# Accreditation Requirements for CPAs in Public Practice

By:
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## Accreditation – Professional Regulation Commission: Board of Accountancy (BOA)

Accreditation – Professional Regulation Commission: Board of Accountancy (BOA)

## Accreditation – Professional Regulation Commission Board of Accountancy (BOA):

***Accreditation Requirements for Registration of CPAs in Public Practice in accordance with Rules and Regulations implementing* RA9298 (The Philippine Accountancy Law of 2004)**

**Documentary Requirements:**

- Three (3) copies of duly accomplished and notarized (with required documentary stamp) BACC Form No. 02
- Official receipt to show payment of the registration fee.

## Accreditation – Professional Regulation Commission Board of Accountancy (BOA) – *cont'd.*

- Documentary stamp worth Twenty Pesos (P21.00) to be affixed to the Certificate of Registration.
- Photocopy/ies of the respective CPA Board Certificate and updated PRC professional ID/s of the single practitioner and all partners of the professional partnerships must be attached to the application for accreditation.

## Accreditation – Professional Regulation Commission Board of Accountancy (BOA) – *cont'd.*

- Certified copy of the Code of Good Governance surrounding the practice of the single practitioner and the professional partnership.

- Sworn statement by the individual CPA, sole proprietor of the Firm and the managing partner of the partnership stating that the individual CPA and staff member(s), the sole proprietor and staff member(s) of the Firm, and all the partners and staff member(s) of the partnership, as the case maybe,:

## Accreditation – Professional Regulation Commission Board of Accountancy (BOA) – *cont'd.*

a) had a meaningful participation of the respective internal quality review process

b) had undergone adequate and effective training on accounting and auditing standards in effect during the time of their application for registration, related laws and their respective implementing rules and regulations, their own code of good governance and other related documents that are required in the practice of public accountancy to ensure professional, ethical and technical standard

Should be supported with certified copies of certificate(s) of attendance or any proof of meaningful participation in, and proof of adequacy and effectiveness of such training.

## Accreditation – Professional Regulation Commission Board of Accountancy (BOA) – *cont'd.*

c) are all of good moral character

d) they have not been found guilty by a competent court and/or unethical practices and that neither any of them is defendant in any case of similar nature pending before any competent court and/or administrative agencies;

- Copy of internal quality review procedures being implemented to ensure compliance with the professional ethical and technical standards of the practice of public accountancy.

## Accreditation – Professional Regulation Commission Board of Accountancy (BOA) – *cont'd.*

- Certified photocopy/ies of updated NBI clearance/s for the single practitioner and all the partners for the professional partnership.
- **Certified copies** of all business permits/ current PTR issued by the local and/or national government.

## Accreditation – Professional Regulation Commission Board of Accountancy (BOA) – *cont'd.*

**Additional Requirements:**

**A. For individual CPA/Firm/Partnerships registering for the first-time:**

- Sworn statement by the individual CPA, sole proprietor of the Firm and managing partner of the Partnership stating that the individual CPA, sole proprietor of the Firm and all the partners of Partnership has (have) at least three (3) years meaningful experience in any areas of public practice including taxation as defined in Section 4 Rule 4 of the IRR.

  Should be supported with detailed description of such work experience of the individual CPA, sole proprietorship of the Firm and all the partners of the Partnership are to be attached to the sworn statement.

## Accreditation – Professional Regulation Commission Board of Accountancy (BOA) – *cont'd.*

**For Partnership:**

1. Certified copy of the Certificate of Registration issued by the SEC.

2. Certified copy of current Articles of Partnership (Should tally with the application form (BACC Form No. 02)

3. Certified copy of the documents showing the correspondent relationship, membership or business dealings with foreign CPA firm(s) if any, including complete address, telephone number and facsimile numbers, e-mail address and website.

## Accreditation – Professional Regulation Commission Board of Accountancy (BOA) – *cont'd.*

4. Sworn statement stating that: (with notarize and affix metered documentary stamp to the original copy)

   a.) the copy of the document showing the correspondent relationship membership, or business dealings with the foreign CPA is the faithful reproduction of its original copy

   b.) the foreign CPA is not directly or indirectly (through the Filipino CPA) engaged in the practice of public accountancy in the Philippines, except the authorized foreign CPAs under section 34 and 35 of R. A. No. 9298

   c.) the rights and obligation of the parties in specific terms.

