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Finance's 4-part role
8

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- Digital innovation project
- Small and medium enterprise (SME)
- Student

Reserve your seat(s) for the ceremony and dinner.

Conference | 8–9 October 2024
Awards Ceremony and Dinner | 8 October

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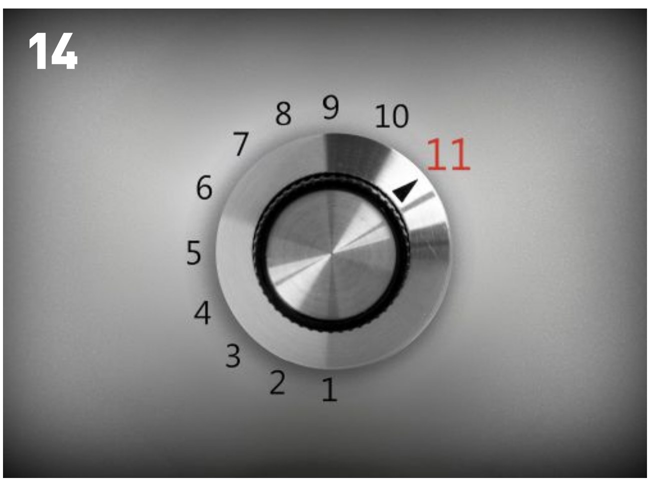

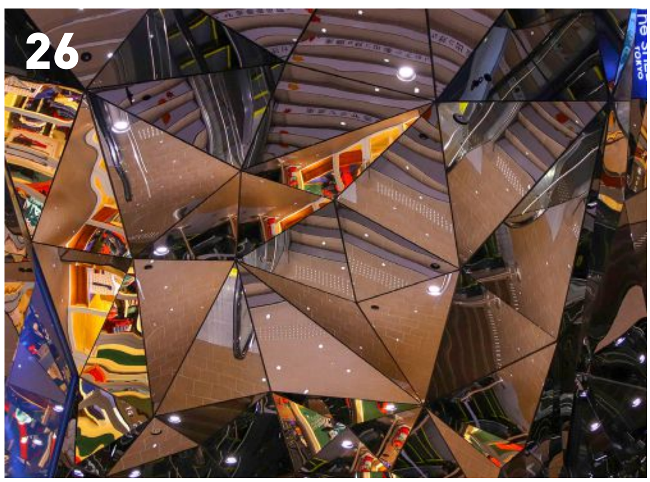

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AICPA & CIMA
Together as the Association of International Certified Professional Accountants

CIMA
30 Crown Place, 8th floor, London, EC2A 4ES
Tel.: +44 (0)20 8849 2251

AICPA
220 Leigh Farm Road, Durham, NC 27707-8110
Tel.: +1 919-402-4500

www.aicpa-cima.com

FM
Financial Management

www.fm-magazine.com
CONTACT US

Editorial inquiries:
fm-magazine@aicpa-cima.com
+1 919-402-4449

Advertising inquiries:
Advertising inquiries (media kits): adsales@aicpa-cima.com
Ad Production inquiries: adprod@aicpa.org
+1 919-490-4324

Publisher: Alistair Nevius (Alistair.Nevius@aicpa-cima.com)

Editor-in-Chief: Oliver Rowe

Managing Editor: Rocky S. Rosen

Assistant Managing Editor: Jeffrey Gilman

Creative Director: Michael Schad Johnstone

Senior Editors: Jeff Hagan, Sabine Vollmer

Digital Publisher: Amelia Rasmus

Contributing Editors: Matthew Fiander, Eleanor C. Hamlin

Copy Editors: Charlotte Barry, R.L. Bynum, Angela Clemmons-Roberts, Todd Conard, Christopher Goodwin, Jada Harris Martinez, Annmarie Miranda, Marcy Smith

Production: Zaki Azhari, Izzat Erwan Iskander, Farhan Abd Jalil, Amsyar Wan Mohd Soffie, Meie Tan, Syazwan Zulkepli

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SIMON BITTLESTONE, FCMA, CGMA

The digital opportunity

'Management accountants have always thrived by being early tech adopters.'

We all know that the world is going through a radical, exciting, and sometimes unsettling revolution driven by digital technology. Innovations such as artificial intelligence (AI) and robotic process automation (RPA) are reshaping industries, optimising processes, increasing efficiency, and driving value at an ever-increasing pace. As finance professionals, our mission is clear: to drive and champion these changes for our organisations to deliver value. By doing so, we become architects of the future, supporting organisations to accelerate and lead into the future.

My own background is in technology. I was CEO of a financial analytics technology company, helping large businesses take better strategic decisions and manage performance. So let me be absolutely clear: However disruptive you have found the digital transformation of the economy so far — this is only the beginning. New technology is rapidly changing the way finance teams operate across the world, and we, as a profession, must embrace this change.

Digital acceleration is a huge opportunity for us, especially given our long track record of adapting to and taking advantage of technological advances. Management accountants have always thrived by being early tech adopters. In the late 1970s, digital spreadsheets became a "killer application" when we started using them to increase the breadth of what we could do and the value our profession could add to organisations.

That tech adoption revolutionised our work, and we now find ourselves at a similar point in time. I am convinced that technologies such as AI and RPA can be another huge opportunity for us if we are ready to take it.

The other reason we must drive this change is that if we don't, we will be left behind. All of us, at every level of the profession, need to constantly learn, unlearn, and relearn things we thought we knew and apply this knowledge in new ways and to new areas.

The workplace is evolving at pace. This was reinforced by our Future of Finance 2.0 research, which showed that 84% of finance professionals in business partnering roles were optimistic about the future, compared with only 15% who are not in business partnering roles, with automation being a major concern for those who were pessimistic.

The need to evolve is particularly true in AI-exposed sectors such as ours. A recent PwC report found that growth in the number of jobs that require AI specialist skills has outpaced growth in all jobs since 2016, increasing 3.5 times faster.

This doesn't mean we all have to suddenly become proficient at coding. However, all organisations will be looking for ways to harness this new digital power. We must be sure we understand the technology so we can help maximise its potential.

It is vital that we approach this with a positive mindset. The PwC report highlighted what I think is the key opportunity, namely the productivity-enhancing potential of AI. Sectors with the highest AI penetration are seeing 4.8 times greater labour productivity growth than industries where AI is less applicable. Harnessing that power would give us a once-in-a-lifetime chance to vastly increase the power and scope of what we do and add even more value to the businesses we serve.

That is why I intend to use my time as CIMA president and chair of the Association to promote the inherent opportunities in the digital revolution and make sure we do not let this fantastic opportunity to secure our future go to waste.

KEEP IN TOUCH

Follow me on X (formerly Twitter): @CIMA_President #AccelerateAndLead

PHOTO BY BARNEY JAMES/TIMELESS PICTURES

Managing digital risk

By Andrew Harding, FCMA, CGMA

We are working in a significant period of technological advance, ripe with opportunities for those of us bold enough to take them. There is no doubt that the current digital revolution will radically alter how many organisations operate and are structured.

I am optimistic that it will be a catalyst for our profession to increase the scope and power of the analysis we offer. These changes will mostly be for the better and should raise the rate of productivity growth, which is something we all want to see.

That said, as finance professionals, we need to approach these digital innovations with our eyes open, acknowledging both the potential new risks they could pose as well as their potential to enhance productivity.

Gen AI

This is particularly true when we think about generative AI. To manage the risks inherent in the use of this technology, you have to understand how it works. In essence it "learns" from existing data what is the most likely response to a prompt. If you are using some publicly available large language model (LLM) applications, they will save the data from your prompts and use it to refine their model further.

This raises the key issue of data protection. Remember the adage about social media: "If the software is free to use, you are the product." This is relevant to all generative AI LLMs that learn from the data you input. You should not be inputting customer or client data or anything else you would not want in the public domain. You certainly need to understand the regulatory implications of this type of data use in the jurisdiction you are operating in.

One of the key applications accounting and finance professionals have found for generative AI is as a research tool. You can use it to summarise reports or look up accounting standards or formulae. The time that can be saved by doing this is a great example of how much a productivity-enhancing innovation AI can be, if used properly.

Check outputs

If you are one of the many people who are researching in this way, you need to be very clear about the sources the software is learning from. It is imperative that you check the outputs using your own skills and knowledge.

Remember the software does not "know" (or care) whether what it generates is objectively right or wrong. You need to independently establish that yourself. You will want to keep an audit trail of all the data sources you are using, so you can refer back to them and answer queries.

At AICPA & CIMA, we are developing further resources to help you take advantage of this new technology in your own work. In the meantime, if you would like to explore these issues further, I would highly recommend this episode of *The Finance Leadership Podcast*, where Paul Parks, CPA, CGMA, AICPA & CIMA's Americas director–Research & Development, discusses in detail the risks and opportunities of AI. ■

Andrew Harding, FCMA, CGMA, is chief executive–Management Accounting at AICPA & CIMA, together as the Association of International Certified Professional Accountants.

AI-GENERATED IMAGE BY JEFF/ADOBE STOCK

Ransomware threat: Finance's 4-part defence role

Finance leaders have a multifaceted role in building and funding cyber defences, including creating and testing an incident response plan.

By Andrew Kenney

Hackers have numerous ways to assault a company, from spyware to denial-of-service (DoS) attacks that can overwhelm a server or network with internet traffic. But ransomware attacks are some of the most concerning for experts in the finance and cybersecurity spheres.

"Ransomware is probably one of the things that keeps me up most at night," said Allison Ward, CPA, a US-based partner with CapinTech, a CapinCrouse company that specialises in cyber consulting.

Ransomware attackers breach corporate networks and use encryption software to digitally lock files and data, making it impossible for the victim to use their own information, and then hold the company's data hostage.

As the victim scrambles for a solution, the attackers make an offer: If the company pays a ransom, its files will be unlocked.

It can be an especially lucrative method of attack, since the hackers are extorting money directly from their victims instead of needing to find a third-party customer for stolen data. And they are targeting companies of all sizes.

"Organisations sometimes have a false sense of security if they are smaller, if they outsource, if they don't maintain systems on-site," Ward said. But, she said, "The impact can be so significant, and I think it can impact pretty much everyone."

