

GOVERNMENT ACCOUNTING AND ACCOUNTING HARMONIZATION IN MEXICO

MARTÍNEZ Germán, DUPEYRON Luis, CHÁVEZ Sergio, GRAGEOLA Luis

División Académica de Ciencias Económico Administrativas, Universidad Juárez Autónoma de Tabasco, Tabasco, México

germanmtzprats@hotmail.com

luisdupeyron@hotmail.com

sergiochavezn@hotmail.com

grage_ol@hotmail.com

Abstract: *The changes generated by accounting harmonization and the requirements to be met by Government accounting systems agree that governments, centralized, decentralized and parastatal institutions will realize their actions and Resources exercised, in a clear and precise way. This determines the importance of a truthful financial information that has a systematization and valid records of what happens in the management of the public budget, so that the governments and relevant authorities can develop policies Public in favor of society. The research work described the process of accounting harmonization in Mexico, its regulations and important concepts. Also established the comparability of the basic postulates of government accounting issued by the National Council of Accounting Harmonization (CONAC) and the basic postulates issued by the Mexican Council for Research and Development of Financial Information Standards (CINIF). The type of research was theoretical, since the objective of this research is to realize the comparability of the basic postulates emitted by the CINIF (2017) and the CONAC (2008b). The scope is descriptive, as the phenomenon was described through literature and documentation that was addressed during the process of making this manuscript, the research is qualitative, as it does not contain quantifiable data but aspects observed in the analyzed documents and is also non-experimental. The results show a high similarity to the content of the postulates of government accounting and financial accounting, and thus the understanding of economic events in either of the two branches of accounting will be feasible, except differences mentioned in the work. In general, the postulates by the CONAC define the records that make up the governmental accounting systems based on legal provisions and regulations on the economic impact that these records represent, while the CINIF in its postulates assumes that the accounting records should be based on the economic reality of the entity on the legal basis.*

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1. Introduction

The Mexican Institute of Public Accountants (IMCP), mentioned on its page, with respect to the background of the harmonization accounting in the government sector, the following:

"The effort to harmonize government accounting in Mexico began in the mid-1990s within the Standing Committee of Fiscal officials. This established working groups

formed by the Ministry of Finance and Public Credit (SHCP), the Institute for the Development of public finances (INDETEC) and the federal entities represented by their respective Secretaries of finance State. The focus of the working groups was on budgetary and accounting, concluding, years later, in the proposal presented at the first National Convention finance in 2004 " (Instituto Mexicano de Contadores Públicos [IMCP], 2018).

Larios (2009) explained that the groups that intervened continuously in the work of the accounting harmonization are:

1. Governmental accounting Group. Coordinated by the Mexican Institute of Public Accountants (IMCP). This group has under its mandate the central theme of the responsibilities of the Committee, consisting of analyzing and proposing all those projects that allow the accounting and budgetary harmonization, and the formulation of the public accounts, among others.
2. Systems Group. Coordinated by the National Association of Higher Control and government controls, A.C. (ASOFIS), through the superior audit of the state of Coahuila. The substantive function of this group is to go and rely on the technology of Computer science, a tool now irreplaceable for the operation of accounting, in order to develop the accounting systems or make the necessary adjustments to the existing ones, In order to achieve the desired harmonization.
3. Results-based budget group. Coordinated by the Government of the state of Nuevo León. His work will tend to establish a link between the progress of the harmonization of accounting process with the adoption of the budget technique known as a results-based estimate, which is a requirement of LGCG.
4. Legal Group. Coordinated by the Government of the state of Jalisco, for its part, this group is oriented to the analysis of all the rules that are involved in government accounting and its harmonization process.
5. Training Group. Coordinated by the Institute for the Development of public finances (INDETEC), finally, this group aims to generalize or disseminate knowledge of the bases in which government accounting and harmonization will be supported.

Plata (2016) mentions that in the first Finance Convention, proposals for improvement were addressed to various elements of government accounting, among which they emphasized the accounting and budgetary harmonization, the modernization of computer systems and the Performance measurement.

Similarly, the principles governing accounting were established in the Convention, with the following:

- A. integrity.
- B. Congruence.
- C. Equity
- D. graduality.
- E. subsidiarity.

2. History of Accounting Harmonization in Mexico

García (2011) in terms of accounting harmonization, exposes the following:

"A first normative effort to promote harmonization is given in the adoption of the federal Budget and Finance Liability Act (LFPRH), which entered into force on April 1, 2006, where it is established that the administration of federal public resources is

It will be based on criteria of legality, honesty, efficiency, efficiency, economy, rationality, austerity, control, gender equity, accountability and transparency" (p.40). With the preceding paragraph it was confirmed that one of the first instruments established in the applicable legal standard, so that government accounting is homogeneous in the three levels of government in Mexico, is the Federal Law on budget and responsibility Finance, being the result of the work of the parliamentary groups coordinated by the Executive to be able to be more efficient in the use of the public budget.

