

## **BACKGROUND NOTE ON ACTION PLANS**

SMO Action Plans are developed by IFAC Members and Associates to demonstrate fulfillment of IFAC Statements of Membership Obligations (SMOs). SMOs require IFAC Members and Associates to support the adoption<sup>1</sup> and implementation<sup>2</sup> of international standards and other pronouncements issued by independent standard-setting boards under the auspices of IFAC as well as by the International Accounting Standards Board (IASB); and to establish a Quality Assurance (QA) review and Investigation and Disciplinary (I&D) systems.

IFAC Members and Associates conduct a self-assessment against the requirements of SMOs and identify areas where improvements are needed. Based on the results of the assessment, Members and Associates develop an SMO Action Plan to (a) demonstrate how they fulfill the requirements of the SMOs and (b) where some requirements are not yet addressed, to present plans towards their fulfillment.

SMO Action Plans are designed to be ever-green documents that provide a comprehensive description of the accountancy profession and its legislative and regulatory environment in the jurisdiction as well as the actions undertaken by IFAC Members or Associates to support adoption and implementation of international standards and best practices.

Regular updates of the SMO Action Plans are required as part of the IFAC Member Compliance Program.

### **Use of Information**

Please refer to the [Disclaimer](#) published on the Compliance Program website.

### **ACTION PLAN**

<b>IFAC Member:</b>	Instituto Mexicano de Contadores Públicos, A.C. (IMCP)
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<sup>1</sup> *Adoption* is concerned with the decision that international standards are appropriate for use in specific national financial reporting environments and with the actions necessary to effect those decisions, including incorporation into national requirements or requiring the use of international standards through law. Adoption may include a process to review draft international standards, translation, public exposure of proposed standards, approval, incorporation into national requirements as necessary, and promulgation of final standards, and, where applicable, a convergence process to eliminate or minimize differences between international and national standards.

<sup>2</sup> *Implementation* may include a process to build awareness of the adopted standards, provide relevant education and training, develop or disseminate implementation guidance and any other activities that promote proper understanding and use of the standards in practice.

## GLOSSARY

<b>ANFECA</b>	Association of Accounting Schools in Mexico
<b>CENEVAL</b>	National Center for Evaluation of Education
<b>CAC</b>	IMCP's Quality Managing Commission
<b>CEC</b>	Evaluation Council for Professional Certification,
<b>CINIFs</b>	Mexican Council for Research and Development of Financial Reporting Standards
<b>CNBV</b>	National Banking and Securities Commission
<b>CNSF</b>	National Insurance and Surety Commission
<b>CONAA</b>	IMCP's Auditing and Assurance Standards Commission
<b>CONAC</b>	National Council of Accounting Harmonization
<b>CONIF</b>	IMCP's Financial Information Standards Commission
<b>CPC</b>	Certified Public Accountant
<b>CTC</b>	IMCP's Technical Commission of Quality
<b>DGP</b>	Federal Education Ministry
<b>EDs</b>	Exposure Drafts
<b>GAASs</b>	Mexican General Accepted Auditing Standards
<b>IAASB</b>	International Auditing and Assurance Standards Board
<b>IAESB</b>	International Accounting Education Standards Board
<b>IASCF</b>	International Accounting Standards Committee Foundation
<b>IEPS</b>	International Education Practical Statements
<b>IESs</b>	International Education Standards for Professional Accountants
<b>IESBAs</b>	International Ethics Standards Board for Accountants
<b>IFRSs</b>	International Financial Reporting Standards
<b>IMCPs</b>	Mexican Institute of Public Accountants
<b>IPSASs</b>	International Public Sector Accounting Standards
<b>IPSASB</b>	International Public Sector Accounting Standards Board
<b>ISA</b>	International Auditing and Assurance Standards
<b>ISQC</b>	International Standard of Quality Control
<b>NEC</b>	National Executive Committee of the IMCP
<b>QA</b>	Quality Assurance
<b>NFPCs</b>	Mexican Education Standards
<b>SMEs</b>	Small and Medium Enterprises
<b>SMOs</b>	Statements of Membership Obligations
<b>SMPs</b>	Small and Medium Practices
<b>WB</b>	World Bank

**Action Plan Subject:** General Goals of the Action Plan  
**Action Plan Objective:** Define Environment, Challenges and Key Success Factors for Planning Cycle

**General Background:**

***Regulatory and Standard Setting Framework***

The IMCP is a federation founded in 1923, which is composed of 60 professional associations that bring together more than 20,000 CPAs around the country. The IMCP is a standard-setting institution. For instance, the first IMCP Code of Ethics was drafted in 1925. IMCP develops its own Code of Ethics with a process to eliminate differences between IMCP's Code and ethical requirements set out in the IESBA Code of Ethics. Every member of the IMCP must adopt the code for its members to belong to the IMCP. For over 30 years, the IMCP was the accounting standard setter for Mexico, and has delegated this function to the independent Mexican Board for Research and Development of Financial Reporting Standards (CINIF). For more than 20 years, the IMCP has maintained a continuing professional education program, which has served as the basis for the CPA professional certification created in 1998. In 2005, the IMCP became the first institution in Mexico to receive the certificate of suitability to act as a certification by the Secretary of Public Education.

Until 2011, Mexican General Accepted Auditing Standards (Mexican GAAS) were developed by the IMCP's Auditing and Assurance Standards Commission (the Commission or CONAA) first established in 1955. In 2012, the IMCP successfully adopted and implemented the ISA's. IMCP follows IAASB work program and its due process includes review of draft and revised IAASB pronouncements. Until 2010, IAASB Handbook was translated by IMCP into Spanish in accordance with IFAC's Translation Policy and published annually and starting 2011, the IMCP participates in the Spanish review translation committee together with other Latin American countries.

The IMCP was one of the founding members of both the International Accounting Standards Committee in 1973—of which it remained an active member until that institution was succeeded by the IASB in 2001—and the International Federation of Accountants (IFAC) in 1977.

