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

30th SESSION
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Room XVIII, Palais des Nations, Geneva

Thursday, 7 November 2013
Morning Session

***Capacity-building framework for high quality corporate
reporting
Pilot-test assessment
BRAZIL***

Presented by

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Capacity-building framework for high quality corporate reporting
Pilot-test assessment
BRAZIL

2013

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Background

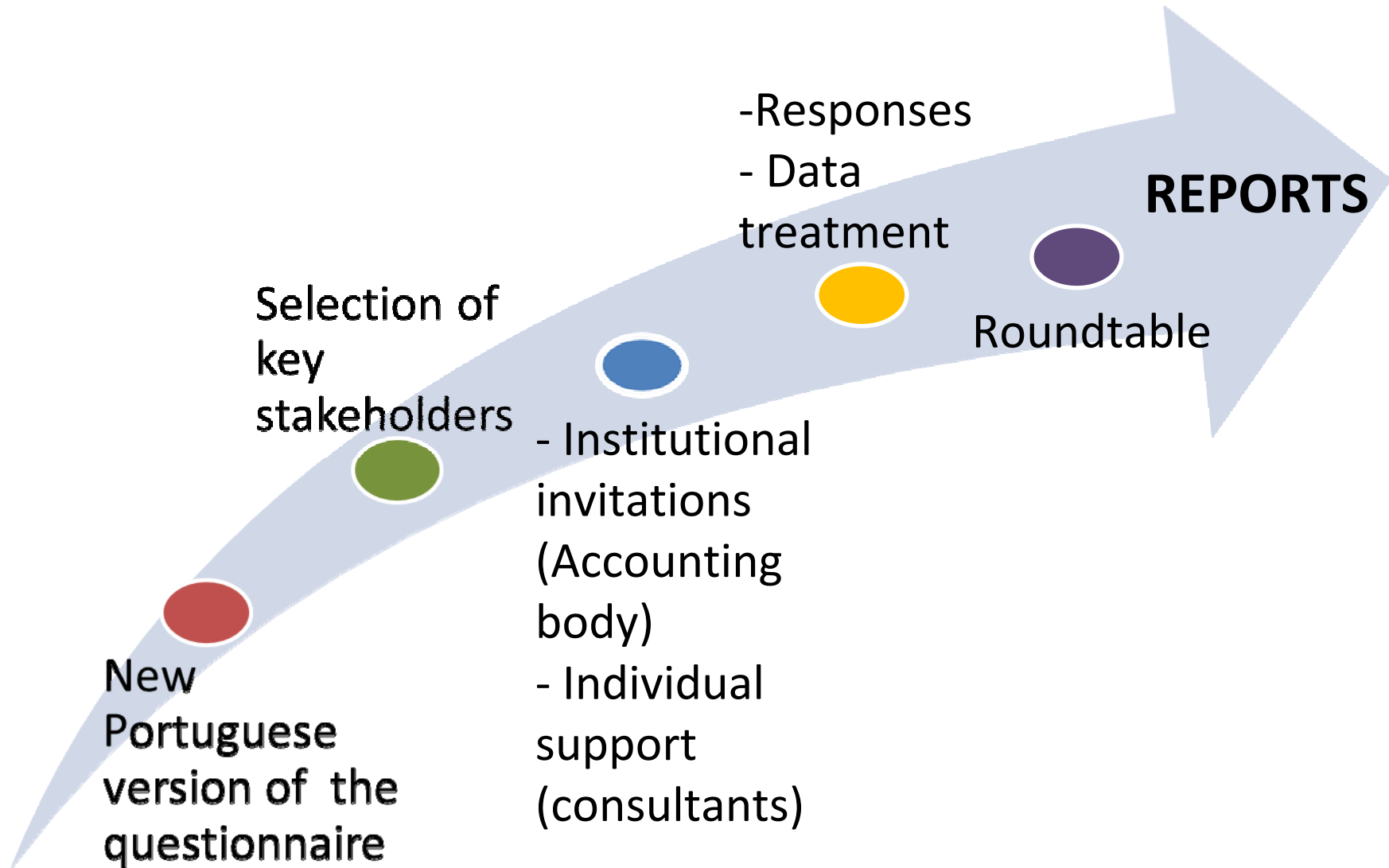
↪ Roundtable: 2011

↪ 1st Pilot test: 2012

- Individual answers - highly qualified
- Meeting to present the results
- No room to look for consensus
- Main outcomes:
 - i) suggestions to improve the questionnaire;
 - ii) expertise to deal with peculiarities of the country in data collection and processing

