

CReCER

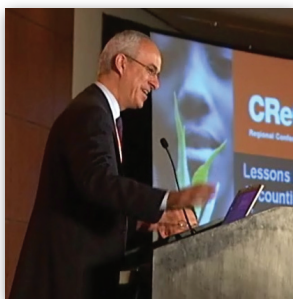
Accounting and Accountability for Regional Economic Growth

Opening Message

The World Bank, the Inter-American Development Bank (IDB) and the International Federation of Accountants (IFAC) would like to thank the many delegates, speakers and participants from across the world who attended CReCER. Your voices helped animate the conference by providing a rich program of speeches, presentations and round-tables. This in turn created a forum for constructive dialogue and momentum to further discussions. Your contributions made this an extraordinary event which represented an important step towards greater cooperation among Latin American and Caribbean countries in the accounting and auditing field.



Plenary room



Henri Fortin, WB

Presentations of the conference have been placed on the official CReCER website (www.worldbank.org/crecer), and we will continue to add to the knowledge bank as more information becomes available (video clips will be added gradually). This Newsletter features some of the highlights of the conference including articles that expand on some themes discussed. In closing, we would also like to extend a special thank you to the Mexican authorities and our sponsors who supported this initiative of great importance to the development agenda.

Sincerely,
The World Bank, Inter-American Development Bank and International Federation of Accountants

Technical Perspectives

Feedback on the SAI Roundtable Discussion Roberto Tarallo, Manager, Financial Management, Latin America and the Caribbean, The World Bank

At the conclusion of the CReCER conference, a well-attended roundtable of the Supreme Audit Institutions took place, representing the culmination of the rich dialogue fostered by the event on the role of public sector accountability for economic development.

Following presentations by the Auditor General of Argentina, the Secretary General of the Federal Court of Accounts of Brazil, and the Office of the Federal Audit Office of Mexico, a lively discussion among participants led to identify critical priority and challenges for the work of SAIs in the Region: the need for appropriate sequencing of reforms; the importance to trigger demand for in-country change in terms of enhancing oversight institutions' independence and funding; and the opportunity for such institutions to better work together, developing a community of practices supported by modern technological platforms for capacity development.

As a result, broad agreement was expressed by participants on the following key areas of interventions: introduce strategic planning; improve quality and regularity of compliance for financial and performance auditing; strengthen relations with other in-country regulatory and control bodies; develop effective monitoring and evaluation systems; further the dialogue with civil society; and, finally, foster greater intra-Regional and international cooperation.

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Audience at track session

The World Bank and the Inter-American Development Bank are committed to endorse this agenda through: (1) supporting and promoting regular and systematic dialogue with SAI heads to develop and prioritize policy reforms; (2) offering systematic support for SAI human resources development, modernizing their audit methodologies and improving their external relations, communication and outreach practices in conjunction with other development partners; (3) developing innovative interactions (e.g., Memoranda of Understanding for joint oversight of compliance, quality and results) and stepping up interventions at the regional level in order to launch a joint-venture to foster and channel efforts that otherwise are too small to produce systemic impact and sustainable results; and, finally, (4) fostering stronger inter-institutional collaboration, peer-learning and peer-reviews, through the creation of community of practices and of a knowledge-sharing network across LCR countries and with other SAIs across the world.

International Accounting Standards Board: A message from Paul Pacter, Director of Standards for SMEs, IASB

The comment deadline on the IASB's proposed International Financial Reporting Standard for SMEs is October 1, 2007. To encourage responses from Latin America and the Caribbean, we have translated the exposure draft into Spanish and French (available on www.iasb.org). We think the final IFRS for SMEs will be ideally suited for the many small businesses in the region. As with all IASB proposals, there is always room for improvement and this is precisely the point of our public comment process. For this reason we strongly encourage SMEs in the region, as well as small audit practices, lenders and others who provide capital to SMEs to take a look at our proposal and give us your views.