***IMCP Governance Framework***

The highest authority of the IMCP resides in the General Assembly of Members, comprised of all professional accountants that are members of the associations that are part of the IMCP. The governing body is constituted by the Governing Board composed of the National Executive Committee and the Presidents of the 60 federated associations.

The Governing Board delegates its authority through directives in the National Executive Committee, which consists of the President, the Senior Vice President, nine Vice Operating five Regional Vice Presidents, Secretary, Treasurer and Deputy Treasurer. Compliance is the responsibility of auditors and their administration by the Executive Director.

***Challenges and Key Success Factors***

IMCP has a voluntary membership and it does not have the legal authority to change the educational standards or change the accounting education curriculum. Therefore, its capacity to disseminate the adoption of international standards and to implement new education standards is limited. IMCP faces the challenges of educating and ensuring the adequate implementation of international standards and faces the challenge of the ongoing implementation efforts for the QA program.

**Action Plan Subject:** SMO 1–Quality Assurance  
**Action Plan Objective:** Implementation of Quality Assurance Review Program

**Background:**

In 2002, the Mexican Institute of Public Accountants (IMCP) planned to introduce a mandatory quality assurance (QA) review program for IMCP members performing audits of public interest companies. The program was planned to be managed by an independent body established by IMCP and relevant regulators (including the National Banking and Securities Commission (CNBV) and the National Insurance and Surety Commission (CNSF). The IMCP finalized the development of a specific program to address start-up of an independent Quality Control Oversight Board, but implementation has been delayed by federal authorities primarily because of funding issues.

In late 2005, the Mexican Securities Act was passed and required the establishment of a QA. A standard was issued in 2009 by the Auditing and Assurance Standards Committee for the Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements and is effective since January 1, 2010.

QA reviews initiated on the second quarter of 2012, in compliance with SMO1. As a consequence, we believe that not only a review of all of the components of the system of quality control but engagement performance has been carried out during 2016, 2017 and during the first and second quarter of 2018. Only IMCP CPCs (Contador Publico Certificado – CPC) and firm’s member can perform audits of public interest companies registered with the National Banking and Securities Commission (CNBV) and the National Insurance and Surety Commission (CNSF) – effectively the principle public interest entities in Mexico.

Additionally, a detailed working plan is completed and contemplates a train the trainers’ sessions that have been held in different locations (Mexico City, Monterrey and Guadalajara) from the Q1, 2015 and have replicated in most of the remaining IMCP’s local chapters during 2016 and 2017.

#	Start Date	Actions	Completion Date	Responsibility	Resource
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*Perform and promote a quality assurance review in accordance with SMO1*

1.	8/1/09	<p>Start QA reviews.</p> <p>This review except for the four plus two firms were focused primarily on verifying the fulfilling of quality control system, including the six elements of the system, not including the review of the working papers that support the presentation of the reports submitted.</p> <p>The results of the reviews were discussed in detail with those responsible for quality control of each firm and reports have been delivered mostly in this case including a report of the key findings that were detected in the review.</p> <p>During 2016 twelve firms were reviewed including the six elements of the systems and a sample of work papers. Inspections were performed and documented using the software developed by the IMCP.</p>	Started on Q2 2012	IMCP’s Quality of the Professional Practice VP	IMCP’s Quality Managing Commission (CAC) and Quality Technical Commission (CTC)
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		The working plan for 2017 includes inspecting 66 firms across the country ranging firms' sizes between 3 and up to 19 partners.			
<i>Implementation Activities</i>					
2.		<p>The working plan includes a train the trainers' session that will be held in three different locations (Mexico City, Monterrey and Guadalajara) from Q1, 2015.</p> <p>Besides the training session held in the three main cities, more sessions took place in different cities. Training sessions will continue during 2017 and 2018, in new locations.</p>	<p>Completed</p> <p>In Process - recurring</p>	<p>IMCP's Quality of the Professional Practice VP</p>	<p>CTC and CAC</p>
<i>Maintaining Ongoing Processes</i>					
3.	Ongoing	Continue to ensure that IMCP's QA review is operating effectively and continues to be in line with the revised SMO 1 requirements. This includes periodic review of the operation of the quality review system and updating the Action Plan for future activities where necessary.	Ongoing	<p>IMCP's Legislative VP</p> <p>IMCP's Quality of the Professional Practice VP</p>	<p>CTC</p>
4.	Ongoing	Design and implementation of the software to monitor Firms registration a data updating as well as Quality Control reviews. Software continue to be a key element in the control of Firms registration and now is being used on field for Quality Control reviews.	Ongoing	<p>IMCP's Quality of the Professional Practice VP</p> <p>NEC</p>	<p>CTC</p>
5.	Ongoing	Promote with Mexican regulators and authorities the start-up of an independent Quality Control Oversight Board.	Ongoing	<p>NEC</p> <p>Mexican regulators and authorities</p>	<p>Mexican Government</p> <p>Regulatory entities</p> <p>Mexican listed companies</p> <p>Accounting Firms</p>
<i>Review of IMCP's Compliance Information</i>					
6.	Ongoing	Perform periodic review of IMCP's response to the IFAC Compliance Self-Assessment questionnaires and update sections relevant to SMO 1 as necessary. Once updated, inform IFAC Compliance staff about the updates in order for the Compliance staff to republish updated information.	Ongoing	<p>IMCP's Legislative Vice President (VP)</p>	<p>IMCP's Quality of the Professional Practice VP</p> <p>CTC</p>

## Main Requirements of SMO 1

Requirements	Y	N	Partially	Comments
<b>Scope of the System</b>				
1. At a minimum, mandatory QA reviews are required for all audits of financial statements.	Y			
<b>Quality Control Standards and Other Quality Control Guidance</b>				
2. Firms are required to implement a system of quality control in accordance with the quality control standards.	Y			
3. Most up to date versions of ISQC 1 and other relevant ISA are adopted as the quality control standards.	Y			
4. Member Body assists firms in understanding the objectives of quality control and in implementing and maintaining appropriate systems of quality control.	Y			
<b>Review Cycle</b>				
5. A cycle-based, risk-based, or a mixed approach for selecting firms for QA review is used.	Y			
6. For cycle-based approach, quality control reviews are required to take place at least every six years (and every three years for audits of public interest entities).	Y			
<b>QA Review Team</b>	Y			Evidence on independence is documented using the software developed by the IMCP.
7. Independence of the QA Team is assessed and documented.				
8. QA Team possesses appropriate levels of expertise.	Y			Expertise of the QA Team is documented using the software developed by the IMCP
<b>Reporting</b>	Y			All evidence is documented using the software developed by the IMCP.

