

BACKGROUND NOTE ON ACTION PLANS

Action Plans are developed by IFAC members and associates to address policy matters identified through their responses to the IFAC Compliance Self-Assessment Questionnaires. They form part of a continuous process within the IFAC Member Body Compliance Program to support the ongoing development and improvement of the accountancy profession around the world.

Action Plans are prepared by members and associates for their own use based on the national frameworks, priorities, and processes and challenges specific to each jurisdiction. As such, they will vary in their objectives, content and level of detail, consistent with their differing national environments and stages of development, and will be subject to periodic review and update.

Refer to Responses to the Part 1 Assessment of the Regulatory and Standard-Setting Framework Questionnaire and Part 2 SMO Self-Assessment Questionnaire provide background information on each member and associate their environment and existing processes. These responses may be viewed at: http://www.ifac.org/ComplianceAssessment/published_surveys.php.

Use of Information

Please refer to the Disclaimer published on the Compliance Program website.

ACTION PLAN

IFAC Member/Associate:	Philippine Institute of Certified Public Accountants (PICPA)
Approved by Governing Body:	National Board of the Philippine Institute of Certified Public Accountants
Date Approved:	August 2011
Date Published:	August 2011

GLOSSARY

AASC	Auditing and Assurance Standards Council
ACPACI	Association of CPA in Commerce and Industry
ACPAE	Association of CPAs in Education
ACPAPP	Association of CPA in Public Practice
BOA	Board of Accountancy
CHED	Commission on Higher Education
COA	Commission on Audit
CPA	Certified Public Accountant
CPE/CPD	Continuing Professional Education/Continuing Professional Development
ETC	Educational Technical Council
FRSC	Financial Reporting Standards Council
GAAP	Generally Accepted Accounting Principles
GAAS	Generally Accepted Auditing Standards
GACPA	Government Association of Certified Public Accountants
GIFMIS	Government Integrated Financial Management Information System
GOCC	Government Owned and Controlled Corporation
I & D	Investigation and Discipline
IAASB	International Assurance and Auditing Standards Board
IAESB	International Accounting Education Standard Board
IAPS	International Auditing Practice Statement
IES	International Education Standards
IESBA	International Ethics Standards Board for Accountant
IFRS	International Financial Reporting Standards
IPSAS	International Public Sector Accounting Standards
IRR	Implementing Rules and Regulations
ISA	International Standard on Auditing
ISAE	International Standards on Assurance Engagements
ISQC 1	International Standard on Quality Control 1
ISREs	International Standards on Assurance Engagement
ISRSs	International Standards on Related Services
MOA	Memorandum of Agreement

NGAS	New Government Accounting System
PGAS	Philippine Government Accounting Standards
PICPA	Philippine Institute of Certified Public Accountants
PPSAS	Philippine Public Sector Accounting Standards
PRC	Professional Regulations Commission
PSASB	Public Sector Accounting Standards Board
QARD	Quality Assurance Review Division
QAREC	Quality Assurance Review Executive Committee
QARP	Quality Assurance Review Program
QRC	Quality Review Committee
RA	Republic Act
ROSC	Report on the Observation of Standards and Codes
SEC	Securities and Exchange Commission
SMO	Statements of Membership Obligation
TCA	Technical Committee for Accountancy
TRO	Temporary Restraining Order
TWG	Technical Working Group

Action Plan Subject: SMO 1 - Quality Assurance

Action Plan Objective: Continue to Use Best Endeavors to Support the Board of Accountancy (BOA) in its Efforts to Address the Requirements of SMO 1

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p><i>Background:</i></p> <p>Pursuant to Section 9 Republic Act (R.A.) No. 9298 (The Philippine Accountancy Act of 2004), the Board of Accountancy (BOA), one of forty-six (46) professional boards operating under the Professional Regulations Commission (PRC), is mandated to supervise the accounting profession and provide oversight on the quality of audits of financial statements through a review of the quality control measures instituted by auditors in order to ensure compliance with the accounting and auditing standards and practices.</p> <p>The Implementing Rules and Regulations (IRR) of R.A. 9298 which was issued on Sept 2004, requires as a condition to registration or any renewal for Individual Certified Public Accountants (CPAs), Firms or Partnerships of CPAs in Public Practice to undergo quality review in such manner as specified by the BOA. For this purpose, the IRR required the creation of a Quality Review Committee (QRC). However, instead of the QRC, a Council for Accreditation and Quality Control of Practicing CPAs was created under a Memorandum of Agreement (MOA) executed on August 12, 2009 by BOA, Securities and Exchange Commission, Bangko Sentral ng Pilipinas and Insurance Commission. The creation of the Quality Assurance Review Executive Committee (QAREC) and the Quality Assurance Review Department (QARD) by BOA was approved by the PRC.</p> <p>The events that followed were: (1) Philippine Institute of Certified Public Accountants (PICPA) as the accredited professional organization entered into a MOA with BOA to formalize its commitment for providing necessary infrastructure and mechanisms to implement the Quality Assurance Review Program (QARP); (2) PRC-BOA Resolution No. 23, Series of 2010 for the adoption of QARP was published in the Philippines Official Gazette on April 7, 2010; (3) A handbook on QARP was published in 2010 and distributed for free to all public practitioners ; (4) A number of information dissemination conferences were conducted all over the country, jointly by BOA and PICPA.</p> <p>A temporary set-back emerged when a small group of practitioners filed a case with the Regional Trial Court of Caloocan City. The group was able to secure a temporary restraining order (TRO) against the implementation of PRC BOA Resolution No.23, citing the QAR fees as being overly onerous. PRC and BOA as respondents are being represented in court by the Solicitor General of the Philippines.</p>					

