

THE CARIBBEAN: A DIGITAL PARADISE

The ICAC hosted its 36th annual conference in June this year very much looking to the future following a tough 2017 for the Caribbean. *Jonathan Minter* spoke with chief executive officer Misha Lobban Clarke

Jonathan Minter: *Could you tell me some of the key highlights and themes to come from the 36th ICAC Caribbean Conference of Accountants?*

Misha Lobban Clarke: The Institute of Chartered Accountants of the Caribbean (ICAC) as a regional organisation has been cognisant of the impact of globalisation on the Caribbean, as well as the impact of changes to financial regulations, and new developments in information communication technologies, including cloud-based services, digital technologies, cognitive computing, and AI.

These combined have all altered the way business is done across the world. The Caribbean region has not been exempted from these global developments.

The conference focused on issues relating to developments and trends in the accounting profession, the value proposition in today's digital age, how AI is reshaping the profession, and unlocking the renewable energy potential within the Caribbean. The changing definition and world of work was also discussed, particularly in relation to millennials, who now occupy a pivotal place in the accounting profession and other sectors in the Caribbean.

JM: *When you talk about looking at the Caribbean in a global arena, do you think there are a lot more opportunities, broadly speaking, or is it a more challenging environment for your region currently?*

MLC: I believe the Caribbean is really on the cusp of a digital transformation. That is

one area of opportunity which opens up new markets and opportunities for the production of new products and services.

Adoption of these new and cutting-edge digital technologies will also drive the movement of capital, knowledge, information and people through and beyond our regional borders; this will create new challenges, but also possibilities and opportunities for us in the Caribbean.

While there is some uncertainty surrounding the changes that are happening within the Caribbean and the rest of the world, within this uncertainty there are opportunities for tremendous gain.

Interestingly, as a region we could capitalise on our millennials in terms of how we can successfully navigate these changes. Today's millennials bring with them an array of new approaches, skills, perspectives and ideas for the work environment and to work itself. I think they can help us to look at things differently – how we, as a region, can bring new strategies to take advantage of the opportunities that exist.

In a nutshell, we cannot just see the changes that are happening only as challenges, as they are also creating new possibilities for us. They necessitate a new way of thinking, and require a new approach – not just by businesses, but by regional governments as well.

We need to look at changing business models, changing the way we do business, improving the process of decision-making within the public and private sectors, and even how we engage our stakeholders.

JM: *How technologically advanced is the region? Is it a fairly level playing field, or are some countries more advanced than others in this regard?*

MLC: Some countries are, obviously, more advanced than others. The countries in the region are at varying levels of development and varying levels of growth.

Some countries and governments are more focused on encouraging growth through digitisation and increased productivity through the use of technology, and you also have some countries that are not so driven. A lot has to do with development capacity and priorities.



Misha Lobban Clarke, ICAC

Annually, the ICAC hosts a forum jointly with the International Federation of Accountants (IFAC) for the leadership of professional accounting organisations (PAOs) in the Caribbean.

Last year, for example, at the forum held in Guyana we examined the impact of technology on the profession. At that meeting, one of our speakers presented a paper on the impact of technological developments, including the threat to cybersecurity on the profession and the region in general. The paper highlighted the fact that some Caribbean countries are unprepared for the kind of threats that come with the changes in technology, and that there is still much work to be done.

Overall, though, I believe the Caribbean is ripe for reaping the benefits of the technological change that is happening globally; to be honest, some parts of the region are already keeping pace with these advancements.

JM: A number of large hurricanes – specifically Irma and Maria – moved through the Caribbean last year. How many of your members were impacted and, how badly affected were they?

MLC: For clarity, the ICAC is a member-body organisation, with its membership comprising PAOs located in the English-speaking countries of the Caribbean, as well as Suriname.

That being said, 2017 was a challenging year for the Caribbean, as the region was impacted by two devastating hurricanes, Irma and Maria, within a period of two weeks. The hurricanes had very devastating impacts in terms of damage to infrastructure, property, communication and businesses. And yes, citizens, including professional accountants in the Eastern Caribbean – specifically the islands of Antigua and Barbuda, and Dominica – were affected.

