

August 7, 2018

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Strategy and Innovation Policy Sector
Innovation, Science and Economic Development Canada
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Via email: lisa.setlakwe@canada.ca

Re: CPA Canada roundtable proposal regarding the National Digital and Data Consultations

Chartered Professional Accountants of Canada (CPA Canada) supports the National Digital and Data Consultation initiated by Innovation, Science and Economic Development Canada (ISED). As an initial contribution to those consultations, CPA Canada would like to propose that we convene, in partnership with ISED, a roundtable event that draws on CPA Canada's network of business and accounting leaders to explore the issue from diverse business perspectives.

Digital technologies and large data offer the potential for innovative new business models, more efficient delivery of public services, and multiple benefits for consumers. However, there are also concerns around the collection, ownership, access and use of data. Finding the right balance between these competing interests is a concern for all Canadians.

CPA Canada is one of the largest national accounting organizations in the world, representing more than 210,000 members. CPA Canada, created through the unification of three legacy accounting designations, is a respected voice in the business, government, education and non-profit sectors and champions sustainable economic growth and social development. The unified organization is celebrating five years of serving the profession, advocating for the public interest and supporting the setting of accounting, auditing and assurance standards. CPA Canada develops leading-edge thought leadership, research, guidance and educational programs to ensure its members are equipped to drive success and shape the future.

CPA Canada supports the national consultation on digital and data transformation to better understand how Canada can drive innovation, prepare Canadians for the future of work, and ensure they have trust and confidence in how their data is used. In fact, the CPA profession is well placed to contribute to all three areas of inquiry. We have included in the appendix to this letter some background and context to ISED regarding CPA Canada's efforts in the technology space.

Trust and privacy are core to the CPA profession. CPAs play critical roles in the safeguarding of personal, business and financial information and have extensive expertise in risk management, data



governance and compliance. CPAs also drive innovation and business growth, helping their employers or clients to identify and assess new business opportunities, anticipate competitive threats, and improve productivity, performance and competitiveness. One of CPA Canada's core responsibilities is to ensure the next generation of professional accountants is equipped with the skills and knowledge to meet the evolving needs of Canadian business by continually updating the CPA education curriculum.

We understand this national consultation is intended to draw on diverse perspectives and that roundtable consultations will be part of the process. With that in mind, CPA Canada would like to extend an offer to ISED to partner on a roundtable consultation that draws on our extensive networks, expertise, research and thought leadership in these areas.

CPA Canada engages an extensive network of volunteers who participate in our advisory committees. These advisory committees target a broad range of topics related to both our profession and the public interest. Specifically, we currently have three technology-related committees focused in areas of audit technology and data analytics, as well as emerging technology and innovation trends such as big data, cloud, artificial intelligence, and blockchain. Another committee explores how to build resilient, adaptable, innovative and sustainable business enterprises.

Our volunteer committee members are experienced leaders at the intersection of business and technology. Together they provide representation from small to large businesses and accounting firms in Canada as well as academia and not-for-profit organizations. Our advisory committee members are well-positioned to lead discussions around the future of a digital- and data-driven economy for Canada.

CPA Canada would welcome an opportunity to convene a roundtable event to bring together our members and representatives of ISED as part of the national consultations on digital and data transformation. We can also offer the facilities of our Toronto head office to host the event. CPA Canada's Manager of Government Relations, James Richardson (jrichardson@cpacanada.ca), will follow up with you to discuss this offer and address any questions you may have.

Respectfully,

A handwritten signature in blue ink, appearing to read "D. Valeri".

Davinder Valeri, CPA, CA
Director, Research, Guidance and Support



Appendix: Background on CPA Canada’s Efforts around Technology

Innovation, Science and Economic Development Canada (ISED) has launched national consultations on digital and data transformation which focus on three themes:

- Unleashing innovation
- Trust and privacy
- The future of work

Given the exponential pace of technological innovation and disruption, CPA Canada believes this national consultation on digital and data transformation is of critical importance to Canada’s economic and social development. Technology is impacting business operating models and the accounting profession is not immune. Emerging technological advancements that have begun to and will further impact the CPA profession include artificial intelligence, blockchain, cloud computing, and cybersecurity, to name just a few.

We have drafted this document to provide some background and context to ISED regarding CPA Canada’s efforts in the technology space.

Unleashing Innovation

We support the focus on driving innovation in our country and we recognize the need for Canadian businesses to build and enhance their digital capabilities to compete successfully in the global and domestic markets. In our paper on the “Drivers of Change: Navigating the Future”¹, CPA Canada reiterated the importance of innovation as a key part of an organization’s growth strategy because CPAs have varied and important roles within organizations to help achieve this. For example, the role of Chief Financial Officers (CFOs) have expanded in recent years to include facilitating an organization’s growth and capacity for innovation, in addition to the traditional role of protecting its financial integrity. Furthermore, CPA Canada understands that integrating innovative technologies is critical to the success of CPAs and the organizations they serve. Therefore, we strategically partnered with Communitech, a leading public-private innovation hub in the Waterloo region, to advance innovation for CPA Canada and the CPA profession.