The harmonization accounting I mean a series of changes to the three levels of government, especially to the municipalities, that presented challenges that exposes in its page the IMCP (2018a) and which are:

- To work in the process of "management of the change" that the adoption of this new one and requires. It takes a commitment from the staff to make the adoption successful and timely.
- Analyze the financial information systems currently in the business. It may be necessary to adapt them based on the possible changes that generate the new processes and requirements of financial reporting.
- Joint work in the States and municipalities for the identification of the multiple conceptual, normative and technical differences that are registered in the different accounting systems and accountability.

Another important aspect of the account is the government accounting systems, which in order to comply with what the LGCG demanded, presented a series of requirements that Guerrero (2011) presents to us:

- Account Plan (account list).
- Harmonized budget classifiers: by income items, for the purpose of expenditure, by type of expenditure, by function, by program, by source of financing.
- Accounting Moments: income, expenses, financing
- Conversion matrix
- General accounting rules
- Main books and auxiliary records.

The changes generated by accounting harmonization and the requirements to be met by Government accounting systems agree that governments, centralized, decentralized and parastatal institutions will realize their actions and Resources exercised, in a clear and precise way.

This determines the importance of a truthful financial information that has a systematization and valid records of what happens in the management of the public budget, so that the governments and relevant authorities can develop policies Public in favor of society.

In accordance with the foregoing Gámez, Joya and Ortiz (2015) established the following:

"The General Law of Government Accounting (LGCG) is approved in response to the need to achieve in Mexico the harmonization of accounting of the three orders of government, which would not be achieved but through legal system of the highest level. This new law would allow the Federation, States, municipalities and other entities to generate more timely information that would help public servants to better make decisions about public finances, and would respond to the need to have Information that not only complies with the legal requirements of transparency and accountability, but also allows to overcome the conceptual, normative and technical

diversity prevailing in the financial and budgetary information of the entities Government" (p. 2).

Accounting Harmonization from the Perspective of the General Law of Government Accounting

The accounting harmonization in the public authorities in Mexico is based on the General Law of governmental accounting, since this is the dictates the way in which the registries in the accounting systems of the public entities are made for the correct recognition of the transactions, internal transformations and other economic events that are presented in the entity.

To this end, García (2011) explains that the Chamber of Deputies reforms article 73 of the Political Constitution of the United Mexican States, so it is written as follows:

"Congress has the power: to issue government accounting laws that govern public accounting and the homogeneous presentation of financial, income and expenditure information, as well as patrimonial, for the Federation, the States, the Municipalities, the Federal district and the political-administrative bodies of their territorial demarcations, in order to ensure their harmonization at the national level " (p.40).

Homogenization and comparability become cornerstones of accounting harmonization because the various instances that carry out economic events affecting the public budget should give similar accounting treatment to determine whether it is optimal or The exercise of expenditure and to generate timely corrective and preventive actions.

A sample of this is what the National Council for Accounting Harmonization (Consejo Nacional de Armonización Contable, 2008a) raises, from here until the end of the document called CONAC, in its Conceptual framework document of Government accounting stating that:

"The Conceptual framework of Government Accounting (MCCG), is the basis of the governmental accounting System (SCG) for public entities, becoming the theoretical reference that defines, delimits, interrelates and integrates logically-deductive their Objectives and fundamentals. In addition, it establishes the necessary criteria for the development of standards, valuation, accounting, procurement and presentation of accounting and budgetary information, in a clear, timely, reliable and comparable way, to meet the needs of the Users" (p.2).

The purposes of the Conceptual framework of Government accounting also reaffirm the part of transparency and accountability in the qualitative aspects that the financial information of the entities should have.

The CONAC (2008) lists the purposes of the conceptual framework of government accounting which are:

1. Establish the essential attributes to develop government accounting standards.
2. To reference the application of the registry in the operations and transactions susceptible to be valued and quantified.
3. To provide the essential concepts that govern government accounting, identifying in a precise way the bases that support it.

4. Harmonize the generation and presentation of financial information, which is necessary for:

- A. Accountability in a truthful and timely manner.
- B. Interpreting and evaluating the behavior of public management. or sustain decision making.
- C. To support the tasks of control.

Finally, the CONAC (2008) establishes that the extra regulation to the CONCEPTUAL framework of governmental accounting and the regulation that this is derived are:

- The regulations issued by the administrative units or bodies competent in the field of Government accounting.
- International Public Sector Accounting Standards (NICSP) issued by the Board of International Public Sector Accounting standards (International Public Sector Accounting Standards Board, International Federation accounting Committee).
- The financial information standards of the Mexican Council for the investigation and development of financial Information Standards (CINIF).