Barbuda – which is part of twin-island state with Antigua – had, according to media reports, about 95% of its infrastructure, including houses, damaged, and approximately 60% of residents were left homeless by the impact of the hurricane. The hurricane also impacted the Turks and Caicos Islands, where the ICAC's associate member body is located.

Our efforts here at the ICAC included spearheading a regional hurricane initiative to support our member bodies in the affected islands. As a regional body representing the accounting profession, we felt it was our

duty to take the lead on this initiative, so we solicited support from our member bodies across the region, and they assisted by making financial donations to the agencies that were established at government level to provide and spearhead recovery and relief to the affected islands.

We recognise the vulnerability that climate change poses to the Caribbean region, and this is one way that the ICAC as a regional body can take the lead in supporting our members and the Caribbean as a whole.

We can also work with regional and international partners to bring greater attention to climate change risks, and in designing solutions that would help to mitigate these risks.

JM: I know this occurred relatively recently – still less than a year ago – and the devastation sounds pretty horrible. Are they back on their feet yet or is it still an ongoing process?

MLC: It remains an ongoing process. In the case of Dominica, for example, which suffered extensive damage, the road to recovery continues, but it has been positive from media reports.

The level of support and assistance from the rest of the region – governments, relief organisations and individuals – to the affected islands has been overwhelmingly positive.

JM: One of ICAC's goals is to promote internationally accepted standards of best practice for the profession in the region. How is this is developing?

MLC: The ICAC has been promoting, and continues to promote, the internationally accepted standards and best practices within the accounting profession in the Caribbean.

Most of the ICAC member bodies are also members of IFAC, which means they have to maintain compliance with the IFAC *Statement of Membership Obligations*, which are the globally recognised benchmarks for professional accounting organisations.

Even the few member bodies of ICAC that are not members of IFAC have been playing an integral role in ensuring that international standards of best practices are maintained by their members – professional accountants – within their respective countries.

The ICAC also works very closely with IFAC to promote the adoption and implementation of international standards and best practices within the region.

One of the areas in which the ICAC has been working closely with IFAC relates to

the promotion of International Public Sector Accounting Standards (IPSAS). In April 2016, ICAC jointly with IFAC and the World Bank hosted a regional roundtable on *Strengthening Public Financial Reporting and Accountability*.

The event, which was held in the Bahamas, explored how the accounting profession can work with the governments and the public sector in the region towards implementing IPSAS and improving public financial accounting and reporting.

Arising from that roundtable, the ICAC and IFAC released a study on accrual practices and reforms expectations in the Caribbean in 2017. The study revealed that nearly 60% of Caribbean countries included in a recent survey have already adopted IPSAS, or national accounting standards based on IPSAS, and the remaining 40% are at various stages of the implementation process. This study was the result of an initial survey done during the 2016 roundtable event in the Bahamas.

It is a priority of the ICAC to lead a regional public financial management (PFM) reform initiative and as part of this, a PFM Reform Committee was established, with representation from all our member bodies; our donor partner, CPA Canada; and also IFAC.

The committee is responsible for formulating a roadmap to support the implementation of IPSAS and PFM reform within the region, and we will be working in the upcoming year to advance this initiative.

Critical to this is a memorandum of understanding (MoU) signed between the ICAC and the Caribbean Organization of Supreme Audit Institutions (Carosai) in April of this year.

This MoU provides the framework for both the ICAC and Carosai to work together to support and promote public financial management, awareness and training among public sector accountants.

JM: You said you were working on getting that roadmap out in the next year or so?

MLC: Yes. It is one of the things that our president, Anthony Pierre, is committed to doing.

We are going to be engaging our partners like CPA Canada, IFAC and the World Bank on this initiative, and the ICAC board is now looking at streamlining the objectives of this regional PFM reform programme with a view to rolling out some of the initiatives – hopefully within the next year. ■