Requirements	Y	N	Partially	Comments
9. Documentation of evidence supporting the quality control review report is required.				
10. A written report is issued upon conclusion of the QA review and provided to the firm/partner reviewed.	Y			Reports are delivered after the QA review is concluded and a copy is documented using the software developed by the IMCP.
<b>Corrective and Disciplinary Actions</b> 11. Reviewed firms/partners are required to make timely adjustments to meet recommendations from the review report.	Y			Standard requires that firms develop and deliver an Action Plan covering recommendation.
12. QA review system is linked to the Investigation and Discipline system.	Y			IMCP's Quality of the Professional Practice VP, can issue and is allow to issue sanction and admonitions. Depending on the seriousness of the matter is communicated to the Investigation and Discipline system. (Local and National Honor Boards)
<b>Consideration of Public Oversight</b> 13. The body responsible for QA reviews cooperates with its oversight body and shares information on the functioning of the QA review system, as needed.				In Mexico there is not an oversight body, such as the PCAOB in the USA. N/A
<b>Regular Review of Implementation and Effectiveness</b> 14. Regular reviews of implementation and effectiveness of the system are performed.	Y			This is a continuous process

**Action Plan Subject:** SMO 2–International Education Standards for Professional Accountants and Other Pronouncements issued by the IAESB  
**Action Plan Objective:** Introduction of final examination and practical experience for non-certified members

**Background:**

A license to practice public accountancy, awarded by the Ministry of Education for holders of at least a Bachelor of Arts (BA) degree in Accounting, is the only requirement to become a member of the IMCP. Membership in the IMCP is voluntary and consists of certified and non-certified members. In 1999, the IMCP introduced voluntary general certification of public accountants (*Contador Publico Certificado – CPC*<sup>3</sup>). Although this certification is voluntary, only CPCs can perform audits of public interest companies registered with CNBV and CNSF – effectively the principle public interest entities in Mexico. Additionally, in response to the needs of society of specialized professionals, in 2009 at the meeting of the National Executive Committee of the IMCP, the Certified by Disciplines<sup>4</sup> project was approved. In 2010, the IMCP, together with some institutions created the Evaluation Council for Professional Certification (CEC), with the purpose of operating as a rector of the Certification exams for disciplines. In January, 2011, the Certification Examinations for Disciplines begin to be applied, which is open to all professional IMCP members or not, who are in some discipline(role) to be certified.

The IMCP planned initially to issue the final version of Mexican Education Standards, aligned with IES as applicable by 2012. After the Clarity Project of the IAESB, the IMCP is working for the implementation of IES 2015

A new translation of IES 1-8 was done in 2015 using the methodology of IFAC’s TRADOS system, which is applicable to all the international standards issued by IFAC, but it resulted not completely applicable and acceptable translation to the academic sector, fortunately some members of the IAESB were sensible to this matter and the Joint Education Commission ANFECA/IMCP was permitted to prepare a non-official translation of IES 1-8, only applicable to the Mexican academic and professional sectors.

For better understanding (and acceptance) in the Mexican academic sector, it was agreed with ANFECA the change to International Education Pronouncements (PIF in Spanish) instead of International Education Standards (IES); in its National Directive Board meeting held on May 17, 2016, ANFECA approved the 1-8 International Education Pronouncements.

IMCP is a very active promoter of IES 2015 (PIF) with stakeholders like universities, professional accountant and regulators. IMCP has published articles to rise awareness about the importance of the adoption of IES. With universities IMCP participated in reviewing some accounting education programs. IMCP participated with regulators, as a member of the Consultative Advisory Board (Comisión Técnica Consultiva de Contaduría) and create and integrate a document about a competence framework, aligned with IES 2015 that is useful as a guide for the institutions, who want to create new accounting education programs.

By the other hand, related with CPD activities, A CPC in order to maintain their professional competence that is appropriate to their work. A CPC needs to complete at least 65 hours of relevant professional development activity in each year. This is the same requirement for the specialized

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<sup>3</sup> The education of a CPC is aligned with IES 2015 because to obtain the denomination of CPC an aspirant to professional accountant needs to conclude an undergraduate program in accounting and have a period of practical experience at least of three years, and take a comprehensive examination in accounting topics that includes financial accounting and reporting, cost accounting taxation business law and regulation, finance and auditing and professional ethics. These requirements are accepted as equivalent to those required for CPA Canada and CPA U.S. Mexico has a Mutual Recognition Agreement with U.S. and Canada that specifies the criteria by which one body’s members are eligible to obtain the credential of the other.

