The Professional Accountant's Role in Data

Presenter: **Lettie Janse van Vuuren** CA(SA)

20 July 2021

Discussion Paper issued in May 2021
Discussing the data management value chain in which accountants can reimagine their roles in the digital economy

Presenter

Lettie Janse van Vuuren CA(SA), RA, CBA(SA)

- Lettie joined SA Accounting Academy in November 2017 as Head of Technical. She is a Chartered Accountant, Registered Auditor and Certified Business Accountant.
- She is a **professional trainer and webinar host**, and with her relaxed and humorous presentation style, she is able to hold the attention of an audience. She has a unique ability to communicate with delegates at their respective levels of knowledge and experience. Over the last 20 years, she has trained thousands of partners, managers, trainee accountants and other professionals.
- She is responsible for our MCLU (Monthly Compliance and Legislation Updates).
- She was the Professional Development Manager at SAICA for 4 years and in charge of accrediting new training offices and monitoring existing ones (including the moderation of training offices and trainee assessments).
- Lettie is passionate about improving the efficiency and standardisation at practices. She has extensive experience on a variety of technical and practical topics which she consults on, including: SAICA re-accreditation assistance and preparation, IRBA inspection assistance and preparation, audit file reviews (post-issuance monitoring and EQCR), Quality control implementation, other office-specific manuals, and FASSET skills development facilitation.

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➔ *NB = Please include the topic that your question is about for easy identification purposes*

Feel free to ask your questions during the webinar in the chat, these will be addressed live in the formal Q & A at the end of the presentation.

Where appropriate, a Q & A Summary will be uploaded to your profile as soon as all answers have been documented.

What's on the Agenda?

Contents

- **Introduction**

- **Data: driving more informed decisions**

- **The digital economy**

- **Data management value chain**

- **Potential role of PAs in the Data management value chain**

- **3 Case studies**

- **In closing…**

Quotes

An accountant is someone who does precision guesswork based on unreliable data provided by those of questionable knowledge

– Unknown

INTRODUCTION

Abbreviations used

o **IFAC** = International Federation of Accountants

o **PA** = Professional Accountant

o **DMVC** = Data Management Value Chain

International publication

o **38-page** **Discussion Paper**

o *The Professional Accountant's Role in Data* outlines a new model, the data management value chain, in which accountants can, by building upon key competencies, reimagine their roles to meaningfully contribute to the digital economy

o Can be used as a guidance and support tool

o This publication was released by **IFAC**, together with the Chartered Professional Accountants of Canada (**CPA Canada**)

➢ *Refer to the Source Document available to you*

Overview

o The volume of digital data is exploding worldwide. In 2020, digital data was estimated to total 40 zettabytes (40,000,000,000,000 gigabytes), up from just 1.2 zettabytes in 2010. Incredibly, ninety per cent of this data was created in the last year and total data volume is expected to double every 2 years

o As the world accelerates into the fourth industrial revolution and its emphasis on digitalization, organizations of all sizes and across all sectors face enormous disruption – but also opportunity

o Data is NOT only a commodity - it is more like an asset that grows in value as it is used

o A new model called the DMVC (data management value chain) has emerged *(See Figure 1)*

Overview *(Continued)*

o The growing recognition of data as an asset is also redefining the traditional concept of value chains

o While we, as PAs, have always dealt with data, our professional expertise can be predominantly focused on structured data sets, which are no longer the norm

