GOVERNING THE PRACTICE OF PUBLIC ACCOUNTANCY, PROVIDING FOR THE REGISTRATION OF FIRMS AND PARTNERSHIP OF CPAS, INCLUDING PARTNERS AND STAFF MEMBERS THEREOF: AND PRESCRIBING PENA...

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WHEREAS, Section 27 of Presidential Decree No. 692 provides that firms or partnerships of certified public accountants, including partners and staff members thereof, shall register with the Professional Regulation Commission and the Board of Accountancy, such registration to be renewed every three years;

WHEREAS, said Section 27 of PD 692 further provides further provides that, subject to the approval of the Professional Regulation Commission, the Board of Accountancy shall promulgate rules and regulations for the implementation of registration requirements including the fees and the penalties for violation thereof;

WHEREAS, Section 5, par. (c) of PD 692 provides that one of the functions of the Board of Accountancy is to look from time to time into the conditions affecting the practice of the accountancy profession and whenever necessary, adopt such measures as may be deemed proper for the enhancement and the maintenance of high professional, ethical, and technical standards;

WHEREAS, Section 6, par. (a) of Presidential Decree No. 223 vests upon the Board the power to adopt such measures as may be deemed proper for the enhancement of the profession or occupation and/or the maintenance of high professional, ethical, and technical standards;

WHEREAS, the registration of firms and partnership of CPAs engaged in public accountancy, including partners and staff members thereof, will enable the Board of Accountancy to more effectively formulate and implement rules and regulations for the enhancement and maintenance of high professional, ethical, and technical standards of the accounting profession;

WHEREAS, there is a need to protect the public against fraud, deception, or the consequences of ignorance and incapacity in the practice of public accountancy;

WHEREAS, registration will help the Professional Regulation Commission and the Board of Accountancy to indentify and impose corresponding sanctions and penalties on firms and partnerships, including partners and staff members thereof, who are not authorized by law to practice public accountancy, or who violate the rules and regulations of the Board of Accountancy, or fail to adhere to the professional, ethical, and technical standards of the accounting profession;

NOW THEREFORE, be it resolved, as it is hereby resolved, to require the registration of firms and partnerships of certified public accountants, including partners and staff members thereof, with the Board of Accountancy and the Professional Regulation Commission, in accordance with Section 27 of PD No. 692 and the implementing rules and regulations set forth hereunder;

BE IT FURTHER RESOLVED, to promulgate the following rules and regulations implementing Section 27, PD

692, governing the practice of public accountancy, providing for the registration of firms and partnerships of CPAs, including partners and staff members thereof, and prescribing penalties for violations hereof.

ARTICLE I
Definition of Terms

SECTION 1. When used in these implementing rules and regulations, the following terms have the meanings indicated:

(a) Practice of public accountancy means the offering or rendering, or both, to more than one client on a fee basis or otherwise, services such as the audit or verification of financial transactions and accounting records; the preparation, signing of reports of audit of financial statements and other financial, accounting, and related schedules, analyses, exhibits, or reports which are to be used for publication or for credit purposes, or to be filed with a court or government agency, or to be used for any other purpose; the installation and revision of accounting system, the preparation of income tax returns when related to accounting procedures; or the representation of clients before government agencies on tax matters related to accounting or the rendition of professional assistance in matters relating to accounting procedures and the recording and presentation of financial facts or date.

(b) Board means the Board of Accountancy established under Presidential Decree No. 692.

(c) Commission means the Professional Regulation Commission established under Presidential Decree No. 223.

(d) Firm means an organization engaged in the practice of public accountancy, consisting of a sole practitioner and/or one or more staff members.

(e) Partnership means a professional partnership engaged in the practice of public accountancy whether or not duly registered as such with the Securities and Exchange Commission.

(f) Staffmember means a member of a firm or partnership engaged in the practice of public accountancy as defined in Sec. 1(a) below the rank of partner or sole practitioner.