<sup>4</sup> The Certification in Disciplines consists in the granting of the certificate to the professionals of different areas for their knowledge, abilities and skills necessary to offer the service and the quality to society. The disciplines that are included in the certification process are costs, taxation, finance, accounting and audit for public sector.



certifications and the non-certified members need to complete at least 40 hours. This means, that all members of IMCP have to complete at least 120 hours, in a period of three years, according with IES 7 2012, redrafted effective from January 2014 (Paragraph 15) the IMCP created specialized certifications

#	Start Date	Actions	Completion Date	Responsibility	Resource
1.	9/30/08	<p>Initiate awareness campaign focused on relevant federal authorities in order to promote improvements in current education programs.</p> <p>This activity started among authorities, universities, accounting firms and other interested parties.</p> <p>In the Accountancy Technical Consultative Commission of the Federal Education Ministry (DGP), in 2016 was prepared and approved a proposal of the accountancy study program aligned with the content of the IES. This work is been supported and diffused by DGP.</p> <p>ANFECA has developed a project called in Spanish "PLESNA Siglo XXI" (Century XXI National study programs), which is been performed in three parts: 2011 Diagnosis of needs and study programs content.            2012 Main theme as a lecture in ANFECA's annual general meeting.            2013 Link with professional bodies, business and government sectors and students' evaluations.</p>	Ongoing	<p>IMCP's Education VP</p> <p>IMCP's Education Commission</p> <p>ANFECA</p>	Members of IMCP's Education Commission

#	Start Date	Actions	Completion Date	Responsibility	Resource
2.	1/1/09	<p>Develop local program for continuous professional education related to IES 8.</p> <p>This activity was started with the support of the Continuous Professional Education Commission.</p> <p>The CPC as an independent auditor has to comply annually with 65 Continuous Professional Education credits; 40 of these credits should be on auditing.</p>	Ongoing	<p>IMCP's Continuous Professional Education Commission</p> <p>IMCP's Education Commission</p>	<p>Members of IMCP's Education Commission</p> <p>Joint effort with IMCP's Commission for Continuous Professional Education</p>
3.	1/31/10	<p>Once finishing with the review and alignment of the redrafted IES, more seminars and conferences will be carried out again in 2014 and far beyond.</p> <p>During 2016 several seminars and conferences were performed at universities and local CPA Societies affiliated to IMCP.</p>	Ongoing	<p>IMCP's Legislative VP</p> <p>IMCP's Education Commission</p>	Members of the Education Commission
4.	1/1/15	Develop with ANFECA an adequate interactive plan between universities or institutions of higher learning and the Accountancy Profession.	Ongoing	Joint Education Commission ANFECA/IMCP	Members of Joint Education Commission ANFECA/IMCP
5.	1/1/15	Design a diffusion plan of the IES to be performed by the local CPA Societies affiliated to IMCP.	Ongoing	Joint Education Commission ANFECA/IMCP	Members of Joint Education Commission ANFECA/IMCP
6.	1/1/16	With IFAC's consensus a non official translation of the IES2015 for México was done, taking into consideration the meaning for our country of certain terms in the academic sector.	Completed	Joint Education Commission ANFECA/IMCP	Members of Joint Education Commission ANFECA/IMCP

<b>#</b>	<b>Start Date</b>	<b>Actions</b>	<b>Completion Date</b>	<b>Responsibility</b>	<b>Resource</b>
		The Handbook translation is in process			
7.	1/2/16	For better understanding (and acceptance) in the academic field, it was agreed with ANFECA the change to International Education Pronouncements (PIF in Spanish) instead of International Education Standards (IES).	Completed	Joint Education Commission ANFECA/IMCP	Members of Joint Education Commission ANFECA/IMCP
8.	15/5/16	A complete review of the non-official translation of the 1-8 International Education Pronouncements was performed by the Joint Education Commission ANFECA/IMCP.	Completed	Joint Education Commission ANFECA/IMCP	Members of Joint Education Commission ANFECA/IMCP
9.	1/6/16	In its National Directive Board meeting held on May 27, 2016, ANFECA approved the 1-8 International Education Pronouncements.	Completed	Joint Education Commission ANFECA/IMCP	Members of Joint Education Commission ANFECA/IMCP
10.	1/3/17	The implementation guide for the 1-8 International Education Pronouncements is been prepared.	Completed	Joint Education Commission ANFECA/IMCP	Members of Joint Education Commission ANFECA/IMCP
11.	1/4/17	To inform to the IMCP's members the adoption by ANFECA and IMCP of the 1-8 International Education Pronouncements.	Completed	Joint Education Commission ANFECA/IMCP	Members of Joint Education Commission ANFECA/IMCP
12.	1/4/17	To prepare a diffusion plan supported with adequate materials to be performed by ANFECA and IMCP.	Completed	Joint Education Commission ANFECA/IMCP	Members of Joint Education Commission ANFECA/IMCP

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Maintaining Ongoing Processes</i>					
13.	Ongoing	Continue to use best endeavors to ensure IMCP's education requirements continue to incorporate all IES requirements. This includes review of the existing requirements and preparation of the Action Plan for the future activities where necessary.	Ongoing	IMCP's Education VP	Members of Joint Education Commission ANFECA/IMCP
<i>Review of IMCP's Compliance Information</i>					
14.	Ongoing	Perform periodic review of IMCP's response to the IFAC Compliance Self-Assessment questionnaires and update sections relevant to SMO 2 as necessary. Once updated inform IFAC Compliance staff about the updates in order for the Compliance staff to republish updated information.  Subject to the revision of part 1 and 2 of the questionnaires.	Ongoing	IMCP's International VP	Members of Joint Education Commission ANFECA/IMCP

**Action Plan Subject:** SMO 3–International Standards and other Pronouncements Issued by the IAASB  
**Action Plan Objective:** Improvement and review of the adoption and implementation on the ISAs, and the adoption and implementation of the other international pronouncements on review, other assurance and related services.

**Background:**

Until 2011, Mexican General Accepted Auditing Standards (Mexican GAAS) were developed by the IMCP's Auditing and Assurance Standards Commission (the Commission or CONAA), first established in 1955. Now, the Commission has made an important change for the profession and the ISAs have been adopted in México starting from January 1, 2012. Due to this important change, the IMCP follows IAASB work program and its due process includes review of draft and revised IAASB pronouncements and ISAs. Mexico is currently using the 2016-2017 version of the ISAs. Since the adoption of the ISAs, the IMCP is interested in the process of translating the ISAs into Spanish in order that the IMCP's membership can use them. The IAASB Handbook was translated by the Instituto de Censores Jurados Cuentas de España (ICJCE) into Spanish in accordance with the IFAC Translation Policy and it is being published annually. This translation is reviewed by a Latin America Review Committee, integrated by different associations of accountants of some Latin American countries, including the IMCP (through the CONAA).

