

SUBMISSION OF ANNUAL AUDIT REPORT (AAR)

BSP CIRCULAR NO. 554, s. 2006, December 21, 2006

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/82e8951eb2fd/>

Pursuant to Monetary Board Resolution No. 1470 dated 30 November 2006, the

Manual of Regulations for Banks (MORB) is hereby amended, as follows:

SECTION 1. The following provisions of Subsection X 166.1 on Financial Audit is hereby amended to read, as follows:

“Sec. X166.1 Financial Audit. Banks shall cause an annual financial audit by an external auditor acceptable to the BSP not later than thirty (30) calendar days after the close of the calendar year or the fiscal year adopted by the bank. Report of such audit shall be submitted to the board of directors or country head, in the case of foreign bank branches, and the appropriate supervising and examining department of the BSP no later than one hundred twenty (120) calendar days after the close of the calendar year or the fiscal year adopted by the bank. The report to the BSP shall be accompanied by the (1) Certification by the external auditor on the: (a) dates of start and termination of audit; (b) date of submission of the financial audit report and certification under oath stating that no material weakness or breach in the internal control and risk management systems was noted in the course of the audit of the bank to the board of directors or country head; and (c) the absence of any direct or indirect financial interest and other circumstances that may impair the independence of the external auditor; (2) Reconciliation Statement between the AFS and the balance sheet and income statement for bank proper (regular and FCDU) and trust department submitted to the BSP, including copies of adjusting entries ON THE RECONCILING ITEMS; and (3) other information that may be required by the BSP.”

x x x

“Government-owned or controlled banks, including their subsidiaries and affiliates, as well as other financial institutions under BSP supervision which are under the concurrent jurisdiction of the Commission on Audit (COA) shall be exempt from the aforementioned annual financial audit by an acceptable external auditor: Provided, That when warranted by supervisory concern such as material weakness/breach in internal control and/or risk management systems, the Monetary Board may, upon recommendation of the appropriate supervising and examining department of the BSP, require the financial audit to be conducted by an external auditor acceptable to the BSP, at the expense of the institution concerned: Provided further, That when circumstances such as, BUT NOT LIMITED TO, loans from multilateral financial institutions, privatization, or public listing warrant, the financial audit of the institution concerned by an acceptable external auditor may also be allowed.

BANKS AND OTHER FINANCIAL INSTITUTIONS UNDER THE CONCURRENT JURISDICTION OF THE BSP AND COA SHALL, HOWEVER, SUBMIT A COPY OF THE ANNUAL AUDIT REPORT (AAR) OF THE COA TO THE APPROPRIATE SUPERVISING AND EXAMINING DEPARTMENT OF THE BSP WITHIN THIRTY (30) BANKING DAYS AFTER RECEIPT OF THE REPORT BY THE BOARD OF DIRECTORS. THE AAR SHALL BE ACCOMPANIED BY THE: (1) CERTIFICATION BY THE INSTITUTION CONCERNED ON THE DATE OF RECEIPT OF THE AAR BY THE BOARD OF DIRECTORS; (2) RECONCILIATION STATEMENT BETWEEN THE AFS IN THE AAR AND THE BALANCE SHEET AND INCOME STATEMENT OF BANK PROPER (REGULAR AND FCDU) AND

TRUST DEPARTMENT SUBMITTED TO THE BSP, INCLUDING COPIES OF ADJUSTING ENTRIES ON THE RECONCILING ITEMS; AND (3) OTHER INFORMATION THAT MAY BE REQUIRED BY THE BSP.

THE BOARD OF DIRECTORS OF SAID INSTITUTIONS, IN A REGULAR OR SPECIAL MEETING, SHALL CONSIDER AND ACT ON THE AAR, AS WELL AS ON THE COMMENTS AND OBSERVATIONS AND SHALL SUBMIT, WITHIN THIRTY (30) BANKING DAYS AFTER RECEIPT OF THE REPORT, A COPY OF ITS RESOLUTION TO THE APPROPRIATE SUPERVISING AND EXAMINING DEPARTMENT OF THE BSP. THE RESOLUTION SHALL SHOW THE ACTION(S) TAKEN ON THE REPORT, INCLUDING ON THE COMMENTS AND OBSERVATIONS AND THE NAMES OF THE DIRECTORS PRESENT AND ABSENT, AMONG OTHER THINGS.”

X X X

SECTION 2. The “Checklist of BSP Requirements in the Submission of Financial Audit Report and Reports Required under Section 7 of Circular No. 410” is hereby renamed “Checklist of BSP Requirements in the Submission of Financial Audit Report (FAR), Annual Audit Report (AAR) and Reports Required Under Section 7 of Circular No. 410” (Appendix to Subsec. X166.1) and amended as attached.

SECTION 3. The foregoing amendments are hereby adopted as amendments to the Q-Regulations, N-Regulations and S-Regulations of the Manual of Regulations for Non-Bank Financial Institutions (MORNBFI).

This Circular shall take effect fifteen (15) days following its publication either in the Official Gazette or in a newspaper of general circulation.

Adopted: 22 Dec. 2006

For the Monetary Board:

(SGD.) AMANDO M. TETANGCO, JR.
Governor

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.