Here's how experts say companies can strengthen their defences, create a culture of security, and prepare for the worst.

Assess and maintain technological defences

Finance is a common target for cyberattacks, as it manages valuable data and important software systems. In addition, the CFO may hold or share responsibility for maintaining security technology and protocols, said Tin Lau, FCMA, CGMA, chief risk officer for Mirae Asset Securities in London.

"Cybersecurity is more and more important as firms have more and more of an online presence — and unless the CEO has a [chief information security officer] or equivalent junior person, someone's got to pick this up," Lau said. "You can't avoid doing it."

Finance and IT may share responsibility for systems and data, though the technology team may not even be aware of the status of certain systems under finance's control, said Darron Sun, FCMA, CGMA, CPA (Australia), a Hong-Kong based CIO for a not-for-profit organisation.

"We have to implement robust cybersecurity measures," Sun said.

It's key that finance leaders take responsibility, determining who owns key systems and responding appropriately, Sun said. That means keeping software up to date to fix known vulnerabilities; ensuring that firewalls and detection systems are in place; and employing experts to probe for vulnerabilities. Finance leaders should also ensure that backups of sensitive data are kept in multiple places, preferably including a backup option that is not connected to the company network or the internet.

In addition, finance ultimately must ensure that these fundamental defences — including both the technology and regular testing to ensure its functionality — are properly funded and meet regulatory standards.

"If your company has zero budget for cybersecurity, you will have zero cybersecurity," Sun said.

Train staff to prevent attacks

Digital defences only stop some attacks. In other cases, attackers use tactics to trick employees into taking actions that compromise security.

"Ransomware is often something which is triggered through human behaviour," said Kasun Premechandra, who is based in Sri Lanka and leads portfolio management for the Finance Change division of the London Stock Exchange Group.

Attacks commonly start with phishing attempts — fake messages that contain files or links that will allow the attackers onto the network if they are activated by the user.

And the attackers are becoming more sophisticated.

They may use generative AI to create fake video or audio messages from executives, or convincingly customised emails, that urge employees to download a file or click a link.

"All it takes is one person to get busy, fall for a voice attack, and disclose their MFA [multi-factor authentication] code," Ward said, "and the bad actor has access."

The strongest defence is to train individual employees to identify and reject phishing attempts. Training exercises can help them learn the telltale signs of an attempted attack (see the sidebar "How Phishing Attacks Can Present").

Besides conducting training, companies should regularly test their staff's ability to identify phishing content. Phishing simulation software sends emails to employees in the style that cyberattackers might use. If an employee clicks the link, nothing bad actually happens — except that managers are alerted that the employee fell for a phishing attempt.

"These kinds of actions can give a very strong signal to the staff: They have to pay attention to phishing," Sun said.

The goal of these tests and training, Premechandra added, is to create a culture where each employee understands that security is their responsibility — a process that begins at onboarding and continues throughout a worker's tenure.

"It's all about training, bringing awareness, and then empowering the staff so that they can be a human firewall, so that they will think for themselves, and then they will prevent threats from reaching the organisation," he said.

Plan for the worst

Every company has to consider the possibility that, despite preventive efforts, their data will eventually be held hostage.

One way to prepare is to improve the company's data backup strategy. In the event of an attack, a well-prepared company might be able to simply restore backup data instead of paying the ransom to unlock the compromised data.

But it's key to keep these backups separate from operational systems, since the attackers will aim to lock or destroy any backups they find. Leaders also should think carefully about what data to back up — attackers may target unexpected but important information, such as contact information databases of employees.

Companies must also plan for responding to cyber-ransom attacks.

"We have to develop an effective cyber incident response plan … and we have to minimise impact," Sun said. (See the sidebar "Incident Response Plan — Key Elements".)

"Documentation is key and important," Ward said. "The more you do on the front end [before a potential attack], the more prepared you'll be on the back end."

In an emergency response, each department will have an

IMAGE BY SUEBSIRI/ADOBE STOCK

important role to play.

IT will most likely lead efforts to repel the attackers and restore data. The company's general counsel may be negotiating with the attackers. But finance will be advising both of those teams: What financial data has been compromised, and how easily could it be replicated? How much will a plan of action cost, and how will it affect the company's finances?

The company needs "a clear chain of command and a playbook, so everyone knows what they're doing", Lau said. In an emergency response, there must be "a very small group of decision-makers with access to the latest available information to make a decision quickly".

A response plan also should detail how the company will disclose information to the public and to partner companies, Sun said.

"Sometimes the information or the data being ransomed may not only affect your company but may affect your business partners," he explained.

It may be appropriate to keep response plan documentation totally isolated from the company network so that it's not revealed to attackers.

Paying the attackers is a last resort, the experts stressed. Giving money to attackers gives them more resources and motivation to

Incident response plan — key elements

According to the experts interviewed for this *FM* article, a response plan for a cyber incident should address the following:

- **Containment and eradication:** Steps and methods for containing attackers and expelling them from the network.
- **Contact information:** Contact details for potential third-party partners who will aid in response and key responders within the company.
- **Data backups:** Information about the availability and frequency of data backups and procedures for accessing, restoring, and validating backups.
- **Task delegation:** Delegation of responsibility for key tasks such as communication with stakeholders, restoration of various systems, and potential negotiation with attackers.
- **Communication plans:** Strategies for keeping internal and external parties informed.
- **Cyber insurance policies:** Details of cyber insurance policies, including the limits of coverage and claim initiation procedures.
- **Legal and regulatory compliance:** Laws and regulations that may apply to the response, including timelines and processes for regulatory reporting.
- **Negotiation guidance:** Guidance for negotiators about the circumstances in which the company might pay a ransom.

How phishing attacks can present

These are the common characteristics of a phishing attack to look out for:

- **Unfamiliar senders** or **unexpected or unsolicited** email from reputable senders.
- **Urgent language** that creates pressure to act quickly.
- **Generic greetings** that don't use an individual's name.
- **Spelling and grammar errors** or unusual phrasing.
- **Email domain spoofing**, in which the sender uses a slightly altered domain name, often changing a single letter in the domain name of the employer or another reputable company.
- **Mismatched URLs**, where the text of the email appears to point to one domain but the underlying URL actually leads elsewhere. (This can be identified by inspecting the link in the email client, often by right-clicking or hovering over the hyperlinked text.)

Finance ultimately must ensure that these fundamental defences — including both the technology and regular testing to ensure its functionality — are properly funded and meet regulatory standards.

continue their attacks. They may even return to the same victim later.

"Law enforcement recommends not paying, and we tell our clients we don't recommend paying," Ward said, "but that's sometimes a lot easier said than done."

Even paying the ransom may not end the crisis, Premechandra added.

"There is no guarantee that they will give you the decryption code or decryption key," he said.

Practise your incident response plan

Companies should regularly practise their cyber-ransom response plans, whether it's through tabletop role-playing exercises or more advanced digital simulations.

"We have to do some training and drills on the incident plan because no one can guarantee your plan is working well [if it's not practised]," Sun said. "Training and drills are important to improve everyone's response during a high-pressure situation. The purpose of a drill is to make sure everyone knows their roles or responsibilities."

Ward added that there should be unexpected wrinkles in these fictional scenarios, making them more realistic and less routine.

"Make it challenging for yourself. Act like things will go wrong," she said. "What if the right person wasn't there? What if you didn't have access to get to a certain system? Those types of challenges can make you talk through things and find where gaps may be."

The threat won't be going away soon, Ward warned. Any company may face a cyber incident or even a breach. Strong technological defences only represent the first line of protection. The real question — and the way that finance leaders may ultimately be judged — is how well teams have trained for and responded to the crisis.

"Organisations that are really prepared have a better response," Ward said. "A lot of times, the criticism comes not because you had a breach, but because of the response and not being prepared." ■

Andrew Kenney is a freelance writer based in the US. To comment on this article or to suggest an idea for another article, contact Oliver Rowe at Oliver.Rowe@aicpa-cima.com.

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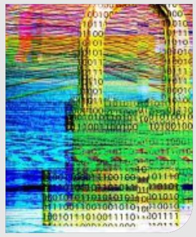
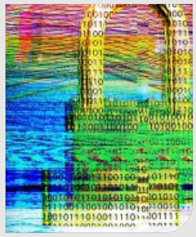


Cybersecurity Practical Applications Certificate Programme

Empower yourself to implement a sound cybersecurity risk management programme that will help your organisation avoid cyberattacks and recover quickly when they do occur.

COURSE



Cybersecurity Fundamentals for Finance and Accounting Professionals Certificate

This certificate programme will help you gain an understanding of the importance and impact of cybersecurity risks on your organisation or client, including an introduction to the AICPA's cybersecurity risk management reporting framework.

COURSE

AICPA & CIMA RESOURCES

Article

"Cybersecurity Poses Present and Future Challenges, Report Finds", *FM* magazine, 16 January 2024

Guidance

CGMA Cybersecurity Tool: Risk, Response and Remediation Strategies 2023

This tool provides essential guidance to finance professionals to minimise the financial, brand, and reputational impact of cybersecurity threats, including how to implement risk strategies, build cyber resilience, and develop the capacity to respond quickly and effectively to cybersecurity attacks.

Cybersecurity: Considerations for business

Industries have different levels of cybersecurity readiness, as AI and external individuals or groups change the threat landscape.

IMAGE BY LERMONT51/ADOBE STOCK

Cyber threats continue to present a constant risk to business.

The World Economic Forum ranked cyber insecurity as the fourth-largest global risk over the short term (two years) and the fifth-largest risk that could cause a crisis on a global scale this year.

And recent global research from technology company Cisco found that 73% (down from 82% in 2023) of business leaders with cybersecurity responsibilities believe a cyberattack will disrupt their business over the next one to two years.

The report — *2024 Cisco Cybersecurity Readiness Index* — highlights that malware and phishing are the most common types of attack. Also, it finds there has been a shift in the threat level posed by malicious external individuals or groups. Sixty-two per cent of respondents in 2024 perceive external actors to be the biggest threat against 31% for the internal threat within a company. Respondents to Cisco's 2023 readiness index viewed the two groups as posing an almost similar threat level.

