

FUTURE **ASEAN** ACCOUNTANTS





Official Publication of the ASEAN Federation of Accountants (AFA)
Accredited Civil Society Organisation of the Association of Southeast Asian Nations (ASEAN)

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Future ASEAN Accountants

The business and accountancy landscape have changed dramatically over the past several decades. When I began my career as an accountant in mid-1970 with the Charoen Pokphand Group (CP Group), accountancy mainly involved looking at and maintaining our books. Today, our world is rapidly changing, and accountants are expected to take on more responsibilities and expand our role in safeguarding the public interest and providing value to our stakeholders.

Our region has witnessed a remarkable transformation in recent years. In this dynamic environment, digital transformation has emerged as a pivotal driver of competitiveness and efficiency. Understanding the characteristics of our talent—present and future—is becoming a crucial part of redefining the success of our business. Above all, upholding ethical standards and sustainable practices are prerequisites for long-term success and social acceptance.

Together with the Federation of Accounting Professions (TFAC), we organised the 23rd AFA Conference to put the spotlight on these pressing issues. The Secretary-General of ASEAN, H.E. Dr. Kao Kim Hourn, highlighted in his welcome message how professional accountants play a special role in ASEAN's journey towards a green and digital future. It is accountants who hold the power to guide businesses towards enhanced transparency, integrity,

accountability, and the capability to adapt to sustainable practices, underpinned by digital technologies as a new driver for growth.

The message is clear: ASEAN accountants must embrace change and redefine their skills and competencies to remain relevant.

Towards the Golden Jubilee: Advancing the Accountancy Profession in ASEAN

Recognising the importance of continuing our effort to strengthen the accountancy profession in ASEAN, we are committed to incorporating all relevant and significant regional and global issues and trends into our strategic plan for 2024-2027.

Reflecting on my two-year leadership with AFA, I believe that we have successfully navigated through the challenging circumstances brought by the pandemic. AFA is now recognised as a prominent stakeholder in the global accountancy profession. Collaboration with our now 21 member organisations, together with key partners and stakeholders, is the key to our success in redefining what it means to be a professional accountant in ASEAN.

This has been a once-in-a-lifetime opportunity to make a difference in the lives of accountants in the region. I am truly honoured to be given this great responsibility.



The future ASEAN accountant is one who truly embraces the changing environment and the challenges that come with new trends and innovations. I urge you to take this opportunity to take leadership in building a relevant and reputable accountancy profession in ASEAN.

Thank you.

Voravit Janthanakul

President, AFA (2022-2023)

Accountants: Enablers of Sustainability



MALAYSIAN INSTITUTE
OF ACCOUNTANTS

by the
Malaysian Institute of Accountants

As the call for sustainability adoption gains momentum, it is imperative that the accountancy profession step to the forefront in advocating for action on the relevant environmental, social and governance (ESG) issues that place business, people and the planet at risk.

Recognised as the voice of the profession in Malaysia, the Malaysian Institute of Accountants (MIA) is vigorously advocating for ESG and sustainability adoption to drive sustainable nation building, in the public interest. Indeed, the first hybrid MIA International Accountants Conference 2023 (which took place in June 2023) drew its largest ever attendance of close to 3,500 delegates, focused heavily on ESG and sustainability developments, with the theme of *Future-fit Profession: Charting a Better Tomorrow*.

Our emphasis on ESG is closely aligned with the international movement for sustainability adoption which is currently in the global spotlight, simultaneously inducing the requirement for disclosure on sustainability and climate change-related areas from organisations. Stakeholders such as investors and the public at large are demanding organisations' transparency on

environmental and social impacts as this is critical to managing severe global risks. Based on the Global Risks Report 2023 published by the World Economic Forum (WEF) highlighting the top ten risks over a 2-year period and 10-year period, eight of these relate to environmental and societal risks.

At the same time, MIA's stance is closely aligned with the International Federation of Accountants (IFAC) which has stated that with the establishment of the International Sustainability Standards Board (ISSB), the way forward for the accountancy profession is to lead climate reporting and other material disclosures on environmental, social and governance (ESG) matters together with their assurance.

IFAC in its February 2023 publication entitled *Time for Action on Sustainability: Next Steps for the Accountancy Profession* emphasised that accountants should advocate for smart sustainability-related policymaking and regulation starting with the support of the new ISSB and assurance of sustainability disclosures. The new role requires adoption of an integrated mindset by breaking down information silos within organisation and promoting interconnection.

By being proactive in sustainability-related reporting, accountants can help organisations to comply with industry best practice and imminent requirements. In order to achieve this, accountants need to demonstrate sustainability-related competencies to ensure the profession continues to expand its value-added capacity.