2013 – 2nd pilot test

What we did



What we did

- ❖ large geographical distances/no budget for travel;
Skype, email and phone calls support during data collection; Acctg body support - logistics
- ❖ Quantity and diversity of academic stakeholders
Invitations addressed to the masters and doctorate - "multipliers"
- ❖ Language barrier
Brazilian Portuguese version

What we did

- ❖ Difficult getting answers
 - No widespread interest ;
 - Time and staff constraints from respondents;
 - “Fear” / impossibility to issue institutional responses

✓ **Previous personal contacts, visits, phone calls**

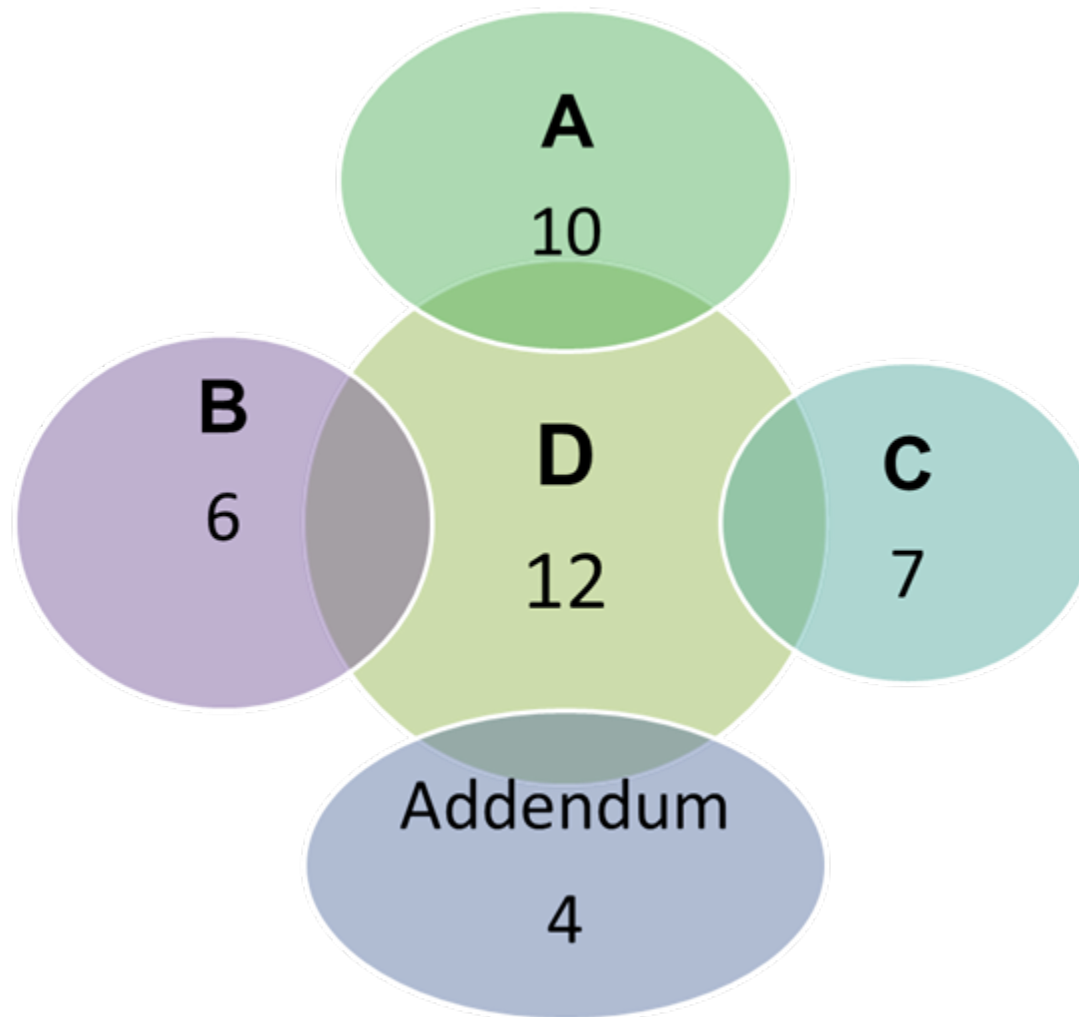
✓ **53 selected entities**

✓ **12 responses + 1 entity that only attended the roundtable (didn't send answers previously)**