The opportunities that artificial intelligence (AI) offers business extend to cybersecurity, but AI also increases the cyber threat to organisations. According to Cisco, though, 46% of organisations are at the progressive stage and only 7% at the mature stage of integrating AI within their cyber defences. ■

AICPA & CIMA RESOURCE

Guidance

CGMA Cybersecurity Tool: Risk, Response and Remediation Strategies 2023

What to guard against: Common cyberattacks

Type of attack	% of companies affected
Malware (malicious software such as ransomware)	76%
Phishing (a form of social engineering attack)	54%
Credential stuffing (data from one attack used to attack an unrelated service)	37%
Supply chain and social engineering attacks (exploiting human error or weakness)	32%
Cryptojacking (illicit use of computer power to mine cryptocurrency)	27%

Source: *2024 Cisco Cybersecurity Readiness Index.*

Readiness by company size

Readiness	Small companies (10–249 employees)	Midsize (250–999 employees)	Large (>1,000 employees)
	% of companies at each stage		
Beginner	16%	9%	6%
Formative	64%	57%	57%
Progressive	18%	30%	32%
Mature	2%	4%	5%

Source: *2024 Cisco Cybersecurity Readiness Index.* Percentage of respondent companies at each stage of readiness.

Is your sector ready?

Top 3 sectors	% at the mature readiness stage
Travel services	4%
Business services (including accounting, professional services, consulting, and advertising)	4%
Manufacturing	4%

Source: *2024 Cisco Cybersecurity Readiness Index.*

Bottom 3 sectors	% at the beginner readiness stage
Personal care and services	18%
Education	17%
Wholesaling	15%

Source: *2024 Cisco Cybersecurity Readiness Index.*

How to maximise your contribution to the business as CFO

Adding value as CFO requires steward leadership —with a foundation of integrity, ethics, and character.

By Eric R. Alexander, CPA

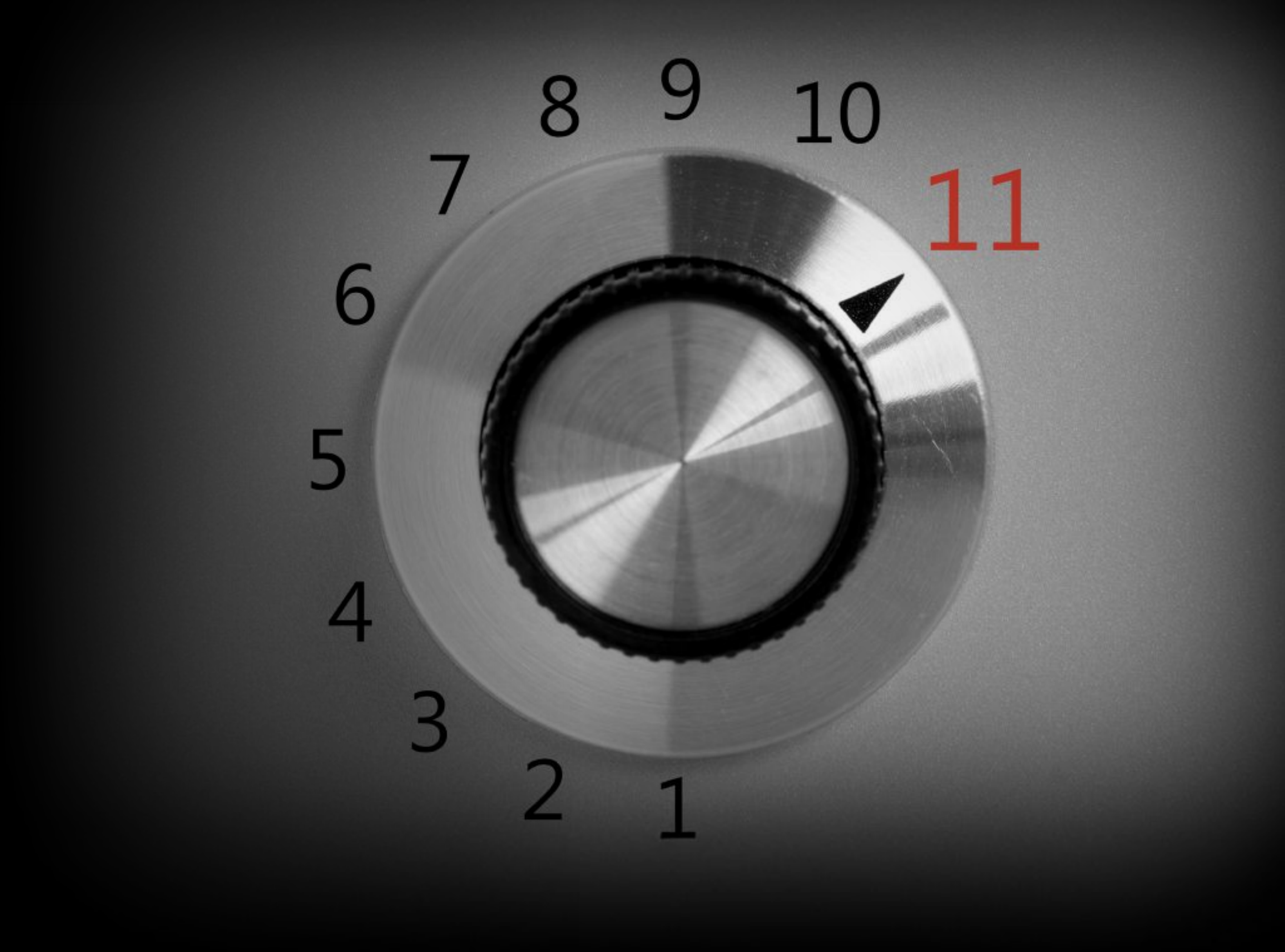


IMAGE BY THINGLASS/ADOBE STOCK

A steady career progression brought you to the CFO seat. The path to the role included (and still includes) challenging, rewarding work in a highly technical, constantly shifting environment. You're in the role because someone trusts that you can ably bear its responsibilities. You wouldn't be there if you hadn't already demonstrated you can make a valuable contribution to the organisation. But how can you build on those past successes? How can you maximise your contribution in the role going forward?

Understand and embrace the essence of the CFO role

Your typical day likely includes constant toggling from the strategic to the tactical; fielding a flurry of meetings, calls, emails, interruptions, and unwelcome surprises; preparing for that next board meeting or investor call; and much more. In the flow (and sometimes torrent) of those daily responsibilities, you may lose sight of why you are in the CFO role and why the organisation even needs a CFO.

Understanding and embracing the essence of your role as CFO provides a grounding, orienting context that keeps you on track and consistently providing maximal benefit in all that daily activity.

The essence of the role: combined stewardship and leadership, with responsibility for communication and protecting the organisation, and founded on the non-negotiable of character. (See the graphic, "The Essence of the CFO Role".)

Here is a quick look at each aspect.

Steward leadership

The fundamental nature of the CFO role is steward leadership. Leadership is a given and generally well understood. But the concept of stewardship — equally essential to the role — is less well known.

A steward is one entrusted with something valuable that belongs to someone else; the steward is responsible for what has been entrusted and accountable to the one who did the entrusting. And, significantly, the entire dynamic is not primarily for the benefit of the steward. (See the sidebar, "Stewardship: What Does It Look Like?")

Not much reflection is required to see that this is the case for you as the CFO: Many things have been entrusted to you (tangible, intangible, quantifiable, and otherwise), and your responsibility and accountability for all of them is not primarily for your own benefit.

Communication and protection

Next, the key responsibilities. Of course, a comprehensive list of your responsibilities would fill several pages. But they tend to group themselves into two categories: communication and protection.

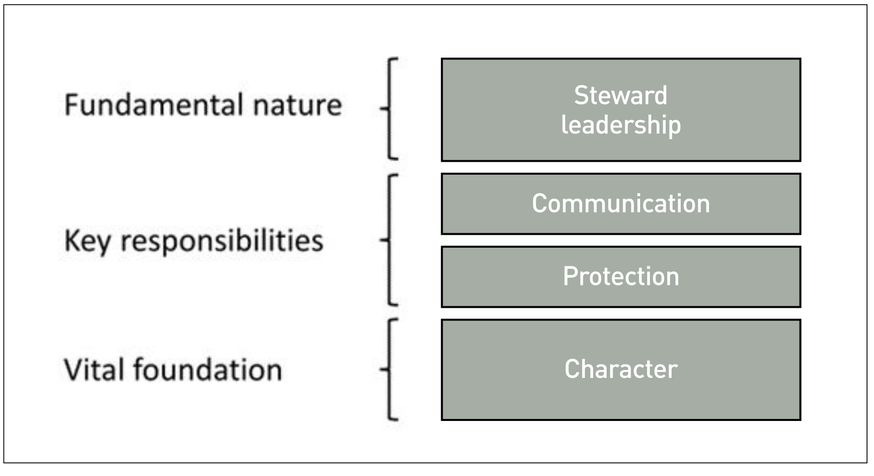
The responsibility for communication relates primarily to financial information. You have numerous constituencies who rely on you and your finance function for high-quality information for their decision-making — and you fulfil this responsibility both by your oversight of the finance processes that produce information and also by serving as the organisation's "Communicator in Chief of All Things Financial".

The protection responsibility almost speaks for itself. Protecting assets, liquidity, credit ratings, data quality, the internal control environment, the organisation's reputation with its capital sources — these aspects (and more) are the normal workings of a strong finance function. The protection activities aren't as visible as the communication ones because they generally operate quietly and effectively in the background (and those outside finance seldom pay them much attention until a lapse occurs).

Character

And the vital foundation for the CFO role? Character. Imagine someone in the role who does not operate consistently from a foundation of integrity, ethics, and unimpeachable character. The last person an organisation needs as its finance steward-leader in chief is a highly competent scoundrel.

The essence of the CFO role



Practical ways to strengthen the CFO role

Take time to view your daily responsibilities through the perspective of the fundamental essence of the CFO role to reveal places where a shift in mindset, practices, or priorities would strengthen your contribution.