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		<p>Despite the TRO, CPAs in public practice have to undergo accreditation (new and renewal) before they can conduct assurance services. Part I of the accreditation process is in compliance with the Continuing Professional Education (CPE) and Continuing Professional Development (CPD) while Part II consists of enrollment in the QARP. Part I is ongoing while Part II is on hold.</p> <p>Part I is already in place with CPAs required to attain sixty (60) CPE credit units earned over a period of three (3) years on subjects such as International Financial Reporting Standards (IFRS), International Standard on Auditing (ISA), Taxation, Professional Ethics and relevant laws. In May 2011, the BOA increased the CPD requirements for public practitioners auditing public-interest entities to eighty (80) units effective 2012; one hundred (100) units effective 2013; and one hundred twenty (120) units effective 2014. One of the requirements for accreditation is the submission to BOA of a Quality Assurance Manual developed by each individual/firm practitioners which adheres to the requirements set forth in the International Standards on Quality Control No. 1 (ISQC 1). This Quality Assurance Manual should include information on the issues of good governance, leadership within the Company, ethical requirements, client acceptance and continuance of relationship, necessary resources in terms of human resource, and its continuing professional development and performance.</p> <p>The implementation of the oversight function of the BOA was addressed with the assistance of the World Bank which is helping the Philippines in undertaking key initiatives towards strengthening the practice of accountancy in the Philippines through its Report on the Observation of Standards and Codes (ROSC) study. The 1st ROSC led to the adoption of IFRSs, ISAs and International Ethics Standards Board for Accountant (IESBA) Code of Ethics in the Philippines. In 2006 under the 2nd ROSC, it was disclosed that all recommendations under the 1st ROSC were implemented except for the oversight function. The 2nd ROSC led to a World Bank consultancy program to conceptualize and implement the oversight function in 2009 on the accreditation of CPAs.</p> <p>In the meantime, the BOA – reinforced the implementation of the IRR promulgated in 2005, which required proof of active quality control within firms as a requirement for accreditation of public practitioners. In its memorandum issued on January 6, 2011 to all applicants for 2011 accreditation—Whether initial or renewal—the BOA requested proof of participation in the quality measures adopted within the firm. While the formal structure for of the Accreditation Process Part II is being formed, the big accounting firms have been implementing ISQC 1, through peer review within the firms. Additionally, individual practitioners conduct informal peer reviews among themselves to ensure compliance with ISQC 1.</p> <p>PICPA activities and projects on SMO 1 are coordinated with the Association of CPAs in Public Practice (ACPAPP).</p>			

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<i>Implementation of Quality Assurance Review Program</i>					
1.	January 2011	Provide office space and facilities for the QARD at the PICPA Building: one room for the Committee/admin and one big room for the reviewers.	June 30,2011 Completed	Executive Director	PICPA Board of Directors, Committee on Building and Facilities
2.	July 2011	Meet with the BOA Chair and Members to discuss the issues on the temporary injunction.	July 22, 2011 Completed	PICPA President	BOA Chair and members, Legal advisers
3.	August 2011	Meet with the heads and representatives of the petitioners to discuss the issues on the QARP and how to address the issues.	August 2011	PICPA President , Executive Director	Petitioners, Legal Advisers
4.	August 2011	Create through a Board Resolution a Task Force within the Committee on Taxation and Legislations that will coordinate with Congress for the early passage of House Bill 1381.	August 2011	PICPA President and the Board	PICPA Board, Committee on Taxation and Legislation
5.	August 2011	Arrange for a meeting of BOA and the petitioners to address the issues on QARP and serve as a bridge between BOA and the petitioners to arrive at a win-win solution on the case of Petitioners vs. BOA on the temporary injunction on the QARP.	September 2011	PICPA President , Executive Director	BOA members, Petitioners, Legal Advisers
6.	October 2011	Announce and publicize the information on the Revised QARP as a result of the agreement between BOA and the petitioners.	December 2011	Committee on QAR. Executive Director	Committee on Publication, PICPA CPE/CPD Council

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7.	October 2011	Assist BOA in designing training modules for audit inspectors and reviewers under the QARP.	October 2011	PICPA Committee on QAR	CPE/CPD Council Committee on Prof Dev, Technical Director, Committee on QAR
8.	November 2011	Assist BOA in defining the qualification and responsibilities for purposes accreditation of QARP Reviewers for the nationwide implementation of the QARP.	December 2011	Technical Director	CPE/CPD Council, PICPA Speakers Bureau, Committee on QAR
9.	November 2011	Conduct trainings, workshops and seminars for CPAs of listed companies and regulated companies or with secondary licenses such as banks, insurance companies and other public interest entities to prepare them for the implementation of QAR.	December 2012	Technical Director	PICPA CPE/CPD Council/CPE on the Road/Professional Dev, Committee on QAR
10.	November 2011	Conduct trainings, workshops and seminars for Small & Medium Practitioners to prepare them for the implementation of QAR.	December 2012	Technical Director	PICPA CPE/CPD Council/CPE on the Road/Professional Dev, Committee on QAR
11.	November 2011	Seek assistance from AFA and CAPA members to provide or exchange information on best practices/experiences in implementing SMO 1.	December 2011	Executive Director	AFA and CAPA Executives and Committee on QAR