Sanjay Rughani, Chair of the IFAC Professional Accountants in Business Advisory Group emphasised that organisations are turning to their accountants to help stay afloat and navigate a future pathway to resilience. As a result, accountants need to adapt and assume new roles and functions in sustainability for them to continue adding value to the organisation.

In response to these developments, the MIA is embarking on its sustainability agenda. This is a two-pronged approach that advocates sustainability for the Institute and for the accountancy profession, so it continues to be future relevant, protect public interest and support sustainable nation building.

“As the regulator and developer of the profession, MIA has identified climate change and ESG issues as game changers that will reset the global business ecosystem. As Malaysia pursues its pathway to a low-carbon economy, accountants are ideally positioned to be a strategic partner for companies’ transition towards a more sustainable future,” said MIA’s Immediate Past President Datuk Bazlan Osman.

“Needless to say, value-added capacity and competency building will be imperative to drive the MIA’s two-pronged sustainability agenda. In terms of competency building, MIA is evaluating how accountants can harness their ethics, professionalism, unique competencies and financial expertise to

help drive the ESG agenda in the short, medium and long term to support business and economic sustainability, and integrating these components into our extensive professional development programmes,” said MIA Chief Executive Officer Dr Wan Ahmad Rudirman Wan Razak.

Among the areas the MIA sustainability agenda will focus on are governance, accounting, people, reporting, process, assurance, systems, regulation and guidance. These are the fundamental areas relevant to the profession and the Institute whereby the sustainability agenda needs to be mapped and addressed.

MIA is in the midst of developing the MIA Sustainability Blueprint for the Accountancy Profession (the Blueprint) and MIA Sustainability Framework and Targets (the Framework). The Blueprint focuses on advocating sustainability for the accountancy profession whereas the Framework outlines the MIA sustainability agenda for the Institute. The Sustainability Blueprint Task Force (established by the MIA Council) and the MIA Management Team will oversee the development of the Blueprint and the Framework respectively.

While developing the Blueprint and Framework, MIA will continue its advocacy and capability building efforts on sustainability for the accounting profession in Malaysia, to develop accountants who are future-relevant for ASEAN and the world.

Embedding Ethical Behaviours

Corporate Culture Needs to Reflect Company Values Consistently

ACCA

Think Ahead

Author

Pat Sweet, AB Ireland editor.

Oil giant BP recently announced the abrupt exit of its chief executive, Bernard Looney, amid allegations of inappropriate workplace relationships affecting employee promotions. He joins similarly disgraced senior executives, including Steve Easterbrook, the former CEO of McDonald's, and ex-Intel chief executive Brian Krzanich.

Tony Danker, former head of the CBI, also left the UK business lobby group after being accused of crossing the line in workplace conduct, while Ireland's flagship broadcaster, RTE, has been making news for months over failures of governance relating to presenter remuneration.

“ A survey found 83% of investors say avoiding companies with corrupt practices is an important ESG priority

As well as the high personal cost for the individuals concerned, there are also serious financial and reputational repercussions for their companies. Looney's unexpected departure had a significant impact on BP's market valuation, which fell from £90.8bn to £88.2bn and sparked upheaval in the UK stock market.

Company conduct

And it's not just personal conduct that is in the spotlight. In June 2022, energy firm

Glencore was convicted of a decade-long bribery scheme across operations in Nigeria, Cameroon, Ivory Coast, Equatorial Guinea and South Sudan. The resulting fines and financial settlements are expected to top US\$1.5bn.

“ An ethical culture is a source of competitive advantage

A survey by investment group Hargreaves Lansdown found that 83% of investors regard avoiding companies with corrupt practices as one of their most important environmental, social and governance (ESG)-related priorities, while 68% prefer those with a completely clean record and less than a quarter (22%) would consider investing in a company that had been in trouble previously, even if they felt improvements were being made.

After its research showed just one in three Britons believe companies operate ethically, and across the FTSE 100 and FTSE 250 only one in two companies have publicly accessible codes of ethics, the Institute for Business Ethics (IBE) has published **guidance for boards** on how to ensure everyone in the company acts ethically.

“Recognising individuals who consistently display integrity is the way to an ethical business culture

Simon Thompson, chairman of the IBE advisory group on board ethical culture, and the former 3i Group, Rio Tinto and Tullow Oil chairman, said: ‘An ethical culture is a source of competitive advantage, promoting high standards of business conduct and integrity, and building trust and loyalty with customers, staff and other stakeholders.