To do this, CFOs should:

Cultivate collaborative relationships

You are in the CFO seat because, among other reasons, you have a strong analytical facility with numbers and financial concepts. And we analytical, numbers types are not necessarily renowned for our people skills.

However, you do not fulfil your responsibilities in isolation. The quality of your professional relationships can strengthen or derail your contribution as CFO. First, your CEO, the board, and your executive team peers — and others — rely on you for information and insights. Also, your CEO and peers benefit from your engagement with them in strategy formulation and execution. Your interactions with them and other leaders across and outside the organisation can help you develop and maintain a robust business sense and attention to the interplay of operational activities and the external environment with "the numbers" you so carefully steward.

So, seek opportunities to collaborate with other leaders (and encourage your

Many things have been entrusted to you (tangible, intangible, quantifiable, and otherwise), and your responsibility and accountability for all of them is not primarily for your own benefit.

finance team to do the same with colleagues). Build relationships. Spend time talking with your peers about what is going on in their worlds and how you and your finance team can serve them, including with additional financial information and enhanced analytics.

Alert your peers and other leaders when you see anything unusual, alarming, or promising in the numbers as it relates to their areas; they may not have access to the same data or may overlook things you and your staff see. Look for places where you have built up bureaucratic, isolating, silo behaviours and policies in your finance function and begin to replace them with practices that enhance the free flow of information, assistance, and problem-solving across organisational boundaries.

Relationship building requires intention and effort. It generally won't happen unless you invest thought, time, and energy into making it happen. Don't wait for your peers to initiate. They may be so used to finance team members being rather distant and absorbed in the data that they don't think to turn to us as valuable allies. Prove this stereotype wrong by taking steps to initiate and build fruitful collaboration.

Develop a high-performing finance team

You lead a finance team. Its contribution to the organisation's success can either be minimal — just getting the basics done, and barely done at that — or significant. The team helps you handle many of the details of your communication and protection responsibilities. The stronger your team, the stronger your shared contribution.

This involves a people focus and skills that we finance leaders don't necessarily default to. But we can choose where we focus, and we can choose to develop and strengthen skills, even the difficult soft skills related to leading people. Here are some suggestions:

- Focus on excellence with your staff, not perfection. You don't expect your processes and systems to function flawlessly; you should have high, yet reasonable, expectations of your people as well.

Stewardship: What does it look like?

Thinking through these questions can help you see what stewardship looks like in your role as CFO:

- *What has been entrusted to my care? What am I responsible for?*
  This certainly includes that long list of things you and your finance team protect. But what are they specifically? Some will be common to all CFOs, others more specialised based on the nature of your organisation. Some are tangible, some are intangible, some are quantifiable, and some are neither. And don't overlook that people can be included with what is entrusted to you.
  Thinking about how a non-CFO would answer the question can help. A bank teller or cashier, for example, has been entrusted with cash in a cash drawer, equipment, forms, and software; the customers' confidential financial information; and the bank's relationship with its customers.
- *Who entrusted these to me? Who am I accountable to for stewarding them well?*
  The CEO tops the list, along with the CEO's boss — the board. But who else am I accountable to? Think broadly and comprehensively. And think through the implications of each of these accountability counterparty relationships.
- *What must I do to embrace and enhance my accountability with these counterparties?*
  You may get bogged down here, as we sometimes react suboptimally to being held accountable. But you are accountable. And you must embrace and fulfil that aspect of stewardship with grace, composure, and absolute transparency. Think about what that looks like with each party you are accountable to. What can you do to make the accountability practices stronger and more transparent?
- *What must I do to be appropriately responsible for what has been entrusted to me?*
  This doesn't require much elaboration. Be specific and comprehensive. Identify gaps that require immediate attention.
- *What can I do to foster, strengthen, and not damage the trust of those I'm accountable to, those who have entrusted significant responsibilities to me?*
  Trust is embedded in the stewardship dynamic. Someone has entrusted something valuable to you. Your actions can either foster or damage trust. Ask yourself: What specific fostering patterns do I need to develop? What habits do I have that are damaging trust, and how should I replace them with healthy habits? Perspectives from a trusted professional peer can be helpful here.

A thorough, introspective review of your stewardship that asks these questions will likely generate several practical insights for next steps towards strengthening your contribution.

Make sure all of your team members are supporting each other and collaborating within the finance department.

- Foster an environment of robust, healthy accountability. Communicate clear expectations for your team, monitor their performance, and take appropriate action on any gaps between performance and expectations. Sometimes those are corrective actions (performance fell short of expectations); sometimes they are celebratory (performance exceeded expectations). Be consistent with both.
- Get the right people on your team and then focus on their individual and shared development.
  - Be relentless and intentional about helping your people develop and grow (including exposing them to cross-functional collaboration opportunities, providing comprehensive cross-training and upskilling for all staff, and coaching those who are struggling).
  - Invest time and energy into fostering teamwork.
  - Make sure all of your team members are supporting each other and collaborating within the finance department. Form the team, and then insist on and foster teamwork. You'll know this is working when you, your team, and, eventually, those outside the department notice that the team dynamics look like camaraderie; when your team spontaneously celebrates its successes, small and large; and when your team members display a shared commitment to not letting each other down.

Create more value

A strong finance team will fulfil its responsibilities to protect with relentless tenacity. And it will ensure that all the communication performed for external, compliance purposes is done carefully, correctly, and timely (financial reporting, tax reporting, and any regulatory reporting).

And the *internal* communication of financial information for decision-making provides you and the finance team with a high-value opportunity to make a significant contribution:

- Recurring and *ad hoc* management reporting for the board, CEO, your peers, and other leaders provide action-oriented insights about the organisation, its performance, and its operating environment.
- Financial analyses and business analytics from your financial planning and analysis team help internal decision-makers (including yourself) assess and understand problems and opportunities.

Done well and consistently, this aspect of the responsibility to communicate adds great value to the organisation.

An opportunity-rich role

Your role as CFO is weighty. What you make of it determines the strength of your contribution in the role. You are a steward-leader with a significant portfolio of responsibilities. Lead and steward well. Your organisation will benefit greatly — and you'll experience deep personal satisfaction when you do. ■

Eric R. Alexander, CPA, is a US-based consultant and former banking sector CFO. To comment on this article or to suggest an idea for another article, contact Oliver Rowe at Oliver.Rowe@aicpa-cima.com.

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PUBLICATION

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Articles

"Many Hats: How CFOs Are Implementing a Cross-functional Lens", *FM* magazine, 20 May 2024

"CFO Roles Broaden As the Path to CEO Narrows", *FM* magazine, 18 March 2024

IMAGE BY ANATOLY STOJKO/ADOBE STOCK

5 steps for finance to guide AI investment across the enterprise

To successfully assess and implement AI technology, finance needs to engage with project sponsors, adapt business case models, and identify failing investments early.

By David A. J. Axson

Since the launch of ChatGPT in November 2022, artificial intelligence (AI) has gone from a niche technology to a purported agent of transformational change in everything from disease diagnosis in healthcare to fraud detection. Goldman Sachs has estimated that global investment in AI could reach $200 billion by 2025.

As finance professionals, we have been here before. Each new technology — such as ERP systems, data warehouses, e-commerce, and data analytics — is acclaimed as the solution to myriad problems and the creator of new opportunities. The reality has been a little different. Each of these technologies has changed finance in its own way, but none has been the panacea that was originally promised.

The reality is that no single technology is the answer. AI may be another, potentially powerful, addition to the business toolbox, but there is no such thing as a stand-alone AI business case. There are only business cases that holistically evaluate the technology and human elements that must work together to deliver value.

As finance professionals field an increasing number of business cases relating to AI applications, here are five steps they can take to become effective partners in the assessment and adoption of AI across the enterprise.

Understand

AI is not a single system, tool, or technology. AI encompasses any technology that exhibits some form of human-like intelligence. Examples include understanding speech, identifying patterns, predicting outcomes, solving problems, or answering questions. As such, elements of AI have been around for decades. One of the first AI applications was a draughts-playing program run on a Ferranti Mark 1 computer at the University of Manchester in 1952.

AI's current popularity has largely been driven by the exponential growth in data availability, processing speed and power, and analytic capability. These developments have unlocked numerous potential AI applications in areas such as machine learning, natural language processing, and analytic and generative AI.

As with any technology, AI is only as good as the people who build, use, and maintain it. AI can identify patterns and trends, answer questions, develop forecasts, suggest alternate courses of action, and create content, but if the outcome does not deliver value, it is of no use to the business.

Engage

Finance needs to play a delicate balancing act of carefully validating the prospective value of AI investments without being seen as a barrier to change. Finance must be the voice of reason and rationality. By engaging early with project sponsors, finance can better understand the potential impact of AI and collaborate on developing the most appropriate investment criteria and risk assessment techniques. Beyond traditional accounting roles, finance also has governance and stewardship roles to play. AI relies on the availability of accurate, timely, and trusted data, much of which falls under the purview of finance.

Evaluate

Simple net-present-value, payback, or internal-rate-of-return methods are useful for productivity or cost-reduction-based business cases, but they fail to address the

Ethics in the World of AI: An Accountant's Guide to Managing the Risks

This course will discuss the current uses and risks of AI in business and provide practical suggestions to address these risks effectively.

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In this course, you'll learn how to use ChatGPT to streamline your workload, save time, and boost your overall efficiency.

COURSE

innovative value of many technology investments such as AI. AI can inform decision-making, mitigate risk, and identify opportunities for innovation. Business case models need to be adapted to reflect the variety of possible outcomes associated with AI investments. Techniques that may be useful include Monte Carlo simulations; real options analysis, which allows opportunity cost estimations of continuing or abandoning a project; and game theory, which can predict how multiple players, such as competitors, will act.

The benefits may not be directly financial in nature. For example, do chatbots and digital assistants lead to higher rates of problem resolution and customer satisfaction? Do AI-powered recruitment applications deliver candidates that are both qualified for and likely to accept job offers? Do AI-based text-generation tools deliver logical and readable text that is trusted?

Monitor

Measuring the return on AI investments requires continuous monitoring. The assumptions built into the business case may change, the business rationale may disappear, the technology may become obsolete, or the expected results may fail to materialise.

