in Itaú

- Itaú uses a Finance Strategy Map to guide the finance function's development and support of the business.
- The finance function serves as the conscience of the organization, objectively evaluates business strategic choices, and manages any tension or trade-offs across the business.
- The finance function's first responsibility is to provide confidence in the financials as well as the sound financial criteria upon which to base decisions across the business (Itaú has never had to restate its financial statements). This is the foundation to partner with the business to make decisions that generate value and contribute to sustainable performance.
- Attracting talent into the finance function is a priority. The finance employee profile incorporates technical knowledge of accounting and finance, business knowledge to understand context, and leadership skills. All finance employees must also have ethics, integrity and professionalism as their foundation.

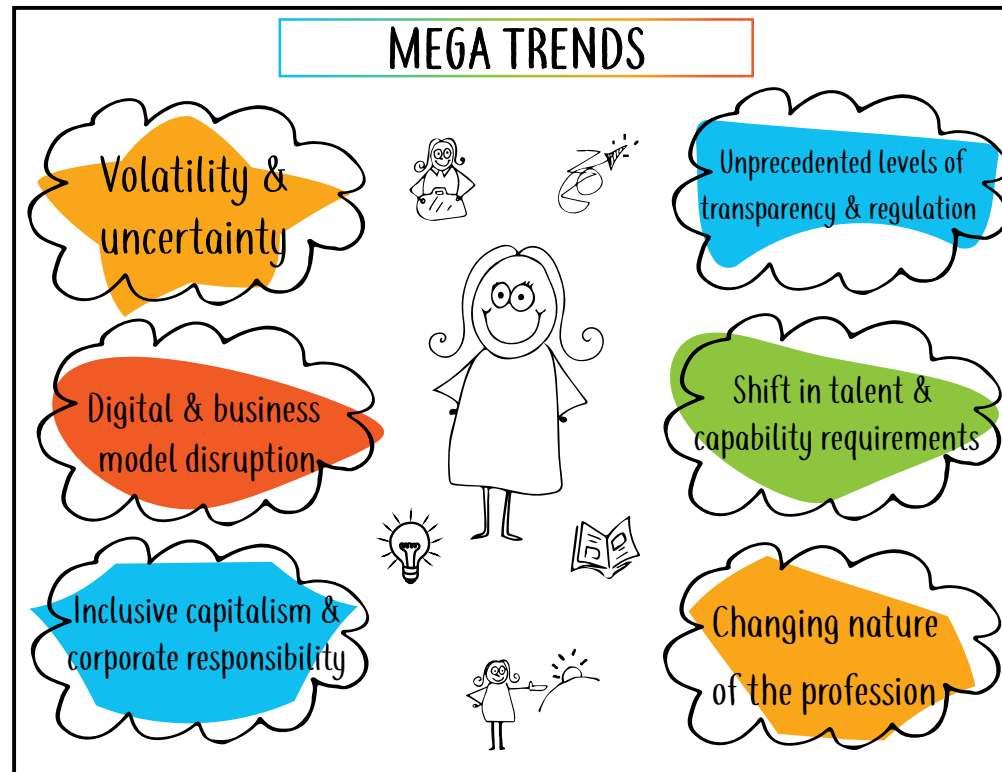
The role of finance function and financial leadership

- CFOs and finance teams require the skills and capability, and personality traits, to challenge the business.
- CFOs should report to the governing board to help reinforce independence and objectivity.
- The significant number of financial restatements in public companies in recent years is concerning (11,000 restatements in 13 countries over nine years). Restatements are a reputational challenge for companies, and finance functions destroy value through mis-statements and material weakness.
- The perception of accountants and the roles they perform in business varies greatly across jurisdictions, and has to be taken into account with the use of the term *accountant* internationally.
- The CFO's role will continue to remain central in any organization but the future CFO profile will require dealing with a broader range of opportunity and risk, and acquiring a broad skill set; experience in business strategy design and execution, managing up, communication and presentation; and deeper insights into organizations.

Creating a Vision for the Future Profile of an Accountant in Business

Necessary Character Traits and Attributes

In the context of the breadth of megatrends impacting accountants in business and their employers, the following character traits and attributes were identified as necessary for the future PAIB profile. They represent a significant departure from the accountant stereotype.