o We are uniquely positioned and can leverage our existing expertise and expand our approaches to include both structured and unstructured datasets that capture financial and non-financial data to support organizations in making insight-driven decisions that seize opportunities and respond to risks
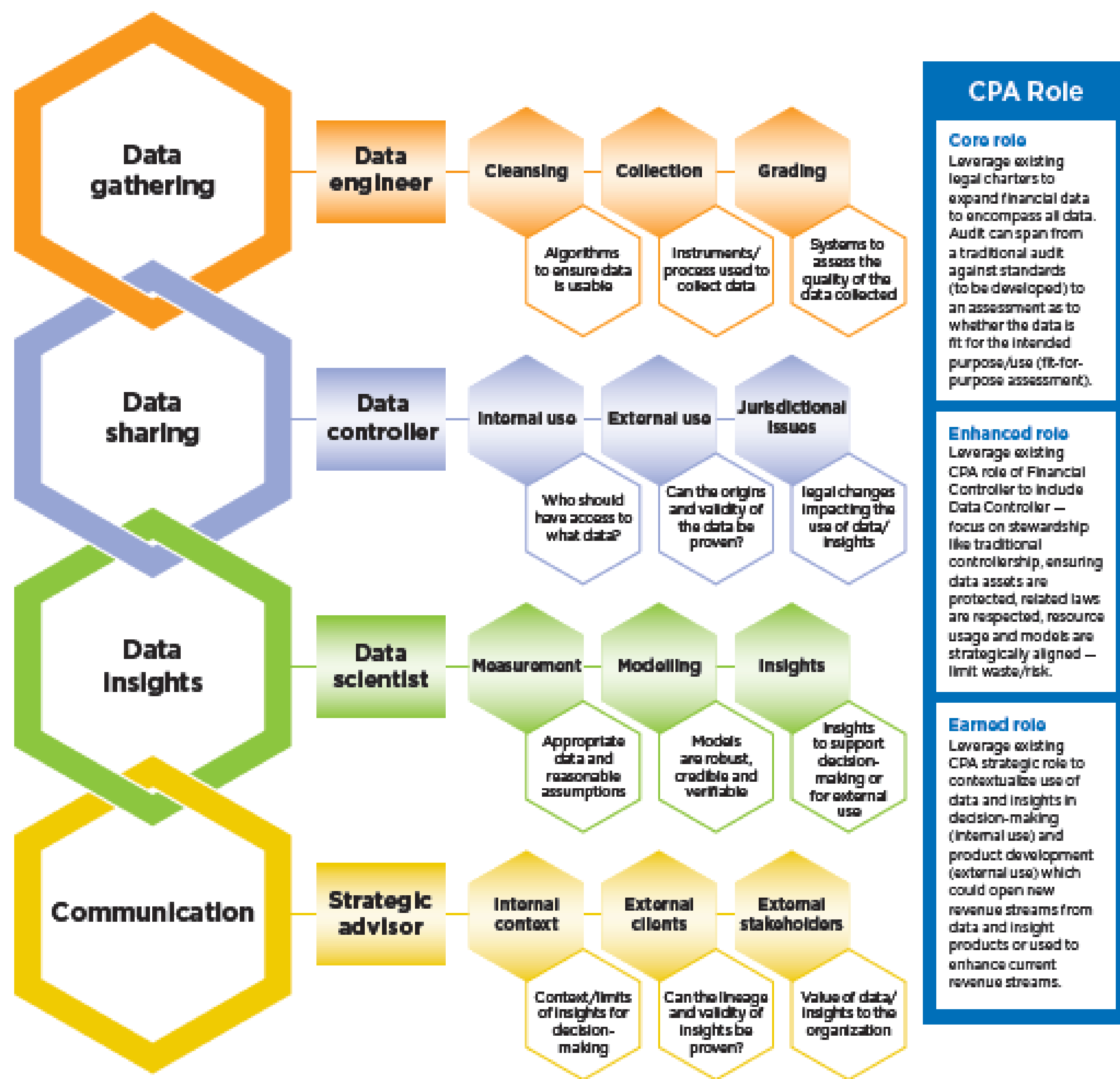
Figure 1 DMVC

DATA:
DRIVING MORE INFORMED DECISIONS

Recent techjury blog shows:

40 — In 2020, there will be about 40 zettabytes of data (40 trillion gigabytes). In 2010 there was an estimated 1.2 zettabytes of data world-wide

2 — Data volume is expected to double every 2 years

95% — of organizations need to manage unstructured data since 80 to 90% of data generated today is unstructured

45% — of data is managed in the cloud which is potentially bringing jurisdictional issues into play

97% — of organizations are investing in big data and artificial intelligence

3.1 — Poor data is estimated to cost the US economy $3.1 trillion annually

9.7 / 14.2 — On average poor data costs business between $9.7M (USD) and 14.2M (USD) annually

90% — of all data has been created in the last 2 years

Where do PAs fit in?

o Accountants have always used financial data to measure performance for decision-makers and stakeholders through analysis and reports

o Governments around the world are racing to update their laws and create frameworks to best manage the digital economy

   ✓ *In SA we now have POPIA*

o Organizations scramble to build their expertise

o PAs, through their roles as advisors and as members in industry, are well positioned to help organizations across all sectors and industries forge new paths in the digital economy

o The PA's traditional toolkit must evolve to address the volume, velocity, variety, and veracity of data, and to be able to leverage its value.