‘Companies face increasingly complex and varied ethical challenges as expectations about the role of business in society continue to evolve.’

Twelve steps to building an ethical culture:

According to IBE, board members and senior management should:

- **Set an example.** Act with integrity, treating all stakeholders with courtesy and respect, and remaining alert to any mismatch between words and actions, particularly when things go wrong.
- **Recruit role models.** Ensure successful candidates understand the importance of the company’s declared values and behaviours, and are prepared to act decisively when leaders fail to uphold them. Consider including ethical behaviour as a specific criterion when evaluating performance.
- **Create a shared vision.** Use multiple channels to check that the company’s values are embedded in its strategy, are understood and embraced by employees, and are consistent with the experience of all stakeholders.
- **Highlight ethical risks.** Identify, mitigate and monitor ethical risks when reviewing a company’s business model or making strategic or operational decisions, especially in areas undergoing rapid change, such as the use of social media or artificial intelligence.
- **Benchmark performance.** Both internal and external benchmarking will help pinpoint best practice and identify areas requiring remediation, using indicators such as levels of actual or potential ethical breaches and stakeholder satisfaction.
- **Publish a code of conduct.** This defines the standards of behaviour expected, and provides practical guidance to help decision-making. It needs regular updating to reflect changing regulatory requirements and societal expectations, and may need to be extended to other business partners.
- **Open up communication.** Create easily accessible ‘speak-up’ channels for stakeholders to raise and, if necessary, escalate concerns or grievances. Ensure reports are investigated, any remedial action taken, and feedback provided to the complainant to enable continuous improvement.
- **Implement training.** Establish induction programmes and regular training to ensure familiarity with the company’s code of conduct, with bespoke training for any roles with a high exposure to particular ethical risks, covering risk identification and management, and how to report concerns.
- **Check pay scales.** Make sure the company’s remuneration policies and practices, including performance-related pay, are consistent with its purpose and values, and avoid inadvertently creating incentives for unethical behaviour.

- Recognise learning opportunities.** Investigate material ethical lapses to identify the root causes and put in place measures to prevent a recurrence, such as improvements to systems, processes and training.
- Clarify the consequences.** As well as disciplinary actions, recognising, rewarding and promoting individuals who consistently display integrity, respect and moral decency in their behaviour and business judgement is the best way to sustain and strengthen an ethical business culture.
- Provide support.** Ensure those responsible for monitoring business ethics are independent and objective. The senior responsible manager(s) should regularly report to the board or a board sub-committee and have unfettered access to the chair or a designated non-executive director.

This article first appears in the October edition of the ACCA's AB magazine.

More on this:

- Ethics for a better world: our daily talks from around the globe | ACCA Global**
- Accounting for the Future (accaglobal.com)** Watch on demand sessions on 'Ethical dilemmas in an era of sustainability reporting', 'Navigating ethics in the workplace' and 'Making tax and ethics work together for a just society'



Applying Ethics to Sustainability Reporting

A New ACCA Report Aims to Help Finance Professionals Navigate Dilemmas in a Fast-changing Landscape

ACCA Think Ahead

Being alert to risks and behaving ethically around sustainability reporting and assurance will be fundamental to establishing trust in the information published. So, ACCA has published a guide, **Ethical dilemmas in an era of sustainability reporting**, to support professional accountants.

It sets out the challenges for finance professionals that may result in ethical dilemmas as:

- needing to rapidly develop systems and processes for verified reporting
- working with a variety of data, much of it subject to estimation and uncertainty
- a risk of partial or misleading reporting ('greenwashing'), in part due to increasing interest from a range of stakeholders with differing needs and expectations from corporate reporting
- sourcing reporting and assurance talent.

“Tensions could arise given the multiple sources of guidance available to promote ethical behaviour

'We have a collective obligation to future generations to operate individually and as organisations in a sustainable manner,' the report warns. 'For professional accountants, this is an opportunity to provide strong leadership and insight, in turn helping to drive ethical and sustainability-focused decision-making.'

Too much information

The report points out that tensions could arise given the multiple sources of guidance available to promote ethical behaviour – for example, principles of sustainable development, corporate governance codes and the **International Code of Ethics for Professional Accountants** issued by the International Ethics Standards Board for Accountants (IESBA). Interpretations of what is deemed 'right and correct' may differ between stakeholders or decision-makers applying different codes.

The report recommends finance professionals use checklists, make the IESBA ethical code an everyday part of sustainability reporting, and identify ethical threats and dilemmas generally.

It also provides simulations of real-world sustainability-reporting scenarios where ethical dilemmas arise due to weaknesses in processes and systems; risks of greenwashing; insufficient competence and due care; and challenges of independence.

