
**Intergovernmental Working Group of Experts on
International
Standards of Accounting and Reporting
(ISAR)**

29th SESSION

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Afternoon Session

**Regulatory and institutional foundations for high-quality
corporate reporting**

Presented by

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***Mexican pilot-test
on the application of the UNCTAD-ISAR
Accountancy Development Toolkit (ADT)***

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Consejo Mexicano de Normas de
Información Financiera (CINIF)

Mexican pilot-test

Objective

In the 2nd quarter of 2012, Mexico carried out:

The pilot-test on the application of the UNCTAD-ISAR Accountancy Development Toolkit (ADT) to:

- Obtain indicators of the quality of corporate reporting in Mexico.
- Propose improvements to the ADT.

Mexican pilot-test

Participants

Participation of 17 organizations

Government regulators:	2
Standard setters:	1
Accounting firms:	7
Universities:	3
Professional associations:	4

Mexican pilot-test

Coordination

The pilot test was coordinated by

- Consejo Mexicano de Normas de Información Financiera (CINIF), the accounting standard setter in Mexico.

Investigator: Elsa Beatriz García

- Instituto Tecnológico de Estudios Superiores de Monterrey (TEC), a leading university in Mexico

Professor: Noemí Vásquez

Mexican pilot-test

Relevant topics for Mexico

1. Pillar A - Convergence of local standards with IFRS

In 2012, Mexican public entities adopted IFRS **except financial and insurance sectors**.

Financial and insurance sectors will continue to use local standards, since there is disagreement with some topics in IFRS: for example, the use of fair value in some cases; prohibition of the equity method in separate financial statements.

We suggest the ADT include questions with respect to advances in convergence in the country.

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Relevant topics for Mexico

2. Pillar A - IFRS for SMEs

The IFRS for SMEs includes some differences with full IFRS.

Local standards are more converged with full IFRS than with the IFRS for SMEs.

SMEs (non-public entities) use local standards and not the IFRS for SMEs.

We suggest the ADT include questions with respect to advances in convergence in the country.

Mexican pilot-test

Relevant topics for Mexico

3. Pillar A - Sustainability

Some entities, on their own initiative, disclose information regarding sustainability.

To date, regulatory agencies are working on the design of related disclosure standards.

In the pilot-test Mexico regarded that must work harder on the establishment of international standards for the disclosure of entities' efforts to prevent and resolve problems related to the issue of sustainability: environmental protection, social responsibility, etc.

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Relevant topics for Mexico

4. Pillar A – Oversight of audit firms

In Mexico there are various organizations that oversee the performance of individual auditors, not firms: primarily their continuing professional education and ethical conduct.

but. . .

In Mexico there is no organization similar to the Public Company Accounting Oversight Board (PCAOB).

We believe that Mexico should evaluate the establishment of an organization similar to the PCAOB.

Mexican pilot-test

Relevant topics for Mexico

5. Pillar B – Financing of the Standard Setter

CINIF is the official National Standard Setter in Mexico.

CINIF issues local standards and interacts with the IASB on the exposure of all IFRS.

Mexico believes that the lack of a legal mechanism to ensure the financing of CINIF is a problem. Mexico will work on this matter.

Mexican pilot-test

Observations regarding the ADT

In general terms, we believe the ADT can be a good tool for the assessment of the quality of corporate reporting.

Mexico will follow up the findings detected