



Republic of the Philippines
Professional Regulation Commission
Manila

PROFESSIONAL REGULATORY BOARD OF ACCOUNTANCY

Resolution No. 03

Series of 2016

**REQUIRING THE SUBMISSION OF CERTIFICATE BY THE
RESPONSIBLE CERTIFIED PUBLIC ACCOUNTANTS ON THE COMPILATION SERVICES
FOR THE PREPARATION OF FINANCIAL STATEMENTS AND NOTES THERETO**

WHEREAS, Article II Section 9 (g) of Republic Act No.9298 or the Philippine Accountancy Act of 2004 provides that the Professional Regulatory Board of Accountancy (Board) shall monitor the conditions affecting the practice of accountancy and adopt such measures, including the promulgation of accounting and auditing standards, rules and regulations and best practices as may be deemed proper for the enhancement and maintenance of high professional, ethical, accounting and auditing standards;

WHEREAS, Section 4 (b) of the aforesated law provides that the practice of accountancy in commerce and industry shall constitute in a person involved in decision making requiring professional knowledge in the science of accounting or when such employment or position requires that the holder thereof must be a certified public accountant;

WHEREAS, pursuant to its powers under Section 9 (f) of the same law, the Board issued and promulgated the Code of Ethics for Certified Public Accountants ("Code of Ethics") that will prescribe the ethical standards and norms that professional accountants should strictly conform to in the practice of their profession;

WHEREAS, paragraph 320.1 of Section 320 of the Code of Ethics provides: "[T]hat a professional accountant in business shall prepare or present such information fairly, honestly and in accordance with relevant professional standards so that the information will be understood in its context";

WHEREAS, paragraph 320.2 of Section 320 of the Code of Ethics provides: "[T]hat a professional accountant in business who has the responsibility for the preparation or approval of the general purpose financial statements of an employing organization shall be satisfied that those financial statements are presented in accordance with the applicable financial reporting standards";

WHEREAS, paragraph 200.5 of Section 200 of the Code of Ethics cites situations of services rendered to a client that create self-review threats for a professional accountant in public practice ("external auditor");

WHEREAS, assisting a client on matters such as preparing financial statements and notes to financial statements ("notes") may create a self-review threat when the financial statements are subsequently the subject of an audit engagement by an external auditor;

WHEREAS, the Auditing Practice and Standards Council Glossary of Terms dated December 2002 provides that the objective of an audit of financial statements is to enable the external auditor to express an opinion whether the financial statements are prepared in all material respects in accordance with an identified financial reporting framework ("opinion");

WHEREAS, an external auditor who is involved in the preparation of financial statements and notes of his client and who subsequently audits the same may not be able to objectively express an opinion on such financial statements and notes which are of his or her own doing;

WHEREAS, to ensure that professional accountant in business shall comply with their responsibility of preparing the financial statements and notes of their employing organization and that the external auditors will not be violating their Code of Ethics by being involved in the preparation of the financial statements and notes of their clients where they have an audit engagement, there is a need for the Board to issue rules and regulations for this purpose.

NOW THEREFORE, BE IT RESOLVED by the Board, to adopt the following rules and regulations on the submission of the Certificate of Compilation Services ("**Certificate**") on the preparation of financial statements and notes to the financial statements and the procedures to implement the same.

SECTION 1. Preparation of the Financial Statements (FS) and Notes to the FS. -

The preparation and presentation of financial information of an entity in accordance with an applicable financial reporting framework and reports as required by accounting and auditing standards is a practice of accountancy in commerce and industry and therefore shall be prepared by a Certified Public Accountant ("CPA").

The CPA preparing these documents shall either be (1) CPA/s employed by the organizations ("CPA employee") or (2) CPA/s contracted by the organizations to perform said service (contracted CPA).

If a contracted CPA shall be preparing the FS and notes to the FS, said CPA shall not be the same CPA who shall be rendering the attest services for the organization.

SECTION 2. Prohibition for CPAs Handling the Attest Services to Prepare or Assist in the Preparation of FS and Notes to the FS. -

Due to the self-review threat or risk as mentioned in paragraph 200.5. of Section 200 of the Code of Ethics, CPAs in public practice are prohibited from preparing or assisting in the preparation of FS and notes to the FS of their clients which engaged them to render attest services for the same documents.

CPAs who shall violate this provision shall be subject to stern sanctions by the Board.