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12.	November 2011	Once the TRO is lifted, assist BOA in the full implementation of QARP by requiring all CPA members in Public Practice to comply with the QARP to qualify for membership in the Public Sector.	December 2012	PICPA President and the Board	Committee on Professional Development, Committee on QAR
13.	November 2011	Coordinate with ACPAPP in the nationwide information on QARP by holding joint symposia and conferences.	December 2012	Technical Director	ACPAPP, Committee on Professional Development, Committee on QAR The Association of CPAs in Education (ACPAE)
14.	November 2011	Provide support to BOA relative to updating of best practices to be obtained from international bodies such as the Public Company Accounting Oversight Board (PCAOB).	January 2012	Executive Director	AFA, CAPA, PCAOB
<i>Review of PICPA'S Compliance Information</i>					
15.	July 2011 Ongoing	Perform periodic review of PICPA's response to the IFAC Compliance Self-Assessment questionnaires and update sections relevant to SMO 1 as necessary.	Ongoing Quarterly	PICPA Board, Executive Director	Technical Director and Committee on QAR

Action Plan Subject: SMO 2 - International Education Standards and Other International Accounting Education Standards Board (IAESB Guidance)

Action Plan Objective: Continue to use Best Endeavors to Work with BOA and the Commission on Higher Education (CHED) to Address the requirements of SMO 2

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p><i>Background:</i></p> <p>Section 9 of R.A. No. 9298 provides BOA with the following powers and responsibilities related to International Education Standards (IES): (1) to ensure coordination with the Commission on Higher Education (CHED) or other authorized government offices that all higher educational instructions and offering of accountancy comply with the policies, standards and requirements of the course prescribed by the CHED or other authorized government offices in the areas of curriculum, faculty, library and facilities; and (2) to prepare, adopt, issue or amend the syllabi of the subjects of examinations in consultation with the academe, determine and prepare questions for the licensure examinations which shall strictly be within the scope of the syllabi of the subjects for examinations as well as administer, correct and release the result of the licensure examination.</p> <p>In its IRR, the PRC—with the recommendation of BOA—shall create an Educational Technical Council (ETC) to assist the Board in making Filipino CPAs globally competitive. The ETC was organized but did not take off because CHED appointed the Vice-Chair of the BOA as Chair of the Technical Committee for Accountancy (TCA) which duplicated the function of the ETC. The BOA then undertook key initiatives in coordination with the TCA of CHED, in the revision of the curricula for Accounting Education for undergraduate academic programs.</p> <p>Section 16 of the law requires that a candidate obtain a general average of seventy five percent (75%) with no grade lower than sixty-five (65%) in any of the given subject (theory of accounts, business law and taxation, management services, auditing theory, auditing problems, practical accounting problem I and practical accounting problem II).</p> <p>Presently BOA, along with PICPA and the Association of CPAs in Education (ACPAE), the Association of CPAs in Commerce and Industry (ACPACI), Government Association of CPAs (GACPA) and ACPAPP, are all jointly working on:</p> <ol style="list-style-type: none"> 1. Review of the curriculum for Bachelor of Science in Accountancy to update the contents and make responsive to the current demands of the market. 2. Revision of the Syllabi for the CPA Licensure Examination 					

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<p>Passers of the government Licensure exams are given the title Certified Public Accountants (CPA). To pursue their continuing professional education, PICPA and PRC formed the Joint CPE/CPD Councils that supervise the accreditation, design and conduct of CPE/CPD Programs for CPA from all sectors.</p> <p>Currently only CPAs in Public Practice are required to apply or renew their accreditation every three (3) years. Before renewal, CPAs are required to complete a minimum sixty (60) CPE credit units which would include Updates on IFRS, including interpretations of ISAs, Taxation, Professional Ethics including laws, SEC rulings, and subject areas relevant to the practice of accountancy. In May 2011, the BOA increased the CPE/CPD requirements for those CPAs in Public Practice who are auditing public-interest entities -to eighty (80) units effective 2012; one hundred (100) units effective 2013; and one hundred twenty (120) units effective 2014.</p> <p>Accreditation of CPAs in Education has just started. Towards this end and pursuing the aims of the Joint CPE/CPD Councils, PICPA and the Joint CPE/CPD Councils signed a MOA with the CHED in May, 2011 for a grant from the latter of P4,050,000 to fund the upgrading and enhancement of education/training of accounting teachers nationwide. The components of the grant are Teacher Education, International Financial Reporting Standards and Interpretations, and International Standards on Auditing.</p> <p>PICPA activities and projects on SMO 2 are coordinated with ACPAE.</p>					
<i>Develop and Expand CPE/CPD Offerings</i>					
16.	April 2011	Conduct a CPE/CPD Summit of all Sectoral Representatives and VP-Sectors to gather initial inputs on issues and concerns affecting the members.	April 2011 Completed	Technical Director	Joint CPE/CPD Councils VPs for Sectors; Sectoral Directors and Regional Sectoral Representatives
17.	February 2011	Conduct CPE/CPD Forum for all CPE Providers, Trainers, and Regional Sectoral Representatives.	June 22-25 2011 Completed	Technical Director	Joint CPE/CPD Councils VPs for Sectors; Sectoral Directors