This article first appears in the October edition of the ACCA's AB magazine.



When I Grow Up, I Want to Be...



DIFFERENCE
MAKERS™

by the
Chartered Accountants Australia and New Zealand

Stereotypes of brown cardigans and bean counting may be a thing of the past for the accounting profession, but it still struggles with an image problem. A mismatch between perception and reality presents a challenge that the industry must shake off to secure a sustainable future, but how can we attract more young people to the profession?

The accounting industry is already experiencing a talent shortage and, with baby boomers retiring, a strong pipeline of aspiring accountants is required just to fill existing shoes. However, enrolments in university degrees that typically lead to careers in the accounting profession in Australia and New Zealand are in decline.

"I think a lot needs to happen to shift the perceptions of high school students in relation to the accounting profession because this is typically the age when people still make their career choices," says Professor Anil Narayan CA, head of the accounting department at Auckland University of Technology.

"There's still a strong association with dull number crunching and we need to

communicate the diversity of roles that accountants actually have."

Perception versus reality

Megan Alexander CA, managing director of Robert Half New Zealand, says that a career in accounting offers benefits such as job security, an attractive salary and global career options.

"It's a fantastic career, especially if you're young and you want to earn good money while you travel," says Alexander, who worked as an accountant for 10 years before moving into recruitment.

However, Rachael Rankin, general manager, brand, at Chartered Accountants Australia and New Zealand, says there's a disconnect between what young people think accounting is and what accountants actually do.

"I was talking to a girl at a careers fair recently and she said she wanted to be a CFO, but that she was going to study business because she thought that finance and accounting were different things."

Rankin, who is leading a campaign to boost

the attractiveness of the profession, says perceptions of the accounting profession do not align with what generation Z (aged between 11 and 26 in 2023) and future generations are looking for in a career.

“Another challenge is that a lot of those perceptions are actually very outdated or incorrect,” she says. “There seems to be a lack of understanding around the fact that accounting provides you with a broader skill set than just doing a P&L, and that’s a myth we’re trying to dispel.”

Generational divide

Generation Z, defined as the group of individuals born between 1997 and 2012, will make up a third of the Australian workforce in 2030. Research from McCrindle shows their career choices are largely driven by **a desire to follow their passion**.

“What we are seeing is that younger generations are going to have a number of different careers and a number of different jobs, and they want to have a foundation that allows them to have that flexibility,” says Rankin. “Unfortunately, they don’t currently align this with accounting. They think that if you study accounting, you become an accountant and that’s your career path – that you sit at your desk in a big corporate office.”

Alexander adds that a variety of career paths flow from accounting, but it’s a benefit that’s often overlooked. *“It can take you beyond a pure accounting role and gives you that business acumen for running businesses,” she says.*

Narayan says another barrier to students choosing accounting is a concern about technological disruption. *“I’m hearing that many people are put off by the idea that technology is replacing accounting roles,” he says. “The reality is that a lot of accounting tasks are now being done by technology, but the irony is that these are generally*

the number-crunching tasks that inform the boring stereotypes of accounting. Technology has made accounting more exciting because you need to be more analytical, but a lot of younger people just don’t see that.”

What’s in a name?

The accounting profession may need to sharpen its image, but one of biggest branding challenges may be its name.

CA ANZ has partnered with **Year13**, a digital youth engagement platform that helps school leavers activate their post-school goals – from study and work, to travel. When gauging perceptions of accounting among high school students, Rankin says findings show that most kids don’t associate accounting with innovation.

“One of the polls that we did through our Year 13 partnership shows that 63% of kids believe that if it was accounting, it wasn’t innovative,” she says. “That’s a red flag because we know that innovation is prized at all ages these days. In the work we’re doing to change the perception of high school students, we don’t tend to use the word ‘accounting’ in headlines or in a major way,” adds Rankin. “But, while the profession’s name is a brand challenge, I don’t think we can ever fully move away from it.”

Professor Paul Andon FCA, head of the school of accounting, auditing and taxation at the University of New South Wales, says the profession’s image would be more appealing through a *“strong and compelling narrative” to promote its “critical value to business success”.*

“I firmly believe that accounting is the best skill set an aspiring professional can have in order to understand and run a business, but that’s something that we don’t communicate effectively,” he says.

"If you want to work in the tech industry or become an entrepreneur, there are role models who you can look up to," says Andon. "The accounting industry doesn't really have those inspiring role models, so people don't often equate accounting with an inspiring career path and you can't be what you can't see."