Increasingly, organisations are defining not just the criteria for success but also the criteria for abandonment for any given initiative. This requires defining the conditions under which the initiative no longer makes sense from either a strategic, operational, financial, or technological standpoint. The earlier a failing investment can be identified, the sooner resources can be redeployed to other initiatives with more potential.

Adopt

Finance and accounting are very attractive areas for deploying AI, and, in many organisations, finance has been at the forefront of AI adoption. Early applications included credit scoring, customer payment analysis, and driver-based forecasting. With the increasing availability of more scalable and cost-effective solutions, the potential uses of AI are expanding fast. In June, *The Wall Street Journal* reported on how Amazon is deploying AI across many finance areas including fraud detection, contract review, financial forecasting, compliance, and tax analysis.

There are also attractive opportunities to apply AI throughout end-to-end business processes; around common business dimensions such as product, customer, and employee; and oriented to specific business decisions such as which markets to serve and what products to offer.

By understanding, engaging, evaluating, monitoring, and adopting AI, finance professionals will be better positioned to not just evaluate business cases for AI investment but to also identify new opportunities for adoption. At one large European consumer goods company, for example, finance teamed with engineering and operations to comb through years of machine maintenance and repair data to develop predictive AI models that significantly reduced unplanned maintenance costs and optimised planned maintenance costs based upon individual machine performance. The results delivered productivity, quality, and financial benefits in less than three months.

By being an enthusiastic but thoughtful advocate for disciplined AI investment, finance teams can help their organisations realise the benefits of these technologies while also being mindful of the risks. ■

David A. J. Axson is a former managing director with Accenture, co-founder of The Hackett Group Inc., and former head of corporate planning at Bank of America. He currently serves as part-time finance director of Shrap, a startup focused on the digital reinvention of cash. To comment on this article or to suggest an idea for another article, contact Oliver Rowe at Oliver.Rowe@aicpa-cima.com.

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"An Introduction to Copilot: Uses, Limits, and Value", *FM* magazine, 11 July 2024

"AI Beats Out Inflation and the Economy As Top Business Concern", *FM* magazine, 28 June 2024

"4 Considerations for Finance Teams About Gen AI", *FM* magazine, 19 April 2024

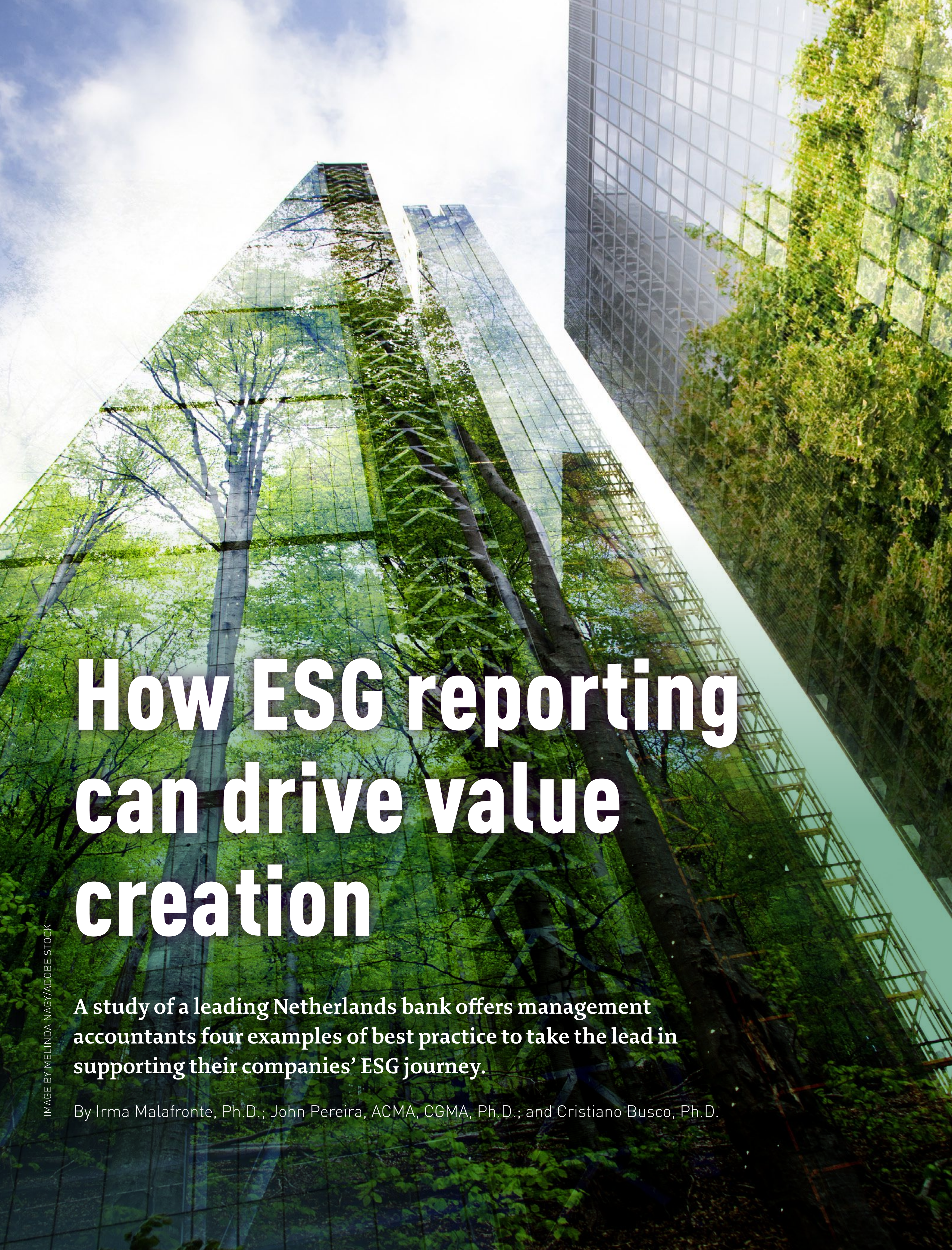
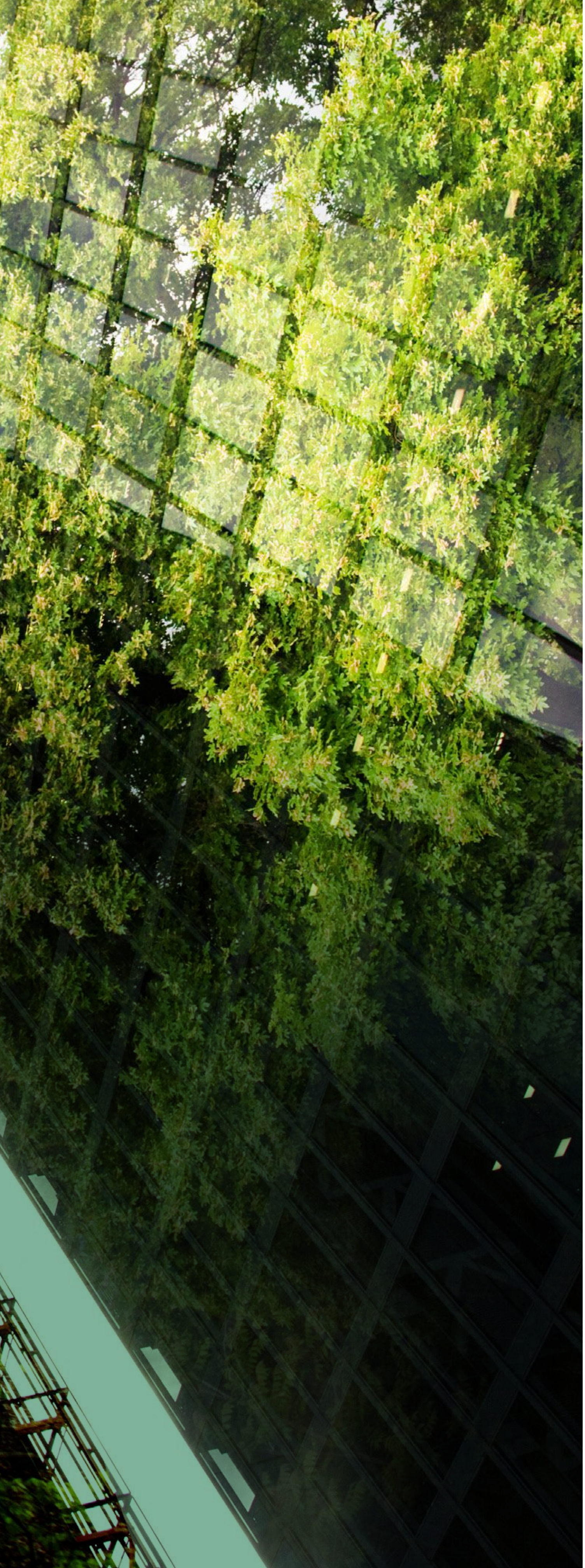


IMAGE BY MELINDA NAGY/ADOBE STOCK

How ESG reporting can drive value creation

A study of a leading Netherlands bank offers management accountants four examples of best practice to take the lead in supporting their companies' ESG journey.

By Irma Malafronte, Ph.D.; John Pereira, ACMA, CGMA, Ph.D.; and Cristiano Busco, Ph.D.



Banks play a crucial role in the transition to a sustainable economy. As providers of financial capital, they can encourage companies to pursue more sustainable business models and direct funds towards investments that generate a positive impact on society. Recognising banks' role, policymakers and regulators are integrating ESG considerations in the banking sector.

The CIMA-funded research project, *ESG Reporting As a Driver of Value Creation: A Case Study of ABN AMRO*, uses document analysis and interviews to explore the channels through which ESG reporting represents a driver of value creation in the banking industry, through the experience of ABN AMRO.

ABN AMRO is a Dutch bank with an international presence that employs more than 20,000 people. It's a frontrunner in the sustainability space, which is why it was chosen for the case study described in this *FM* article.

In 2018 the bank redeveloped its purpose and strategic objectives, making sustainability part of its three strategic pillars: The bank aims to establish trusted relationships with customers and support them in important financial moments; has a strategic focus on sustainability; and future-proofs the business by simplifying and centralising its operating model, delivering a better customer experience while delivering cost savings.