#	Start Date	Actions	Completion Date	Responsibility	Resource
18.	July 2011	Expand PICPA CPE/CPD Council that will work jointly with PRC CPE-CPD Council to put in place the strict evaluation and monitoring of CPE/CPD Programs.	July 2011 Completed	PICPA President and the Board	Joint PRC and PICPA CPE/CPD Council; CPE on the Road
19.	July 2011	Conduct Gap and Training Needs Analysis to determine CPE/CPD programs to be developed and offered to members (additional inputs to be gathered through a nationwide survey).	December 2011	VP for Sectors, Technical Director	Committee on Professional Development and Research; Committee on Membership Chapter Presidents
20.	July 2011	Screen and accredit qualified resource speakers and create a Speakers Bureau for CPE/CPD.	October 2011	Technical Director	Joint PRC and PICPA CPE/CPD CPE on the Road Committee
21.	July 2011	Develop modules on various CPE/CPD Programs that will be offered to the members: Basic Courses and Advanced Courses; Specialized Courses.	October 2011	Technical Director	CPE/CPD on the Road; Committee on Professional Development
22.	July 2011	Coordinate with the ACPAE to finalize plans or programs for accountants in academics and for the dissemination of information nationwide.	October 2011	VP for Education Sector Technical Director	President and officers of ACPAE, Sectoral Directors for Education, Regional Sectoral Representatives for Education
23.	July 2011	Expand the CPE on the Road Committee created in 1997 to provide speakers for the chapters all over the country.	September 2011	PICPA President and the Board	CPE/CPD on the Road; Committee on Professional Development
24.	July 2011	Conduct a review of the self-assessment on the requirements of SMO 2 together with ACPAE and representatives from the BOA and CHED.	September, 2011	Technical Director	CPE/CPD Councils, President of ACPAE, BOA/ CHED Representatives

#	Start Date	Actions	Completion Date	Responsibility	Resource
25.	July 2011	Create a Committee on IES that will conduct a study on IES that shall report to the Board the result of the study for official endorsement to appropriate bodies (BOA/CHED).	January 2012	PICPA Board Technical Director	PICPA Board, VP Education Sector, BOA, Joint CPE/CPD Councils
26.	July 2011	Expose proposed IES issued by the IAESB in the PICPA website and encourage members to comment on exposure drafts.	Ongoing As drafts of IES are issued	Technical Director	Committee on Website and Publication
27.	July 2011	Implement CHED-PICPA MOA by creating a Technical Working Group (TWG) within the CPE/CPD Council that will focus on the redesign and enhancement of the existing modules on Teacher Education, IFRSs, and ISAs.	September 2011	PICPA Board Technical Director	Joint CPE/CPD Councils, ACPAE, VP Education
28.	July 2011	Brief and instruct seasoned lecturers from the PICPA speakers pool on the enhanced modules to serve as the resource persons in “Training the Trainers” for the nationwide education accountancy teachers.	October 2011	CPE/CPD Councils Technical Director	PICPA Speakers Bureau Joint CPE/CPD TWG, ACPAE
29.	July 2011	Launch a nationwide education drive for accountancy teachers on IFRSs, ISAs, Teacher Education including communication techniques and skills.	January 2012	Technical Director	Joint CPE/CPD Councils PICPA Speakers Bureau, ACPAE
30.	November 2011	Create a TWG within the Joint CPE/CPD Councils that will study and initiate pre-qualification criteria for CPAs in education before they can handle or teach accountancy subjects.	December 2011	PICPA Board, Joint CPE/CPD Councils	VP for Education, Regional Sectoral Representatives for Education, ACPAE
<i>Review of PICPA’s Compliance Information</i>					

#	Start Date	Actions	Completion Date	Responsibility	Resource
31.	July 2011 Ongoing	Perform periodic review of PICPA's response to the IFAC Compliance Self-Assessment questionnaires and update sections relevant to SMO 2 as necessary.	Ongoing Quarterly	PICPA Executive Director	Committee on IES, Technical Director, ACPAE

Action Plan Subject: SMO 3 - International Standards, Related Practice Statements and Other Papers issued by the International Assurance and Auditing Standards Board (IAASB)
Action Plan Objective: Use Best Endeavors for the Adoption of ISAs

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p><i>Background:</i></p> <p>Under Section 9, Subsection 3 of R.A. 9298, the BOA shall monitor the conditions affecting the practice of accountancy and adopt such measures, including promulgation of accounting and auditing standards, rules and regulations and best practices as may be deemed proper for the enhancement and maintenance of high professional, ethical, accounting and auditing standards. BOA shall monitor the conditions provided that domestic accounting and auditing standards rules and regulations shall include the international accounting and auditing standards, and are generally accepted best practices.</p> <p>In 2006, in accordance with the IRR, the BOA created an auditing standard setting body known as the Auditing and Assurance Standards Council (AASC) to assist BOA in carrying out its powers and functions. The AASC is composed of a senior practitioner in public accountancy as Chairman and sixteen (16) representatives from the following: BOA – 1; SEC – 1; BSP-1; Commission on Audit (COA) -1; Association of CPAs in Public Practice – 1; Accredited National Professional Organization of CPAs which is PICPA: PICPA Public Practice Sector – 6; PICPA Commerce and Industry Sector -1; PICPA Education Sector -1; and PICPA Government Sector – 1.</p> <p>The AASC is the body authorized to establish and promulgate generally accepted auditing standards (GAAS) in the Philippines, and recommend them to BOA and PRC for adoption in the Philippines. The AASC pronouncements are adopted from the International Standards on Quality Control, Auditing, Review, Other Assurance and Related Services and International Practice Statements issued by the International Auditing and Assurance Standards Board (IAASB). Compliance with the standards is monitored by an external body, the Securities and Exchange Commission (SEC), a government regulator.</p> <p>As of today, the PRC and BOA have approved the following revised and redrafted standards as recommended by AASC for adoption: ISQC 1; thirty seven International Standards on Auditing (ISAs); eleven (11) International Auditing Practice Statement (IAPSSs); four (4) International Standards on Review Engagement (ISREs); three (3) International Standards on Assurance Engagements (ISAEs); and, two (2) International Standards on Related Services (ISRSs).</p>					