CONAA works in reviewing the translation into Spanish of all the ISAs. CONAA is in the process of preparing guides for all the ISAs in order that the profession can apply them in the most efficient way.

Also CONAA worked hard to translate into Spanish the book called "*Guide to Using International Standards on Auditing in the Audits of Small- and Medium-Sized Entities*". In fact, Volume I and Volume II are now being available for IMCP's membership. This book is very helpful for Mexico, because the majority of the audited companies in Mexico are small or medium sized entities. Currently, the translation of Volume II is being reviewed by Spain. In the meanwhile, we are using the book translated by CONAA.

CONAA concluded a new book with models and examples on the auditor's report in order to have and standardized auditor's reports among the profession.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Review of IMCP's Compliance Information</i>					
1.	Ongoing	Perform periodic reviews of IMCP's response to the IFAC Compliance Self-Assessment questionnaires, and update sections relevant to SMO 3 as necessary. Once updated, inform IFAC Compliance staff about the updates in order for the Compliance staff to republish updated information.	Ongoing	IMCP's Legislative VP	CONAA
<i>Begin implementation of IAASB pronouncements and ISAs</i>					
<i>Maintaining Ongoing Processes</i>					
2.	2015-2017	Review new and revised ISAs issued by IAASB. Identify and communicate issues that could compromise convergence. Propose actions.	Ongoing	IMCP's Legislative VP	CONAA
<i>Implementation Process</i>					
3.	2015-2017	Prepare Practical Guides for application of ISA to facilitate to IMCP membership the use of them.	Ongoing estimated time 2018	IMCP's Legislative VP	CONAA

#	Start Date	Actions	Completion Date	Responsibility	Resource
4.	2015-2017	Update and restructure our Book related examples of the auditor report in a book (“Report Book”), according to the New Reporting Framework (ISAs 701, 720, 800 and 805) in order that the IMCP’s membership can use them as a guide.	Completed	IMCP’s Legislative VP	CONAA
5.	2015-2017	Published articles within the IMCP’s Official Magazine with news and positions on the application of ISAS	Ongoing	IMCP’s Legislative VP	CONAA
6.	2015-2017	Hold awareness meetings with regulators, to communicate and discuss the effects of the New Reporting Framework (ISAs 701, 720, 800 and 805)	Ongoing	IMCP’s Legislative VP	CONAA

**Action Plan Subject:** SMO 4–IESBA Code of Ethics for Professional Accountants

**Action Plan Objective:** Further convergence with the current IESBA Code of Ethics

**Background:**

The first IMCP Code of Ethics was drafted in 1925. The Article 5 of the Mexican Constitution grants legal authority to the IMCP to issue ethical requirements for its members. IMCP develops its own Code of Ethics with a process to eliminate differences between IMCP’s Code and ethical requirements set out in the IESBA Code of Ethics. In 2009, the IMCP issued a new Ethics Code (8<sup>th</sup> Edition), aligned with IESBA’s 2006 version. In 2010, IMCP further aligned the Mexican Code of Ethics with the June 2009 revised Code of Ethics for Professional Accountants issued by the IESBA. During 2012, the IMCP issued a new Code of Ethics (9<sup>th</sup> Edition) incorporating the structure of the IESBA Code of Ethics (issued in June 2009, effective starting 2011), and including the stronger and more specific rules of México.

IMCP was the leader (together with Argentina) of the review of the translation of the IFAC Code of Ethics to Spanish, which was done by Spain. As a result of this review we issued a TOE (Table of Equivalencies) for a better understanding of Spain and Latin America (including Mexico) on the definitions of certain words. In July 2014 IFAC issued the first authorized Spanish version of the IESBA Handbook, based on the 2014 Handbook Edition in English. This Authorized Spanish version was a translation reviewed by “IberAm”, a Committee integrated mainly by Spain, Mexico and Argentina.

In 2014, the IMCP’s Ethics Commission started a review to update the aligning process of the IMCP Code of Ethics with the 2014 IESBA Handbook. As a consequence of this process, in December 2015, the IMCP issued the 10th Edition of its Code of Ethics, fully aligned with the 2014 IESBA Handbook.

It is important to emphasize that the 10<sup>th</sup> Edition of the IMCP Code of Ethics includes substantially all the rules of the 2014 IESBA Handbook, plus certain rules that make the IMCP Code of Ethics more stringent. This circumstance is explicitly allowed in the IESBA Handbook (see the Preface of the current 2016 IESBA Handbook).

The IMCP’s Ethics Commission is currently working on analyzing the additional rules included within the 2015 and 2016 IESBA Handbooks, to keep the already achieved full alignment with the IMCP Code of Ethics.



Also, there is a commitment with IFAC to include in the next printing of the current IMCP Code of Ethics 11 <sup>th</sup> Edition, the Table of Equivalent Terms.					
#	Start Date	Actions	Completion Date	Responsibility	Resource
<b>Ongoing Processes</b>					
1.	2017	Ongoing training of the IMCP's membership on the Code of Ethics.	Ongoing	IMCP's Legislative VP	Federated colleges
2.	2017	The IMCP has kept its permanent actions to communicate to public accountants who are not members of its federated colleges. The IMCP also is in ongoing talks with national regulators, through the IMCP's Ethics Committee, as the National Banking and Securities Commission (CNBV), the Mexican Banking Association (AMB), as well as with Employer syndicates. A continuous communication is kept with various universities in different states of Mexico, and with government watchdog, the Superior Audit Office of Mexico. It has also been established a coordination with the National Association of Administration and Accounting Superior Schools and Faculties (ANFECA) in order to keep the inclusion of the Ethic Code study in the universities.	Ongoing	IMCP's Legislative VP	IMCP's Ethics Commission
<b>Implementation Processes</b>					