## Accreditation – Professional Regulation Commission Board of Accountancy (BOA) – *cont'd.*

**Renewal of Accreditation**
**BOA Resolution No. 24 Series of 2007**

The new list of documents shall include the following in support of the requirements for the renewal of accreditation of individual CPAs/ Partnership to engage in the practice of public accountancy:

1. Duly accomplished BACC Form No. 02 in three copies and duly notarized with metered documentary stamps in the original copy
2. Photocopy of expired Certificate of Registration to practice public accountancy,
3. Payment of the required registration fee to the Professional Regulation Commission

## Accreditation – Professional Regulation Commission Board of Accountancy (BOA) – *cont'd.*

4. Photocopy of current professional identification card/s and current NBI clearance

5. Certified copies of all present business permits, current professional tax receipts (PTR) of CPAs issued by the local and/or national government

6. Certification of Continuing Professional Education (CPE) Units Earned from accredited CPE Providers issued by the Philippine Institute of Certified Public Accountants through the PICPA CPE Council

## Accreditation – Professional Regulation Commission Board of Accountancy (BOA) – *cont'd.*

or

- Certificate(s) of Attendance or other proofs of meaningful participation in other CPE Programs as approved by the PRC CPE Council upon recommendation of the PICPA CPE Council

or

- the individual CPA and its CPA staff members and all the partners and staff member(s) of the partnerships and CPA staff members for the immediate past three years provided that a minimum of 15 CPE units shall be earned in each year prior to renewal of accreditation.

## Accreditation – Professional Regulation Commission Board of Accountancy (BOA) – *cont'd.*

- 2007 - Minimum of 40 CPE credit units earned for the past immediate three years
- 2008 and thereafter - Minimum of 60 CPE credit units earned for the past immediate three years

7. In case of addition/withdrawal of partner/s, a certified copy of current Articles of Partnership issued by the SEC

## Accreditation – Professional Regulation Commission Board of Accountancy (BOA) – *cont'd.*

8. Those which are member, associated or correspondent firms of international CPA firms must submit the following for any change of correspondent foreign CPA firm/s, or change of information of the foreign CPA firm/s:

   A. Certified copy of documents, showing the correspondent relationship, membership, or business dealings with foreign CPA firm/s, if any

## Accreditation – Professional Regulation Commission Board of Accountancy (BOA) – *cont'd.*

B. Duly notarized sworn statement with metered documentary stamps:

a. copy of the document showing the correspondent relationship membership, or business dealings with the foreign CPA, is the faithful reproduction of its original copy

## Accreditation – Professional Regulation Commission Board of Accountancy (BOA) – *cont'd.*

b. the foreign CPA is not directly or indirectly (through the Filipino CPA) engaged in the practice of public accountancy in the Philippines, except the authorized CPAs under Sections 34 (Foreign Reciprocity) and 35 (Coverage of temporary/ special permits), Article IV of R.A. No. 9298 and

c. the rights and obligation of the parties are in specific terms.

# SEC Accreditation
# SEC Memorandum Circular No. 13

**SEC Accreditation:**
SEC Memorandum Circular No. 13: Series of 2006
Amended Guidelines on accreditation and reportorial requirements of external auditors

**Section 2: Coverage applies to the following Companies and Group Below:**

- **Group A**

i. Issuers of registered securities which have sold a class of securities pursuant to a registration under Section 12 of the Securities Regulation Code (SRC)- Procedure for Registration of Securities

ii. Issuers with a class of securities listed for trading in an Exchange;

## SEC Accreditation:
SEC Memorandum Circular No. 13 Series of 2006 – *cont'd.*

iii. Public companies/ those which have total assets of at least fifty million pesos (P50,000,000) or such other amount the Commission shall prescribe, and having two hundred (200) or more holders each holding at least One hundred (100) shares of a class of its equity securities.

- **Group B**

i. Pre-need Companies;
ii. Issuers of registered timeshares, proprietary and non-proprietary membership certificates;
iii. Investment Houses;

## SEC Accreditation:
SEC Memorandum Circular No. 13 Series of 2006 – *cont'd.*

iv. Brokers and Dealers of securities;
v. Investment companies;
vi. Government Securities Eligible Dealers (GSEDs);
vii. Universal Banks Registered as Underwriters of Securities;
viii. Investment Company Advisers;
ix. Clearing Agency and Clearing Agency as Depository;
x. Stock and Securities Exchange/s;
xi. Special Purpose Vehicles registered under Special Purpose Vehicle Act of 2002 and its implementing rules;

# SEC Accreditation:

SEC Memorandum Circular No. 13 Series of 2006 – *cont'd.*

xii. Special Purpose Corporations registered under the Securitization Act of 2004 and its implementing rules;

- **Group C**

i. Financing Companies
ii. Transfer Agents.