#	Start Date	Actions	Completion Date	Responsibility	Resource
PICPA activities on SMO 3 are coordinated with ACPACI, ACPAPP and ACPAE.					
<i>Adoption and Implementation of IAASB Standards, Related Practice Statements and Other Papers</i>					
32.	July 2011	Assist the AASC in the review of amendments of ISAs and Practice Statements.	Ongoing	VP- Public Sector	AASC, Committee on Professional Development Sectoral Representatives
33.	July 2011	Expose proposed amendments to ISAs and other Standards and Practice Statements to the different stakeholders/users.	Ongoing	Technical Director	Committee on Website and Publication, Chapter Presidents, Sectoral Councils
34.	July 2011	Assist AASC in gathering comments/suggestions on the exposure drafts.	Ongoing	Technical Director	PICPA members in public practice, ACPAPP
35.	July 2011	Coordinate with AASC for the fast tracking of the submission of the reviewed ISAs and other Standards and Practice Statements to PRC BOA for final adoption.	Ongoing	PICPA Board	VP for Public Practice, ACPAPP, PRC, BOA
36.	July 2011	Assist AASC in the exposure and distribution of the approved ISAs and other Standards and Practice Statements to stakeholders and users.	Ongoing	Technical Director	PICPA members in public practice, ACPAPP
37.	July 2011	Conduct seminars on the interpretation and applications of the ISAs and other Standards and Practice Statements.	Ongoing	Technical Director	PICPA members in public practice, ACPAPP
38.	July 2011	Coordinate with ACPAE and ACPAPP in the nationwide dissemination and information campaign.	September 2011	Technical Director	PICPA members in public practice, ACPAPP, ACPACI, ACPAE

#	Start Date	Actions	Completion Date	Responsibility	Resource
39.	July 2011	Form discussion groups to tackle issues arising from the standards and practice statements application.	October 2011	Technical Director	Committee on Professional Development, ACPAPP
40.	July 2011	Review of the ISA guide for Small and Medium Practitioners.	December 2011	Technical Director	AASC and PICPA Staff and IFAC publications
41.	July 2011	Inclusion of the ISA Guide for Small and Medium Practitioners as part of the training provided to members.	December 2011	Technical Director	CPE on the Road Committee, Auditing and Assurance Standard Council
<i>Review of PICPA's Compliance Information</i>					
42.	July 2011 Ongoing	Perform periodic review of PICPA's response to the IFAC Compliance Self-Assessment questionnaires and update sections relevant to SMO 3 as necessary.	Ongoing Quarterly	PICPA Board Executive Director	AASC, PICPA Committee on Professional Development, PICPA CPE on the Road Committee

Action Plan Subject: SMO 4 - IESBA Code of Ethics for Professional Accountants
Action Plan Objective: Continue to Use Best Endeavors for the Adoption of the 2010 IESBA Code Of Ethics by the Board Of Accountancy in the Philippines in Compliance with the Requirements of SMO 4

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Background:</i>					
<p>PICPA is responsible for establishing ethical requirements with regards to its members. The Institute has adopted a version of the IESBA Code of Ethics issued prior to 2010 with minor modifications which take into account local circumstances. PICPA disseminates the ethical requirements through its website and organizes courses on the IESBA Code.</p> <p>On July 22, 2011, the PICPA Board approved and fully adopted the 2010 Edition of the IESBA Code of Ethics. This was sent to the Board of Accountancy for a final decision to be made in September by PICPA and BOA after a final exposure..</p>					
<i>Adoption of the 2010 IFAC Code of Ethics</i>					
43.	December 2010	Review and make necessary recommendations for the adoption of the 2010 IESBA Code of Ethics.	Jan 2011 Completed	PICPA Board Technical Director	PICPA Ethics Committee, BOA Ethics task force
44.	December 2010	Conduct consultations (road shows) with various sectors for the adoption of the 2010 Edition of the IESBA Code of Ethics. Symposiums and consultations were held in Luzon, Visayas, Mindanao, Metro Manila Geographical Areas.	March to June 2011 Completed	Technical Director BOA Ethics task force	PICPA Ethics Committee, BOA Ethics task force
45.	December 2010	Post the 2010 Edition of the IESBA Code of Ethics on the PICPA website for exposure to all members and other stakeholders.	March to June 2011 Completed	Executive Director	PICPA Committee on Website and Publications
46.	July 2011	Recommend to the PICPA Board the adoption of the 2010 Code of Ethics.	July 22, 2011 Completed	PICPA Ethics Committee	PICPA Ethics Committee PICPA BOARD

#	Start Date	Actions	Completion Date	Responsibility	Resource
47.	July 2011	Recommend to the BOA the adoption of the 2010 Code of Ethics.	July 25, 2011 Completed	PICPA Board	Committee on Ethics PICPA Board
48.	July 2011	Inclusion of the 2010 Code of Ethics in the CPE programs for members.	December 2011	Technical Director	CPE/CPD Councils CPE on the Road Committee
49.	July 2011	Launch the Adoption of the 2010 Code of Ethics together with BOA.	January 2012	PICPA President	BOA, Committee on Ethics Committee on Publication
50.	July 2011	Develop monitoring system to ensure compliance with new and revised Code of Ethics.	January 2012	Technical Director	Committee on Ethics, Ethics Board
<i>Review of PICPA's Compliance Information</i>					
51.	July 2011 Ongoing	Perform periodic review of PICPA's response to the IFAC Compliance Self-Assessment questionnaires and update sections relevant to SMO 4 as necessary.	Ongoing Quarterly	PICPA Board Executive Director	Committee on Ethics