Rankin says that while accounting career benefits, like salary and career stability, are generally understood among young people, it's not driving career choices.

"What we've found is the drivers for a lot of students in choosing their electives at high school and the degrees they study at university is to align their career with their passion," she says.

"That's what we need to focus on," she continues. "Whether you want to have a side hustle, whether your passion is to work in sport, in cybersecurity or to protect the environment, studying accounting is a really great foundation for you to have a career that aligns with your passions, because careers in accounting exist everywhere."



This is an extract of an article in Acuity magazine. The full article appears here
<https://www.acuitymag.com/people/next-generation-of-accountants>

Making Quality Audit Easy: Confirmation's AR/AP Product as a Further Tool



Dee Guitton

Southeast Asia Account Manager –
Thomson Reuters® Confirmation

In an era where audit firms worldwide are rapidly embracing digitalisation to address mounting efficiency, quality and talent demands, future ASEAN Accountants must act fast to adopt new technologies to remain competitive.

Singapore's top audit firms, RSM and BDO, are among those leading the transformative wave. The two firms are setting industry benchmarks, exemplifying the transition towards more efficient, tech-driven business practices. These forward-thinking firms are leveraging Confirmation's Accounts Receivables and Accounts Payables (AR/AP) product to further streamline their processes and enhance their audit capabilities.

Founded in 2000, Confirmation has long been synonymous with bank confirmations, its flagship product. However, the platform's capabilities have extended beyond bank confirmations. AR/AP confirmations are a natural extension, and audit firms in Singapore have been quick to recognise the advantages.

Progressive Adoption Across Southeast Asia

Since 2021, a significant number of ASEAN audit firms have embraced Confirmation for

their AR/AP confirmations, with some adopting unlimited subscription packages to maximise functionality.

The benefits of this transition are evident:

- 1 Better Response Rates:** Traditional confirmations typically yield a response rate of 5-10%. In contrast, Confirmation's online AR/AP tool sees an improved average response rate of 50%. The platform's ease of use, automated reminders, and dedicated follow-up team facilitate responders and ensure auditors get higher response rates with minimal effort.
- 2 Swift Turnaround:** Nearly 70% of responses are received within three business days, enabling auditors to focus their attention on the right responders or alternative procedures when necessary. This not only accelerates the confirmation process but also raises auditor productivity.
- 3 Consolidated tracking:** With auditors already using Confirmation for bank confirmations, consolidating AR/AP confirmations on a single platform just makes sense. This integration simplifies the workflow, saving valuable time and resources.

4 Automated Audit Trail: Perhaps most crucially, the Confirmation platform automatically logs all activity, from request initiation to automated reminders. This detailed audit trail ensures firms have solid evidence of due diligence, which is useful when dealing with regulators or audits.

Unlocking the Potential for ASEAN Audit Firms

From a larger perspective, streamlining the AR/AP confirmation process is more than just a time-saving endeavour. It's a strategic move that allows auditors to dedicate more time to meaningful audit work and exercising professional scepticism. This is pivotal for attracting and retaining talent in the Southeast Asia region; especially in Singapore, where a severe shortage of skilled professionals in the accountancy sector necessitated government intervention in the form of a taskforce earlier this year, as announced by Deputy Prime Minister and Minister for Finance Lawrence Wong.

Quotes from the Leaders in Audit

BDO Singapore, renowned for its dedication to digitalisation, has embraced Confirmation's AR/AP functionality:

“BDO Singapore has always focused on digitising our audit process, so transitioning all our account confirmations to Confirmation was an obvious choice. This shift has significantly boosted our teams' efficiency, with all requests easily accessible online, streamlining tracking. The Confirmation team provided excellent support throughout the entire process.

— Jacqueline Lew, Audit Partner

RSM Singapore, equally committed to digital transformation, shares their experience:

“RSM has been and is continuing to work tirelessly to digitise our entire audit process, and AR/AP was one of the parts we digitalised by moving to Confirmation. It is easy for our engagement teams to collaborate on a client, send, and track requests. We are delighted with the improved response rates.

— Cheng Yuan Chong, Partner

Conclusion: Empowering Audit Excellence

Based on the firms' experience, Confirmation's AR/AP functionality has proven a useful additional tool. In addition to higher and faster response rates, streamlined processes, and automated audit trails, the use of an online process has positioned the firms as progressive ones, helping them to attract and retain key talent.

As audit practices continue to evolve, Confirmation remains at the forefront, empowering firms to focus on what truly matters: delivering high quality audit service.

To learn more about how **Confirmation** can streamline your audit processes, please **reach out to us** today.



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