Through its reporting tools, including integrated annual report, impact report, Pillar 3 report, and human rights report, among others, ABN AMRO explains how it creates value for its stakeholders, not only as a provider of banking and other financial services but also as a responsible employer and an active contributor to society as a whole.

4 best practices for finance to support the ESG journey

The ABN AMRO case study provides the accounting and finance function with four areas of best practice in the field of ESG reporting and impact reporting:

Integrate sustainability into strategy

ABN AMRO published its first integrated report in 2015 and reworked its purpose and strategic objectives in 2018.

The corporate strategy is supported by comprehensive ESG reporting, including an annual impact assessment, increasing attention to sustainability goals, and involvement of stakeholders.

Reporting can be a very valuable tool to accelerate integrated thinking and therefore create value. It gets everyone onboard and creates awareness of the impacts and the value created through different capitals, such as financial, human, or social. The process of ESG reporting enhances transparency, fosters companies' reputation and value creation, and ultimately enables companies to identify ESG-related risks and opportunities. (See the sidebar, "Integrated Reporting and Sustainable Businesses".)

The bank's ESG journey is the result of both internal and external drivers. Besides the increasing attention of regulation towards sustainability, ABN AMRO has an intrinsic motivation to provide comprehensive ESG reporting, driven internally by new leadership and employees, and externally by clients, nongovernmental organisations, and investors, among others.

ESG and Sustainable Financial Strategy Course

This executive management course developed in partnership with the University of Oxford's Saïd Business School will provide professionals with the skills to lead their organisation's response to sustainability issues and understand how to integrate these into decision-making and resource allocation.

COURSE

Integrated reporting and sustainable businesses

An integrated report tells a more complete story of how an enterprise creates value over the short, medium, and long term. It creates a holistic narrative of an enterprise beyond the financials and helps the organisation connect the dots across silos, driving integrated thinking, planning, and performance.

Integrated reporting incorporates material sustainability-related information and provides meaningful insights into an organisation's use of and effects on tangible capital, such as financial and manufactured, as well as the intangible elements of an enterprise, such as its human, intellectual, social and relationship, and natural capital.

Global standards for sustainability reporting IFRS S1 and S2, issued by the International Sustainability Standards Board, build on the concepts of the Integrated Reporting Framework. When used with these standards, integrated reports provide decision-useful information to providers of capital and help improve the efficiency of capital markets through higher-quality information relating to the business model, risks and opportunities, strategy and resource allocation, and performance and prospects of an enterprise.

Engage stakeholders

ABN AMRO carries out a rigorous materiality assessment process that allows the identification of the key drivers of long-term value that are aligned with its purpose. The bank employs a materiality assessment process based on a stakeholders' survey to determine the value-creating topics for the bank. This involves the board and regular dialogue with stakeholders and management.

This process has led to the current identification of nine strategic differentiators, each linked to a strategic pillar.

To strengthen and accelerate the absorption of the value-creating topics into the organisation, ABN AMRO has established an integrated thinking community whose members discuss challenges and how to overcome them.

Assess positive and negative impact

ABN AMRO conducts an annual integrated review and publishes an annual impact report that includes an integrated profit-and-loss statement. The report examines how the bank's activities affect its four main stakeholder groups: clients, employees, investors, and society. This includes assessment of the 17 Sustainable Development Goals (SDGs) the UN adopted in 2015, particularly SDG 8, Decent Work and Economic Growth; SDG 12, Responsible Consumption and Production; and SDG 13, Climate Action.

The impact can be positive or negative and can create or deplete value for stakeholders. For example, mortgages allow borrowers to become homeowners and build wealth, but new house construction increases consumption of natural resources. Similarly, lending to companies promotes economic growth and employment, but this can also contribute to climate change and biodiversity loss.

An important goal of an organisation's strategy is to maximise positive impacts and minimise negative impacts. This requires managers to have insight into and to understand the various impacts.

Provide authentic reporting

False or misleading statements about the environmental commitment not only mislead customers, investors, and the public, but they also compromise efforts towards addressing climate change.

Greenwashing can be prevented through setting up effective internal controls, implementing appropriate regulations, and getting external assurance. ABN AMRO is noted for having its financial auditors provide external limited assurance of its integrated report and for being the first financial institution to use the reporting framework of the UN Guiding Principles on Business and Human Rights for its human rights report. Further, reporting in a transparent way, on both positives and negatives, and having a disclosure focused on authenticity, accuracy, completeness, and relevance are key to ensure reporting reflects an authentic effort. ■

Irma Malafronte, CA (Italy), Ph.D., is a reader (associate professor) in accounting and finance at Roehampton Business School in London. John Pereira, ACMA, CGMA, Ph.D., is associate professor in finance at Kingston Business School in London. Cristiano Busco, Ph.D., is professor of accounting, reporting, and sustainability at UCL School of Management in London, professor of accounting at LUISS Guido Carli University in Rome, and co-chair of the IFRS Foundation's strategy and integrated thinking group. To comment on this article or to suggest an idea for another article, contact Oliver Rowe at Oliver.Rowe@aicpa-cima.com.

AICPA & CIMA RESOURCES

Article
"How a Conglomerate Streamlined Its ESG Reporting", *FM* magazine, 15 July 2024

Website
Sustainability-Related Assurance, AICPA & CIMA website

Recruitment fraud: What you need to know

From fake job listings to people and AI bots posing as executive recruiters, job scams can target finance professionals to obtain money and data.

By Rhymer Rigby

Recruitment fraud (or job scams) has become a real problem across many industries, including the finance sector. Quite simply, it is where fraudsters pose as legitimate employers, recruitment consultants, and so on. It's not a new problem but a growing one and goes hand in hand with technological advances ranging from smartphones to AI. So, what do you need to watch out for and how do you protect yourself — and what should employers know?

What are the scammers after?

Usually, it's one of two things. The first is money, and the second is personal information. The motivation for money is obvious. Information is slightly more complex. This is often used for identity theft. People who steal your identity can use it to apply for bank accounts and credit cards, attempt to take over your existing accounts, sell your information on the dark web, or blackmail you. Recruitment fraud (using CVs, employment records, and so on) can be a particularly rich source of information and allow for very convincing impersonations. Finally, a few scammers have no real motivation — they just do it for kicks.

What form do scams take?

Recruitment scams vary widely. They can range from fake job listings to SMS texts to people (and even AI deepfakes) posing as executive recruiters calling individuals and claiming to work for legitimate companies. Some are relatively easy to spot, but others, such as fake recruiters, premium phone line scams (where you are asked to call a number that incurs very high charges), and fake job-site listings, may be very difficult to spot. After all, you might reasonably expect a recruiter to call you out of the blue and be a little cagey; you probably don't know all the recruiters in your sector; and one job-site listing looks much like another.

What are some common signs of a scam

Some are pretty basic. There might be poor spelling or grammar in the communications. You may be asked to click on a dubious-looking link. And the scammer might only be willing to give out a mobile number or a personal email address. Anything that's too good to be true should also be suspect. But, increasingly, job scams can feel very convincing — it is surprisingly easy to put together a very professional-looking approach, which then takes real effort to spot, and technology has made targeting and customisation much easier.

What are the scammers' favourite methods?

The most obvious one is asking for money upfront. You will usually be given a reason, for example, to pay for a background check or as an "admin fee". Legitimate recruiters do not ask for money in this way. You might also be asked for a scan of your passport or driver's licence "for security". Some scammers play a much longer game, though. They may string you along through a series of emails and even fake interviews, and, once they've

IMAGE BY KODAI/ADOBE STOCK

gained your trust, they then tell you they need your bank details in order to set up salary arrangements. Conversely, they may simply harvest a lot of information about you — and that's the last you'll hear from them until a debt collector starts chasing you for the bills they've run up on the credit cards they took out in your name.

How can I protect myself?

Common sense is your best first line of defence. If someone calls you out of the blue and asks you to make a snap decision or starts asking for details, get their name and tell them you'll call them back. If they refuse or start pressuring you, they're likely a scammer. With emails, check the sender's address and whether the messages look and feel legitimate. Don't click on links if you have any questions about them. Research the people who contact you. Can you find them on LinkedIn or, better still, a company website? If it's a recruiter you haven't heard of, do they have a physical address and landline phone number? And, also, trust your gut. If something feels off, there's a good chance it is.

What about LinkedIn?

LinkedIn is fertile ground for recruitment scammers. In the second half of 2023, LinkedIn removed more than 63 million fake accounts and almost 109 million scams and spam content. It's very easy to pose as a legitimate recruiter, and platforms like LinkedIn add a layer of credibility. Along with payment scams and identity theft (via CVs), LinkedIn scammers may seek to redirect you to phishing sites, involve you in money laundering and pyramid schemes, or fraudulently try to act as an intermediary for a real company (for a sizeable fee).

Beware of psychological tricks

Scammers have a toolbox of mind tricks designed to make you do what they want — whether it's divulging passwords, sending money, or scanning a passport. A classic one is giving you a time limit. The scammer might say, "Applications for this vacancy close today — you need to pay me $50 now so I can do the background checks." This puts pressure on you to make an immediate decision and also plays to the loss-aversion bias (where avoiding a loss is prioritised over an equivalent gain).

Others may flatter you, having read up on your LinkedIn profile (and worked out what your unmet career needs are). Some scammers will even use teams (where the target is contacted by multiple people) to build up a feeling of legitimacy. As with many forms of scams, fraudsters rely on people being too embarrassed at being fooled to report them.

What can companies do?

While employees should be alert to the problem, so should employers. They should implement robust protocols, raise awareness, and take precautions. Organisations need to make it very clear within their industry what candidates should expect in terms of approach, job advertising, and process. For example, in the UK, Deloitte has a message on its website setting this out that begins, "We have recently been made aware that some people have been targeted by scammers pretending to be from Deloitte offering potential jobs… ." Organisations should educate their own HR departments, use appropriate technologies to secure their processes and combat fraud, and be responsive to anyone who has questions. They should also work with governments, law enforcement, and recruiters.

What does the future hold?