Action Plan Subject: SMO 5 - International Public Sector Financial Reporting Standards (IPSAS)
Action Plan Objective: Continue to use Best Endeavors for the Implementation of IPSAS by the Commission on Audit in Compliance with SMO 5.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p><i>Background:</i></p> <p>Presidential Decree No. 898 (March 3, 1976) has given the Commission on Audit (COA) the authority and power on all matters relating to auditing and accounting procedures, systems and controls for the Philippine government. Presidential Decree No. 1445 otherwise known as the Government Code of the Philippines mandated COA to promulgate accounting and auditing rules and regulations in the Philippines.</p> <p>As such, the government has adopted the Philippine Government Accounting Standards (PGAS) by virtue of COA Resolution No. 2006-006 (January 31, 2006) as its <i>standards</i> for government accounting. Additionally, the Government adopted the New Government Accounting System (NGAS) under COA Circular No. 2001-004 (October 30, 2001) as the <i>system</i> for government accounting. PGAS consists of thirteen (13) government accounting standards promulgated by COA.</p> <p>On Oct, 2008, COA formed a Technical Working Group (TWG) and Sub-Technical Working Group in July 2009 to harmonize the PGAS with IPSAS and to update NGAS and Chart of Accounts. The COA has prepared a comparative matrix of PGAS and IPSAS and assessed its compliance, studied and reviewed IPSAS and prepared working papers to identify which standards are not applicable and need modification. The Philippine Application Guidance will be integrated in the Philippine Public Sector Accounting Standards (PPSAS) which shall be submitted with IPSAS for promulgation by the Commission Proper.</p> <p>The COA Commissioner, Juanito G. Espino Jr., is a former PICPA officer and currently is the Head of Public Sector Accounting standards Board (PSASB). The PSASB which is composed of one Commissioner, Assistant Commissioners of National Government Sector, Corporate Government Sector, Local Government Sector, Government Accountancy Sector and Planning, Finance and Management Sector.</p> <p>A foreign grant from German bank Kreditanstalt fur Wieteraufbau (KfW) was received in March 2010 to help with the implementation of these efforts. The original Work Plan envisioned completion of the harmonization project by September 2011 but due to volume of work and limited time of TWG and Sub-TWG, there is a proposal to extend the project until July 2012.</p>					

#	Start Date	Actions	Completion Date	Responsibility	Resource
		<p>Based on the TWG Accomplishment Report, as of June 30, 2011, 20 IPSASs have been studied and reviewed where eight (8) still require to be studied and reviewed. TWG proposes the implementation of the 23 IPSASs with Philippine Application Guidance which will be named the Philippine Public Sector Accounting Standards (PPSAS) in 2013 with an additional five (5) IPSASs to be implemented in 2014.</p> <p>Two (2) of the IPSASs are not applicable and consequently will not be adopted, which are the IPSAS 7 – Investments in Associates and IPSAS 10 – Financial reporting in Hyperinflationary Economies.</p> <p>The TWG output shall be discussed in Focus Group Discussion with national government agencies and local government units’ financial and management personnel (finance officers, accountants and budget officers) and auditors before the end of the year to solicit comments/inputs. The final output together with a COA Resolution shall be submitted to the PSASB and Commission Proper for approval.</p> <p>Under COA Resolution No. 2008-12 dated October 10, 2008, PSASB shall assist the Commission Proper in formulating and implementing Public Sector Accounting Standards (PSAS), and establish and maintain linkages with international bodies, professional organizations and academe on accounting and related fields and financial management.</p> <p>Another government-related initiative pertaining to financial accounting or management information system, is the Government Integrated Financial Management Information System (GIFMIS) Project. This project is under the Public Financial Management Program. GIFMIS aims to improve efficiency of a government’s financial management in addition to facilitating the adoption of modern public expenditure practices that are consistent with international standards and benchmarks.</p> <p>Other relevant information on SMO 5:</p> <ul style="list-style-type: none"> • Focus Group Discussion with Finance officers and accounting personnel and auditors shall be conducted before the end of the year • Funding for nationwide training from August 2012 onwards shall be charged against the agencies’ operating budget in that year. • National Government Agencies and Local Government Units shall implement the IPSAS with Philippine Application Guidance to be called as PPSAS. 			

#	Start Date	Actions	Completion Date	Responsibility	Resource
All Government Owned and Controlled Corporations (GOCC) in the Philippines have been preparing financial statements according to IFRS since 2005. PICPA activities and projects on SMO 5 are coordinated with ACPAE and GACPA.					
<i>Support the Adoption and Implementation of IPSAS</i>					
52.	August 2011	Meet with the COA Assistant Commissioner-in-charge and the Director Head of TWG of COA to get an update on the development of the implementation of IPSAS in the Philippines.	July 2011 Completed	Executive Director	COA Commissioner, COA Director, Head of the TWG
53.	August 2011	Create a PICPA TWG to study IPSAS and be ready for its roll out and nationwide dissemination while waiting for approval from COA for implementation approval.	August 2011	PICPA Board	VP Government, Sectoral Representatives on Government
54.	August 2011	Coordinate and meet with the COA Commissioner and the head of the PGAS Board to formalize an agreement to have a MOA for the assistance in the implementation of IPSAS.	August 2011	PICPA President	COA Commissioner, PICPA President, Heads of both COA and BIR Tech Working Groups
55.	August 2011	Obtain Board Resolution on the commitment of PICPA to assist COA in the implementation of IPSAS, defining the roles of the Geographical Area Chairs, the Regional Council Chairs and the Chapter Presidents.	August 2011	PICPA President and the Board	Members of the PICPA Board ; VP Government; Government Sectoral Representatives
56.	September 2011	Sign MOA between COA and PICPA for the joint launching of a training program for the CPAs in government.	October 2011	Executive Director and PICPA President	COA Commissioner, COA PGASB PICPA VP for Government Sector, PICPA President