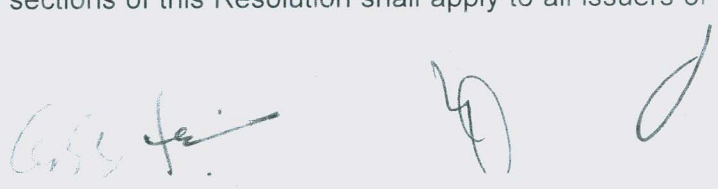
SECTION 3. Certificate on the Compilation Services for Preparation of FS and Notes to the FS

The Certificate on the preparation of FS and notes to the FS shall be prepared and signed by the CPA who is tasked to assist management in the preparation and presentation of financial information of an entity in accordance with an applicable financial reporting framework and reports as required by accounting and auditing standards. The format prescribed in "**ANNEX A**" shall be used for this purpose.

The Certificate shall be attached to the audited FS that are to be submitted to the regulatory offices.

The Certificate shall be prepared only for issuers which/who have gross sales or revenues exceeding Ten Million Pesos (Php10,000,000.00) for a particular accounting year.

However, the rules prescribed in all other sections of this Resolution shall apply to all issuers of FS.



SECTION 4. Accreditation by the Board. -

The CPAs preparing the FS, notes to the FS and the Certificate shall first be accredited by the Board after submitting the necessary application requirements, including compliance with the Continuing Professional Development (CPD) requirements prescribed in existing rules and regulations.

For this purpose, the CPAs shall apply for accreditation not later than February 29, 2016 and comply with the CPD requirements not later than June 30, 2016 after signing an Affidavit of Undertaking ("**Annex B**") to that effect.

The requirements prescribed in "**Annex C**" shall be submitted by the CPAs applying for accreditation.

SECTION 5- Penalties. -

The penalties and sanctions for violation of any of the provisions of this Resolution shall be in accordance with the penalty provided for under Section 36 of Republic Act No. 9298, which provides that, "Any person who shall violate any of the provisions of this Act or any of its implementing rules and regulations as promulgated by the Board, subject to the approval of the Commission, shall, upon conviction, be punished by a fine of not less than Fifty Thousand Pesos (Php50,000.00) or by imprisonment for a period not exceeding two (2) years or both". The same shall be without prejudice to the imposition of other administrative penalties of warning, admonition, fine, suspension or cancellation of the professional license as a CPA, as the circumstances may warrant.

SECTION 6 - Effectivity Clause. -

This Resolution shall take effect after fifteen (15) days following its publication in the Official Gazette or in any major daily newspaper of general circulation in the Philippines.

Let copies hereof be further furnished the U. P. Law Center, Board, Office of the Board Secretariat, Standards and Inspection Division, Legal and Investigation Division, all PRC Regional Offices, Philippine Institute of Certified Public Accountants (PICPA), and such other relevant offices for information and guidance.

Done this 19th day of January in the City of Manila.


JOEL L. TAN-TORRES
Chairman

GLORIA T. BAYSA
Vice-Chair


ELISEO A. AURELLADO
Member

CONCORDIO S. QUISAOT
Member


SAMUEL B. PADILLA
Member


GERARD B. SANVICTORES
Member


ARLYN S. VILLANUEVA
Member

REQUIREMENT FOR THE SUBMISSION OF CERTIFICATE BY THE RESPONSIBLE, CERTIFIED PUBLIC ACCOUNTANTS ON THE COMPILATION SERVICES FOR THE PREPARATION OF FINANCIAL STATEMENTS AND NOTES THERETO

ATTESTED BY:

Lili S. Bautista

ATTY. LOVELIKA T. BAUTISTA

Officer-in-Charge

Office of the Secretary to the Professional Regulatory Boards

Approved by:

(VACANT)
Chairman

Angelina T. Chua Chiacco

ANGELINE T. CHUA CHIACO

Acting Chairperson

Yolanda D. Reyes

YOLANDA D. REYES
Commissioner

O-ACH/O-COMM/O-ASSTCOMM/PRB-BOA/D-LGL/SID/DSRB
ATCC/DR/ATC/JL/VER/MLM/HTB/SVO/mmg

[Handwritten signature]

[Handwritten signature]

ANNEX A

CERTIFICATE ON THE COMPILATION SERVICES FOR THE PREPARATION OF THE FINANCIAL STATEMENTS AND NOTES TO THE FINANCIAL STATEMENTS

I hereby certify that I am the Certified Public Accountant (CPA) who performed the compilation services related to the preparation and presentation of financial information of an entity in accordance with an applicable financial reporting framework and reports as required by accounting and auditing standards for (name of organization) for the period ending _____, 20____.

