March 5, 2012

Executive Director
Quality and Member Relations
International Federation of Accountants
545 Fifth Avenue, 14 Floor
New York, New York 10017 USA

Ref: Comments on the Statements of Membership Obligations 1-7 (Revised)

Gentlemen:

We support the Key Principles Followed in Revising the SMO’s. Specifically, we do share the belief of the Compliance Advisory Panel (CAP) and the Compliance staff that the Statements of Membership Obligations are:

- An effective and globally recognized framework for Professional Accounting Organizations (PAO) to serve the public interest by (a) supporting the adoption and implementation of international standards, and (b) maintaining adequate enforcement mechanisms to ensure the professional behavior of their individual members;
- Serve the public interest by reflecting the context of developments in international standards and today’s regulatory environment, thereby ensuring further alignment of the SMOs with the expectations of the accountancy profession held by the public and key stakeholders;
- Contribute to increasing the effectiveness of the IFAC Member Body Compliance Program, thus enhancing credibility of the accountancy profession worldwide; and
- Continue to reflect current international best practice and present their requirements in a clear, consistent, and concise manner.

We also celebrate the fact that a Plain English Writing Principles approach was used in the redrafting of the SMO’s; however, it should be recognized that in order to achieve a universal understanding of the requirements across jurisdictions, official versions in other languages need to be prepared almost concurrently with the English Version.

**Specific comments to the Changes in Individual SMO’s**

SMO 1 – Quality Assurance

Regarding the requirement related to the review cycles, we kindly request that a review cycle longer than three years for firms that perform audits of financial statements of public interest entities be considered when a PAO begins with the review of Quality Assurance systems. We consider that with this, recognition will be given to the fact that for those PAO that have never had this type of review will need to identify team leaders and review teams with the knowledge and experience in carrying out such reviews and that building confidence in the review is a process that takes time to achieve. This request could be achieved by establishing a transition period that the review cycle does not exceed a stated period (for example five years) with the possibility of extending it a couple of years after the CAP reviews the reasons stated by the PAO; after such period the review cycles should be those stated in the SMO 1.

SMO 3 – International Standards, Practice Statements, and Other Papers issued by the IAASB

In the Scope section of this SMO is stated that International Standards issued by the IAASB comprise International Standards on Quality Control (ISQCs), International Standards on Auditing (ISAs), International Standards on Review Engagements (ISREs), International Standards on Assurance Engagements (ISAEs), and
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International Standards on Related Services (ISRSs); however, in paragraphs 6.(a), 6.(b) and 6(c) of the Applicability Framework section reference is made only to auditing standards and guidance. We suggest using the term International Standards as defined in the Scope paragraph in order to avoid any confusion when implementing this SMO.

SMO 5 – International Public Sector Accounting Standards and Other IPSASB Guidance

We suggest inserting the word international in paragraphs 6.(a), 6.(b) and 6(c), before the words public sector.

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If considered necessary we would be glad to discuss in detail the above comments at your earlier convenience.

Very truly yours,

Benjamín Gallegos
Vice president of International Affairs
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