#	Start Date	Actions	Completion Date	Responsibility	Resource
57.	September 2011	Identify all national and local government agencies, instrumentalities and units that will be mandated to adopt IPSAS.	December 2011	VP for Govt Sector	PICPA Regional Council Chairs and PICPA Chapter Presidents and Heads of Govt Agencies Nationwide
58.	September 2011	Profile all PICPA and Non-PICPA CPAs in government and determine the number of government accountants, their subordinates and superiors who need to be trained for IPSAS.	December 2011	VP for Govt Sector	PICPA Regional Council Chairs and PICPA Chapter Presidents and Heads of Govt Agencies Nationwide
59.	November 2011	Organize an IPSAS Speakers Pool for the nationwide implementation of IPSAS.	December 2011	Technical Director	CPE/CPD Council, PICPA Speakers Bureau, ACPAE
60.	December 2011	Train the Trainers for the 1 st twenty three (23) IPSAS.	January 2012	VP Gov Sector	Technical Director, PICPA Speakers Bureau, ACPAE
61.	January 2012	Meet with the COA PGASB Board to coordinate and synchronize activities on the nationwide information and training program for the 1 st twenty three (23) IPSAS.	January 2012	Executive Director , VP Govt Sector	COA PGASB, Head of TWG, Technical Director, Speakers Bureau
62.	February 2012	Assist COA in training government accountants nationwide on the 1 st twenty three (23) IPSAS.	December 2012	Executive Director , VP Govt Sector	COA PGASB, Head of TWG, Technical Director, Speakers Bureau
63.	February 2012	Implement Nationwide of the 1 st twenty three (23) IPSAS.	January 2013	COA Chairman and PICPA President	COA, Executive Director, Technical Director, VP for Govt Sector, Heads of Government Agencies
64.	February 2012	Train the Trainers for the next six (6) IPSAS.	January 2013	VP Gov Sector	Technical Director, PICPA Speakers Bureau

#	Start Date	Actions	Completion Date	Responsibility	Resource
65.	January 2013	Assist COA in training government accountants nationwide on the next six (6) IPSAS.	December 2013	Executive Director , VP Govt Sector	COA PGASB, Head of TWG, Technical Director, Speakers Bureau, ACPAE
66.	January 2013	Implement the next six (6) IPSAS nationwide.	January 2014	COA Chairman and PICPA President	COA, Executive Director, Technical Director, VP for Govt Sector, Heads of Government Agencies
<i>Review of PICPA's Compliance Information</i>					
67.	July 2011 Ongoing	Perform periodic review of PICPA's response to the IFAC Compliance Self-Assessment questionnaires and update sections relevant to SMO 5 as necessary.	Ongoing Quarterly	PICPA Executive Director	VP for Govt Sector, Technical Director

Action Plan Subject: SMO 6 - Investigation and Discipline (I&D)
Action Plan Objective: Strengthening of the Investigation and Discipline Process and in Line with SMO 6

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p><i>Background:</i></p> <p>Sub-section (i) , Section 9, of R.A. 9298 gave BOA the power to investigate any violations of the accountancy law and for this purpose issue summons and subpoena to violators or witness thereof:</p> <p>Under Section 39 of the same law, any person may bring before the PRC or BOA cases of illegal practice. The BOA shall assist the PRC in filing the appropriate charges through the concerned prosecution office in accordance with law and rules of court.</p> <p>The law provides that the BOA upon approval of the PRC may, delegate the fact-finding aspect of such investigations to the accredited national professional organization of Certified Public Accountants (PICPA).</p> <p>The articles of incorporation of PICPA provides under Article XIX, Section 1 the creation of the Ethics Board composed of a Chairman and eight (8) member to be appointed by the PICPA Board upon the recommendation of the President for a term of three (3) years provided that at least 1/3 or at least three (3) are CPAs who are also lawyers who duly licensed as members of the Integrated Bar of the Philippines.</p> <p>The Ethics Board may take cognizance and hear and decide cases: (1) involving violations of the PICPA Constitution and By-laws; (2) involving violations of the Code of Ethics; (3) involving violations of any provisions of the Rules of Professional Conduct of the BOA; and (4) involving any of the grounds provided by the Rules and Regulations of BOA. The PICPA Board on the other hand, shall have the exclusive and original jurisdiction to hear and decide cases involving any member of the Ethics Board.</p> <p>A copy of the Ethics Board’s final decision shall be forwarded to the PICPA Board and the BOA, unless the decision of the Ethics Board has been appealed to the PICPA Board in which case it is the duty of the PICPA Board to forward its final decision to the BOA, which, after the hearing may reprimand, recommend for suspension for a period not exceeding two (2) years or recommended for the revocation of his membership from PICPA. The suspension or revocation of membership shall not become final until after the approval of the PRC and upon recommendation of the BOA.</p>					

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p>Another development is House Bill No. 1381 filed in Congress, sponsored by a Congressman, to amend the Accountancy Law of 2004, which will empower the BOA to regulate public accountants. Under the proposed bill, the BOA has the power to sue and implement sanctions against erring accountants, whereas under the present law, the BOA functions as an oversight body only.</p> <p>PICPA activities and projects on SMO 6 are coordinated with ACPAE, ACPAPP, ACPACI and GACPA.</p>					
<i>Continue Raising Public Awareness of System of Investigation and Discipline</i>					
68.	January 2009	Conduct information Drive on the Code of Ethics.	Ongoing	PICPA Ethics Committee	PICPA Technical Director, PICPA Speakers Bureau
69.	July 2011	Issue a primer on <ul style="list-style-type: none"> • Violations of the Accountancy Law; • Definition of Misconduct that are punishable; • Types of Sanctions; • Liaison with Outside Bodies; • Right of Representation and Appeal 	December 2011	PICPA Ethics Committee	PICPA Technical Director, PICPA Committee on Professional Development
70.	July 2011	Publish contents of the Primer on the PICPA website.	December 2011	PICPA Executive Director	PICPA Committee on Publication and Website
<i>Maintaining Ongoing Processes</i>					
71.	July 2011	Continue to use best endeavors to ensure PICPA's investigation and disciplinary mechanism addresses all SMO 6 requirements.	Ongoing Quarterly	PICPA Board, Executive Director	PICPA Ethics Board, PICPA Committee on Ethics
<i>Review of PICPA's Compliance Information</i>					