# SEC Accreditation:

SEC Memorandum Circular No. 13 Series of 2006 – *cont'd.*

- **Group D**

Registered corporations mandated by other regulatory agencies to have an accredited external auditor, provided that the Commission has been consulted on such requirement by the said agency.

This grouping will already cover external auditors of corporate bank borrowers with at least P15 Million in total assets pursuant to BSP Circular No. 439.

# SEC Accreditation:

SEC Memorandum Circular No. 13 Series of 2006 – *cont'd.*

***Section 5 Qualification Requirements***

**A. Individual External Auditors**

General requirements

He shall:

- be in good standing as a professional registered with the Professional Regulation Commission (PRC) and the Board of Accountancy (BOA),

# SEC Accreditation:

SEC Memorandum Circular No. 13 Series of 2006 – *cont'd.*

- possess the independence as defined in the Code of Ethics for Certified Public Accountants;
- adhere to the highest standards of professional conduct, including integrity and objectivity.

# SEC Accreditation:

## SEC Memorandum Circular No. 13 Series of 2006 – *cont'd.*

**Specific Requirements:**

- At the time of application, the external auditor shall have at least five (5) years experience in external audits.
- The audit experience above refers experience acquired as an in-charge, manager or partner or their equivalent.
- At the time of application, the applicant must have the following track record:
  - For Group A applicant, he/she must have at least five (5) corporate clients with total assets of at least P50 million each;
  - For Group B, the applicant must have had at least three (3) corporate clients with total assets of at least P20 million each;
  - For Group C, the applicant must have had at least three (3) corporate clients with total assets of P5 million each;
  - For Group D, the applicant must have had at least one (1) corporate client with total assets at least Five Million Pesos or at least five (5) clients regardless of amount of total assets.

# SEC Accreditation:

## SEC Memorandum Circular No. 13 Series of 2006 – *cont'd.*

**B. Auditing Firms:**

- Must be in good standing and entitled to conduct auditing services under all applicable laws, rules and regulations;
- At the time of application, must have at least one (1) signing practitioner or partner who is already accredited, or who is applying for accreditation by the Commission.

# SEC Accreditation:

SEC Memorandum Circular No. 13 Series of 2006 – *cont'd.*

**Sec. 4 - Scope and Limitations of Accreditation**

- External auditors and auditing firms (if applicable) of companies under Group A and B must be both accredited by the Commission.
- In the case of companies under Group C, accreditation of the auditing firm is sufficient. However, an individual practitioner must be accredited by the Commission as such.

# SEC Accreditation:

SEC Memorandum Circular No. 13 Series of 2006 – *cont'd.*

- **The accreditation shall expire and shall be automatically delisted after a period of three (3) years from date of approval of his accreditation unless renewed before expiry date;**
- **Accreditation under Group A shall be considered general accreditation which shall allow the external auditors to audit companies under Groups B through D. For external auditors with Group B accreditation, they can audit Groups C and D. Group C accredited external auditors are allowed to audit Group D companies.**

**Thus:**

| Group: | Auditor Accredited: |
|---|---|
| A | A, B, C, D |
| B | B, C, D |
| C | C, D |

# SEC Accreditation:

## SEC Memorandum Circular No. 13 Series of 2006 – *cont'd.*

***Section 6 Application by***

***Individual External Auditors***

**Sample Documentary Requirements**

1) For initial accreditation, a duly accomplished and notarized application form (SEC Form ExA-001) together with the following documents:

   a. A copy of the Statement of Representation

   b. Copy of updated PRC license and Certification of Registration as a public practitioner issued by BOA/ PRC.

# SEC Accreditation:

## SEC Memorandum Circular No. 13 Series of 2006 – *cont'd.*

c. Notarized certification of the external auditor that he is in compliance with the qualification requirements and that he has not been convicted by a competent court for a crime involving moral turpitude or fraud, or declared liable by the Commission or by any competent court for violation of the Corporation Code or the SRC.

d. If the applicant is a sole practitioner, a quality assurance manual is required

e. Copy of the AFS of the applicant's two (2) largest client in terms of total assets.