In discharging this responsibility, I hereby declare that (check one (1)):

_____ I, am the (position) of (name of organization/person).

_____ I, am the (position) of (name of organization/person) and was contracted to perform this service.

Furthermore, in my compilation services for the preparation of the Financial Statements and Notes to the Financial Statements, I was not assisted by or did not avail of the services of (name of external auditor) who/which is the external auditor who rendered the audit opinion for the said Financial Statements and Notes to the Financial Statements.

I hereby declare, under penalties of perjury and violation of Republic Act No. 9298, that my statements are true and correct.

SIGNATURE OVER PRINTED NAME: _____

PROFESSIONAL IDENTIFICATION CARD NO. _____

VALID UNTIL: _____

ACCREDITATION NUMBER: _____

VALID UNTIL _____

40

NOTARY PUBLIC

Doc. No. _____
Page No. _____
Book No. _____
Series of 201__

[Handwritten signature]

[Handwritten signature]

REPUBLIC OF THE PHILIPPINES)
CITY OF MANILA) S.S.

AFFIDAVIT OF UNDERTAKING

I, _____, of legal age, Filipino, and a resident of _____, after having been duly sworn in accordance with law hereby depose and state that:

1. I have filed an application for accreditation as CPA in commerce and industry of (Name of Organization) on _____, 20____ pursuant to Board of Accountancy Resolution No. _____;
2. I undertake to complete my Continuing Professional Development (CPD) requirements prescribed in the Board of Accountancy Resolution No. 59, Series of 2012 on or before June 30, 2016;
3. I am executing this Affidavit to attest to the truth and veracity of the foregoing statements for whatever legal purpose it may serve;

AFFIANT FURTHER SAYETH NAUGHT.

Affiant

SUBSCRIBED AND SWORN to before me this _____ day of _____, 201____, at _____, affiant exhibiting to me his/her _____ issued on _____ at _____.

NOTARY PUBLIC

Doc. No. _____
Page No. _____
Book No. _____
Series of _____

[Handwritten signatures and initials]

REQUIREMENTS FOR BOA ACCREDITATION FOR CPAs in COMMERCE AND INDUSTRY PRACTICE

1. BACC Form No. 02, duly accomplished in triplicate copies and properly notarized (Please affix metered documentary stamp in the original copy)
2. Sworn statement by the CPA, stating that he /she: (Please notarize and affix metered documentary stamp to the original copy).
 - had undergone adequate and effective training (from organizations duly accredited by the Board or by its duly authorized representatives) on all the current accounting and auditing standards, code of ethics, laws and their implementing rules and regulations, circulars, memoranda, their respective codes of good governance and other related documents that are required in the practice of public accountancy to ensure professional, ethical and technical standards;
 - is of good moral character; and
 - has not been found guilty by any competent court and/or administrative body of an offense involving moral turpitude and/or any act constituting unethical practices.
3. Certificate of CPD units earned;
4. Current certificate of clearance issued by the proper court and/or National Bureau of Investigation (NBI) clearance;
5. Certificate of Employment issued by the current employer;
6. Detailed description of work experience (data should include name of company, position, duties and responsibilities and date of employment);
7. Certificate of Membership in Good Standing from the current Accredited Integrated Professional Organization (AIPO) for the accountancy profession;
8. Professional Tax Receipt;
9. CPA Integrity Pledge;
10. Payment of accreditation fee in the amount of Two Thousand Pesos (Php2,000.00) (in Cash, Postal Money Order, Manager's Check or Bank Draft payable to the Professional Regulation Commission)
11. Short Brown Envelope for the Certificate of Accreditation;
12. One set of metered documentary stamp worth Twenty-One Pesos (Php21.00) to be affixed to the Certificate of Registration; and
13. Affidavit of Undertaking (ANNEX B) if CPD Units are insufficient at the time of filing the application.

All notarized documents should have metered documentary stamps. Applications with incomplete documents will not be accepted. Metered documentary stamps are available at the PRC customer service counters and PRC Regional Offices.

Note: Representative/s filing and claiming the Certificate of Registration/Accreditation on behalf of the professional must present Special Power of Attorney (SPA) and valid proof of identification of the professional and the representative. The checklist above is for the first time applicant only.

1. - - - RA 1