



The *ThinkTWENTY20* Newsletter March 2024

Empowering financial professionals for the future of work

Includes summaries of all the articles in the March 2024 Issue

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Following are summaries of the articles in the March 2024 issue of ThinkTwenty20.

AI Accelerates Inclusion of E, S and G into Strategic Operations, By David Wray

The article by David Wray, ACA, CPA, titled "AI Accelerates Inclusion of E, S and G into Strategic Operations" discusses the potential of artificial intelligence (AI) in addressing business challenges, particularly in the context of ESG (Environmental, Social, and Governance) matters.

The author begins by acknowledging the various challenges businesses face in 2024, including volatile interest rates, uncertain economies, tight labour markets, and growing stakeholder pressures in ESG matters. He suggests that AI could be a promising solution to these challenges, particularly within supply chains, finance, and human resources.

The article then delves into the potential of AI as a catalyst for change. It discusses the importance of identifying the fundamental issue to be solved, understanding the organization's data availability and readiness, and finally understanding the technology types that may aid in problem resolution.

The author then introduces a public interest rights project that consists of a consortium of technology, human behaviour specialists, data science, NGO, industry, legal, financial, and human rights investigators. The project aims to develop innovative technology solutions to help solve human rights issues, particularly forced labour within international supply chains.

The article further explains the concept of Causal AI, a technology that can reason and evaluate choices as a human does. It is ideally suited to highly complex problems such as identifying,

solving, and eradicating forced labour. The author provides a detailed explanation of how Causal AI works, including the process of causal discovery and the development of causal models.

The author emphasizes the importance of a collaborative approach in solving highly complex issues. This includes cross-functional, cross-discipline, and cross-organization input, and a structured methodology and iterative development cycle that includes human input throughout to validate the assumptions, inputs, and outcomes at each stage of data input, learning, testing, iteration, and outcome validation.

The article concludes by suggesting that companies may want to consider actively and ethically collaborating with technology innovators to pilot AI solutions and help improve them. The author also mentions that this forced labour in international supply chains consortium collaboration is actively underway and updates can be obtained through the International Group of DFCG, Parabole, and BEworks.

[Read the complete article here.](#)

Structured Data Program at the U.S. Securities and Exchange Commission, By Julie Marlowe

The U.S. Securities and Exchange Commission's Structured Data Program, overseen by the Office of Structured Disclosure (OSD), aims to enhance accessibility and usability of financial data. OSD collaborates with other SEC divisions to design data structuring approaches, develop taxonomies and validation rules, and assess data quality. The SEC's use of eXtensible Business Reporting Language (XBRL) began with a voluntary program in 2005 and expanded to mandatory structured financial reporting for operating companies and mutual funds. Recent SEC rules, like those on Insider Trading Arrangements and Cybersecurity Risk Management, mandate machine-readable data disclosure to enhance transparency. The Financial Data Transparency Act (FDTA) imposes additional requirements on the SEC to establish data standards and improve corporate financial data quality. The Commission staff utilizes machine-readable data for various purposes across divisions, supported by analytical applications like Filer Profile and Financial Statement Query Viewer (FSQV). OSD also addresses data quality issues through reminders and analyses, while the EDGAR system includes validation checks to ensure data accuracy. Despite challenges, efforts are underway to improve data quality and promote the use of machine-readable data for enhanced financial reporting and analysis.

[Read the complete article here.](#)

In Their Own Words: How to Safeguard the Currently Controversial Uses of Crypto Assets, By Gundi Jeffrey