<b>#</b>	<b>Start Date</b>	<b>Actions</b>	<b>Completion Date</b>	<b>Responsibility</b>	<b>Resource</b>
3.	2016	Review of the 2015 and 2016 IESBA Handbook changes and modifications, in order to incorporate such matters within the new IMCP Code of Ethics 11 <sup>th</sup> Edition. Asimismo, se modificará y adaptará la estructura y contenido de la Parte D, para presentarlo de forma consistente con el resto del Código.	2018	IMCP's Legislative VP	IMCP's Ethics Commission
4.	2017	Review/additions of the current Table of Equivalent Terms (ToE) with the purpose of including it in the next printing / edition of the current 11 <sup>th</sup> Edition of the IMCP Code of Ethics.	2018	IMCP's Legislative VP	IMCP's Ethics Commission
5.	2018	Review of the International Code of Ethics for Professional Accountants with the purpose of including it in the next printing / edition of the current 12 <sup>th</sup> Edition of the IMCP Code of Ethics.	2019	IMCP's Legislative VP	IMCP's Ethics Commission

**Action Plan Subject:** SMO 5—International Public Sector Accounting Standards and Other Pronouncements Issued by the IPSASB  
**Action Plan Objective:** Continue to use best endeavors to promote use of IPSASs

**Background:**

On May 7<sup>th</sup>, 2008, reforms were made to article 73, fraction XXVIII of the Political Constitution of the United Mexican States (*Supreme Chart*) by means of which the Congress of the Union was empowered to legislate and to establish bases regarding governmental accounting at all levels of government.

On December 31<sup>st</sup> of the same year, the General Law of Governmental Accounting (LGCG) was published; it created the National Council of Accounting Harmonization (CONAC), an entity integrated by representatives from the different fields of national and sub-national government, empowered to issue the financial regulations of the public sector.

On November 12, 2012, the reform to the LGCG was published in the Official Journal of the Federation in order to strengthen the existing rules on this, for the homogeneous presentation of financial information during the entire management and implementation process of public resources at all levels of government.

The CONAC is composed by fourteen members, representing the Treasury and Public Credit Secretariat (*ministry of finances of the Mexican State*), Public Administration Secretariat, four Governors (*top political authorities in the Provincial Governments*), two Municipal Presidents (*mayors*). In accordance with the reform to the LGCG, it is established to make an invitation to the Holder of the Superior Audit Office of Mexico.

CONAC has an advisory body called Advisory Committee which is composed by twenty one members representing eight Secretaries of Finances (*ministers of finances of the provincial governments*), eight Municipal Treasurers (*finances ministers of the Municipalities*), Superior Audit Office of Mexico (ASF), National Association of Audit and Governmental Control Entities, A.C. (ASOFIS), Institute for the Technical Development of the Public Treasuries (INDETEC), National Federation of the Mexican Association of Public Accountants Colleges (FNAMCP), Mexican Institute of Public Accountants, A.C. (IMCP).

IMCP is represented before those entities by the Governmental Sector Vice President's Office (VSG), which is one of its governing bodies, one of its attributions is to promote the development of accounting in the public sector.

The VSG participates within the Advisory Committee and coordinates the Governmental Accounting Work Group. This Group analyzes the accounting norms projects which will be submitted to CONAC and also any other instruments needed to promote compliance with the provisions of the LGCG.

The IMCP has noted that to date governments have only partially complied with LGCG regulations despite completing nearly seven years of the transition period (gradual adoption) established in the law. Together with the enactment of the General Transparency and Access to Public Information Act, the State and Municipality Financial Discipline Act, and the Tax Audit and Federal Accountability Act, among others, several other

<p>laws intended to reform and expand the LGCG with respect to various key points have since been passed. This additional legislation has resulted in enhanced obligations for all governments in matters such as control and handling of Federal resources and personal penalties for non-compliance. On September 29, 2014 It was authorized that the Standards issued by the CINIF as well as those issued by the International Public Sector Accounting Standards Board be used on a supplementary basis by all entities of the Government if local standards or those issued by the CONAC does not contemplate certain accounting topics.</p>					
#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Promote continuous harmonization of IPSAS</i>					
#	Start Date	Actions	Completion Date	Responsibility	Resource
1.	2009-2019	<p>Participation as a member of the Advisory Committee, as Coordinator of the Governmental Accounting Work Team.</p> <p>The Vice-President of the government sector 2015-2017 y 2017- 2019 has been analyzing the documents submitted by the CONAC and after an answer is received, the comments are submitted to the CONAC Consulting Committee for approval and inclusion in the final versions of the documents to be published.</p> <p>Opinions have been made about the Financial Information Standards issued by CONAC.</p>	Ongoing	IMCP-VSG	Governmental Accounting Work Group Work Meetings
2.	2009-2017	<p>A total of 76 CONAC-approved documents have been published in accordance with international standards, as well as a document addressing the standardized information related to the financial information required under the Financial Discipline Act.” The conclusion date is October 11, 2016.</p> <p>Although IPSAS have not been adopted by the CONAC the aforementioned 76 documents were prepared based on the best accounting practices, Mexican Standards as well as on International Standards.</p>	Ongoing	CONAC	CONAC's Agreements

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Keeping Ongoing Processes</i>					
3.	2009-2014	<p>The CONAC approved a modification to the compliance deadlines of several obligations of the General Government Accountability Law:</p> <ul style="list-style-type: none"> <li>• Automatic integration of the Budgetary Implementation with the accounting operation.</li> <li>• Perform accounting records based on Registry Rules and Estate Rating.</li> <li>• Preparation of Financial statements in real time.</li> <li>• The issuance of Public Accounts under the terms agreed by the Council.</li> </ul> <p>By 2014 these obligations will have to be fulfilled by the federal government and states, while in 2015 municipalities will have to accomplish them as well.</p> <p>In March 2014, the VSG initiated an engagement process with the State Councils to contribute with them in the accounting harmonization implementation.</p> <p>This activity promotes the Law's compliance and a follow-up of the progress and State's good practices is given.</p> <p>In 2015, the General Transparency and Access to Public Information Act was enacted. This new law is obligatory for the three branches of the government. The deadline for state governments to comply with the new law expired in November 2016 but this term was then extended to May 4, 2017. In addition, the State and Municipality Financial Discipline Act was published in 2016 and on October 11, 2016 the CONAC published the documents related to this law,</p>	2009-2016 Concluded	CONAC	CONAC's Agreements

		which establish that the law will become obligatory for state governments in 2017 and for the municipal governments in 2018.			
<i>Revision of IMCP's compliance information</i>					
4.	2014	Periodically review the responses the IMCP provides regarding self-assessment and updating on the SMO 5 section.	Ongoing	VSG	Study of VSG

**Action Plan Subject:** SMO 6–Investigation & Discipline  
**Action Plan Objective:** Sustain Investigation and Disciplinary Processes.