# SEC Accreditation:

## SEC Memorandum Circular No. 13 Series of 2006 – *cont'd.*

f. If sole practitioner, copy of Pro-Forma Audit Engagement Letter with prospective clients prepared in accordance with this Circular;

g. **Summary of contracts/agreements with audit clients involving services other than statutory audit of financial statements.**

# SEC Accreditation:

## SEC Memorandum Circular No. 13 Series of 2006 – *cont'd.*

2) The accreditation may be renewed by filing a duly accomplished renewal application form (SEC Form ExA-001-R) and attaching the following documents such as:

a. Copy of updated PRC license and of the Certificate of Registration as a public practitioner issued by the BOA/PRC which should be current and effective;

b. Notarized certification of the external auditor that he still possesses all qualification required

**c. List of corporate clients the audited financial statements (AFS) of which were subjected to evaluation by the Commission.**

**d. In case there is change in any document submitted during the initial application for accreditation, the amended/updated document should be submitted.**

# SEC Accreditation:

## SEC Memorandum Circular No. 13 Series of 2006 – *cont'd.*

***Section 7 Application for Accreditation by Auditing Firms***

**Sample Documentary Requirements**

1. For the initial accreditation, a duly accomplished and notarized application form (SEC Form AuF-002) shall be signed by the managing partner of the auditing firm and shall be submitted to the Commission together with the following documents like:

   a. Copy of the Certificate of Registration as a public practitioner issued by BOA/PRC to the form which is current and effective;

   **b. Summary of contracts/agreements with its audit clients covered by this Circular involving services other than statutory audit of financial statements;**

   c. A description of the organizational structure of the firm and profile of staff including their qualifications and training.

# SEC Accreditation:

## SEC Memorandum Circular No. 13 Series of 2006 – *cont'd.*

2. The accreditation may be renewed by filing a duly accomplished renewal application form (SEC Form AuF-002-R) with the following documents:

   a. Copy of Quality Assurance Manual

   b. Summary of newly executed contracts/agreements with clients involving services other than statutory audit.

   c. In case there is change in any document submitted during the initial application for accreditation, the amended/updated document should be submitted.

# BSP Accreditation:
# Bangko Sentral ng Pilipinas
# Circular No. 455
# Series of 2004

BSP Accreditation:
Bangko Sentral ng Pilipinas
Circular No. 455
Series of 2004

## BSP Accreditation:

**Bangko Sentral ng Pilipinas**
**Circular No. 455- Series of 2004**
**Effectivity of Selection and Inclusion in BSP list of External Auditors**

**Section 2. General Requirements (Circular 410 dated October 29, 2003)**

A. Only external auditors included in the list of BSP selected external auditors shall be engaged by banks, quasi-banks, trust entities, or Non-Stock Savings and Loan Associations (NSSLAs) for regular audit or special engagements.

B. The external auditor to be hired shall also be in-charge of the audit of the entity's subsidiaries and affiliates engaged in allied activities: Provided, that the external auditor shall be changed or the lead and concurring partner shall be rotated every five years or earlier: Provided further, that the rotation of the lead and concurring partner shall have an interval of at least two (2) years.

## BSP Accreditation:
**Bangko Sentral ng Pilipinas**
**Circular No. 455**
**Series of 2004 –** cont'd.

**Selection Requirements like:**

A. A bank, quasi-bank, trust entity or NSSLA shall not engage the services of an external auditor whose partner or auditor-in-charge of audit engagement during the preceding year had been hired or employed by the bank, quasi-bank, trust entity, NSSLA, its subsidiaries and affiliates as Chief Executive Officer, Chief Financial Officer, Controller, Chief Accounting Officer or any position of equivalent rank

## BSP Accreditation:
**Bangko Sentral ng Pilipinas**
**Circular No. 455**
**Series of 2004 –** cont'd.

B. The external auditor should have the following track record in conducting external audits:

1. For a universal bank or commercial bank - must have at least twenty (20) existing corporate clients w/ resources of at least 50 million each and at least 1 existing client universal bank or commercial bank in the regular audit or in lieu thereof, the auditor in charge of the engagement must have at least 5 years experience in the regular audit of the universal bank or commercial bank.