Necessary Character Traits and Attributes

Visionary leadership

- Strong credibility
- Forward looking and futuristic
- Commercially aware
- Technology aware
- Insightful and analytical
- Creative
- Achieves work/life balance

A Valued professional

- Value mindset
- Skeptical mind
- Integrity and strong ethics
- Lifelong learner

Adaptable

- Works effectively with ambiguity
- Agile
- Flexible
- Resilient

Innovative

- A change mindset and agent
- Proactive
- Energetic
- Curious
- Collaborative
- An integrator

An effective communicator

- Persuasive story teller
- Negotiator
- Influential

Implications for Future Accountants in Business' Roles

Using the *Panarchy cycle*, based on the birth and death of natural systems, the committee addressed how the role of professional accountants in business will change and the implications for related skills and competencies, identifying those that are growing from those that diminishing or becoming obsolete.

Growth: Roles Increasing in Importance

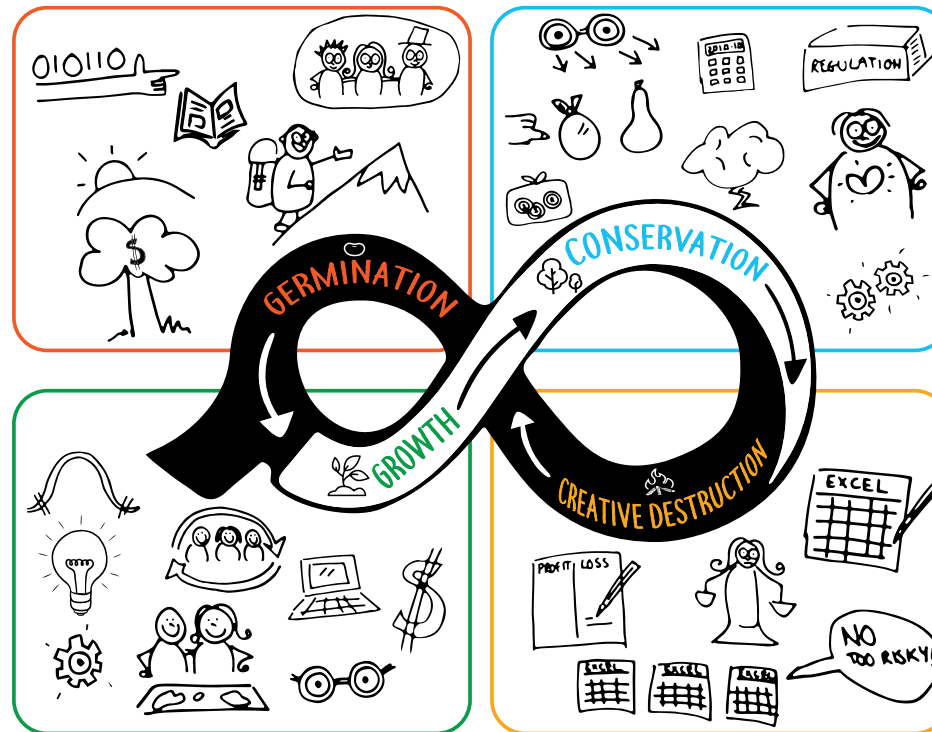
- Value creators and preservers
- Technology and data specialists
- Effective risk managers
- Innovators
- Process optimizers
- Change managers
- Business advisers
- Lifelong learners and adapters

Germination: Roles in Early Stages of Relevance

- Story tellers beyond the numbers
- Technology leaders and enablers
- Predictors and forecasters
- Non-financial measurement experts
- Business collaborators and integrators
- Inquisitive explorers

Conservation: Traditional Roles that Remain Important

- Effective stewards and control experts
- Objective and constructive challengers
- Ethical and trustworthy
- Finance and accounting experts
- Forensic analysts
- Decision and performance enablers
- Regulatory and standards experts
- Operational excellence enablers



