

Coming soon

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Last of three parts



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DEBIT CREDIT

Within the next few months, the accountancy scene in the Philippines will present several major initiatives and directions.

Coming soon is the long overdue implementation of the Quality Assurance Review (QAR) or the “audit the auditors” Program of the Board of Accountancy (BoA). To recall, the BoA issued Resolutions No. 23 and 88 last 2009 providing for the guidelines for the adoption of the QAR. However, a group of small practitioners filed an injunction case in December 2010 in Regional Trial Court 128 Caloocan (RTC Court) to stop the implementation of the QAR. The RTC Court subsequently issued an injunction order holding the implementation of the QAR resolutions and ordered the parties to settle the matter in a judicial dispute resolution (JDR) process. Pursuant to this instruction of the RTC court for a JDR, the contending parties agreed to settle the case after a meeting between the petitioners and the BoA Chairman last July 4, 2010 in Waterfront Hotel in Cebu. In said meeting, the contending parties agreed on certain parameters to settle the case and signed correspondingly the Cebu Accord on June 24, 2016, the RTC Court issued an order dismissing the injunction case and paved the way for the full implementation of the QAR. The Office of the Solicitor General also wrote a letter dated September 6, 2016 to BoA confirming that the QAR can already be implemented. The BoA will now lead the preparation for the implementation of the QAR Program. Several requirements for the operationalization of the QAR are being addressed, including, the forming of the QAR organization, hiring of officers, QAR reviewers or inspectors and staff of the organization, the training of the QAR reviewers, setting up of the policies for QAR and communicating to the affected sectors on what they should expect from QAR. The World Bank and other developmental organizations are providing assistance on these. The Philippine Institute of CPAs (PICPA) has also created a QAR Committee which has developed a Voluntary QAR Program for its members. With all these activities ongoing, the full implementation QAR program will be in place in a matter of time. For the meantime, those CPAs in public practice can continue upgrading the quality and standards of their systems and procedures. They can also actively participate and comply with the various related measures, such as the PICPA Voluntary QAR Program, the BoA Engagement Reporting requirement, the Office Verification and related accreditation requirements.

There is also a recent pronouncement on Responding to Non-compliance with Laws and Regulations (NOCLAR) that was released by the International Ethics Standards Board of the International Federation of Accountants last July 2016. The standard sets out a first-of-its-kind framework to guide professional accountants in what actions to take in the public interest when they become aware of a potential illegal act committed by a client or employer. This standard will take effect on July 15, 2017 or earlier if the accountancy regulator or standard setter decides for an earlier effectivity. The BoA referred to PICPA the proposed standard for evaluation and comment preparatory to the issuance of the appropriate resolution by the BoA. The copy of the standard may be accessed at www.ethicsboard.org. Essentially, the standard provides that it is incumbent on the professional accountant after knowing the non-compliance or the suspected non-compliance with laws and regulations, to uphold the fundamental principles of integrity and professional behavior by informing management or the government regulator and to take such subsequent action as may be deemed appropriate in the public interest.

With these developments, the accountancy sector in our country is very much alive and kicking.

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This column accepts contributions from accountants, especially articles that are of interest to the accountancy profession, in particular, and to the business community, in general. These can be e-mailed to boa.secretariat@gmail.com