



TECHNOLOGY

25 July 2017

POLICY DEVELOPMENTS

TECHNOLOGY IS PRIORITY FOR THE NEW EU PRESIDENCY

On 1 July 2017, Estonia took over the rotating Presidency of the European Union. This means that they will set the agenda and lead the negotiations in the Council of Ministers.

The Estonians chose technology as one of the priorities of their Presidency. Therefore, they will actively work on the future of eGovernment, cyber security, and the free flow of data (see also article below). The Estonian Presidency will also focus on the digitalisation of company law and modernising VAT for cross-border e-commerce. You can find their full programme [here](#).

All these issues affect the work of accountancy professionals. For example, recent malware attacks showed that increased cyber security is crucial for the well-functioning of our increasingly digitalised societies. Moreover, rules on data restrictions affect the choice of cloud service providers and can lead to higher costs.

COUNCIL DISCUSSES FREE FLOW OF DATA

On Tuesday 18 July, the Estonian Presidency brought together the Ministers for Telecommunications and Competitiveness to discuss the free flow of data. All Member States acknowledged the importance of this issue. However, there risks being more dissent when it comes to the more technical or legal questions. Agreeing on a concrete position might therefore be more challenging.

Ministers were joined by Paul Hofheinz from the Lisbon Council, which had put together a '[policy brief](#)' on the free flow of data for the Estonian Presidency.

The Estonian Presidency is planning to organise another political debate before the end of the year.

In a parallel development, the European Commission already indicated in its [mid-term review](#) of the Digital Single Market that it also wants to focus on the free flow of non-personal data within the EU. This includes ensuring the availability of data across borders for regulatory purposes, such as for tax controls. Moreover, the Commission is expected to propose an initiative in autumn on cloud contracts for business users.

These initiatives could have an impact on the accountancy profession since many practitioners are starting to use cloud services¹. Accountancy Europe is in favour of EU action to address unjustified data localisation measures to help accountancy professionals make best use of available cloud services.

¹ See also Accountancy Europe (previously FEE), (2016), Moving to the cloud [online] Available at: <https://www.accountancyeurope.eu/publications/moving-to-the-cloud/>.

COMMISSION CONSIDERS STRONGER ACTION ON CYBERSECURITY

The Commission has [revealed](#) the options it is considering for the revision of ENISA's (the European Union Agency for Network and Information Security) mandate, the EU's 'cybersecurity watchdog'. Moreover, the Commission is looking at ICT security standards.

ENISA's mandate is due to expire in 2020. Being conscience that the EU remains highly vulnerable to cyber threats, the Commission uses the opportunity to raise the question whether stronger EU action is necessary.

The options for ENISA range from abolishing the agency to transforming it into a fully-fledged EU cybersecurity agency with full operational capabilities.

When it comes to ICT security certification, the Commission believes the current fragmentation creates significant burdens for ICT vendors. This is said to undermine the collective cyber resilience of the EU.

To address this issue, the Commission considers different ideas, including proposing a new legislative instrument setting out mandatory harmonised requirements and conformity assessment mechanisms to ensure ICT security of specific products and services.

The Commission will now further analyse the different options to evaluate which option would be most appropriate. It is therefore gathering input via external studies and stakeholders' consultations.

ENISA STARTS PUBLISHING CYBER SECURITY INFO NOTES

ENISA [launched](#) in June a new cyber security information service: "Cyber Security Info Notes". The initiative aims to provide timely key information and recommendations on cyber security topics and incidents. This is to ensure that stakeholders can have access to "an independent and 'calm' opinion" when cyber security incidents occur.

You will be able to expect Info Notes 1-2 per month or during important cyber security incidents. For example, ENISA published an [information note](#) following the WannaCry ransomware attack.

ACCOUNTANCY INITIATIVES

If you would like to share your latest technology-related initiative, please e-mail [Willem](#) or [Robin](#).

ICAEW: "ARTIFICIAL INTELLIGENCE AND THE FUTURE OF ACCOUNTANCY"

The Institute of Chartered Accountants has looked in this [report](#) at how Artificial Intelligence (AI) impacts the accountancy profession.