<b>Background:</b>					
IMCP has responsibility for investigating and disciplining their members. The mechanism is operated by the National Honor Board and 60 local Honor Committees. At the time the initial SMO Action Plan was prepared, IMCP was planning to appoint a By-Laws Commission to draft recommendations to strengthen the current investigation and discipline (I&D) process that are already included in the new by-laws which were approved on October 25th. and 27th. 2017. All actions were completed as planned and the vote to make the changes was passed.					
#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Maintaining Ongoing Processes</i>					
1.	Ongoing	Continue to use best endeavors to ensure IMCP's investigation and disciplinary mechanism continues to addresses all SMO 6 requirements. This includes review of the existing mechanism and updating the Action Plan for future activities where necessary.	Ongoing	IMCP's Legislative VP  IMCP's By-laws Commission	IMCP's Legislative VP  IMCP's By-laws Commission
<i>Review of IMCP's Compliance Information</i>					
2.	Ongoing	Perform periodic review of IMCP's response to the IFAC Compliance Self-Assessment questionnaires and update sections relevant to SMO 6 as necessary.	Ongoing	IMCP's Legislative VP  IMCP's By-laws Commission	IMCP's Legislative VP  IMCP's By-laws Commission

**Main Requirements of SMO 6**

Requirements	Y	N	Partially	Comments
<p><b>Scope of the System</b></p> <p>1. A system of investigation, discipline and appeals exists for the accountancy profession. The system is operational.</p>	Y			<p>The National Honor Board and 60 local Honor Committees, are the ones that investigates the cases in which a violation to the IMCP's By-Laws or code of ethics may exist either by the Colleges or the associates. The National Honor Board is the only one that can take final decisions on appeals arisen in the local Colleges or their associates.</p> <p>In case of Material findings in the AQR's performed by the QA Committee should be timely reported to the Local and National Honor Boards.</p> <p>Requests by the local authorities or as a result of sanctions issued by them to the associates, derived from failures to their professional performance are attended and follow-up by the Honor Boards.</p>
<p>2. Information about the types of misconduct which may bring about investigative actions is publicly available.</p>			X	<p>It is internally performed through publications in the IMCP Magazine. In the event that a misconduct becomes a serious one, it is public available and it is disclosed in the annual assemblies of the IMCP and Local Colleges or through a public media if the National or Local Honor Boards decides to do so.</p>
<p><b>Initiation of Proceedings</b></p> <p>3. Both a "complaints-based" and an "information-based" approach are adopted.</p>	Y			<p>Both approaches are established. Most of the cases are "complaint based"</p>



Requirements	Y	N	Partially	Comments
4. Link with the results of QA reviews has been established.		N		Not formally yet. There has not been any case which merits be considered by the Honor Boards as a result of a QA review.
<b>Investigative Process</b> 5. A committee or similar body exists for performing investigations.	Y			The Honor Boards are the ones that conduct the investigations.
6. Members of a committee are independent of the subject of the investigation and other related parties.	Y			This is considered in the By-Laws. Except for very small Colleges where could be impractical.
<b>Disciplinary Process</b> 7. A separate disciplinary committee/entity exists to make disciplinary decisions on referrals from the investigation committee.		N		The Honor Board is the one that conducts the investigation and impose sanctions. In significant Colleges such as Mexico, the Honor Board assigns teams from the same board and results are reported to the plenary of the Board in order a verdict is determined. In the case of Monterrey there is an independent Committee that reviews technical matters. When is necessary a consultation is made to other technical Commissions.
8. Members of the committee/entity include professional accountants as well as non-accountants.	Y			Normally are Accountants, sometimes advisors are invited without vote (Lawyers).
9. The tribunal exhibits independence of the subject of the investigation and other related parties.	Y			No comments

Requirements	Y	N	Partially	Comments
<b>Sanctions</b> 10. The disciplinary system allows imposing an extensive range of penalties. It is particularly important to include (a) loss of professional designation; (b) restriction and removal of practicing rights; and (c) exclusion from membership.	Y			Loss of professional designation; restriction and removal of practicing rights; and exclusion from membership are contemplated, as well as to inform the Government Authorities in case merits mention.
<b>Rights of Representation and Appeal</b> 11. A third appeals body exists which is separate from both the disciplinary committee and investigative committee.	Y			The Honor Board of the IMCP
<b>Administrative Processes</b> 12. Timeframe targets for disposal of all cases are set.		N		The IMCP is working in establishing a set of rules. Local Colleges have already a set of rules in place.
13. Tracking mechanisms to monitor progress in investigation and discipline and related procedures are established.		N		This is informally made. As a matter of fact this topic will be included into the set of rules.
14. Records of investigations and disciplinary processes are established.			X	Records are kept by the Honor Boards of each College. No formal regulation is in place. The new set of rules will be including this.
<b>Public Interest Considerations</b> 15. Activities are supported to ensure that the public is aware that an investigative and disciplinary system exists in the jurisdiction.	Y			This is performed through the IMCP' publications

Requirements	Y	N	Partially	Comments
16. A process for the independent review of complaints on which there was no follow-up established.	<b>N</b>			This will be considered in the new set of rules.
17. The results of the investigative and disciplinary proceedings are made available to the public.	<b>Y</b>			Based on the seriousness of the sanction could be publicly made.
<b>Liaison with Outside Bodies</b> 18. There is an appropriate process for liaison with outside bodies on possible involvement in serious crimes and offences.	<b>Y</b>			This has been implemented with the SAT as well as the CNBV
<b>Regular Review of Implementation and Effectiveness</b> 19. Regular review of implementation and effectiveness of the system are performed and corrective actions are implemented.	<b>Y</b>			This is performed by each one of the Honor Boards