Creative Destruction: Roles Becoming Increasingly Obsolete

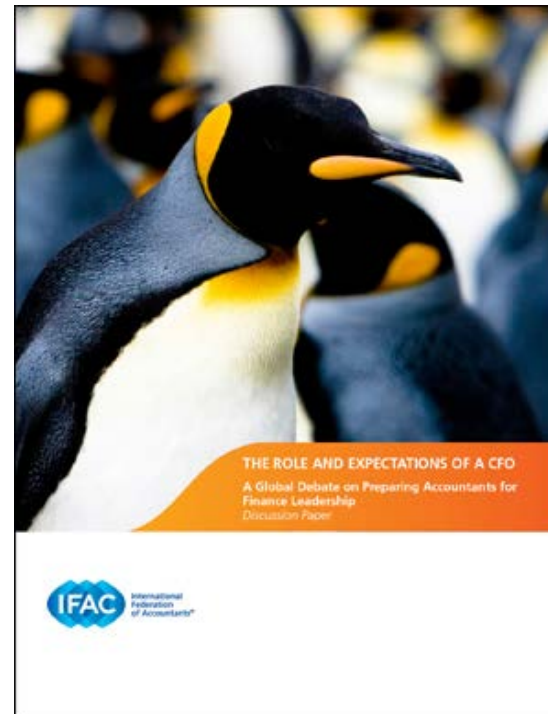
- Bookkeeping and process transaction experts
- Manual processing and data entry
- Balance reconciliations and trial balance and financial reporting
- Management by spreadsheets
- Risk mitigators

PAIB Committee Follow-Up Actions

- Building on the 2013 IFAC publication, *The Role and Expectations of the CFO*, an updated vision of the future professional accountant in business, taking into account trends, technology's impact, and changing needs of business, is in development.

PAO Action

- Evaluate how effectively your PAO's curriculum and professional training is equipping members with the skills and competencies needed for the future.



PAO resource:
The Role and Expectations of the CFO

Integrating Risk into Decision Making

Objective: Raise PAO awareness of the changing risk management skills and competencies required of accountants in business now and in the future

Professional accountants in business might need to be better equipped to manage risk in their organizations (for more information, see the [September 2016 meeting report](#)). To deepen the profession's understanding of why, IFAC surveyed a selection of PAOs.

Risk Survey

The survey suggests a gap between the risk management skills professional accountants in business require and the skills they acquire from their professional training.

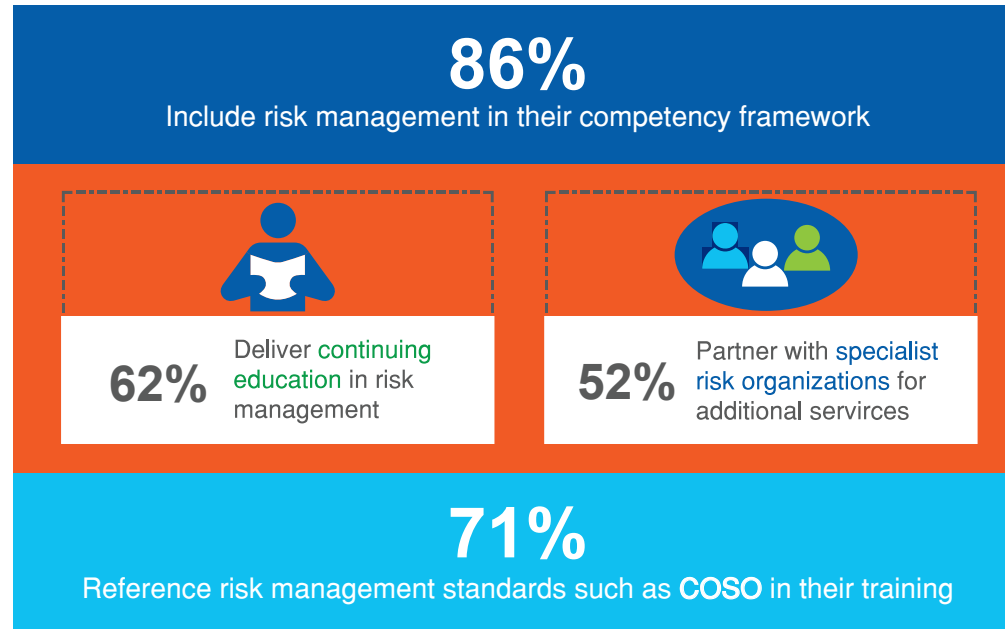
Using the [Panarchy cycle](#), areas and skills required to operate effectively in risk management were mapped out.

Growth: Roles Increasing in Importance

- Shifting from a risk perspective to one of value creation
- Being opportunistic but also challenging
- Being collaborative and trusted by the organization
- Connecting and navigating across the organization requiring a system thinking mindset
- Extracting information and knowledge from across the organization
- Deep understanding of risk frameworks, such as the COSO Enterprise Risk Management (ERM) and Internal Control Frameworks

Survey of 21 IFAC Members

MANAGING **RISK** IN ORGANIZATIONS:
A CORE PART OF PROFESSIONAL ACCOUNTANCY TRAINING?



