

Speech for the Ombudsman Public Governance Forum

Ombudsman @25: Empowering the Nation in its Unrelenting Pursuit of Good Governance
Asian Development Bank, ADB Avenue, Ortigas Center, Pasig City
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The members of the Accountancy profession is into very challenging times nowadays. This is a period when the very theme of its Accredited Professional Organization, or its (APO), which is the Philippine Institute of Certified Public Accountants or PICPA is put to a TEST- and it is ACT NOW! A - which stands for Accountability, C- for Credibility and T- for Transparency.

These revealing times when the PDAF or Priority Development Assistance Fund issues are at the forefront of all newspapers, social media, and digital news, One could not help but ask, how could have this happened without any CPA certifying as to the correctness of supporting documents before funds were allocated, budgeted, disbursed or released?

How could have this huge and grave misuse of funds been allowed to happen without any check and balance from the very people whom we have entrusted our trust and confidence in building our country and who seem not to have been bothered by their conscience? and their acts' consequences.

It is a question bothering the mind of a CPA who believes in good governance, who believes in Accountability, Credibility and Transparency.

The CPAs in the Accountancy profession are greatly challenged to face these real issues now. We, the members of the Performance Governance System (PGS) Committee of PICPA together with all the concerned Officers of the Accountancy Profession are rapidly cascading the 2015 Roadmap of the Accountancy Profession, where our Vision is for the Accountancy Profession to be a dynamic force for national development – A Dynamic Force towards National Prosperity and Excellence with a Global Perspective.

A Roadmap where CPAs as members of the Accountancy Profession should observe at all times the Code of Good Governance for the Professions in the Philippines as well as the Code of Ethics for CPAs as well as commitment to the Integrity Pledge for CPAs.

The strategic outcome of our PGS Roadmap in the exercise of our profession would be Reliable and Credible Financial Statements, which become instruments for proper tax payments and statutory compliance and instruments for sound business decision. Reliable and credible financial reports and documents which should become the basis of any business or government decision, allocation, budget, disbursement or fund releases.

The 2003 Code of Good Governance for all Professions in the Philippines issued under Executive Order No. 220 last June 23, 2003 and updated last October 31, 2012, and particularly for us CPAs, stress that Good Governance is one pillar of a Strong republic.

The Code states the General Principle of Professional Conduct, which is VERY Important and that is- Professionals are required not only to have ethical commitment, a personal resolve to act ethically, but also have ethical awareness and ethical competency. Ethical awareness refers to the ability to discern between right and wrong, while ethical competency pertains to the ability to engage in sound moral reasoning and consider carefully the implications of alternative actions.

One could surmise that if only Professionals, particularly in our case as CPAs, will put this general principle in mind and in heart, and will really sincerely apply this to his sensibility and practice, the maladies concerning unethical practices could have been avoided.

We are further enjoined in the Code to practice the Specific Principles of Professional Conduct which are Service to Others, Integrity and Objectivity, Professional Competence, Solidarity and Teamwork, Social and Civic Responsibility, Global Competitiveness and Equality of All Professionals.

The PGS of the Accountancy Profession was born out of a strong partnership between the Institute for Solidarity in Asia (ISA) and the Professional Regulations Commission (PRC), when PRC made good governance its flagship thrust and priority. Upon the adoption of the Good Governance Code in June 2003, the Good Governance Code of Ethics was adopted by all the 42 Professional Regulatory Boards and their respective Accredited Professional Organizations (APO). The Board of Accountancy (BOA) and PICPA, as its APO, pledged to this Good Governance Code.

In an effort to ground governance to the professions, PRC handpicked nine (9) professions to install the Performance (then Public) Governance System. The Accountancy Profession was named as one of the nine professions that will serve as models to other professions.

The application of the PGS to the Accountancy profession provided a framework that would provide unity and direction to the profession's programs and activities. The PGS enabled the articulation of the profession's aspirations, captured concretely in the Accountancy Profession's Strategy Map and Governance Scorecard. The objectives and the indicators are aspects which the profession believes are critical in moving the Profession forward.

In March 2008, the Accountancy profession was conferred PGS Initiated and Compliant - a two step leap in the four stage governance pathway of ISA. The commitment made at the level of PRC - BOA and PICPA provided direction for PICPA chapters as to the quality of performance they must deliver. The Accountancy Profession's committed PGS Core Team, composed of the former PRC Chairperson, PRC-BOA Chairperson and representatives from PRC-BOA and Officers from PICPA, ensured the cascading and alignment of the strategies down to the Chapter levels.

In 2009, the Accountancy profession attained the Proficiency Level, where the Commitments were cemented by a Governance Scorecard coupled with a list of initiatives.

To date, the Accountancy Profession has surpassed other professions in its league when it overcame important milestones in the PGS Pathway. Now, the Accountancy Profession is on its journey towards Institutionalization, a commitment to national development by 2015, the year when the country hosts the APEC summit.

Through its Performance Report in a Public Governance Forum last March 2013, the Accountancy Profession was able to impress its contributions to national development and pride by boosting the quality of practice of accountancy in the country visavis international standards.