**Action Plan Subject:** SMO 7 - International Financial Reporting Standards and Other Pronouncements issued by the IASB  
**Action Plan Objective:** IMCP should continue developing education and training activities to ensure effective implementation of the Mexican GAAP

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Background:</i>					
<p>CINIF is the Mexican accounting standards-setter. IMCP is a founding member of CINIF and at the time the Action Plan was prepared, IMCP is using its best endeavors to address the requirements set out in SMO 7. IMCP is the official distributor of IFRS' Bound Volume in Mexico. Financial Institutions in Mexico utilizes the Mexican Standards on a suppletory basis which in most of the cases converge with International Financial Reporting Standards.</p> <p>IMCP continues the process of working with CINIF and participating actively as a member of the Technical Consulting Committee. IMCP provides early feedback to CINIF regarding new accounting standards projects. IMCP also continues to seek to have active participation in the IASB and respond to all comment processes initiated by the IASB.</p>					
<i>Maintain awareness of IFRS</i>					
1.	Ongoing	<p>Continue to work with CINIF on drafting and reviewing new Mexican Financial Reporting Standards (Mexican FRS) to ensure proper convergence with IFRS:</p> <ul style="list-style-type: none"> <li>• We review all exposure drafts (EDs) issued by CINIF and provide them with our comments and technical analysis.</li> <li>• CINIF technical researchers are invited to participate in our monthly sessions when complex new standards or technical issues need to be reviewed in detail, before</li> </ul>	Ongoing	IMCP's Financial Reporting Standards Commission (CONIF)	CONIF

#	Start Date	Actions	Completion Date	Responsibility	Resource
		<p>issuing the final version of the standard for public comments.</p> <ul style="list-style-type: none"> <li>• As requested by CINIF, we participate in drafting the EDs.</li> <li>• We have assisted in the review and draft of the Exhibit V supplement of Mexican FRS, included in the book issued by the CINIF with respect to the differences between Mexican FRS versus IFRS. The new version of this book will be issued by November 2017.</li> <li>• We have a page in the Monthly IMCP's technical magazine, to include articles aimed to assist the accounting profession in better understanding Mexican FRS or IFRS. During this later period, emphasis is being made on new Standards, mainly Revenue, Cost of contracts, Financial assets and liabilities, Leasing and Employee benefit liabilities.</li> <li>• We have worked during 2016 in preparing the Glossary of technical terms and words, which already was reviewed and approved by the CINIF eliminating the need to include technical definitions in a specific section of each of the Standards issued.</li> <li>• During 2016 CINIF formed a Revenue and Contract Costs Transition Group to assist preparers of financial information better understand these new Standards.</li> </ul>			

#	Start Date	Actions	Completion Date	Responsibility	Resource
		Four CONIF members have been participating in this Group.			
2.	Ongoing	<p>Continue to participate actively as a member of CINIF's Technical Consulting Committee in order to ensure adequate oversight prior to issuance of new Mexican FRS that converge with IFRS:</p> <ul style="list-style-type: none"> <li>• The President of CONIF has a seat in the Technical Committee with voice and vote.</li> <li>• We have monthly meetings on the second Monday of each month.</li> <li>• We participate actively in reviewing and discussing CINIF's annual work plan, new Standards, Technical reports, Orientations and Interpretations on technical issues, before their final publication.</li> </ul>	Ongoing	CONIF	President of CONIF
3.	Ongoing	<p>Seek active participation with IASB in order to provide valuable input to CINIF regarding the IASB standard-setting process and the issuance of new IFRS.</p> <ul style="list-style-type: none"> <li>• We provide to CINIF our technical comments regarding the EDs issued by IASB, before the issuance of the response letter prepared by CINIF.</li> <li>• We participate in the panels organized by IASB and CINIF in Mexico to provide our technical comments on IFRS.</li> <li>• Through CINIF we provided our input on the Exposure Draft on the</li> </ul>	Ongoing	CONIF	Members of CONIF

<b>#</b>	<b>Start Date</b>	<b>Actions</b>	<b>Completion Date</b>	<b>Responsibility</b>	<b>Resource</b>
		Conceptual Framework issued by IASB and IASB's Agenda Consultation.			
<i>Maintaining Ongoing Processes</i>					
<i>Review of IMCP's Compliance Information</i>					
4.	Ongoing	Perform periodic review of IMCP's responses to the IFAC Compliance Self-Assessment questionnaires and update sections relevant to SMO 7 as necessary.	Ongoing	CONIF	CONIF



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October 9<sup>th</sup>, 2018

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**Subject: Letter to Confirm Institutional Support for the SMO Action Plan**

Dear Ms. Prinsloo,

This letter is to confirm that the leadership of the Instituto Mexicano de Contadores Públicos, AC, has reviewed the information contained in the SMO Action Plan prepared by Instituto Mexicano de Contadores Públicos and its corresponding Operational Vicepresidents, as part of the IFAC Member Compliance Program and will provide institutional support for its implementation.

On behalf of the leadership of the Instituto Mexicano de Contadores Públicos, I endorse publication of the SMO Action Plan on the IFAC website in the interests of transparency and to demonstrate our commitment to enhancing the quality and credibility of the accountancy profession worldwide.

Sincerely,

Jose Besil Bardawil  
 President 2017-2018 of  
 Instituto Mexicano de Contadores  
 Públicos

Agustín Aguilar Laurents  
 VP of International Affairs 2016-2018 of  
 Instituto Mexicano de Contadores  
 Públicos

*October 9, 2018*

Date

*October 9, 2018*

Date

Ccp: Florentino Bautista Hernandez, General VP 2017-2018  
 Gabriel Ramirez Santa Rita, Executive Director