THE DIGITAL ECONOMY

The digital era

The digital economy = a new frontier

o Digital data is both a commodity that can be bought and sold and an asset that can be used to generate insights for key business decisions

o Data standards to frame this new frontier are still "young"

o Legal, regulatory and ethical environment is unclear

o Current accounting standards reference the use of data in financial reporting

  o this must be augmented to provide clarity on how that data should be gathered, analyzed and reported on

  o Clarity is also needed on expectations related to the use of data when a given standard references the use of data in disclosures

DATA MANAGEMENT VALUE CHAIN

The DMVC

The data management value chain consists of processes that begin when data is first created and includes:

o   storing,

o   transforming,

o   analyzing and

o   communicating data

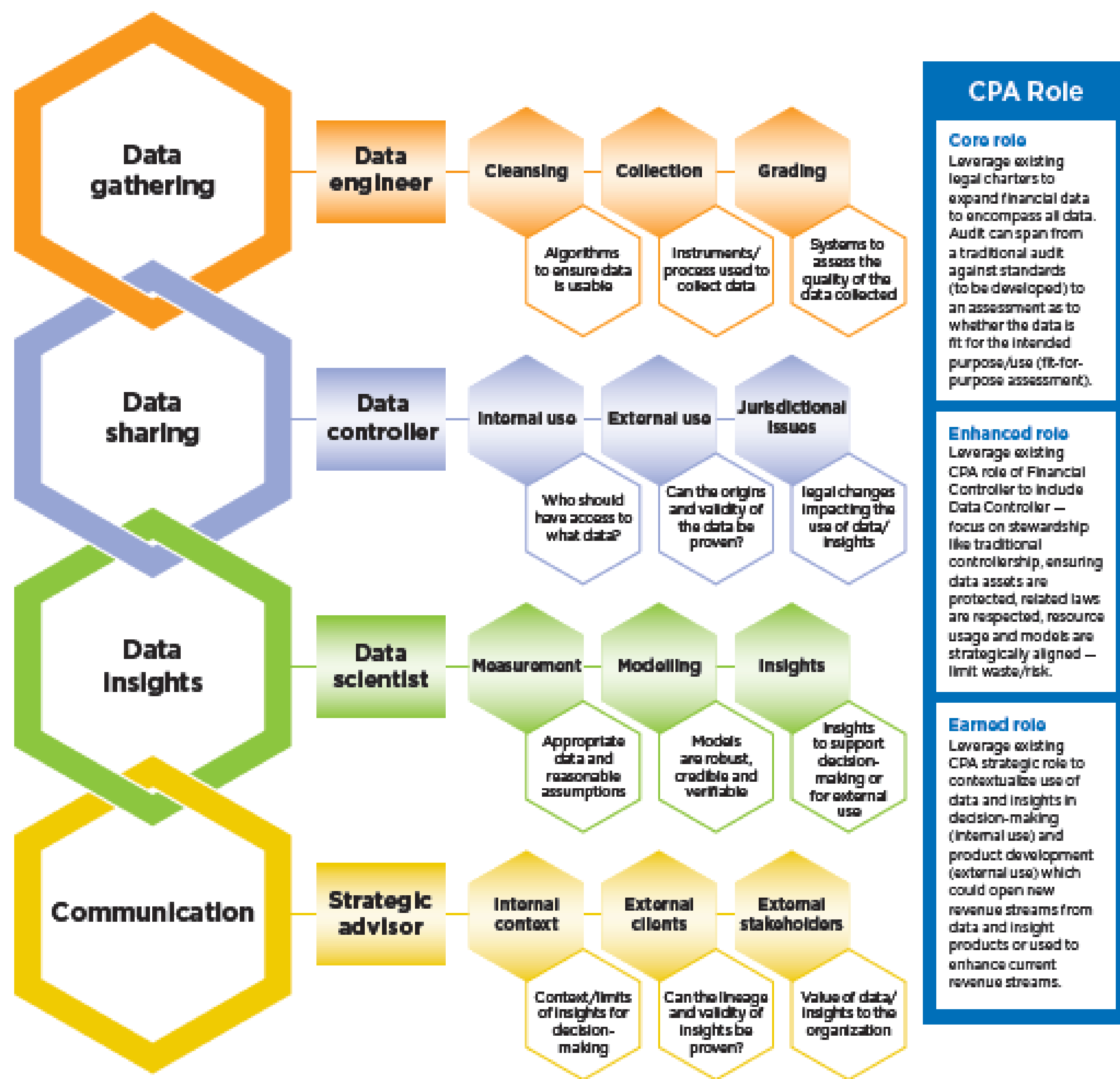so that users can make sense of and benefit from its insights
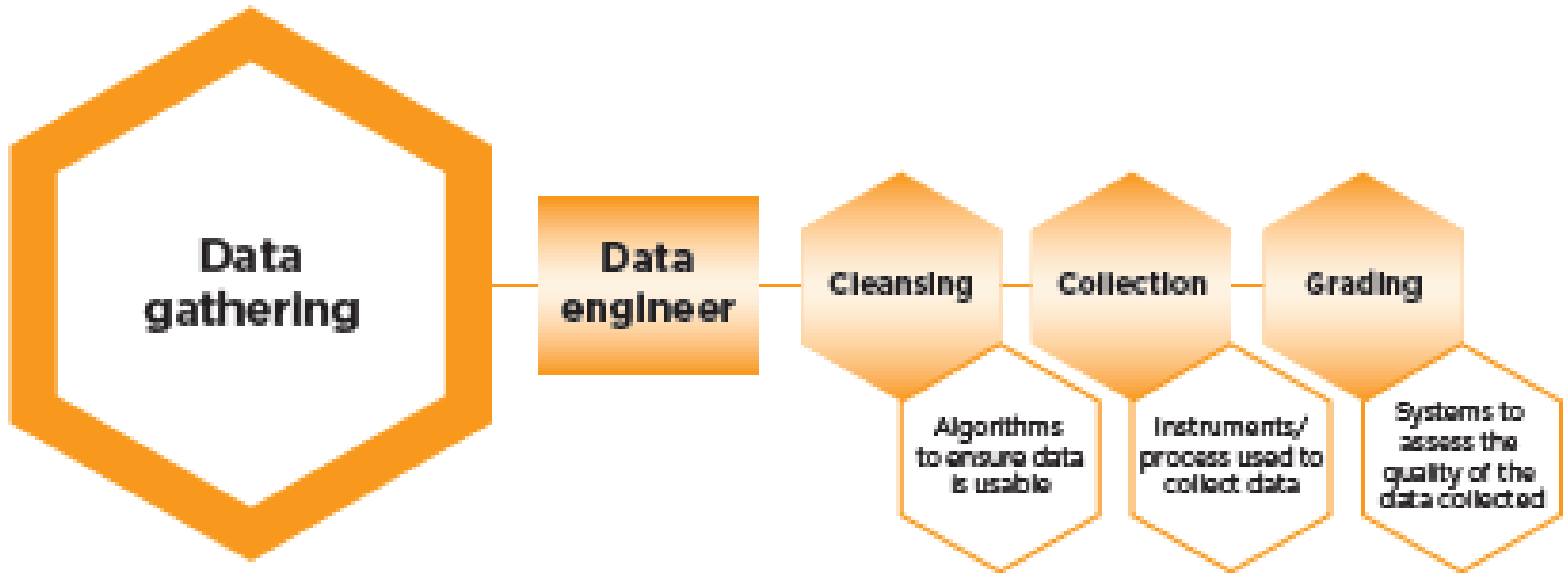
Figure 1
DMVC