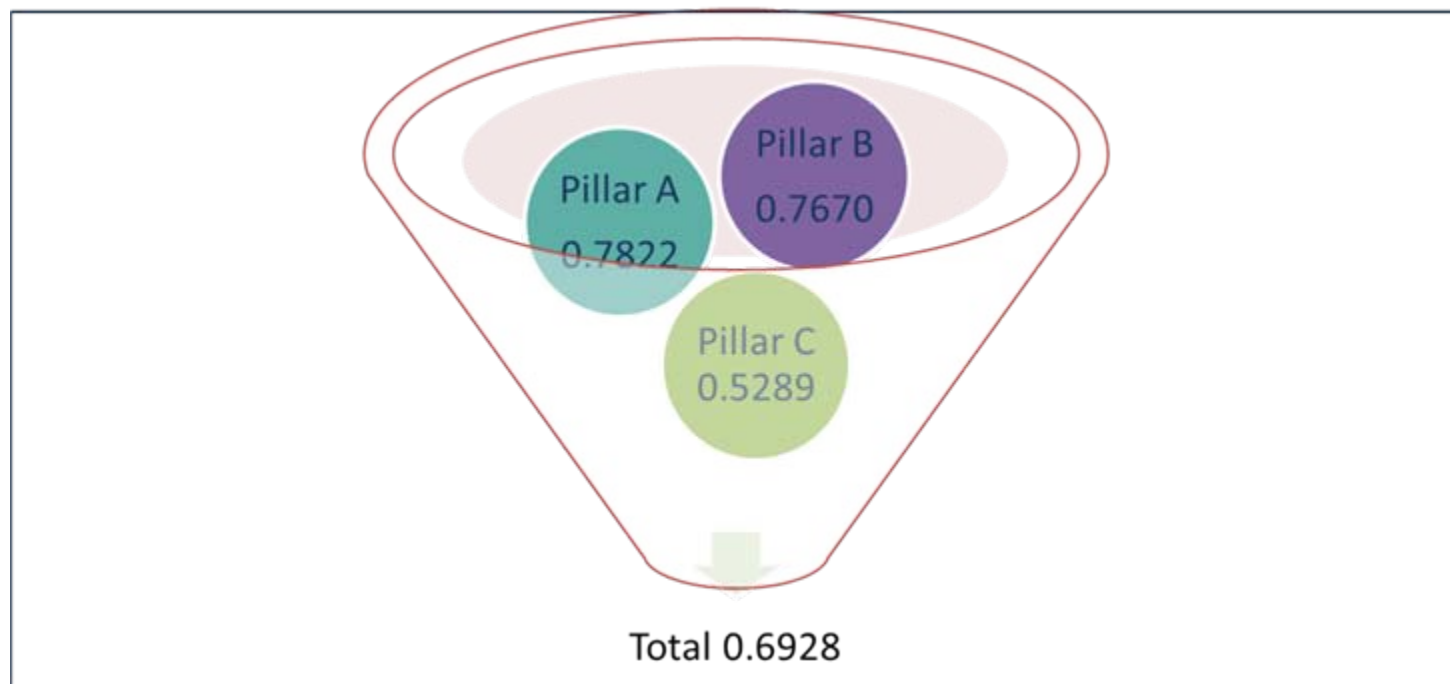
✓ **29 representatives attended the roundtable**

What we did

Data collection: institutional answers



What we learnt



Limitations:

- Absence of some groups of stakeholders (although invited);
- impossibility to broadly address academics;
- Lack of legal source for some questions – subjectivity

What we learnt

↳ *Strong aspects*

- Financial reporting: IFRSs adoption (*de jure e de facto*) for listed companies, and other regulated (e.g. Banking, insurance etc.);

Some exceptions: e.g. Hyperinflation – higher quality of local standard

What we learnt

↳ *Strong aspects*

- Auditing standards and licensing of auditors – maturity and strong regulation
- Regulation and supervision of accountants – professional accountancy organization and regulatory agencies
- Continuing professional development – mandatory for auditors, available for accountants
- Accounting technicians - being discontinued
- Practical experience requirements for auditors

What we learnt

↪ *Potential areas for action plans*

Human capacity:

- significant quality differences among undergraduate programs (1,300+ programs)
- low percentage of approval in the certification exam
- underdevelopment of skills and competencies can seriously compromise the application of quality standards: e.g. professional judgment, communication, professional scepticism
- problems may stem from deficiencies in elementary and high school?

What we learnt

↳ *Potential areas for action plans*

- SMEs reporting: *de jure vs. de facto* – difficult to implement and monitor IFRSs
- Sustainability and corporate governance issues: still voluntary for several topics – adoption usually restricted to large and/or listed companies
- Knowledge of aspects of ethical and professional behavior in part dependent upon the accounting bodies – need for more dissemination and enhance enforcement

What we learnt

↳ *Potential areas for action plans*

- IESBA Code of Ethics: local adoption in progress
- Public sector : IPSAS effective adoption – probably a long way ; local peculiarities need to be addressed
- Pillar D: negative answers – too early to address it

Next steps

- ↪ Eventually to create a multi-institutional group – coordination?
- ↪ Try to involve more institutions
- ↪ Disseminate the results and provoke debate

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