## BSP Accreditation:
### Bangko Sentral ng Pilipinas
### Circular No. 455
### Series of 2004 – cont'd.

2. For a thrift bank, quasi-bank, trust entity and national cooperative bank – the auditor must have at least ten (10) existing corporate clients w/ resources of at least 25 million each at least 1 existing client thrift bank, quasi-bank, trust entity or national cooperative bank in the regular audit in lieu thereof, must have at least 5 years experience in the regular audit. Provided, that an external auditor who has been selected by the BSP to audit universal or commercial bank is automatically qualified to audit a thrift bank, quasi-bank, trust entity or national cooperative bank.

3. For a rural bank, NSSLA, or local cooperative bank - must have at least three (3) years track record in conducting external audit. Provided that, an external auditor who has been selected by the BSP to audit a universal bank, commercial bank, thrift bank, quasi-bank, trust entity and national cooperative bank is automatically qualified to audit a rural bank, local cooperative bank and NSSLA.

## BSP Accreditation:
### Bangko Sentral ng Pilipinas
### Circular No. 455
### Series of 2004 – cont'd.

**Section 4. Application and Pre-qualification Requirements**

- **Sample Documentary Requirements:**

A. An undertaking:

- that the external auditor, partners, associates, auditor-in-charge of the engagement and the members of the immediate family of the audit team:

= shall not acquire any direct or indirect financial interest with a bank, quasi-bank, trust entity, NSSLA, its subsidiaries and affiliates.

= do not have nor shall apply for loans or any credit accommodations (except normal

## BSP Accreditation:
**Bangko Sentral ng Pilipinas**
**Circular No. 455**
**Series of 2004 –** cont'd.

credit card obligations and fully secured auto loans and housing loans)

= shall not accept an audit engagement with a bank, quasi-bank, trust entity, NSSLA, its subsidiaries and affiliates where they have outstanding loans or any credit accommodations (except normal credit card obligations and fully secured auto loans and housing loans which are not past due);

= shall not accept an audit engagement with a bank, quasi-bank, trust entity, NSSLA, its subsidiaries and affiliates where he was engaged during the preceding year in providing the following services:

## BSP Accreditation:
**Bangko Sentral ng Pilipinas**
**Circular No. 455**
**Series of 2004 –** cont'd.

1. Internal audit functions;
2. Information systems design, implementation and assessment, and
3. Such other services, which could affect his independence as may be determined by the Monetary Board from time to time.

## BSP Accreditation:
**Bangko Sentral ng Pilipinas**
**Circular No. 455**
**Series of 2004 –** cont'd.

B. For auditors with bank clients, list of existing corporate clients:
   - with resources of at least P50 million each for universal or commercial bank;
   - with resources of at least P25 million each for thrift bank, quasi-bank;
   - list of existing clients and/or details of three (3) years track record in external audit for rural bank , NSSLA and local cooperative bank;

## BSP Accreditation:
**Bangko Sentral ng Pilipinas**
**Circular No. 455**
**Series of 2004 –** cont'd.

For those that have no existing universal bank, or commercial bank or a thrift bank, quasi bank, trust entity or national cooperative bank client, a notarized certification that the external auditor or the auditor-in-charge of the engagement has at least five (5) years experience in the regular audit of banks of appropriate category mentioning banks they have audited

C. Updated Professional Regulation Commission (PRC) license (for individual auditors) and business license for the partnership

## BSP Accreditation:
**Bangko Sentral ng Pilipinas**
**Circular No. 455**
**Series of 2004 –** cont'd.

D. Copy of the proposed engagement contract between the bank, quasi-bank, trust entity or NSSLA and the external auditor if applicable; and

## BSP Accreditation:
**Bangko Sentral ng Pilipinas**
**Circular No. 455**
**Series of 2004 –** cont'd.

**Section 5. Effectivity of Selection and Inclusion in BSP List**

1. The selection of external auditors shall be valid for a period of three years, renewal of BSP selection is every 3 years. The provision of Section 2 (General Requirements) and Section 4 (Application and Pre-qualification Requirements) of this Circular shall likewise apply for each application renewal.

2. The Supervision and Examination Sector (SES) of BSP shall make an annual assessment of the performance of external auditors and will recommend deletion from the list even prior to the three-year (3) renewal period, if based on assessment, the external auditors' report did not comply with BSP requirements.

## BSP Accreditation:
**Bangko Sentral ng Pilipinas**
**Circular No. 455**
**Series of 2004 –** cont'd.

3. External auditors who meet the requirements specified in this Circular shall be included in the list of BSP selected external auditors. In case of partnership, inclusion in the list of BSP selected external auditors shall apply to the audit firm only and not to the individual signing partners or auditors under its employment.