The IT Faculty calls on the profession to think radically in how to use AI and how to work together with the technology. Failing to do so might lead to AI replacing the profession.

Unlike other technologies used so far by accountants, AI has the potential to "radically improve the quality of business and investment decisions". Giving advice to reach good decisions is said to be the "ultimate purpose of the profession". With AI in its toolbox, the accountancy professional can thus become better at this.

However, it is important to know each other's strengths and weaknesses when working together. The report describes these for both AI and humans, even relying on Kahneman's work for the latter.

The authors believe that together man and machine could be better at addressing business problems such as detecting fraud or forecasting revenues. This does not mean that there are no challenges. Accountancy practitioners will also need to be adaptable to be able to change role or obtain new skills.

The paper is a recommended read for those that feel that one page articles on AI still leave you unsure about how it can impact your work.

FINANCIAL REPORTING COUNCIL WANTS TO UNLOCK POTENTIAL OF TECHNOLOGY

The Financial Reporting Council Lab has released a report on the first phase of its [Digital Future Project](#). The Lab's mission is to improve the effectiveness of corporate reporting in the UK. The report is its first of a series of outputs to stimulate the debate on the 'Digital Future'. This should help technology to meet its full potential in corporate reporting².

Based on the corporate reporting wishes of stakeholders, the Lab constructed 'the future digital reporting framework'. This framework lays out the different reporting needs. The project will now continue by assessing how various technologies can meet those needs.

You can contact the Lab if you want to contribute to this discussion, which will take place over the summer/autumn in London.

EY TO USE DRONES TO ENHANCE AUDIT QUALITY

EY [announced](#) that it launched a project to expand the use of drones in inventory observations, as part of its digital audit capabilities. The drones will initially be deployed in the manufacturing and retail sectors. For example, audits for automotive manufacturers will use the drones to conduct an automated count of vehicles at manufacturing plants.

The use of drones is another example of how technology is automating and transforming the accountancy profession. According to EY, the drones allow its audit teams to focus on identifying areas of risk rather than manually capturing stock counts. Felice Persico, EY Global Vice Chair – Assurance, stated that “digitalizing these types of tasks in our audits means that we can improve not only audit quality, but also provide deeper business insights that further benefit our stakeholders.”

The increasing use of drones and other robots has not gone unnoticed in the Brussels. On 17 February, the European Parliament (EP) [adopted](#) a non-binding own-initiative report on **Civil law rules on robotics**, which called for rules to regulate the use of robots. This includes tackling the issue of liability or even creating a separate legal status for robots that can learn by themselves.

ROBOTS IN THE NEWS

Technology is getting so much news coverage that it starts becoming difficult to keep track of what is happening. To help you navigate the ever-expanding information stream, we offer you our selection of articles that we found most interesting. Is there an article missing that you think should be part of this list? Please send it to [Willem](#) or [Robin](#) and we will include it in our next update!

- The Guardian, [What jobs will still be around in 20 years? Read this to prepare your future](#)
- IFAC, [Digital Technologies' Implications for SMPs](#)
- Financial Times, [Infosys put to test by India's tax filing system](#)
- The Globe and Mail, [Could a robot catch the next Madoff? Ottawa startup bets AI can root out fraud](#)
- The Guardian, [How can we stop algorithms telling lies?](#)
- Coindesk, [Blockchain Research Lab to Combat Financial Fraud in Shenzhen](#)

ABOUT ACCOUNTANCY EUROPE

Accountancy Europe unites 50 professional organisations from 37 countries that represent **1 million** professional accountants, auditors, and advisors. They make numbers work for people. Accountancy Europe translates their daily experience to inform the public policy debate in Europe and beyond.

Accountancy Europe is in the EU Transparency Register (No 4713568401-18)

² See also Accountancy Europe, (2017), *Pursuing the conversation on the Future of Corporate Reporting* [online] Available at: <https://www.accountancyeurope.eu/publications/pursuing-conversation-future-corporate-reporting>.