POTENTIAL ROLE OF PAs
IN THE
DATA MANAGEMENT VALUE CHAIN

4 Key roles for PAs in DMVC

A PA's expertise can be applied in the following 4 key roles that are integral to the DMVC:

1. **Data engineer:** ensures data used has integrity, is clean and reliable

2. **Data controller:** focuses on the stewardship of data resources in the same way as the existing controllership role (stewardship of financial and physical resources)

3. **Data scientist:** analyzes and interprets complex data to develop insights to support decision-making

4. **Strategic advisor:** frames, analyzes and explains complex business issues within a local, national or global context based on the strengths and limitations of the data, and on the assumptions and models that underpin derived insights
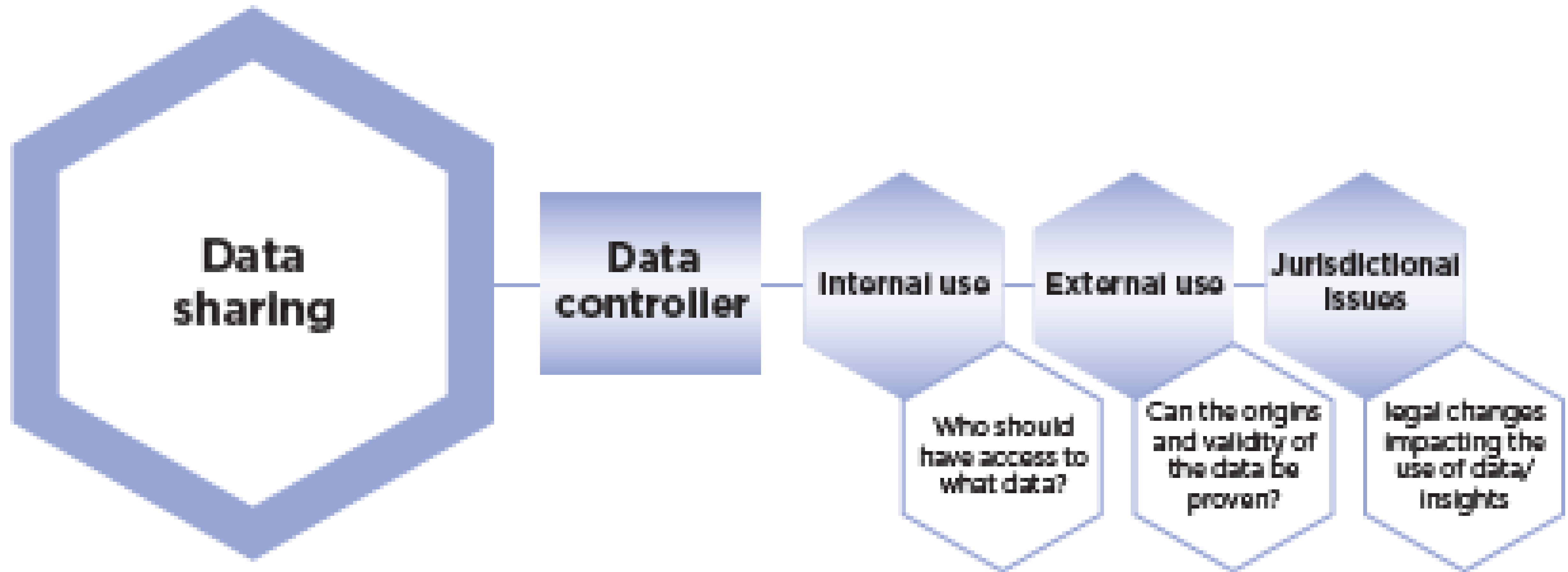
Data Gathering

Potential role in Data Gathering

Could be:

o expand their audit and assurance role to include non-financial data

o Internal controls for data management will need to be implemented for data collection, cleansing and grading