Plenary session: Accounting goes global

We are also field testing the exposure draft, and you can help us by encouraging real SMEs to recast their most recent financial statements using the proposed IFRS for SMEs and tell us about the problems they encountered. The field test questionnaire is available on the IASB's website in Spanish and French, as well as in English. We are asking for field test results to be submitted by October 31, 2007. For a quick introduction to the proposal, there is a 17-page staff summary, in question and answer format, available on the SME project page of the IASB website. This is a great opportunity for the Latin American and Caribbean region to help shape a standard that, we believe, will improve SMEs' access to capital. Please help us by commenting and getting involved in the field tests.

Argentina: Central Bank Takes Steps to Strengthen Public Trust in External Audits. Héctor Daniel Domínguez, Deputy General Manager, Enforcement Division, Central Bank of Argentina (BCRA)



Q&A at a plenary session

External auditors play an essential role with regard to the accuracy and trustworthiness of financial reporting by financial institutions. Since 1998, consistent with an approach endorsed by the Basel Committee on Banking Supervision, Argentina's Central Bank has taken several steps to ensure that external auditors of financial institutions are not only properly qualified but effectively observe high standards of audit practice.

In particular, the Central Bank established the Department of Auditor Control (DAC), responsible for supervising external auditors and audit committees. The DAC conducts, on average, some 60 inspections per year of external audits of financial institutions. Based on these inspections, external auditors are given a grade of 1 to 5, with the lowest grade (unacceptable) leading to the exclusion of the inspected firm from the registry of pre-approved external auditors. Argentina's experience illustrates a growing trend among banking supervisors to leverage the work of external auditors as part of a supervision strategy focusing on risks. It is also an interesting example of how financial sector regulators can play a meaningful role with regard to monitoring the quality of the audit practice in their jurisdiction.

Highlights and Insights from CReCER Speakers and Participants



“Harmonizing financial reporting and governance arrangements with international best practices has proven to be a winning strategy for Atlas Eléctrica Group. Since implementing IFRS and adopting an enhanced corporate governance structure the company has managed to significantly reduce the cost of capital. Even though making these changes was costly in the beginning, the benefits have far outweighed the costs. By improving investor confidence through greater transparency, Atlas is now borrowing money at better rates without additional security and has increased its credibility vis-à-vis shareholders and other stakeholders.”

- Roberto Truque, CFO, Atlas Eléctrica Group, Costa Rica

CReCER in Numbers:

- Participants - 519**
- Countries Represented - 42**
- Conference Sessions - 23**
- Speakers - 87**
- Countries Speakers Represented - 23**
- Organizers - 44**
- Press at the Conference - 33**



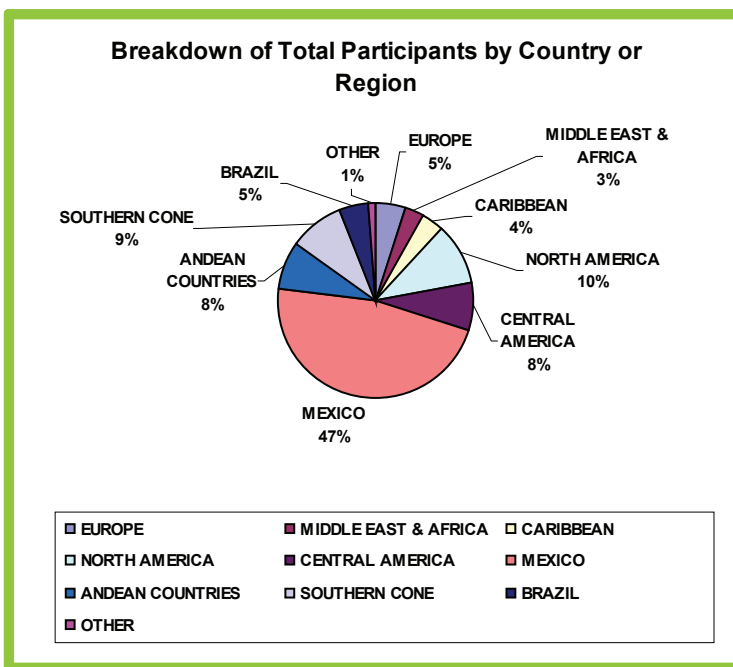
UNIVERSIDAD TÉCNICA PARTICULAR DE LOJA
La Universidad Católica de Loja

“The themes, covered by international experts and oriented around SMEs, the public sector, finance, education, International Financial Reporting Standards (IFRS) as well as others, demonstrated the necessity for all countries to collaborate toward adopting and implementing international standards and in turn contribute to the integration of businesses in the world economy.”