# BIR Accreditation:
# Revenue Regulation No. 11-2006

## BIR Accreditation:

Revenue Regulation No. 11-2006

**Consolidated Regulations on the Accreditation of Tax Practitioners/ Agents as a pre-requisite to their practice or representation before the BIR and further simplifying and Superseding RR No. 15-99.**

**Section 4 . Minimum Qualification of Applicants**

I. **Requirements for BIR Accreditation**
*For Individual Tax Agents*

- He must be a Certified Public Accountant (CPA) with current professional license from the PRC.
- IF he is not a CPA, he must have obtained at least a degree in Law, Juris Doctor (JD) or its equivalent, or a Bachelor's degree in Arts, Commerce, or Business Administration with at least eighteen (18) units in accounting and/or taxation in a college or university recognized by the Department of Education/Commission on Higher Education or in a foreign school of known repute or duly recognized by its government.

## BIR Accreditation:

Revenue Regulation No. 11-2006 – *cont'd.*

- He must be of good moral character as certified to under oath by at least two (2) disinterested persons who are either members of the Philippine Bar or Certified Public Accountants in good standing.
- He must not have been charged with and convicted by final judgment of a crime involving moral turpitude, or found guilty of any act or omission penalized under the Tax Code, or found guilty of aiding or abetting or causing the commission of any such offense by another;
- He must be citizen of the Philippines.

## BIR Accreditation:

Revenue Regulation No. 11-2006 – *cont'd.*

***For General Professional Partnerships:***

- The partners are duly authorized officers or representatives thereof must meet all the qualifications of an individual tax agent as prescribed in Section 4(A) hereof. In lieu of the submission of documents or proof thereof, said qualifications may be certified to under oath by the managing partner of the firm; and
- The partnership is the one registered with the Securities and Exchange Commission.

## BIR Accreditation:

Revenue Regulation No. 11-2006 – *cont'd.*

***In the case of incorporated entities engaged in accounting and tax consultancy other than General Professional Partnerships:***

- The firm must be registered with the Securities and Exchange Commission; and
- The applicant-officers or duly authorized representatives thereof must meet all the qualifications of an individual tax agent as prescribed above.

# BIR Accreditation:

## Revenue Regulation No. 11-2006 – *cont'd.*

- **Documentary Requirements**

**A. For Individual Applicants:**

1. Certificate of registration and current license with the Professional Regulations Commission, if a CPA

2. Certificate of membership with PICPA or ACCPA, if a CPA

3. Certificate of Good Moral Character issued by two (2) disinterested persons, who are either member of the Bar or CPA in good standing

# BIR Accreditation:

## Revenue Regulation No. 11-2006 – *cont'd.*

4. If non-CPA, certified copy of transcript of records from the university or college showing compliance with required units in accounting or taxation.

**B. For Partners, Directors, Officers or duly authorized representatives of General Professional Partnerships and incorporated entities engaged in accounting and tax consultancy:**

1. Certificate of Good Moral Character issued by two (2) disinterested persons, who are either member of the Bar or CPA in good standing

# BIR Accreditation:

## Revenue Regulation No. 11-2006 – *cont'd.*

2. For those Partners, Directors, Officers or duly authorized representatives of General Professional Partnerships duly registered with the SEC, a certification from the BOA if the said Partner, Director, Officer or duly authorized representative is a CPA

3. List of all current partners, directors, officers, associates

# BIR Accreditation:

## Revenue Regulation No. 11-2006 – *cont'd.*

**C. For Individuals and GPPs accredited by BOA and SEC:**

1. Certified true copy of BOA Certificate of Registration

2. Certified true copy of SEC Certificate of Accreditation

# Insurance Commission Accreditation

## Accreditation – Insurance Commission:
### Circular No. 30-2005: Accreditation and Reportorial Requirements of External Auditors (September 26, 2005)

**Relevant Sections:**

**Section 4. Scope and Limitation of Accreditation**

- Only an auditing firm, accredited by the Commission shall be engaged by insurance and reinsurance companies; while an individual auditor may be engaged by insurance and reinsurance brokers, mutual benefit associations and trust charitable uses.
- Accreditation of an auditing firm is separate from its signing partner and auditors under its employment.
- The accreditation shall expire or it shall automatically delisted after a period of three (3) years from the date of approval of his accreditation, unless renewed before expiry date.