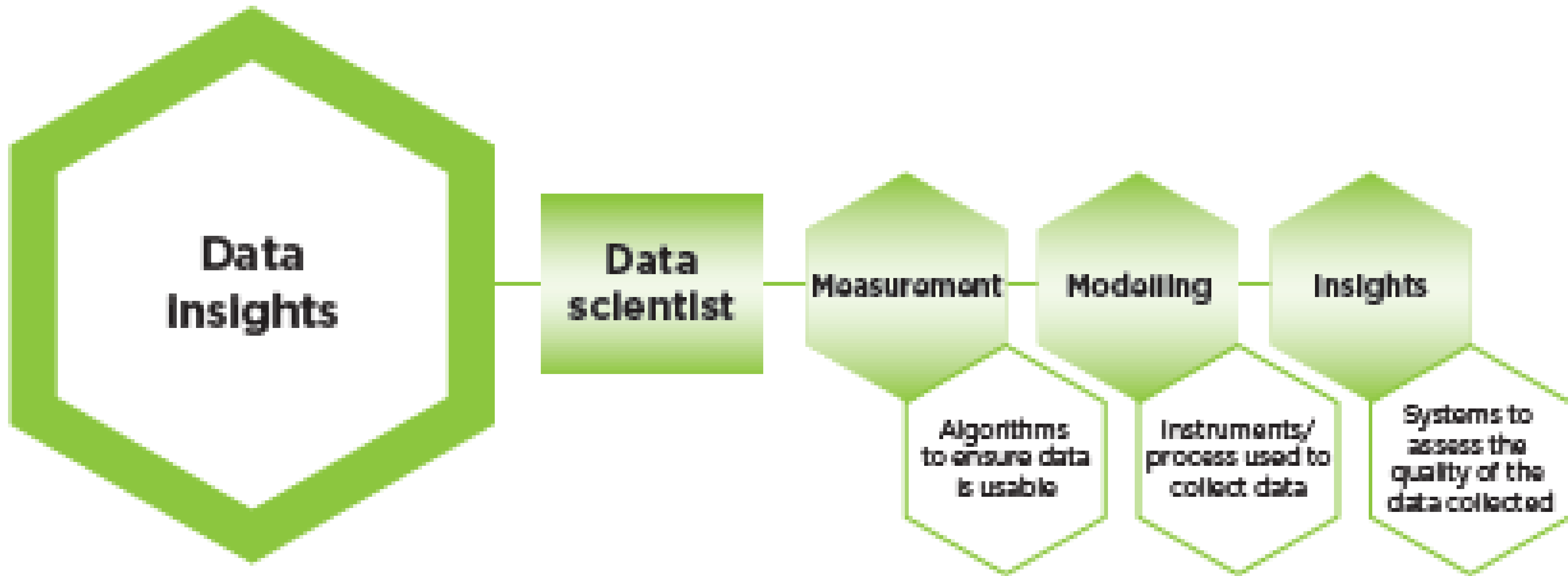o PAs can test datasets to ensure they meet the criteria for different decision points

Data Sharing

Potential role in Data Sharing

o The key element of the data controller's role is to protect the data

o This involves ensuring that:

- only authorized individuals have access to the data

- the origin of the data can be demonstrated

- data is used for its intended purpose

o An enhanced role for professional accountants is to ensure that jurisdictional boundaries are respected through appropriate monitoring of data usage
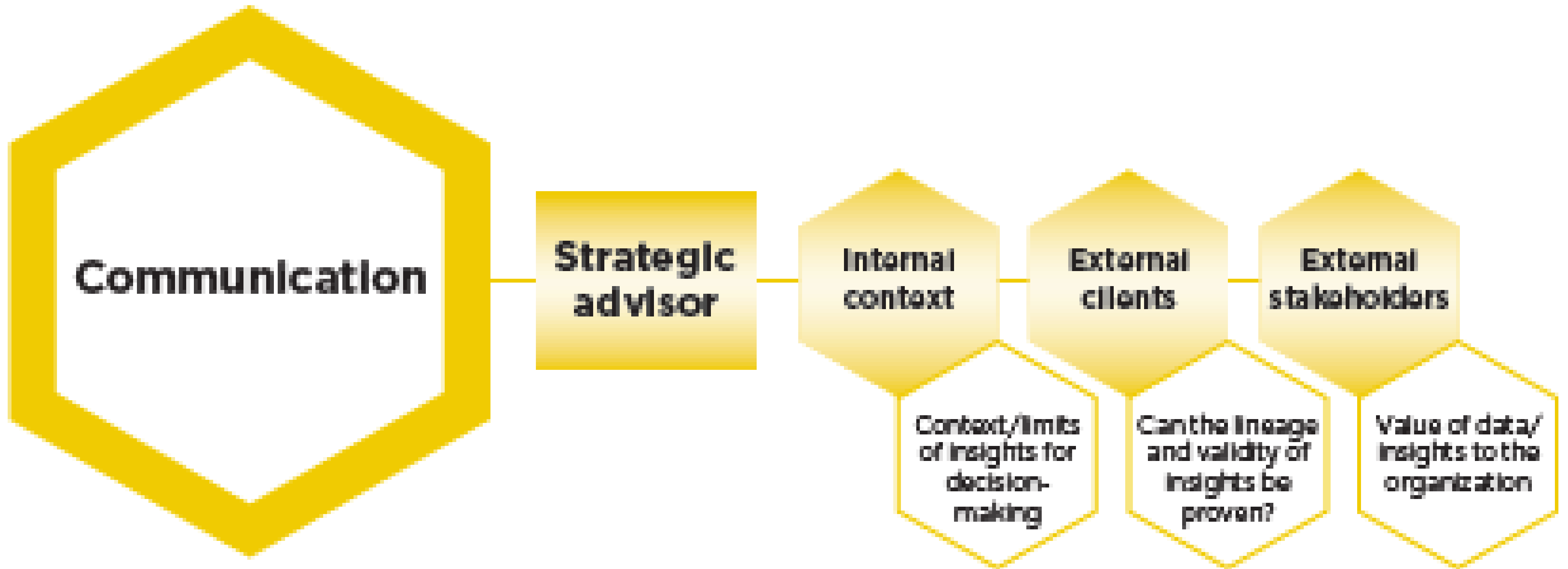
Data Insights

Potential role in Data Insights

Mainly relates to ensuring that credible measurement activities underpin models

o It ranges from ensuring that data is fit-for-purpose, that assumptions are clear and reasonable and that the controls used in the models have been developed, tested and monitored

o PAs can also ensure that models remain tactically aligned with corporate data policies and other jurisdictional constraints as they evolve (e.g. compliance with POPIA)

o PAs can earn the role of the chief data officer by establishing their credibility through competence in data management

Communication

Potential role in Communication

The role of PAs in communication and as a strategic advisor will need to be earned!

o   As strategic advisors, PAs will need to discuss the integrity of the data and reasonableness of any assumptions underpinning the analysis (model) which yielded insights

o   PAs will also need to be able to establish the lineage of insights to demonstrate their reliability. Insight lineage will be dependent on the key controls associated with the artificial intelligence solution

o   These controls will need to be identified, documented, tested and monitored to ensure compliance with internal and external frameworks

3 CASE STUDIES

Appendix A: Case Study 1

Supporting routine decision-making using external data

Page 25

o   Strategic considerations for the adoption of artificial intelligence

o   Data gathering

o   Data sharing

o   Data insights

o   Communications

Appendix B: Case Study 2

Supporting enhanced decision-making with external data

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- o Strategic considerations for the adoption of artificial intelligence

- o Data gathering

- o Data sharing

- o Data insights

- o Communications

Appendix C: Case Study 3

Supporting the adoption of artificial intelligence

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o   Strategic considerations for the adoption of artificial intelligence

o   Data gathering

o   Data sharing

o   Data insights

o   Communications

Source Documents

The following SOURCE Documents are available to you:

1.   IFAC_CPA-Role-in-Data_13 May 2021

2.   IFAC_CPA-Role-in-Data_13 May 2021 LETTIE HIGHLIGHT

Remember that this is uploaded to your profiles & should be available immediately after the webinar has ended

In closing...

Stathis Gould, director of advocacy at IFAC says:

"This is an urgent and opportune moment for the accountancy profession to leverage the disruption of the expanding digital economy, embrace enhanced roles in the data management value chain, and guide businesses and organizations of all kinds into a sustainable and prosperous future."

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QUESTIONS

for your participation!