KEY OPPORTUNITY



Accountants in business **increasingly involved** in risk management

KEY CHALLENGE



Not all PAOs treat risk management strategically in education

Relevance in these areas generally depended on a deeper and wider understanding of the organization and its external environment and the leadership skills to take forward cross-functional teams and facilitate integrated thinking. A breadth and depth of business and industry knowledge would also help develop strategic skills, including foresight and the ability to identify opportunities.

Germination: Roles in Early Stages of Relevance

- Effectively engaging governing boards to ensure understanding and oversight
- Shifting mindsets toward a positive perspective of risk, that views risk as uncertainty rather inherently negative
- Connecting risk to developments in the external environment
- Being aware of the broader dimensions of risk, for example, in connection to society (e.g., the Sustainable Development Goals, and the reputation of the organization)
- Understanding and measuring non-financial data in support of risk management
- Developing specialized skills required in different industry sectors, for example, technological and math-modelling skills
- Understanding how to manage third party risk
- Effectively communicating risk performance, including using story telling

Conservation: Traditional Roles that Remain Important

Specialist risk skills needed

- Compliance and control, and internal audit
- Financial reporting risk

Broader business skills

- Integrity
- Professional judgement and skepticism
- Analytical and communication skills

Operational risk management skills

- Process governance and structure
- Operational risk management
- Categorize and quantify risk
- Apply controls to reduce risk

Creative Destruction: Roles and Thinking Becoming Increasingly Obsolete

- Compliance as an exercise rather than one based on facilitating value creation and achieving objectives
- Silo thinking characterized by risk managed in separate risk functions and departments
- Enterprise Risk Management implemented based on a financial reporting risk mindset and seen as purely a risk elimination exercise

Unhelpful mindsets arise from the traditional control-centric perspective, which hinders rather than supports decision making and encourages silo thinking.



PAO resource:

From Bolt-on to Built-in: Managing Risk as an Integral Part of Managing an Organization provides suggestions on risk integration and effectiveness and the role of accountants in business.

Considering the Other Side's Perspective

To understand differing perceptions of accountants in business and PAOs, committee members and technical advisors, frequently PAO representatives, developed key recommendations on risk management for the other group.

Recommendations for PAOs

- Focus more on the specific needs of accountants in business on how to support business and other professionals
- Place more emphasis on effective ERM implementation than managing financial-related risk
- Ensure accountants acquire broad based competency in risk management
- Strengthen risk management in curriculum through the lens of the business
- Develop implementation tools for accountants, and use quality trainers and speakers for lifelong learning.

Recommendations for Accountants in Business

- Get educated. There is a large body of knowledge from PAOs and others that provides a solid basis for continuing professional development (including the [Global Knowledge Gateway](#))
- This body of knowledge needs continuing development, which requires input from experienced accountants in business
- Proactive involvement by accountant in business in PAOs helps PAOs deliver more relevant support
- Wider business awareness and understanding is key to the effectiveness of accountants
- Finance leaders need to know fully what their responsibilities are in order to confidently sign off on internal controls over financial reporting.



Updates in Risk Management

- The [Committee responded](#) to COSO's revised *Enterprise Risk Management Framework*, Exposure Draft, highlighting a number of suggestions. COSO continues to develop a final version of its ERM Framework; the Exposure Draft received wide interest from international audiences, with risk managers and internal auditors the most interested. Unfortunately, not many organizations responded to the consultation.
- IFAC is actively contributing to the development of the International Organization for Standardization (ISO) revision of *ISO 31000:2009—Risk Management*; a final version is expected in late 2017. See the [ISO Risk Management website](#) for more information and to follow progress.

PAIB Committee Follow-Up Actions

- Committee members recommended developing additional thought leadership on risk and business models, and developing communications and messaging that better explains risk in business to more fully support accountants in business. This would provide additional alignment of risk management to integrated thinking and reporting.
- Define what the accountant of the future looks like if they are to be an effective performer in risk management.
- A number of PAOs were providing innovative support services in risk management which IFAC and other organizations can promote across the profession.

PAO Action

- Consider how to better integrate all elements of risk management into professional education and training, and improve the relevance and quality of continuing professional development.

Creating and Communicating Value Creation through Integrated Reporting

Objective: Assess and advance IFAC and the profession's contribution to integrated reporting and the International Integrated Reporting Council.

