

# Accounting Alert

## Regulations

January 27, 2016

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## Guidelines on CPA Accreditation Requirement of BOA Resolution No. 3, Series of 2016

### Summary

This Alert discusses the requirements of the Philippine Regulatory Board of Accountancy (“BOA”) with respect to the accreditation of Certified Public Accountants (“CPAs”) who will prepare the Certificate of Compilation Services for the Preparation of Financial Statements (“FS”) and Notes thereto (the “Certificate”) as provided by BOA’s Resolution No. 3, 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*, dated January 19, 2016 (the “Resolution”), which mandatorily applies for statutory financial information covering reporting periods ending June 30, 2016 and subsequent thereto filed with the Philippine Securities and Exchange Commission (“SEC”) and the Bureau of Internal Revenue (“BIR”), particularly:

- the general requirements of the Resolution;
- the BOA accreditation requirements for CPAs in the practice of accountancy in commerce and industry; and,
- the penalties and violations in cases of violations of the Resolution.

The suggested templates and forms of the required documents to be submitted in relation to the accreditation process of CPAs in commerce and industry are also provided in this Alert.

See BOA’s press release dated January 26, 2016 together with the Q&As clarifying the requirements on the Resolution (refer to the earlier P&A Grant Thornton Accounting Alert issued on January 27, 2016).

## General requirements

The table below identifies the parties affected by the Resolution and its impact to each of these parties.

Party	Impact
Reporting entities required to file financial information to SEC and BIR – general requirement	<ul style="list-style-type: none"><li>• prepare the financial information in accordance with an applicable financial reporting framework and reports as required by accounting and auditing standards through its:<ul style="list-style-type: none"><li>○ CPA employee; or</li><li>○ contracted CPA.</li></ul></li></ul>
Reporting entities required to file financial information to SEC and BIR with gross sales or revenues exceeding P10.0 million for a particular accounting year – additional requirement	<ul style="list-style-type: none"><li>• attach the Certificate issued by the CPA employee or contracted CPA to the audited FS (see <b>Annex A</b> for the prescribed format by BOA)</li></ul>
CPAs in commerce and industry employed or contracted by reporting entities (different from the external auditors)	<ul style="list-style-type: none"><li>• tasked to assist management in the preparation and presentation of financial information of the reporting entities in accordance with an applicable financial reporting framework and reports as required by accounting and auditing standards</li><li>• required to be accredited by BOA in order to issue the Certificate</li><li>• prepare and sign the Certificate</li></ul>
External auditors (CPAs in public practice) of reporting entities	<ul style="list-style-type: none"><li>• prohibited from preparing or assisting in the preparation of FS and notes to the FS of audit clients</li></ul>

## Accreditation requirements for CPAs in the practice of accountancy in commerce and industry

The CPA employee or contracted CPA preparing the FS, notes to the FS and the Certificate is required to be accredited by BOA after submitting the necessary application requirements, including compliance with the Continuing Professional Development (“CPD”) requirements prescribed by BOA’s existing rules and regulations. Accreditations should be applied with BOA not later than February 29, 2016. Applicants with incomplete CPD requirements may still be eligible for accreditation provided that an “Affidavit of Undertaking” is submitted together with the application requirements; such undertaking must be completed not later than June 30, 2016.

### CPD requirements

As provided by BOA Resolution No. 59, Series of 2012, *Clarifications and Amendments on the Rules and Regulations on Continuing Professional Education and Accreditation of CPAs in Public Accountancy and Accounting Education*, the required 60 credits of CPD may be earned by the individual professional in any of the 3 years preceding the year of application for accreditation. The 60 units of CPD required for accreditation of CPAs shall be distributed among the 5 thematic areas as follows:

- **Enabling laws, rules and regulations – 6 units** (which include provisions of the Philippine Accountancy Act and implementing rules and regulations, applicable resolutions issued by the Professional Regulation Commission (PRC) and BOA, and other issuances pertaining to registration, licensing and professional regulatory regimes)
- **Standards applicable to professional practice – 24 units** (which include current and recent issuances of the respective area of practice of the profession, such as those from the standard-setting bodies on financial reporting, assurance and auditing, accounting education, and the related practice statements and interpretations as well as pronouncements related to taxation, depending on the area of practice of the professional)
- **Ethical, governance and quality principles – 10 units** (which include topics on the professional code of ethics, governance principles and quality standards based on issuances of bodies affecting the professional practice)
- **Environment of the practice – 10 units** (which include issuances of government bodies like the Securities and Exchange Commission, Bangko Sentral ng Pilipinas, Insurance Commission, Cooperative Development Authority, and the like as well as frameworks, models, best practices, benchmarks, tools and techniques espoused by professional and other organizations that affect the operations and management of the clients and business entities of the professional; in the case of accounting education, the topics may include issuances of higher educational institutions and other professional bodies on the methods, styles and approaches of teaching; test construction and measurement; research innovations and the like)
- **Development of the person as a professional – 10 units** (which include professional development activities that enhance the individual competency of the CPA in the aspect of leadership, management and supervision, oral and written communication, design and conduct of research and training, negotiation and facilitation, personality and social graces, teamwork enhancement, project management, information technology and the like)

### Accreditation application requirements

The following requirements shall be submitted by the CPAs in commerce and industry applying for accreditation (applicable for first-time applicant only; editable forms and templates of Annex A to E are attached on the next page or can be downloaded in the P&A Grant Thornton website --

<http://www.grantthornton.com.ph/newsroom/technical-alerts/accounting-alerts/2016/>):

1. BACC Form No. 02, duly accomplished in triplicate copies and properly notarized (please affix metered documentary stamp in the original copy; metered documentary stamps are available at the PRC Customer Service counters and PRC Regional Offices) – see **Annex B**
2. Sworn Statement by the CPA, duly notarized (please affix metered documentary stamp in the original copy) – see **Annex C**
3. Certificate of CPD units earned (issued by facilitators of training duly accredited by BOA)
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 (applicable if employed CPA)

6. Detailed description of work experience (data should include name of the company, position, duties and responsibilities and date of employment)
7. Certificate of Membership in Good Standing from the current Accredited Integrated Professional Organization for the accountancy profession (i.e., Philippine Institute of CPAs or PICPA) – this will be issued once delinquent membership fees are paid to PICPA National Office
8. Professional Tax Receipt
9. CPA Integrity Pledge – see **Annex D** or download a printable copy at [http://integrityinitiative.com/pdf/Integrity-Pledge\\_Company.pdf](http://integrityinitiative.com/pdf/Integrity-Pledge_Company.pdf)
10. Payment of accreditation fee in the amount of Php2,000 (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 Php21 to be affixed to the Certificate of Registration
13. Affidavit of Undertaking (see **Annex E**) if CPD units are insufficient at the time of filing the application



**Annex A-E Editable  
Templates and Forms**

All notarized documents should have metered documentary stamps. Applications with incomplete documents will not be accepted by BOA. The prescribed documents must be submitted to the PRC Standards and Inspection Division located in Sampaloc, Manila.

Applicants may file through an authorized representative/s. Representative/s filing and claiming the Certificate of Registration/Accreditation on behalf of the professional must present a Special Power of Attorney (SPA) and valid proof of identification of the CPA-applicant and the representative.

### **Penalties and sanctions for violations**

The Resolution provides the penalties and sanctions for violations of any of its provisions – a fine of not less than Php50,000 or by imprisonment for a period not exceeding 2 years or both, upon conviction. 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.

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Questions about this communication should be referred to Mabel Comedia at extension 260 or Jerald Sanchez at extension 332.