

Accounting & Auditing News



BSP Expectations for and Effective External Audit Function

The Monetary Board in its Resolution No. 363 approved on February 27, 2014 the guiding principles on the “Bangko Sentral ng Pilipinas (BSP) Expectations for an Effective External Audit Function.”

The following are the pertinent guiding principles:

- Responsibilities of the board of directors and management of financial institutions; roles of the external auditors; and the relationship between the BSP and external auditors taking into account the good governance principles embodied in the earlier issuances of the BSP as well as international best practices.
- Considering that loan provisioning requirement under prescribed financial reporting framework and BSP differs, external auditors are expected to look into the soundness of the assumptions and methodologies used under both regimes. Accordingly, external auditors are also expected to assess the adequacy and propriety of documentation of significant differences between the valuations used for financial reporting purposes and for regulatory purposes.
- External auditors are expected to charge only reasonable audit fees that will not in any way compromise the quality of the audit.
- Financial institutions shall allow external auditors “read-only” access to the BSP’s Report of Examination (ROE) to facilitate identification of possible misstatements and high risk areas relevant to the preparation of financial statements.

The said resolution is a part of continuing initiatives of the Financial Sector Forums (FSF), a voluntary inter-agency body comprised of the BSP, Securities and Exchange Commission, Insurance Commission and Philippine Deposit Insurance Corporation, to promote adherence to quality control standards in external audit.

Please contact the Technical Research Group at +63 2 581 9000 local 9088 / 9078 or e-mail phtr@deloitte.com for questions regarding this publication.

Deloitte.

Member of Deloitte Touche Tohmatsu Limited

[Home](#) | [Security](#) | [Legal](#) | [Privacy](#)

19th Floor Net Lima Plaza
5th Avenue corner 26th Street
Bonifacio Global City, Taguig
1634 Philippines

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/ph/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

Deloitte provides audit, tax, consulting, and financial advisory services to public and private clients spanning multiple industries. With a globally connected network of member firms in more than 150 countries, Deloitte brings world-class capabilities and high-quality service to clients, delivering the insights they need to address their most complex business challenges. Deloitte's approximately 200,000 professionals are committed to becoming the standard of excellence.

This publication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively, the "Deloitte Network") is, by means of this publication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser. No entity in the Deloitte Network shall be responsible for any loss whatsoever sustained by any person who relies on this publication.

© 2014 Navarro Amper & Co.