This paragraph notes the relationship of financial reporting standards with the Conceptual framework of Government accounting, noting that Mfrs are extra and in measure are also guidelines for the Act of Review managers and Accounting of economic and financial events.

3. Materials and Methods

The type of research was theoretical, since the objective of this research is to realize the comparability of the basic postulates emitted by the CINIF (2017) and the CONAC (2008b). The scope is descriptive, as the phenomenon was described through literature and documentation that was addressed during the process of making this manuscript. The research is qualitative, as it does not contain quantifiable data but aspects observed in the analyzed documents. The research is also non-experimental, because only the analysis of the subject of study was applied by the articles and referenced material.

The materials used for the development of the introduction, which contains the theoretical framework of the research, was the use of a computer to carry out the web search of documents that would provide the state of the Art of Government accounting and the Accounting harmonization, as well as the consultation of printed materials, such as financial reporting standards.

For the analysis of the basic postulates of government accounting and financial accounting was used the document issued by the CINIF (2017) which is entitled Financial Reporting standards and the document issued by the CONAC (2008b) which carries title basic postulates of government accounting, and by means of table 1, a comparison was made of the concepts and scopes contained in each postulate and with this it was formulated the findings found in the results section.

Table 1: Basic postulates of government accounting and financial accounting.

CONAC		CINIF	
Postulate	Definition	Postulate	Definition
Economic substance	It is the accounting recognition of transactions, internal transformations and other events, which economically affect the public entity and delimit the operation of the government accounting system (SCG).	Economic substance	The reflection of the economic substance must prevail in the accounting recognition in order to incorporate the effects derived from the transactions, internal transformations and other events, which economically affect an entity, according to its reality Economic and not only in the attention to its legal form, when one and the other do not coincide.
Economic entity	The public entity is established by a specific normative framework, which determines its objectives, its scope of action and its limitations; With powers to assume rights and contract obligations.	Economic entity	It is that identifiable unit that carries out economic activities, constituted by combinations of human, material and financial resources (integrated set of economic activities and resources), conducted and administered by a single control centre That makes decisions aimed at fulfilling the specific purposes for which it was created.
Permanent existence	The activity of the public entity is established for an indefinite period, unless the legal provision specifies otherwise.	Running business	The economic entity is presumed in permanent existence, within an unlimited time horizon, unless proof to the contrary, so the figures in the accounting information system represent values systematically obtained, based on the NIF
Sufficient revelation	States and financial information must show the financial situation and the results of the public entity broadly and clearly.	Sufficient revelation	It is noted that in NIF A-2 does not appear as a basic postulate, however, it appears in NIF A-4 as a qualitative characteristic of financial information.
Relative importance	Financial information is of relative importance if there is a risk that its omission or erroneous presentation will affect users '	Relative importance	Associated with the qualitative characteristic of relevance in NIF A-4, but is not a postulate.

CONAC		CINIF	
Postulate	Definition	Postulate	Definition
	perception of accountability, auditing and decision-making.		
Registration and budgetary integration	The budgetary information of the public entities is integrated in the accounting in the same terms that are presented in the law of income and in the decree of the expenses budget, according to the economic nature that corresponds to him.	Association of costs and expenses	The costs and expenses of an entity must be identified with the income generated in the same period, regardless of the date on which they are made
Consolidation of financial information	The financial statements of the public entities must present in a consolidated way the financial situation, the results of operation, the cash flow or the changes in the financial situation and the variations to the public treasury, as if it were a single Public entity.	NOT AVAILABLE	NOT AVAILABLE
Accrual accounting	The accounting records of the public entities will be carried out with cumulative basis. The accrued income is the accounting moment that is made when the right to collect taxes, rights, products, exploitations and other income by the public entities exists legally. The expense accrued, is the accounting moment that reflects the recognition of an obligation of payment in favour of third parties for the receipt of conformity of goods, services and public works contracted; As well as the obligations deriving from treaties, laws, decrees, resolutions and definitive sentences.	Accrual accounting	The effects of transactions carried out by an economic entity with other entities, internal transformations and other events, which have affected it economically, must be recognised in its entirety, at the time when occur, regardless of the date they are considered to be made for accounting purposes.
Accounting period	The life of the public entity is divided into uniform periods of a calendar year,	Accounting period	The effects derived from the internal transactions and transformations