#	Start Date	Actions	Completion Date	Responsibility	Resource
72.	July 2011 Ongoing	Perform periodic review of PICPA's response to the IFAC Compliance Self-Assessment questionnaires and update sections relevant to SMO 6 as necessary. Once updated inform IFAC Compliance staff about the updates in order for the Compliance staff to republish updated information.	Ongoing Quarterly	PICPA Executive Director	PICPA Ethics Board, PICPA Committee on Ethics

Action Plan Subject: SMO 7 - International Financial Reporting Standards (IFRS)
Action Plan Objective: Use Best Endeavors for the Adoption of IFRS

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p><i>Background:</i></p> <p>Under Section 9, Subsection 3 of R.A. 9298, the BOA shall monitor the conditions affecting the practice of accountancy and adopt such measures, including promulgation of accounting and auditing standards, rules and regulations and best practices as may be deemed proper for the enhancement and maintenance of high professional, ethical, accounting and auditing standards: Provided, That domestic accounting and auditing standards rules and regulations shall include the international accounting and auditing standards, and generally accepted best practices.</p> <p>In Section 9A of its implementing rules and regulations, BOA created an accounting standard setting body known as the Financial Reporting Standards Council (FRSC) to assist BOA in carrying out its powers and functions provided in Section 9, 7th paragraph of R.A. 9298. The FRSC is composed of a senior practitioner in any scope of accounting practice as Chairman and fourteen (14) representatives from the following: BOA – 1; Securities and Exchange Commission (SEC) – 1; BSP -1; BIR -1; COA -1; A major organization composed of preparers and users of financial statements – 1; Accredited National Professional Organization which is PICPA on Public Practice Sector – 2; PICPA Commerce and Industry Sector 2; PICPA Education Sector -2; and PICPA Government Sector – 2.</p> <p>The FRSC is the body authorized to establish and promulgate generally accepted accounting principles (GAAP) in the Philippines, and recommends them to BOA and PRC for adoption in the Philippines. The FRSC pronouncements are adopted from the International Accounting Standards Board (IASB). Compliance with the standards is monitored by an external body called the Securities and Exchange Commission (SEC)</p> <p>FRSC has reviewed and recommended all IAS/IFRS, IFRIC issued by IASB for adoption. PRC and BOA have approved all the recommendations of FRSC for adoption in the Philippines.</p> <p>On December 11, 2009, SEC served notice that the following entities are covered by IFRS for SMEs effective January 1, 2010: Have total assets between P3M and P350M or total liabilities between P3M and P250M; not holders of secondary licenses issued by a</p>					

regulatory agency such as banks, investment houses, finance companies, insurance companies, securities brokers/dealers, mutual funds and pre-need companies; not in the process of filing their financial statements for the purpose of issuing any class of instruments in the public market; and are not public utilities.					
PICPA activities and projects on SMO 7 are coordinated with ACPAE, ACPACI and ACPAPP.					
<i>Support the Adoption and Implementation of IFRS</i>					
73.	July 2011	Assist the FRSC in the review of amendments of IAS and Practice Statements.	Ongoing	VP- Public Sectors	FRSC, Committee on Professional Development Sectoral Representatives
74.	July 2011	Expose proposed amendments to IAS/IFRS and other Standards and Practice Statements to the different stakeholders/users.	Ongoing	Technical Director	Committee on Website and Publication, Chapter Presidents, Sectoral Councils
75.	July 2011	Assist FRSC in gathering comments/suggestions on the exposure drafts.	Ongoing	Technical Director	PICPA members in public practice, ACPAPP
76.	July 2011	Coordinate with FRSC for the fast tracking of the submission of the reviewed ISAs and other Standards and Practice Statements to PRC BOA for final adoption.	Ongoing	PICPA Board	VP for Public Practice, ACPAPP, PRC, BOA
77.	July 2011	Assist FRSC in the exposure and distribution of the approved ISAs and other Standards and Practice Statements to stakeholders and users.	Ongoing	Technical Director	PICPA members in public practice, ACPAPP
78.	July 2011	Conduct seminars on the interpretation and applications of the IAS/IFRS, and other Standards and Practice Statements.	Ongoing	Technical Director	Chapter Presidents, ACPAE, ACPAPP, ACPACI

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79.	July 2011	Coordinate with ACPAPP, ACPAE, and ACPCI in dissemination and information campaign.	September 2011	Technical Director	Chapter Presidents, ACPAE, ACPAPP, ACPACI
80.	July 2011	Coordinate with ACPAE in the nationwide dissemination and information campaign.	September 2011	Technical Director	PICPA members in academe, ACPAE, ACPAPP, ACPACI
81.	July 2011	Form discussion groups to tackle issues arising from the standards and practice statements application.	September 2011	Technical Director	Committee on Professional Development, ACPAPP
<i>Review of PICPA's Compliance Information</i>					
82.	July 2011 Ongoing	Perform periodic review of PICPA's response to the IFAC Compliance Self-Assessment questionnaires and update sections relevant to SMO 7 as necessary.	Ongoing Quarterly	PICPA Board Executive Director	FRSC, PICPA Committee on Professional Development, PICPA CPE on the Road Committee