Potentially, far worse. AI can already fake people's voices, write fake job ads at scale, create bogus photos, and even conduct some virtual interviews. We may soon face a future where the only way to be certain that the person you're speaking to is real is to meet them in the flesh. ■

Rhymer Rigby is an FM *magazine contributor and author of* The Careerist: Over 100 Ways to Get Ahead at Work. *To comment on this article or to suggest an idea for another article, contact Oliver Rowe at Oliver.Rowe@aicpa-cima.com.*

AICPA & CIMA RESOURCE

Article

"ID Theft Driving Identity Fraud", AICPA & CIMA, 31 August 2022

IMAGE BY RADHARAMANA/ADOBE STOCK

Tips for finance to improve the company-investor relationship

A report reveals the critical role of four areas of the company-investor relationship and offers practical tips to make it more successful.

By Miti Ampoma

A recent UK report from The Investor Forum focuses on the critical exchanges between investment managers and companies, highlighting four key areas that characterise the relationship: investor relations; sustainability; audit and assurance; and voting and governance.

The report — *Shaping Tomorrow's Dialogues: Bridging the Gaps Between Companies & Investors* — resulted from six months' research by the Forum, an independent not-for-profit member organisation made up of institutional investors in UK equities. It promotes stewardship in the marketplace and focuses on long-term value creation.

Leading the research was Sallie Pilot, who has a corporate background in strategic communication, stakeholder engagement, and governance.

Pilot spoke to *FM* about the four areas, which the report terms "dialogues", and how management accountants can play a pivotal role in improving the overall company-investor relationship. (See also the sidebar, "Integrated Reporting and Sustainable Businesses".)

Her responses have been edited for length and clarity.

The report *Shaping Tomorrow's Dialogues* highlights four key relationship areas between investors and companies. Why does it focus on these four?

Sallie Pilot: We identified four key dialogues between investors and companies: investor relations; sustainability; governance and voting; and audit and assurance. We are focusing on these to help identify friction areas and unravel some of the challenges and opportunities to make those dialogues more effective and pave the way for boards and investors to have better conversations about value creation.

Within these dialogues, it's important to note that investor relations and voting and governance are well established. Sustainability and audit and assurance, on the other hand, are relatively new and lack a set structure or process. Sustainability may only be a once-a-year engagement, while in assurance, in some cases, investors and audit committee chairs are rarely engaging. Investor relations represents a continuous engagement between investors and companies, and the report noted a need for more engagement over governance issues.

Because of these engagement challenges, we determined it was important to look at these four, particularly sustainability and audit and assurance, because they're going to become much more important in the future. The market is moving very quickly, and a level of understanding and awareness must be established to pave the way for more effective company-investor discussions.

What are the frictions in the relationship between companies and investors? What are they seeking from each other?

Pilot: Both companies and investors are overwhelmed. As we grapple with complex societal and environmental issues, and the array of initiatives, regulations, and legislation to deal with them, the roles and responsibilities of both companies and investors are shifting. They also answer to a much wider set of stakeholders than before.

And yet, we often see in the media that everybody's complaining about each other. Chairs are complaining about proxy advisers, for example.

We're not spending enough time establishing a common understanding.

Companies and investors need to co-create an effective model of stewardship. If, instead of complaining about each other, they spent more time considering each other's problems and coming together, they would see their problems aren't that different.

By collaborating, companies and investors can navigate the changing language and expectations around areas like ESG [environmental, social, and governance] and sustainability, address the pressure on both groups around transparency and comprehensive information exchange, and mitigate some of the negative misconceptions about what is happening in the marketplace.

Can you please highlight some of the report's practical tips to enable investors and companies to resolve these frictions?

Pilot: To make communication more efficient, investors want companies to consider the purpose of any meeting they have. Are they meeting to gather information? For investment decision-making? Is it a thematic engagement around climate or another topic?

Companies should determine the purpose and, then, who should attend the meeting. How do we get the right people talking to the right people?

Another key is to simplify reporting. Companies should provide clear summaries and linkages and make sure information is accessible and tailored to the needs of different audiences. Companies should also understand the materiality of ESG and sustainability issues within the company and proactively communicate this to investors.

Companies and investors should also have easy access to one another. One surprising thing from the feedback in our research was that both companies and investors had difficulty contacting one another. One simple solution would be to have a feature on corporate websites for investors to express an interest in engaging with the company.

Again, this is about communicating and understanding the specific needs of the investor.

What steps can management accountants take to improve the working of the complex company-investor relationship?

Pilot: Management accountants play a really important role internally in ensuring that everybody is speaking the same language around areas like ESG and sustainability. But they also consider how these issues are aligned to the strategy or what is important to the business and why. Management accountants are also uniquely positioned to understand investors better and educate people internally on specific investor concerns.

Companies and investors should have easy access to one another.

And then, of course, management accountants' role in measuring, monitoring, and managing information is super important. Particularly for this new sustainability information and for the rigour of the process around new areas, management accountants have a huge role to play. That's because they know the business, the investors' needs, and how it all fits together better than anyone.

Looking at the report's investor relations and sustainability areas, what are the challenges and opportunities relating to data, artificial intelligence, and digitalisation?

Pilot: Information exchange is hugely important. Companies and investors are navigating a big exchange of information and data, as well as the regulatory complexities around it, and it's intensifying daily. So, from a company perspective, simplifying information and making it accessible for investors is key.

Because data can be scraped from everywhere, investors may worry there's so much information they don't know where to look. It's up to the company to distil and summarise the key information for investors. That way companies can get their central messages across without being obscured by a huge data dump.

Companies should also be clear and consistent about the data they're using, assuring year on year all this information is

Integrated reporting and sustainable businesses

An integrated report tells a more complete story of how an enterprise creates value over the short, medium, and long term. It creates a holistic narrative of an enterprise beyond the financials and helps the organisation connect the dots across silos, driving integrated thinking, planning, and performance.

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clearly communicated and trackable. You don't want to find any holes because investors will think you've got a blind spot and that's a big red flag.

When it comes to AI, investors need to be educated about the implications of AI use and, more importantly, how they can assess companies around how they're using AI and what the risks and the opportunities are.

The report busts key myths relating to the company-investor relationship. Please can you highlight some?

Pilot: One is that all companies and investors are the same — of course they aren't. We know that companies can be different sizes and structures in different industries. But companies need to consider how investors differ as well. They have different objectives, approaches, risk tolerances, time horizons, and investment preferences. They have different clients. Recognising and understanding these differences is crucial for effective communication and for tailoring your approach to each investor.

Another big myth is that data is always the solution. Data is crucial for gaining insight, but it's not the solution to drive change. Management accountants can bring focus and a robustness and can, more importantly, help prioritise a longer-term perspective. This is about transformation, and management accountants are well positioned to help the business move towards strategic investments, which is crucial for any company to make a meaningful transition.

You're a big believer in the power of effective communication to improve decision-making. How can this work in the company-investor context?

Pilot: I think good communication and reporting is a starting point. You need to tell your story well and be clear about your purpose, your strategy, your key objectives, and how ESG is integral to what you're doing and how you are measuring it. If you can tell that in a very simple way, it builds a level of confidence, but it also enables you to start a conversation at a different stage.

The better you can tell that story, the more you can have a much deeper conversation. And I think dialogue is critical to building trust, so beginning with authenticity and straightforwardness is really important. That way, if there's a problem, you can call on each other and have a better conversation rather than starting cold.

I've always been a big believer in integrated reporting because the whole purpose of integrated reporting is really integrated thinking. Being more holistic about things is important, and investors really like integrated reporting because then they see that it's meaningful. It makes sense. You've thought of risks and opportunities very holistically.

Next steps: How is The Investor Forum planning to follow up and move forward with the recommendations from the report?

Pilot: One of the things we've always said is that the report and the findings are not static. We're very aware the markets are evolving quickly and require continuous re-evaluation to ensure that they're effective and efficient. So that is our intention moving forward.

LEARNING RESOURCES

Data Visualisation

Learn how to use data visualisation best practice to communicate effectively and influence effective decision-making.

COURSE

Fundamentals of ESG Certificate

Kick-start your understanding of ESG issues with this course, designed to help you learn how the landscape has developed and the key role CPAs and finance professionals have to play.

COURSE

Initially, we involved close to 100 companies and investors, as well as an advisory committee, across those four areas. So right now we're working with our strategic partners, including the Investor Relations Society, the GC100 [the association of general counsel and company secretaries working in FTSE 100 organisations], Accounting for Sustainability, and the Audit Committee Chairs' Independent Forum, to build on the findings from each dialogue.

We're trying to share the findings more widely and keep moving towards action. We want to build a positive community, so that, as market practitioners, companies and investors can take responsibility. Nobody is going to solve these problems for them. They need to work together and leave behind some of the negative rhetoric about the UK capital markets. No investor wants to see a company fail. We all want companies to succeed. So I think that we just have to harness our shared objectives. ■

Miti Ampoma is a senior content writer at AICPA & CIMA, together as the Association of International Certified Professional Accountants. To comment on this article or to suggest an idea for another article, contact Oliver Rowe at Oliver.Rowe@aicpa-cima.com.

AICPA & CIMA RESOURCES

Articles

"Increasing Trust in Sustainability Data", *FM* magazine, 7 June 2024

"Are You Telling a Story With Data? You Should Be", *FM* magazine, 13 September 2022

INSTITUTE NEWS

Do you need to register as a CIMA Member in Practice?

Are you a self-employed accountant? Do you offer accountancy services directly to clients? If the answer to both these questions is yes, you may be required to register as a CIMA Member in Practice (MiP). The MiP regulations require all CIMA members coming under the definition of a CIMA MiP to register with the Institute.

Your application must meet the mandatory requirements and confirm that the relevant prescribed documents are in place. Details of the mandatory documents are outlined in CIMA's Member in Practice Rules.

The application is completed online via your CIMA membership account through the AICPA & CIMA website, and on completion of your application being approved by the panel of assessors, you will be issued with a practising certificate.

Any member meeting CIMA's definition of a Member in Practice as set out in CIMA regulations (Byelaw 8) who does not comply with the requirements can be subject to disciplinary action as set out in the Member in Practice Rules. Under the money laundering regulations, any member who is not registered for anti-money laundering supervision when required is committing a criminal offence.