The rise of cryptocurrencies sparks both optimism and concern, as highlighted in a recent US survey where over half of respondents see crypto as the future of finance but emphasize the need for regulation. Cryptocurrency exchanges, operating globally, lack consistent oversight, leading to differing standards and potential arbitrage opportunities. Concerns over volatility and fraud persist, with SEC Chair Gensler warning against investment risks and fraudulent activities. Vinod Kashyap, an expert in digital finance, outlines the controversies surrounding cryptocurrencies, including their potential for illegal activities, market manipulation and environmental impact. Despite these challenges, the adoption of crypto is on the rise, particularly among younger generations and those in countries with financial instability. Common frauds include ICO scams and Ponzi schemes, with victims often left with little recourse due to inadequate regulations. Automated trading platforms amplify market manipulation risks, while companies are urged to implement robust security measures and internal controls. Regulatory differences among countries contribute to varying levels of fraud, with positive developments including increasing mainstream acceptance and regulatory frameworks. However, regulatory uncertainty and cybersecurity risks remain significant challenges for the future of cryptocurrencies.

[Read the complete article here.](#)

Defining Desirable Results from a GenAI Tool: Hallucinations, Undesirable Results, and ISO/IEC AI Quality Standards, By Eric E Cohen, CPA

Eric E. Cohen's article discusses the complexity of undesirable outcomes from Generative Artificial Intelligence (GenAI) tools, emphasizing the inadequacy of simply blaming "hallucinations" for these issues. He presents cases of errors in legal citations generated by AI, highlighting the need to distinguish between faults in AI implementation and external factors like user error. Cohen introduces ISO/IEC TS 25058:2024, a new ISO standard providing guidance for evaluating AI system quality, alongside related standards like ISO/IEC 25059:2023, which focuses on building quality AI systems. He outlines key aspects of the quality evaluation process, including satisfaction and freedom from risk, which encompass subjective user experiences and objective considerations of potential harm. Cohen advocates for a nuanced understanding of AI quality and calls for interdisciplinary collaboration to harness AI's potential while mitigating risks. He stresses the importance of prioritizing human values in AI development to ensure positive outcomes.

[Read the complete article here.](#)

Inside Out or Outside In? Two Sides of (Nearly) the Same Coin: Be Smart, Be Prepared! By Alan Willis

The sustainability reporting landscape has become increasingly complex, with various frameworks and standards emerging worldwide. Key developments include the introduction of

ISSB Standards, the IAASB's new sustainability assurance standard, and the European Union's Due Diligence Directive and Sustainability Reporting Standards. Despite progress, there's still much work needed to establish globally accepted disclosure standards. Two approaches to reporting are highlighted: "outside-in," focusing on sustainability-related impacts on financial value guided by ISSB standards, and "inside-out," emphasizing an entity's impacts on the environment, society, and the economy, guided by GRI standards. Both perspectives are crucial for stakeholders. Entities are advised to adopt a "Be Prepared" mindset, emphasizing early identification and inventorying of impacts, reliable data collection systems, integrated thinking among leadership, and focus on sustainable business practices amidst political noise about ESG disclosures. In 2024, being prepared for evolving disclosure requirements is paramount. Integrated thinking and exploration of frameworks like the IIRC Integrated Reporting Framework offer fresh perspectives on driving sustainable value creation for all stakeholders. Overall, readiness for disclosure and sustainable practices is a pragmatic and beneficial approach for entities in the current landscape.

[Read the complete article here.](#)

Book Review: Our Consultocracy Culture – A Review of *The Big Con*, By Robert Edison Sandiford

The Big Con, by Mariana Mazzucato and Rosie Collington, delves into the pervasive influence and questionable practices of consulting firms like McKinsey and Deloitte, particularly highlighted during the COVID-19 pandemic. The book questions the value these firms bring, their role in governance and their impact on economies. Mazzucato and Collington argue that the consulting industry's growth reflects a broader trend of outsourcing critical activities and neglecting organizational learning and capacity-building. They explore how consultancies often prioritize their own profits over the public good, manipulating governments and businesses through inflated fees and opaque contracts. The authors advocate for reducing reliance on consultants and fostering more value-creating interactions within organizations. Despite challenges in obtaining data, they provide insights into the industry's activities and its significant role in global governance. The book ends with proposals for reform to address the over-reliance on consulting firms, emphasizing the urgent need for collective action in the face of pressing challenges like climate change.

[Read the complete article here](#)

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