

## SAGA CONTINUES

By Concordio S. Quisaot

No person shall practice accountancy in this country, or use the title “Certified Public Accountant” (CPA) unless such person shall have received from the Board of Accountancy a certificate of professional registration and be issued a professional identification card by the Board of Accountancy (BoA) and the Professional Regulatory Commission.

The BoA, under the law, is authorized to qualify CPAs to practice accountancy in four areas. One of the four is the practice in Commerce and Industry,

The practice of accountancy in Commerce and Industry covers such cases as CPAs:

- a. involved in decision making requiring professional knowledge in the science of accounting as well as the accounting aspects of finance and taxation or
- b. representing their employers before government agencies on tax and other matters related to accounting

In this connection, the Accountancy Law provides that any position in any business or company in the private sector which requires supervising the recording of financial transactions, preparation of financial statements, coordinating with the external auditors for the audit of such financial statements and other related function shall be done only by CPAs/

To implement the provision on preparation of financial statements, the BOA) issued Resolution 3-2016 requiring the submission of certificate by the CPAs on the compilation services for the preparation of financial statements and notes thereto. This resolution is a land mark measure implemented by the BoA which brought about a large number of interest and concern in the months that followed its issuance,

The objectives of Resolution 3-2016 are: :

1. Address the need to have professional competence in the preparation of the financial statements (FS),
2. Address the self-review threats or risks in external audits of financial statements,
3. Pinpoint responsibility in the compilation services in the preparation of financial of financial statements as allowed and required under the Accountancy law and the Code of Ethics for CPAs,
4. Enforce the CPAs authority for the preparation of Financial Statements,
5. Further enhance the reliability of the annual statutory financial statements submitted to the Bureau of Internal Revenue and the Securities and Exchange Commission.

Resolution 3-2016 requires that CPA's preparing the FS, notes to the FS and the Certificate shall first be accredited by the BoA..

The BOA subsequently issued Resolution 68-2016, mandating external auditors to monitor compliance of Resolution 3-2016. The BoA further issued Resolution No. 115-2016 extending the deadline to December 31, 2016 both for the filing of applications for accreditation of CPA's in Commerce and Industry and the covered period of the Financial Statements subject to the Certificate of Compilation Services requirement. The resolution also provided for the review of the P10,00,000,00 threshold of those covered by the regulatory measure.

To respond to the various requests raised in the implementation of Resolution 3-2016 and its related resolutions the BoA issued Resolution No. 163-2017, maintaining the requirement for the submission of the Certification of Compilation Services. However, in this resolution, the BoA deferred the requirement for the reporting to the BoA by the external auditors of non-compliance of their clients.

The BoA also issued Resolution 185-2017 clarifying certain rules governing accreditation of CPAs in Commerce and Industry practice.

It has been a long and exciting saga since this measure involving the CPAs in Commerce and Industry was first issued early in 2016. These developments are key in effectively regulating the accountancy profession, and enhancing the image and recognition of our CPAs and the Philippine accountancy profession.



*Hon. Concordio Quisaot is a member of the Board of Accountancy, tasked with the oversight in the accreditation of CPAs. He has a consulting and auditing practice in Cebu and has electric cooperatives among his clients*

*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 [toboa.secretariat@gmail.com](mailto:toboa.secretariat@gmail.com).*