PAO Leadership in Integrated Reporting

Key Action Points from the International Integrated Reporting Council Chief Executive Richard Howitt, presented to the IFAC Chief Executives' strategic forum earlier in the year. The Committee reviewed his speech, particularly his seven action points for IFAC members who were well placed to

- Communicate integrated reporting key messages
- Open doors to business
- Develop integrated reporting country plans
- Advocate with regulators and encourage alignment of integrated reporting to current requirements for annual reporting
- Support the International Integrated Reporting Council
- Integrate activities across the profession
- Develop your own integrated report

These action points will be further explored within the [<IR> Network for PAOs](#).



Recent Developments

IFAC's revised Public Policy Paper 8, [Enhancing Organizational Reporting: Integrated Reporting Key](#), explicitly highlights the integrated report as an "umbrella" report for an organization's broad suite of reports and communications, enabling greater interconnectedness between different reports. The policy also informs IFAC's continuing engagement with the G-20. The IIRC [welcomed](#) this positioning as demonstrative that integrated reporting is now genuinely adopted by and for the accountancy profession.

PAOs adopting integrated reporting in their own organizations is an important way of demonstrating leadership in integrated reporting. The most recent [<IR> PAO Network webinar](#) focused on PAOs sharing their integrated reporting experiences and involved the Association of Chartered Certified Accountants, Chartered Institute of Management Accountants, CPA Australia, Institute of Chartered Accountants of Namibia, and South African Institute of Chartered Accountants. Their collective experiences are captured in an article on the [Global Knowledge Gateway](#).

Committee Members Observations on Integrated Reporting

- Connecting with governing boards on integrated reporting is critical to overall success given that an integrated report is essentially a communication from a governing board and executive management on how an organization creates value over time.
- Connecting to global, regional, and local organizations representing directors is as important to ensure boards are driving integrated reporting forward.
- Case studies and videos from finance leaders articulating the benefits and key elements of their integrated reporting journey are needed.
- Audit committees are an important part of integrated reporting, as is linking the key features of [auditor reporting](#), such as key audit matters, to integrated reporting.
- Investors need to view integrated reporting as a means to understand future company prospects and risk profile.
- Increased use of compelling and understandable terminology by companies is needed. The language of integrated governance and management and value creation and preservation—which all involve integration of value drivers in strategy, planning, and risk and performance management—resonate with the business world.
- It would be useful to have a more developed view from the IIRC and IFAC on:
 - how integrated reporting can be facilitated by regulators without putting unnecessary or overly burdensome rules around it, and
 - those industries that are leading or lagging in integrated reporting.

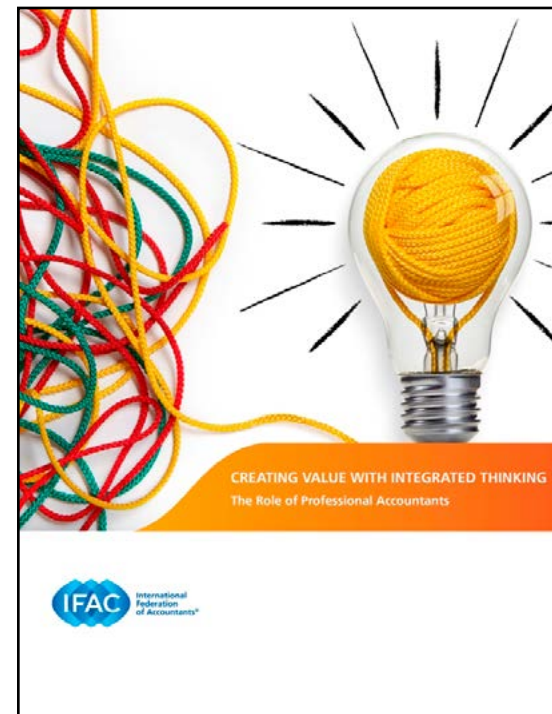
PAIB Committee Follow-Up Actions

- Continue to develop materials to help PAOs advocate integrated reporting
- Develop support materials for PAOs to get them started on the integrated reporting journey; this could be a toolkit for PAOs and their members.

Actions for PAOs:

- Develop integrated reporting and an integrated report in your organization.
- Develop advocacy and messaging around integrated reporting based on the IFAC policy and communicate with key stakeholder groups.
- Establishing awards recognizing best practices in reporting, can be an effective way of driving interest and awareness. Integrated reporting can be incorporated into current national annual corporate reporting awards, or included as part of recognizing good practice in finance, such as the UK's [Finance for the Future awards](#).

