



Republic of the Philippines
Professional Regulation Commission
Manila



Professional Regulatory Board of Accountancy
Resolution No. 36
Series of 2019

REPEAL OF BOARD OF ACCOUNTANCY RESOLUTION NOS. 03-2016¹; 68-2016², 115-2016³; 163-2017⁴; and 185-2017⁵ ON THE COMPILATION SERVICES

WHEREAS, Republic Act (RA) No. 9298 or the Philippine Accountancy Act of 2004 mandates the Professional Regulatory Board of Accountancy (Board) to supervise the registration, licensure and practice of accountancy in the Philippines;

WHEREAS, the Board issued Resolution No. 03 (s 2016) requiring all business establishments/issuers with gross sales or revenues exceeding Ten Million Pesos (P10,000,000) for a particular accounting year to submit Certificates of Compilation Services (Compilation Certificate) for the preparation of Financial Statements (FS) and notes thereto as prepared by duly accredited Certified Public Accountants (CPAs), other than the external auditor. The Compilation Certificate shall be attached to the audited FS for submission to the Securities and Exchange Commission (SEC) and the Bureau of Internal Revenue (BIR).

WHEREAS, the Board issued Resolution No. 68 (s 2016) mandating the external auditors to monitor compliance by covered audit clients with the requirement to submit the Compilation Certificate and to report to the Board any omission or non-compliance therewith, under penalties provided by law;

WHEREAS, the Board issued Resolution No. 115 (s 2016) which provided for the extension of the deadline in the filing of application for accreditation⁶ and the covered period for the FS⁷; as well as the review of the Ten Million Pesos (P10,000,000) gross sale/revenue threshold;

WHEREAS, the Board issued Resolution No. 163 (s 2017) on the deferment of the implementation of the notification requirement for external auditors under Resolution No. 68 (s 2016) until further consultations;

WHEREAS, the Board issued Resolution No. 185 (s 2017) to provide clarificatory guidelines for the effective implementation of the Compilation Certificate requirement;

WHEREAS, although intended to be attached to the audited FS, the Compilation Certificate was perceived to be an unnecessary requirement by some regulatory agencies and other stakeholders, inasmuch as the self-review threats and conflict of interest which it purports to curtail are already being addressed through the submission of the Statement of Management Responsibility;

¹ "Requiring the Submission of Certificate by the Responsible Certified Public Accountants on the Compilation Services for the Preparation of Financial Statements and Notes Thereto"

² "Amending Resolution No. 03, series of 2016, entitled 'Requirement for the Submission of Certificate by the Responsible Certified Accountants on the Compilation Services for the Preparation of Financial Statements and Notes Thereto', Mandating External Auditors to Monitor Compliance Thereto, and for Other Purposes"

³ "Extending the Deadline in the Filing of Applications for Accreditation of Certified Public Accountants (CPAs) in Commerce and Industry Practice and the Covered Period of the Financial Statements Subject to the Certificate on the Compilation Services Requirement, and Providing for the Review of the Ten Million Peso (P10,000,000.00) Threshold as set under Resolution No. 2016-03 and 2016-68"

⁴ "Deferment of the Implementation of Paragraphs 13 and 14 (4) of Resolution No. 2016-68 in Relation to Resolution No. 2016-03, as amended, on the Requirement for External Auditors to Notify the Board of Accountancy of any Omission or Non-Compliance with the Provisions therein, and Providing for Stakeholders Consultation and Dialogue for such Purpose"

⁵ "Amendments and Clarifications on Certain Rules Governing the Accreditation of Certified Public Accountants (CPAs) in Commerce and Industry Practice"

⁶ from 30 April 2016 to 31 December 2016

⁷ from 30 June 2016 to 31 December 2016

WHEREAS, small- and medium-scale entities were the most adversely affected due to the low gross sale/revenue threshold imposed for such requirement;

WHEREAS, the requirement was deemed contrary to the intent and purpose of RA No. 11032 or the Ease of Doing Business and Government Efficiency Service Delivery Act of 2018 which mandate the adoption of simplified requirements and procedures that will expedite business and non-business related transactions in government;

WHEREAS, there is apparently no means or mechanism for the Board to monitor compliance with the foregoing requirement by covered audit clients;

WHEREAS, with the re-emerging issues as regards the Compilation Services requirement, the Board initiated rounds of consultative meetings in Metro Manila⁸, Cebu⁹ and Davao¹⁰ to solicit stakeholders' comments and insights on the matter;

WHEREAS, the Board, in its special meeting last 06 March 2019, arrived at a consensus to revisit the Compilation Services requirement, taking into account the views of the other regulatory agencies, practitioners, and the industry.

IN VIEW OF THE FOREGOING, the Board **RESOLVES** to repeal Resolution Nos. 03-2016; 68-2016, 115-2016; 163-2017; and 185-2017 on the Compilation Services, subject to the approval of the Commission.

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

Let copies hereof be furnished the UP Law and the Philippine Institute of Certified Public Accountants (PICPA).

Done in the City of Manila this 8th day of July 2019.


NOE G. QUINANOLA
Chairman


MARKO ROMEO L. FUENTES
Vice Chairman

dissenting
GLORIA T. BAYSA
Member


SAMUEL B. PADILLA
Member

dissenting
GERVACIO I. PIATOR
Member


ARLYN S VILLANUEVA
Member


THELMA S. CIUDADANO
Member

⁸ April 2019

⁹ 02 February 2019

¹⁰ 09 February 2019

ATTESTED:



ATTY. LOVELIKA T. BAUTISTA
Chief, PRB Secretariat Division

APPROVED:



TEOFILO S. PILANDO JR.
Chairman



YOLANDA D. REYES
Commissioner



JOSE Y. CUETO JR.
Commissioner

O-CH/O-OCI/O-OCII/PRB-ACC/O-LSO-RO/D-SPRB
TSP/YDR/JYC/NGO/EBII/MWH/LTB

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