## Accreditation – Insurance Commission:
cont'd.

**Section 5: General Requirements**

- All insurance/reinsurance companies, professional reinsurers, insurance/reinsurance brokers, general agents, MBAs and trust which have engaged their respective external auditors for consecutive period of five years or more shall have a one – year period from the said within which to change their external auditor or rotate lead and concurring partners.

**6.1 Qualification Requirements**

a. The external auditor/partner-in-charge shall be duly registered with PRC/BOA,

## Accreditation – Insurance Commission: cont'd.

b. The external auditor/partner-in-charge shall comply with the Code of Professional Ethics for CPAs promulgated by the BOA and approved by the PRC. Ethical principles governing the auditor's professional responsibilities are independence, integrity, objectivity, professional competence and due care, confidentiality, professional behavior and technical standards.

c. The external auditor / partner – in – charge shall conduct an audit in accordance with Philippine Standards on Auditing (PSA).

## Accreditation – Insurance Commission: cont'd.

**6.2 Other Requirements**

**Individual External auditor:**

- shall have at least five (5) years experience in the regular audit, of which no less than two (2) years thereof must have been in insurance audit.
- with five (5) years experience in regular audit but without experience in the field of insurance the Commission may consider the participation in the insurance/reinsurance accounting/auditing seminars conducted by Insurance Institute for Asia and the Pacific, Inc. (IIAP), Philippine Insurance Institute (PII), and any other organization or association recognized by the Commission.
- The regular audit above refers to experience acquired as an auditor-in-charge, managing partner or their equivalent.

## Accreditation – Insurance Commission: cont'd.

**Auditing Firm:**

- Shall have at least one (1) signing practitioner or partner who is already accredited or who is already qualified and is applying for accreditation by the Commission.

## Accreditation – Insurance Commission: cont'd.

**Section 6. Documentation requirements**

**for Individual External Auditors:**

1. Copy of updated PRC license and Certificate of Registration as a public practitioner issued by Board of Accountancy and Professional Regulation Commission:

2. Copy of the proposed Audit engagement Letter to be acknowledge by the client company and/or existing engagement contracts with clients;

3. Certification from any professional organization or association duly recognized/accredited by the Commission or by the BOA/PRC that the auditor has attended a complete course in any insurance related course.

## Accreditation – Insurance Commission: cont'd.

4. Written undertaking that:

   a. the external auditor and the members of his immediate family have no direct or material indirect financial interest with any of the entities specified in this Circular.

   b. the external auditor has no loan to or from the entities specified or to any officer, director or principal stockholders thereof;

5. Notarized certification from PRC that the external auditor has no pending administrative and/or criminal case nor was previously convicted for crime involving moral turpitude or fraud,or declared liable by the Commission or by any court for violation of the Corporation Code or the Insurance Code.

## Accreditation – Insurance Commission: cont'd.

6. Undertaking under oath that the external auditor/partner-in-charge shall preserve his working papers or any other related documents for a period of five (5) years and making them available to the Commission's representatives when required;

7. In case of an application for general accreditation, notarized certification that the applicant has fundamental knowledge of the regulatory requirements on each of the entities covered by this Commission.

## Accreditation – Insurance Commission: cont'd.

**Documentary Requirements**

**for Auditing Firms**

For initial accreditation, a duly accomplished and notarized application form (IC Form B) shall be signed by the managing partner of the auditing firm shall be submitted to the Commission together with documents such as:

a. Copy of the firm's proposed Audit Engagement Letter
b. List of existing contracts/agreements with its audit clients
c. Written general description of quality policies or procedures adopted by the auditing firm in accordance with PSA No. 220;

## Accreditation – Insurance Commission: cont'd.

d. At the time of application shall have at least one signing practitioner or partner who is already accredited, or who is already qualified and is applying for accreditation by the Commission.

e. Other basic requirements like PTR, and certificate of registration as a public practitioner.

## COOPERATIVE DEVELOPMENT AUTHORITY

Memorandum Circular No. 2005-06
Series of 2005
Effective March 9, 2005

- All Certified Public Accountants (CPA's) duly accredited by the Professional Regulatory Commission – Board of Accountancy (PRC – BOA) are authorized to render external audit of Cooperatives.

# -End of Presentation-

Thank You!

**Ms. Ruby R. Seballe**
Partner, BDO Alba Romeo & Co., CPAs