The <IR> Network for PAOs supports an exchange of ideas, knowledge, experiences, and resources between PAOs. For more information, contact Michael Nugent (michaelnugent@ifac.org).



PAO resource:
*Creating Value with Integrated Thinking:
The Role of the Professional Accountant*

Case Study: CPA Canada and Adapting to a Changing Climate

- Climate change is the global challenge of our time.
- CPA Canada believes professional accountants have a role to play in helping Canadian organizations adapt to climate change, and is proactively helping its members apply their core skills and competencies to climate change adaptation.
- CPA Canada has been a member of Canada's Adaptation Platform Plenary since inception in 2012. It provides an innovative model for cross-functional, cross-jurisdictional collaboration. It is structured to bring together the knowledge, capacity, and financial resources to effectively and efficiently address adaptation priorities and ensure the results of that work—information, tools, recommendations, etc.—are broadly accessible to end users.
- A Climate Change Adaptation Project emerged as a multi-year initiative aimed at equipping professional accountants and others to play a pivotal role in increasing the resilience and competitiveness of Canadian businesses faced with a changing climate.
- The project strives to position Canadian CPA as global leaders. It involved three phases:
 - **explore and engage:** roundtable discussions, review of research and practice;
 - **develop and test:** case studies, briefs and dialogues on specific accountancy CPA competencies; and
 - **deliver and transform:** professional development sessions with provincial CPA organizations, conference presentations, and engagements.

Key Project Outputs

- [Guidance, case studies, and videos](#) (see Resources) covering a range of areas to support the decision making process, including risk assessments, strategic and scenario planning, cash flow planning, and cost/benefit analysis
- A CPA Framework for Climate Change Adaptation based on the CPA Competency Map, which draws from and highlights competencies required of a CPA on the path to, and upon, certification
- Future plans include developing guidelines for accounting for transactions under cap and trade schemes, a climate change briefing for directors, and a greenhouse gas emissions management series of papers for professional accountants to improve understanding.



The New Media Landscape

Steve Rubel is Chief Content Strategist for Edelman, a leading global communications marketing firm that IFAC has partnered with.

Inversion of Influence

- 60% of time spent with media is on mobile phones
- “Trust and attention are scarce in a post-scarcity world”— marketing guru Seth Godin
- Peers are now more trusted than authority figures.
- Time and attention are now captured by social networks, search engines, and content curators.
- Technology platforms act like intermediaries and own the relationship with customers.
- Distributing content that elevates your identity is key.

Inversion of attention

- Demanding attention is not always optimal.
- Earning attention is often more essential.
- Relationships mean more than reach.

Inversion of Power

- Content is king but distribution is critical.
- Platforms are more powerful than publishers.

Authentic Communication

- It doesn't matter if you're a CEO or other employee—authentic communication resonates.
- Social media is personality driven.
- Influencers are not perfect, but they are good at storytelling.
- Storytelling is based on faces over franchises, and bringing human stories to the conversation.
- To succeed, it is important to tell your story in a human way.
- News feeds like people and personal stories.
- As a brand, think about what your stories are.
- People who convene communities are the most successful.



PAO Action:

- PAOs can leverage their membership to develop compelling, real stories of being a professional accountant, and what it means to be a professional accountant in business.

Additional News and Updates

ACCOUNTABILITY. NOW.

A new report, *Accrual Practices and Reform Experiences in OECD Countries*, on accounting and budgeting practices at the national government level has been published by IFAC and the International Organisation for Economic Co-operation and Development (OECD).

It is important for finance professionals to hold governments accountable for poor information, but they need to be able to demonstrate how it can be improved. IFAC supports an approach focused on users explaining the importance of strong public financial management and accounting. Public sector capacity building is also critical to accruals accounting implementation.

The Accountability. Now. global initiative promotes high-quality financial accounting and reporting by governments to improve transparency and help strengthen public sector financial management and accountability.

Public Policy Update

G-20 Public Trust in Tax highlights the results of a survey of more than 7,600 people across G-20 countries that asked who they trust on international taxation. Results show people want their governments to cooperate more.

Next Meeting

The Mexican Institute of Public Accountants is hosting the next PAIB Committee meeting, September 27-28, 2017, in Mexico City. To attend as an observer guest, please contact stathisgould@ifac.org.

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