Nowhere is the digital revolution more evident than in the capital markets and financial services sector with the active exploration of blockchain technology and cryptocurrencies. According to a study by CB Insights, over \$1.5 billion of investment has been deployed to this area over the last four years². However, there remain significant unknowns that need to be addressed.

For example, what are the implications to Canada’s central bank, and chartered banks, when physical monies are potentially replaced with digital currencies such as Bitcoin? How will the savings of

¹ <https://www.cpacanada.ca/en/business-and-accounting-resources/strategy-risk-and-governance/strategy-development-and-implementation/publications/drivers-of-change>

² <https://www.cbinsights.com/research/bitcoin-blockchain-startup-funding/>



Canadians in the form of digital currencies be protected from theft? CPA Canada is actively monitoring these developments and our recent publications on blockchain technology³ and accounting for cryptocurrencies⁴ help our members and other stakeholders prepare for and manage the uncertainty it presents.

Trust and Privacy

As trusted business advisors and stewards of privacy and confidentiality, CPAs are well-positioned to contribute our expertise to help protect privacy interests and preserve trust. CPAs also have a long history in data assurance and independently evaluating and reporting on controls over information security. These types of services will remain important as new platforms and technologies are embraced but will necessitate different approaches.

For example, our recent white paper⁵ found that blockchain technology could potentially impact the audit and assurance services landscape and outlined the future roles and skillsets for the CPA in the blockchain ecosystem. We are also looking at various ways that data analytics can be leveraged to analyze patterns, identify anomalies, and obtain other useful information from data populations relevant to an audit⁶.

CPA Canada understands the privacy and data security issues confronting organizations. We commissioned an annual fraud survey⁷ and found that fear of identity theft has increased and trust in the efforts of Canadian businesses to safeguard personal information is eroding. More than seven-in-ten (71 per cent) of those surveyed agreed that they are concerned about identity theft, up from 66 per cent last year. Roughly three quarters of the respondents (76 per cent) fear Canadian businesses are vulnerable to cyber attacks regarding their personal data, compared to 73 per cent in 2017. In addition, fewer respondents (68 per cent) believe Canadian businesses are doing the best they can to safeguard the personal information of customers, down from 72 per cent last year.

About four in 10 of respondents (39 per cent) say they fear their personal information has been compromised.

³ <https://www.cpacanada.ca/en/business-and-accounting-resources/other-general-business-topics/information-management-and-technology/publications/introduction-to-blockchain-technology>

⁴ <https://www.cpacanada.ca/en/business-and-accounting-resources/financial-and-non-financial-reporting/international-financial-reporting-standards-ifs/publications/accounting-for-cryptocurrencies-under-ifs>

⁵ <https://www.cpacanada.ca/en/business-and-accounting-resources/audit-and-assurance/canadian-auditing-standards-cas/publications/impact-of-blockchain-on-audit>

⁶ <https://www.cpacanada.ca/en/business-and-accounting-resources/audit-and-assurance/canadian-auditing-standards-cas/publications/cpa-canada-audit-data-analytics-guide>

⁷ <https://www.cpacanada.ca/-/media/site/operational/mr-media-releases/docs/mr-2018-0306-cpacanada-fraud-survey-background.pdf?la=en&hash=B9AA8BA48E1D400E663457A297155245AC397D08>



CPAs play a number of different roles in cybersecurity risk management from providing oversight to cybersecurity examination services. We have been active in providing guidance and support materials to our members in this area:

- Introduction to cybersecurity for CPAs⁸
- Manage cybersecurity risk and security issues: Questions for directors⁹
- Cybersecurity: Establishing a risk management program and reassessing disclosure practices¹⁰

We welcome the opportunity to further leverage our expertise to support the development of trust and privacy for all Canadians.

The Future of Work

CPA Canada also recognizes the skills and needs of tomorrow may change. To help our profession position for the future and ensure our relevancy and competitiveness in a changing world of work, CPA Canada undertook a thoughtful, forward-looking and fulsome examination of emerging global trends affecting Canadian organizations in our “Drivers of Change: Navigating the Future” paper mentioned above. We highlighted the importance of technology as a driver of change and the need for data analytics and information systems skills for the future. As a result, we sought input from post-secondary institutions across the country and are actively preparing and developing CPAs for the future by incorporating these competencies into our CPA education curriculum. Our updates to the CPA education curriculum will ensure all new CPAs are empowered with the right skills for the future — in particular, enhancing expertise in areas of rapid change such as data analytics and information technology.

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If you have any questions or would like to discuss how CPA Canada is helping the accounting profession cope with technological disruption, please contact Michael Wong, Principal, Research, Guidance and Support (michaelwong@cpacanada.ca).

⁸ <http://www.cpacanada.ca/en/career-and-professional-development/courses/trends-issues/technology-and-information-management/introduction-to-cybersecurity-for-cpas>

⁹ <https://www.cpacanada.ca/en/business-and-accounting-resources/strategy-risk-and-governance/corporate-governance/publications/manage-cybersecurity-risk-and-security-issues-questions-for-directors>

¹⁰ <https://www.cpacanada.ca/en/business-and-accounting-resources/other-general-business-topics/information-management-and-technology/publications/cyber-security-risk-management-and-disclosure>