APESB

Accounting Professional & Ethical Standards Board

AGENDA PAPER

Item Number: 3

Date of Meeting: 11 November 2015

Subject: Impact of Technology on APESB pronouncements

Action required	**x** For discussion	For noting	For information

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Purpose

This exploratory paper aims to seek the Board's views on the impact of technology on APESB pronouncements. In particular it seeks to explore:

- the application of existing pronouncements in the changing electronic environment; and
- potential electronic enhancements for the user experience of APESB pronouncements.

Background

Technological advances, such as cloud based accounting packages, paperless environments and the ease with which information can be accessed through portable devices such as tablets and mobile phones, have changed the way accounting professionals operate. The 2015 PwC report *A Smart Move* purports that the automation of processes will significantly affect the future workforce. PwC notes that businesses need to come to terms with the monumental impact that digitisation and technology is having on business models, supply chains and customer behaviour and that 44% of jobs are at risk of redundancy as a result of digital disruption.

Excluding APES 310 *Dealing with Client Monies* (refer to Agenda Item 4), to date APESB has not received specific feedback or concerns from users or stakeholders regarding the operability of its existing pronouncements in the electronic environment or issues with electronic access to its pronouncements. This may mean that the current resources provided by the APESB meet users' needs. However, the specific question of whether stakeholders require changes to the useability of electronic resources has not been raised.

Consideration of Issues

1. Application of existing pronouncements in the changing electronic environment

APESB has continuously engaged with its stakeholders to ensure its pronouncements meet the needs of accounting professionals. The APESB suite of pronouncements has been developed predominantly where professional accountants have been operating in an electronic environment with the assistance of practising accountants who sit on APESB's taskforces. The pronouncements have also been subjected to periodic annual reviews.

APESB regularly interacts with its taskforces, is involved in roundtable discussions in respect of emerging issues, and has regular interaction with different networks and stakeholders regarding its pronouncements. Each exposure draft is developed to encourage stakeholders to comment on the consequential impacts of the proposed revisions to that standard. In certain instances stakeholders have raised technological issues that impact upon a pronouncement.

The APESB will need to conduct a review on all existing pronouncements to ensure the current standards meet professionals' needs in the changing electronic environment. This review may also consider whether the context or the meaning of existing pronouncements change when in electronic form and whether references to documents within the pronouncements are still appropriate.

Way Forward

APESB technical staff to conduct a review of all existing pronouncements to determine the impact of changes in the electronic environment.

APESB to consult with its stakeholders who use its pronouncements in the electronic environment such as the Joint Accounting Bodies (the JAB) and their members, accounting firms, and APESB taskforces.

Resourcing Requirements

APESB technical staff time will be required to conduct a review and consult with stakeholders.

2. Potential electronic enhancements for the user experience of APESB pronouncements

Recent technological advances have meant that users are generally expecting information to be highly accessible and interactive. APESB has released a mobile app to assist with accessibility of information. However, further potential improvements to its online electronic resources could include:

- HTML version of pronouncements;
- increased navigation functions within existing pronouncements (PDF or HTML);
- text linking back to definitions through bookmarks or pop up text boxes;
- hyperlinks / bookmarks between sections of the code or other references;
- filtering options; and
- improved search functionality.

APESB has reviewed the electronic resources of Australian professional accounting bodies and other standard setting organisations and found that there was no consistency across the electronic resources available.

PDF publishing on websites

Similar to APESB, most standard setters including the AASB and the AUASB, make PDF versions of their pronouncements available on their website. Whilst in certain instances there are links in these PDFs it is not to defined terms or internal cross referencing, and thus does not significantly improve navigation capabilities within the document.

Online Electronic Codes

Some standard setters, such as the American Institute of CPAs (**AICPA**), have made their Electronic Code available online through a dedicated complex website that would have required significant IT expertise to create. Refer to the following link to review the AICPA interactive Electronic Code of Professional Conduct.

The International Ethical Standards Board of Accountants (**IESBA**) has undertaken a project on the Structure of the Code, including work on a new Electronic Code. Phase I of this project has seen the IESBA release an HTML version of the Code (which has improved navigation tools) to their website. They have also retained the option to access a PDF version of the Code.

The IESBA have acknowledged that they need to bed down other proposed changes to the structure of the Code before they progress further with the Electronic Code. They are expecting to recommence work on the Electronic Code in 2017 with an expected release date in 2018. To view IESBA's current Electronic Code please refer to the following link.

The IESBA specifically requested feedback from stakeholders on the Electronic Code as part of their consultation on the Structure of the Code project. They found that most respondents did not consider this as a high priority for the IESBA, even though IESBA members believed that navigational improvements would improve useability and understanding of the Code.

Way Forward

As the IESBA has been through the process of formally requesting global feedback on electronic codes, the APESB should not duplicate this effort. Rather canvasing existing stakeholder networks for views will assist APESB in determining the market need for significant changes in a timely and cost effective manner. In particular, JAB, accounting firms and taskforce members could be consulted as part of the discussion about useability and understating of the code within the discussion of technological impacts facing the profession.

Subject to the Board's views, basic enhancements for the user experience can be implemented when the pronouncements are next reviewed.

Resourcing Requirements

The resources required will vary depending on the changes selected. Basic changes would encompass navigation functions providing hyperlinks or more bookmarks throughout the existing PDF documents. The addition of navigation functions to these PDFs will require external IT assistance, the purchase of specialised software or specialised staff training.

A professional package such as Adobe Acrobat Professional would improve the existing navigation functions by:

- applying bookmarks to the main headings and creating a bookmarks bar;
- displaying the bookmarks in a side bar on the opening of the file;
- applying links to the contents page;
- applying links to the definitions; and
- adding external links where relevant.

Depending on stakeholder feedback, significant changes may encompass APESB offering an interactive electronic version of the pronouncements. Changing the pronouncements to HTML would require significant effort and resources. Our current webpage software may need to be upgraded or modified which would mean a significant investment in IT and ongoing IT expertise may be required to maintain it.

Other considerations

Ongoing action to ensure the suitability of pronouncements in a changing electronic environment should also be built into APESB's current defined processes, documented in *Due process and working procedures for the development and review of APESB pronouncements.* The Due Process document should also be amended to outline clearly the required process for presenting resources electronically. However, this should only happen once the APESB has determined the format of its future electronic resources.

Board Views on the Way Forward

Board Member views are sought on this exploratory paper in respect of;

- Performing a review, including selected stakeholder consultations in respect of the application of existing pronouncements in the changing electronic environment; and

- Consideration of potential electronic enhancements for the user experience of existing pronouncements.

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