(g) Certified Public Accountant (CPA) means a person who holds a valid certificate of registration issued by the Board of Accountancy to those who have satisfactorily passed the CPA licensure examination and complied with other requirements of the Board.

(h) Certificate of Registration means a statement in writing and under seal, issued by the Professional Regulation Commission upon recommendation of the Board of Accountancy, attesting that a firm or partnership of CPAs, including the partners and staff members thereof, is duly registered to practice accountancy in the Philippines.

(i) Quality Review means a study, appraisal, or review by the Board of Accountancy or its duly authorized representatives, of one or more aspects of the professional work of a firm or partnership engaged in the practice of public accountancy.

ARTICLE II
Registration

SECTION 2. Within six (6) months from the effective date of these rules and regulations, firms and partnerships of CPAs, including sole practitioner/partners and staff members thereof, already engaged in the practice of public accountancy, shall register with the Board and Commission in the manner provided for in Section 4 hereof.

SECTION 3. Firms and partnerships of CPAs organized after the effective date of these rules and regulations

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shall, including the sole practitioner/partners and staff members thereof, register with the Board and the Commission in the manner provided for in Section 4 hereof, and shall not commence the practice of public accountancy until a valid certificate of registration has been issued in accordance with Section 6 hereof.

SECTION 4. The application for registration shall be accomplished in the form prescribed by the Board, in triplicate, and duly signed by the sole practitioner or authorized partner of the applicant partnership. The application form for registration shall contain such information as may be required by the Board including, but not limited to, the following matters:

(a) Name of firm or partnership;

(b) Full name(s) of sole practitioner or partner(s) together with the number of their CPA certificates;

(c) Certificate of registration with the Securities and Exchange Commission, if any;

(d) Complete address of principal office and branch(es) or sub-Office(s), if any;

(e) Correspondent relationship with foreign CPA firms, if any;

(f) Staff member(s) who are CPAs together with the number of their CPA certificate.

SECTION 5. Any change with respect to the matter enumerated in Section 4 should be reported in writing to the Board, copy furnished the Commission, within sixty (60) days from such change. Renewals of registration shall indicate changes that have taken place since the last registration.

SECTION 6. The Board shall duly authenticate all applications for registration received in proper form, and after having passed upon such applications shall, not later than thirty (30) days after the application is filed, recommend approval or denial of the application to the Commission.

SECTION 7. No firm or partnership of CPAs duly registered under these rules and regulations shall have as its sole practitioner or partner any foreign CPA unless he qualifies to practice in the Philippines under the foreign reciprocity provision of Section 18, PD No. 692, or other relevant laws.

SECTION 8. The Commission shall, upon favorable recommendation of the Board, issue to the applicant the corresponding certificate of registration to practice public accountancy. Unless sooner revoked, cancelled or withdrawn, said certificate of registration shall be valid for three years; and shall be renewable every three years thereafter, upon payment of fees in accordance with Section 16, hereof.

ARTICLE III
Voluntary Withdrawal of Registration Reinstatement

SECTION 9. Firms or partnerships of CPAs, including sole practitioner/partners and staff members duly registered to engage in the practice of public accountancy may voluntarily withdraw their registration by filing with the Board a petition in writing stating the reason(s) therefor. The petition should be duly authenticated and signed by all the partners of the partnership, or the sole practitioner of the firm, or the individual partner(s) or staff member(s) requesting voluntary withdrawal.

SECTION 10. At the expense of the petitioners, the Board shall publish or cause the publication of the request for withdrawal of registration once in a newspaper of general circulation in the principal place of business of the firm or partnership. If there is no opposition to the petition, the Board shall recommend approval thereof to the Commission. Upon approval, the petitioner’s name shall be removed from the rolls of duly registered partnerships and firms, including partners and staff members thereof, and the petitioner shall be notified in writing of the withdrawal of the registration.

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SECTION 11. Upon recipt from the Board of written notice of the withdrawal of registration, the petitioner shall cease to engage in the practice of public accountancy.