If you are unsure, please contact CIMA.MIPs@aicpa-cima.com for advice.

Further information about completing the MiP application process and the mandatory requirements can be found on the Application and Assessment page of the Members' Handbook section of the AICPA & CIMA website.

Reports published on fraud and AI in the public sector

Two reports — on public sector fraud and artificial intelligence (AI) in the public sector — have been released by AICPA & CIMA:

Fraud in the Public Sector: 2024 Government Series

The finance and accounting professional is vital to discovering fraud, identifying its magnitude, understanding the failures in existing systems, and reporting properly to all stakeholders. The report looks at the unique ways fraud occurs in the public sector, accountants' responsibility in addressing it, and actions they can take to deal with fraud.

Emergence of AI in the Public Sector: AI Working in Government: 2024 Government Series

This report provides an overview of the value of AI in government, examines how accountants are successfully initiating AI adoption in the public sector, and recommends actions public sector accountants can take, including ways to begin the AI journey.

IMAGE BY JIVA CORE/ADOBE STOCK

South Africa accounting experts elected to CIMA Council

Two accounting experts in South Africa have been elected to CIMA Council. They are professor Tankiso Moloi, FCMA, CGMA, an academic director at the Johannesburg Business School, research chair in the Fourth Industrial Revolution at the University of Johannesburg, and chair of the Association's Africa Regional Engagement Group; and Rona van Hoepen, FCMA, CGMA, who is director and co-founder of IMPACT Financial Training Academy (Pty) Ltd. and serves on the CIMA Benevolent Fund.

They join Fungai Constantine Chikosi, FCMA, CGMA, and Alfred Ramosedi, FCMA, CGMA, who joined CIMA Council in 2023.

PHOTO BY RAILWAYFX/ADOBE STOCK

Nominations to the 2025–2026 Association Regional Engagement Groups and Management Accounting committees

The Association of International Certified Professional Accountants Nominations Committee, composed of CIMA and AICPA members, will convene in February 2025 to nominate members for the Association's board of directors, its chair, and co-chair and to select committees with terms from June 2025 to May 2026.

These committees include the Management Accounting (MA) committees (Lifelong Learning Committee, CGMA Exam Board, and Thought Leadership and Business Ethics Committee) and the eight Regional Engagement Groups (REGs).

In July 2019, the Association's MA board of directors voted to have all seats for the Lifelong Learning Committee, CGMA Exam Board, and Thought Leadership and Business Ethics Committee determined by the Nominations Management Accounting Subcommittee. CIMA Council approved this resolution in October 2019 with the objective of building a strong pipeline of volunteer talent, providing opportunities for rotation of the Association's broad and diverse membership, and ensuring candidates are fit for purpose.

All individuals interested in serving on the Lifelong Learning Committee, CGMA Exam Board, and/or the Thought Leadership and Business Ethics Committee should complete and submit an online form to ensure a common set of information on each candidate is received.

All individuals interested in serving on the REGs should complete and submit an online form to ensure a common set of information on each candidate is received.

All nominations must be received by 17:00 GMT on 6 January 2025. For questions and inquiries regarding submitting a nomination, please contact the Association's Governance team at VolunteerServices@aicpa-cima.com or one of the following Association staff liaisons:

MA committees

- Lifelong Learning — Stephen Flatman, Stephen.Flatman@aicpa-cima.com.
- CGMA Exam Board — Tracey Fabiyi, Tracey.Fabiyi@aicpa-cima.com.
- Thought Leadership and Business Ethics — Ash Noah, CPA, FCMA, CGMA, Ash.Noah@aicpa-cima.com.

Regional Engagement Groups

- Africa — Tariro Mutizwa, ACMA, CGMA, Tariro.Mutizwa@aicpa-cima.com, and Kerry Smith, Kerry.Smith@aicpa-cima.com.
- The Americas — Tom Hood, CPA/CITP, CGMA, Tom.Hood@aicpa-cima.com, and Ken Witt, CPA, CGMA, Ken.Witt@aicpa-cima.com.
- Australasia — Venkkat Ramanan, FCMA, CGMA, Venkkat.Ramanan@aicpa-cima.com, and Justine Mills, Justine.Mills@aicpa-cima.com.
- Mainland Europe — Jakub Bejnarowicz, Jakub.Bejnarowicz@aicpa-cima.com.
- MESANA — Venkkat Ramanan, FCMA, CGMA, Venkkat.Ramanan@aicpa-cima.com, and Antoinette Jayamohan, Antoinette.Jayamohan@aicpa-cima.com.
- North Asia — Vicky Li, FCMA, CGMA, Vicky.Li@aicpa-cima.com, and Amy Shen, Amy.Shen@aicpa-cima.com.
- South East Asia — Venkkat Ramanan, FCMA, CGMA, Venkkat.Ramanan@aicpa-cima.com, and Antoinette Jayamohan, Antoinette.Jayamohan@aicpa-cima.com.
- UK & Ireland — Paul Turner, FCMA, CGMA, Paul.Turner@aicpa-cima.com.

Candidates will be notified of their status in March 2025.

Elections to CIMA Council 2025

As the term of office for each Council member in the following CIMA Electoral Constituencies (ECs) expires at the end of the Annual General Meeting in 2025, elections will be held in February 2025. Nominations for candidates (Fellow and Associate) to fill the vacancies must be made by four or more members (two of whom must be fellows).

Electoral constituency		Current member
EC1	Central London and North Thames	Amarjeet Hans*, FCMA, CGMA
EC2	South West England and South Wales	David Johnson*, FCMA, CGMA
EC3	East Midlands and East Anglia	Sangeeta Freeman, FCMA, CGMA
EC3	East Midlands and East Anglia	Michael Lowney*, FCMA, CGMA
EC3	East Midlands and East Anglia	Vacancy
EC4	West Midlands	Vacancy
EC4	West Midlands	Hasmukh Mistry*, FCMA, CGMA
EC5	North East England	Bradley Channer, FCMA, CGMA
EC6	North West England and North Wales	Vacancy
EC8	Northern Ireland	Patrick Barr*, FCMA, CGMA
EC9	Republic of Ireland	Shane Mugan, FCMA, CGMA
EC12	South East England	Vacancy
EC14	South Asia	Mahesha Amarasuriya, FCMA, CGMA
EC15	North Asia	Aidan Goddard*, FCMA, CGMA
EC16	South East Asia	Francis Chan*, FCMA, CGMA
EC17	Europe, North Africa and Middle East	Paul Wilhelmij, FCMA, CGMA
EC18	The Americas	Martin Saxton, FCMA, CGMA

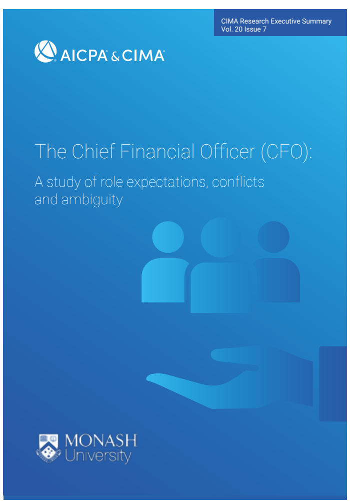
*Members not eligible to stand again, having served on Council for nine or more years.

Nomination forms for candidates for election to Council are available to download from the AICPA & CIMA website. They may also be obtained from the Governance department by emailing governance@aicpa-cima.com. Please also read the guidelines and information on the role of a Member of Council carefully before completing the form.

Nominations must be received on the prescribed form by 23:00 GMT on Friday 3 January 2025 and should be clearly marked for the attention of the Lead Specialist, Governance. A scanned copy of a signed and completed form is acceptable.

The Governance team will promptly acknowledge receipt of the nomination form, either through an automated process or by individual notification. It is the candidate's responsibility to ensure that their form has been received. To avoid uncertainty, candidates who do not receive such confirmation should contact the Governance department directly (at governance@aicpa-cima.com) before the closing date.

If there is more than one candidate for a vacancy, a ballot (involving all Associate and Fellow members in the relevant electoral constituency) will be conducted. The Governance team will contact you if an election is required.



AICPA & CIMA's Contemporary Issues in Management Accounting series

The following research executive summary was recently published in the series of academic research supported by CIMA:

The Chief Financial Officer: A Study of Role Expectations, Conflicts and Ambiguity

The research, conducted by Paul Thambar, FCMA, CGMA, Ph.D., associate professor, Monash University in Australia, explored the evolving role of the CFO through in-depth interviews with 12 CFOs from Australia and Sri Lanka across a range of industries.

The study reveals a range of conflicting and ambiguous expectations placed on the CFO role by senior leaders and operational managers. It explains how the expectations shape the CFO role and how CFOs navigate the challenges relating to these expectations.

It also shows how, through the development of the business partnering role, CFOs have come to be viewed as dynamic and adaptable leaders who can also help organisations navigate major strategic challenges such as digital transformation.

High-performing hubs

More than half of the global population live in urban areas, and by 2050 this proportion is likely to increase to 70%, according to the World Bank.

And the world's 1,000 largest cities account for 60% of global GDP, according to research by Oxford Economics.

The consultancy's 2024 Global Cities Index looked at quality of life, environment, and other factors and ranked New York, London, and San José (California) as the top cities overall.

When rated for human capital (higher education and business innovation), London, Tokyo, and Riyadh (Saudi Arabia) were the top three cities.

In Southeast Asia, Singapore was rated highest overall, followed by Kuala Lumpur.

Beyond the established urban centres, new mega cities are planned — including Nusantara on the island of Borneo, Indonesia; Dholera Smart City — the first of a number of smart cities in India; and The Line, Neom, in Saudi Arabia — a linear smart city designed to accommodate 9 million people).

These cities offer opportunities for architects, construction, and, not least, innovative financing.

The construction site of the new office building Edge London Bridge on 4 July 2024 in London, UK. The developers and construction company intend it to be the most sustainable office tower in London, with public park space located next to the building.

PHOTO BY MIKE KEMP/IN PICTURES VIA GETTY IMAGES