CONAC		CINIF	
Postulate	Definition	Postulate	Definition
	for the purpose of periodically knowing the financial situation through the registration of its operations and accountability.		carried out by an entity, as well as other events, which affect it economically, must be identified with a conventionally determined period (accounting period), in order to know in the form The financial situation and the results of the operations of the entity.
Evaluation	All events that affect the public entity economically must be quantified in monetary terms and will be recorded at the historical cost or the most objective economic value registering in national currency.	Evaluation	All events that affect the public entity economically must be quantified in monetary terms and will be recorded at the historical cost or the most objective economic value registering in national currency.
Economic duality	The public entity must recognize in the accounting, the representation of the transactions and some other event that affects its financial situation, its composition by the resources allocated for the achievement of its ends and by its sources, according to the rights and obligations.	Economic duality	The financial structure of an economic entity is constituted by the resources available to them for the achievement of their purposes and by the sources to obtain such resources, whether they are own or foreign.
Consistency	In the presence of similar operations in a public entity, it must correspond to the same accounting treatment, which must remain over time, as long as it does not change the economic essence of the operations	Consistency	In the presence of similar operations in a public entity, it must correspond to the same accounting treatment, which must remain over time, as long as it does not change the economic essence of the operations

Source: Own elaboration with information of CONAC, 2008b and CINIF, 2017

4. Results

The results obtained from the analysis of the relationship of the basic postulates emitted by the CONAC and the CINIF presents the following relation:

- As for the postulate of economic substance, the CONAC emphasizes that economic events affecting the entity delimit the government accounting system, while the CINIF emphasizes that the economic transaction affecting the entity pays attention not Only to the laws but rather to the economic reality.
- As for the postulate of economic entity the CONAC is limited to that the public entity is determined by a specific normative framework and with legal approach whereas the CINIF in the concept of the entity includes the carrying out of economic activities with the pertinent Combination of these resources and their pertinent management.
- As for the running business postulate the CONAC manages it as a permanent existence and the similarity with the CINIF is in the precision of the existence of the entity for an indefinite time, however, the CONAC specifies that the existence of the entity can be defined by a At legal disposal whereas the CINIF is more open when mentioning that the existence of the entity is presumed unless proof otherwise, that is, it can determine the existence of an entity not only a legal provision but other factors associated with these and that They can be found in economic, political or social settings.
- Sufficient revelation coincides with the definition, but the CONAC manages it as a basic postulate while the CINIF defines it as a qualitative characteristic of relevance.
- The relative importance coincides in the definition, however, the CONAC manages it as a basic postulate while the CINIF defines it as a qualitative characteristic of relevance.
- The postulate of registration and budgetary integration is similar to that of association of costs and expenses, but the CONAC manages that the integration of its accounting is based on legal orders, while the CINIF manages it with the integration of the events occurred in a given period and on the basis of other particular NIF.
- The basic postulate of consolidation of financial information does not appear as such in the CINIF, but in the description that manages the CONAC refers to the financial statements that the public entity generates. This in the CINIF is detailed in series B with the particular rules related to the basic financial statements with which each entity must count.
- In the postulate of accrual accounting the CONAC delimits it on the basis of legal guidelines and its recognition when these so determine, whereas the CINIF delimits it with the economic affections of the transactions of an entity, and with the recognition Total of these, independent of their accounting date of completion. The accounting period both the CONAC and the CINIF agree that the result of their operations must be demonstrated in a given time, although for the CONAC it is usually one year and aimed at accountability, while the CINIF mentions that the period may Be convinced and does not limit the use of the results presented during the given period.
- The difference in the evaluation postulate is that the CONAC identifies that the operation record must be in two ways, while the CINIF assumes that this record must be in accordance with the attributes of the well-valued. The similarity in this postulate

both by the CONAC and by the CINIF is that the registration must be carried out in national currency and with the most objective economic value.

- Finally, the postulate of economic duality and consistency are similar for both the CONAC and the CINIF, except that the CONAC requires them based on legal obligations and CINIF on the basis of financial regulations.

In general, the postulates by the CONAC define the records that make up the governmental accounting systems based on legal provisions and regulations on the economic impact that these records represent, while the CINIF in its postulates Assumes that the accounting records should be based on the economic reality of the entity on the legal basis.

Thus, there is a high similarity in terms of the content of the postulates of government accounting and financial accounting, and thus the understanding of economic events in either of the two branches of accounting will be feasible, except differences presented earlier.

5. Conclusions

Accounting harmonization has already served 20 years as an issue that the government begins to deal with and 10 years of its first legislation. The main engine is the demands of the society of services that help them to have a better quality of life.

It has had organisms from the INDETEC to what is the CONAC that have been part of the process of improvement in the budgetary management of the country of the hand with the auditing organs of the States.

An important actor in the execution of the expenditure and the determining factor for its correct use is the public official, and to prevent that this breach with its duty is issued in 2006 the Federal Law of Budget and responsibility Finance (LFPRH) where it is detailed The characteristics of the public servant's work and the penalties which merits the non-fulfilment of its work.

In the case of the operativeness of the public servant and the institutions of government it is public in 2009 what is the General law of governmental accounting thus establishing the technical bases that must have the systems of governmental accounting and the Accounting records included in these, providing a solid tool for making optimal decisions for the exercise of the public budget.

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