

IFAC PAIB Committee

The IFAC PAIB Committee encompasses volunteers with experience and expertise in the world of business and the public sector, members are nominated by the professional accountancy organisations that make up IFAC's membership. The committee is made up of 18 members from all over the world, each one being from a different country. The main aim of the committee is to give IFAC direct input on business and accountancy issues, relevant standard-setting initiatives, projects and initiatives, together with providing outreach and stakeholder engagement across the accountancy profession. Stephen L. Muscat represents the Malta Institute of Accountants (MIA), Mr Muscat is also the chairperson of the MIA PAIB focus group.

The MIA got in touch with Stephen L. Muscat from the IFAC PAIB Committee to find out what this committee has been working on, the following are the topics that have been discussed:

Value of Data

Valuing data will result in informed and better investment decisions. The value or cost of such data is not normally seen on balance sheets, but such value is important for the valuation of businesses, and in the future we will be seeing more and more companies valuing data, as well as paying for data when effecting acquisitions.

Value Creation and Integrated Thinking

The concept of accounting for value creation goes beyond financial performance and shareholder value, it includes assessing the opportunities and risks related to long-term value creation and enabling integrated thinking and reporting. In order to keep the future of finance and accounting professionals relevant they must be able to provide insights on how value is created today, how value will be maintained in the future, enabling a value creating business and business model, and tracking performance and value. This could be done by providing a basis for thinking like taking on the role of a "chief value officer".

Metrics and Methodologies for Long-Term Investor Decision-Making

It is critical to Identify pre-financial metrics which are traditionally known as non-financial indicators targeted at investors, using quantitative methods. These metrics must be material (to investors), assurable (by auditors), uniformly defined, consistently calculated, and universally applicable (across countries, sectors and contexts). These criteria have been grouped into:

- Talent
- Governance
- Innovation
- Capital allocation
- Environmental footprint

Three Lines of Defence Model

The Three Lines of Defence Model was discussed by the Institute of Internal Auditors (IAA) and was created to assist the internal audit function in their line of duty, highlighting the different steps, and tools needed for an effective internal audit.

Professional Ethics – IFAC PAIBC Discussion re IESBA Draft

A discussion was held regarding the IESBA Exposure Draft on the Role and Mindset Expected of Professional Accountants. The key proposed changes that were up for consultation were:

- Highlight the wide-ranging role of Professional Accountants because of their skills and values.
- Highlight the relationship between compliance with the Code and Professional Accountants' responsibility to act in the public interest.
- Increase the robustness of the Fundamental Principles, of integrity, objectivity, and professional behaviour.
- Introduce the concept of determination to act appropriately in difficult situations.
- Require all Professional Accountants to have an inquiring mind when applying the Conceptual Framework.
- Emphasise the importance of being aware of bias and having the right organisational structure.

Accountants' and Businesses' Contribution to the Sustainable Development

Discussions were held about sustainability and the issues facing the world today, from a business and accountancy point of view. This includes the initiatives taken by companies to produce better profits compared to just making profits, the future of corporate reporting which involves promoting brevity, comprehensibility and usefulness in corporate reporting. This has proved itself as a critical element to ensure the resilience of companies during the COVID-19 pandemic.

Accountancy Careers and Roles

The shortage of accounting and finance professionals with the right blend of skills including technical, business and soft skills is being felt across sectors. The skills required by employers are changing quickly, this goes beyond finance to value creation, digital/tech, specialisms etc. This contrasts with what candidates want from employers, which is also changing.

It is challenging times in a race for relevance which requires one to learn, unlearn then relearn. Up-skill and re-skill, together with taking on individual responsibility for learning with adequate employer and PAO support.

The focus should be on both how people learn as well as what they learn. There are numerous lessons for effective professional development.

Future ready – accountancy careers in the 2020's

In this aspect timing is everything. This is an opportunity for the accountancy profession to build on its strong foundations and evolve; an opportunity to adapt and play its future part in building sustainable organisations for the long run. It is a unique chance to repurpose the profession for the modern world of work. It is also an opportunity to transform the profession in the minds of a younger generation coming into the workplace who have ambitions for vocations with purpose.