-Lupe Beatriz Espejo Jaramillo, Director; School of the Accounting and Auditing at the Technical University of Loja, Ecuador

“CReCER was a first-class event where personalities from different countries expressed their opinions about the challenges of the convergence in accounting politics in order to achieve a greater alignment between them and promote economic development. I hope that this effort will not be abandoned because it was just a beginning.”

-Carlos Flores Salazar, Student, ITAM



“It was interesting to find out that the governments of several other countries in Latin America are applying the principles of corporate governance to state-owned enterprises. Our experience in the private sector shows that such effort can bring about positive results more quickly than initially expected.”

- Joao Batista Fraga, Superintendent of Corporate Affairs, Bovespa, Brazil

“Increasing Cooperation and harmonization of efforts among countries in the Latin American

and Caribbean region in the field of accounting and auditing was an important objective of the CReCER conference. Several countries have begun to work towards this goal by creating a sub-regional accounting organization known as the Federation of Accountants and Auditors of Central America and Mexico (FECAM). FECAM’s membership includes accounting professional bodies from Costa Rica, Guatemala, Honduras, Mexico, Nicaragua and Panama. Since their inception in May 2007, the organization has held several meetings to review IFAC and IASB technical proposals and analyze the draft IFRS for SMEs. They are just one example of how



countries in the region can work together to address common issues.”
- Alfredo Rodríguez Neira, Partner, Latinoamericana de Gerencia, Peru

Upcoming Events

GDLN September 12-13: SME IFRS



GDLN

A second Global Development Learning Network (GDLN) seminar will be held from September 12-13 to discuss the draft of the IFRS-SME. There will be two sessions with nine countries in each, where participants will be able to express their comments, reactions and concerns regarding the IFRS-SME draft.

For more information, please contact Daniel de la Morena at: ddelamorena@worldbank.org

IFAC Global News

Spanish Institute Proposes New Accounting Framework for SMEs and Large Entities

The proposed framework for SMEs and larger corporate entities was released by the Instituto de Censores Jurados de Cuentas de España, an IFAC member body.

China to Require All State-Owned Enterprise to Use New Accounting Standards

Starting in 2008 all state-owned enterprises will be controlled by the Chinese central government and large- and medium sized companies in 2009. The 38 new accounting standards are based on the IFRSs and will require all companies to begin using them in 2007.

SEC Proposes Removing Requirement for US GAAP Reconciliation

The SEC is asking for comments regarding the proposed rule change that would no longer require foreign companies that file using IFRSs to reconcile their financial statements to US GAAP.

India Announces Plans to Converge with IFRSs

The Council of the Institute of Chartered Accountants of India (ICAI) plans to converge Indian Accounting Standards with IFRSs. The new standards will come into effect for accounting periods beginning in April 2011.

IFAC Launches Multilingual Website

The website was launched on August 1 and features information about IFAC's activities in Arabic, Chinese, English, French, Russian, and Spanish

CPA Australia Report Finds Need for More Public Sector Accounting Education

The report released by the Board Public Sector Committee of CPA Australia showed that undergraduate and post graduate training need a solid foundation for accounting professionals in all sectors.

For more news and details go to: http://intranet.ifac.org/GlobalDigest/2007_08_Global_Digest.php

For more information on the conference visit the IAS Plus website: <http://www.iasplus.com/pastnews/2007jun.htm#confhtm#conf>



Russell Guthrie at the conference



Did you attend the conference? If so, please take a few minutes to fill out the satisfaction survey before the August 31st deadline. Your feedback is greatly appreciated. See e-mail for the links.



Issued on behalf of:

World Bank, Inter-American Development Bank (IDB) and the International Federation of Accountants (IFAC).