SECTION 12. The Commission shall publish the list of firms or partnerships, including partners or staff members whose registration has been cancelled or withdrawn and shall furnish copies of the list to the pertinent government regulatory agencies.

SECTION 13. A firm or partnership or any of its partners which has voluntarily withdrawn its registration, may register anew by filing an application in accordance with Section 4 hereof.

ARTICLE IV
Quality Reviews

SECTION 14. The Board may require on a uniform basis as a condition to registration, that sole practitioner and partnerships undergo quality reviews in such manner as the Board may specify: Provided, however, That any such requirement (1) shall be promulgated reasonably in advance of the time when it is first required to be met, and (2) shall include reasonable provision for compliance by a registrant showing that it has undergone a satisfactory quality review performed for other purposes which is substantially equivalent to quality reviews and shall be made applicable to all firms and partnerships without discrimination.

ARTICLE V
Dissolution of Firm or Partnership of CPAs

SECTION 15. The dissolution of a firm or partnership of CPAs shall be reported to the Board of Accountancy by the sole practitioner or managing partner thereof not later than thirty (30) days from the date of such dissolution. The report shall be made in the form of an affidavit, or by furnishing the Board with a certified copy of the dissolution papers filed with the Securities and Exchange Commission. Failure to notify the Board of such dissolution shall subject the principal or managing partner(s) of the firm or partnership to the penalties provided herein.

ARTICLE VI
Fees and Penalties

SECTION 16. Application for initial registration, renewal and request for reinstatement, shall be accompanied by a fee of P300.00.

SECTION 17. Subject to review by the Commission and depending on the gravity of the offense(s), the Board shall suspend or revoke the CPA certificates of a sole practitioner, partner or staff member: Provided, that if the act or acts committed constitutes a criminal offense punishable under Section 22, PD 692, and other existing penal laws, the party or parties responsible shall be proceeded against criminally, independent of any action herein provided.

SECTION 18. Violations of these implementing rules and regulations shall include, but shall not be limited to the following acts by a firm or partnership, its sole practitioner, partners, or staff members:

(a) Engaging in public accounting practice without first registering with the Board and the Commission;

(b) Continuing to engage in the practice of public accountancy after the expiration of the registration;

(c) Continue to engage in the practice of public accountancy after the suspension, revocation, or withdrawal of the registration;

(d) Giving any false information, data, statistics, reports or other statement which tend to mislead obstruct, or

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secure the registration of a firm or partnership under these rules and regulations;

(e) Giving any misrepresentation to the effect that registration was secured when in truth and in fact, it was not secured;

(f) Failure/refusal to undergo quality reviews specified in Section 14, hereof;

(g) Failure to comply with the requirements provided under Section 4, hereof.

ARTICLE VII
Remission of Fines or Lifting of Sanctions Imposed

SECTION 19. Subject to the approval of the Professional Regulation Commission, the Board may, for justifiable reasons, lift sanctions imposed on any firm, partnership, its partner and staff members.

ARTICLE VIII
Effectivity

SECTION 20. These rules and regulations implementing the registration of firms and partnerships, including partners and staff members thereof, shall, upon approval by the Commission, take effect fifteen days after publication in the Official Gazette.

Adopted: 19 Feb. 1990 .

(SGD.) HERMOGENES P. POBRE
Chairman

(SGD.) LUPO S. RAMOS
Vice-Chairman

(SGD.) PURIFICACION A. UNTALAN
Member

(SGD.) GUILLERMO A. CRUZ
Member

(SGD.) JESUS A. CASIÑO
Member

(SGD.) ALEJANDRO C. REYES
Member

(SGD.) EDUARDO B. DE GUIA
Member

Approved as part of the rules and regulations governing the practice of the accountancy profession, this 19th day of February, 1990 in the City of Manila .

(SGD.) JULIO B. FRANCIA, JR.
Commissioner

(SGD.) ROSALINDA A. VICENTE
Associate Commissioner

(SGD.) MARIANO A. MENDIETA

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