Through its APO, the Philippine Institute of Certified Public Accountants or PICPA, the Accountancy Profession takes pride and honor in receiving the Professional Regulations Commission's Outstanding Accredited Professional Organization Award, (Category A), its fourth award and recognition, in two (2)

consecutive years , in 2012 and 2013, signifying the APO's best efforts in achieving its Theme for both years, " Solidarity, Service, Social Responsibility " and " Integrity and Excellence."

Open to the ISA suggestions and recommendations for the achievement of the Institutionalization Level, the Accountancy profession had undergone a Strategy Refresh to improve its Strategy Map and Scorecard implementation and identified the aspect of Quality Assurance Review as the Area of Focus in achieving Breakthrough results for the practice of the profession.

The Accountancy Profession's vision for the road to national excellence and prosperity is not easy. The Profession needs to pass not only the tests of Competency and Integrity but also tests of Accountability, Transparency and Social Responsibility.

Our Roadmap identifies these strategies as Adherence to Professional and Ethical Standards, Compliance Monitoring, Adoption of global best practices, through Accreditation, Continuing Professional Development (CPD) Learning, Quality Assurance Review and Inspection.

For a better and clearer understanding, CPAs in the Accountancy profession are divided into four(4) sectors, namely, 1) CPAs in Public Practice, or the external auditors or CPAs who examine and audit the financial statements of companies and other non stock, non profit organizations and certify as to the fairness of the companies' financial position and results of operations; 2) CPAs in the Education sector, or CPAs in the Academe, the professors and teachers of Accounting and related subjects; 3) CPAs in Commerce and Industry, or those CPAs working with and for private companies as CFOs, Comptrollers, Accounting Managers, Accountants, etc and lastly, 4) the CPAs in the Government Sector or those working in the national and local government agencies , and other government owned and controlled corporations (GOCCs).

The Professional Regulations Commission through the Board of Accountancy regulates the CPAs in the Accountancy Profession. Currently, it is only the CPAs in the two(2) sectors, Public Practice Sector and Education Sectors, who are being required and subjected to Evaluation and Accreditation by the BOA. They are required to comply with updating their CPD requirements, which includes compliance with Code of Ethics and Good Governance requirements.

The CPAs in Public Practice are mandated to update their accreditation requirements before they can practice their profession. Likewise with the CPAs in the Education sector, it is a requirement that they have to comply with their Accreditation requirements with BOA before they are allowed to teach

Accountancy subjects. In addition, both sectors are likewise subjected to Quality Assurance Reviews, for the CPAs in the PP sector, by the government regulatory agency, - the Securities and Exchange Commission for the mandatory review of the audited and certified Financial statements they issue.

For the CPAs in the Education sector, they are currently monitored and their accreditation requirements regulated and reviewed through the volunteer and selected members of Regional Quality Assessment Team, (RQAT) who assist the Commission on Higher Education before it issues approvals and permits to the universities and colleges offering the courses on Bachelor of Science in Accountancy courses.

The CPAs in Government and Commerce and Industry sectors are those who are not covered yet with these Evaluation and Accreditation requirements by the BOA.

Compliance with these Evaluation and Accreditation requirements would mean updating with mandatory requirements in attending to one's continuing professional development (CPD), in one's integrity and competence, in the professions' global best practices in good governance and in uplifting the practice of the CPA profession in general.

On the other hand, the Profession's regulatory agencies should also be enabled and capacitated to address this regulatory requirement of Evaluation and Accreditation, Quality Assurance Review and Inspection so that they are better able to perform the government's mandate on regulation.

In closing, the CPAs in the Accountancy profession, being the at the forefront of the PGS Pathway, among all professions, should lead the example in Good Governance. And it does not do us any good that there are unresolved questions and issues posed to some members of our Profession, particularly those CPAs in positions of power and authority. We should be able to police our own ranks. And this could only be strengthened by an empowered regulatory body.

In closing, we as a nation should collectively kneel down on our knees. Believe in the power of prayer. Believe in the power of God. We are blessed with a government leadership who believes in Good Governance. We are blessed to have an Office of the Ombudsman who is determined to enhance

efficiency, effectiveness, transparency, accountability, credibility and responsiveness in the performance and mandate and function of the Office. What we need is a country that loves itself after God. We need Filipinos who love country after God.

Who knows, these tests of the times have to happen for all of us to realize that it is high time and long overdue - we do really need to implement Good Governance in running our country because we all deserve a better Philippines. We should not settle for mediocrity. We need Transformation. Always strive for Excellence, Excellence with Integrity and Good Governance. We should all stand up for Good Governance System for a better, progressive and prosperous Philippines.

Maraming marami pong salamat! Mabuhay po tayong lahat! God bless us all!

References:

- 1) 2015 Roadmap of the Philippines Accountancy Profession
- 2) Good Governance Code for the Professions in the Philippines, June 2003
- 3) Performance Report of the Accountancy Profession , March 2013