



ADVISORY No. 22-2020

TO : ALL REGULATED ENTITIES AND ACCREDITED EXTERNAL AUDITORS OF THE INSURANCE COMMISSION (IC)

SUBJECT : INSURANCE COMMISSION RULING ON IC CIRCULAR LETTER (CL) NO. 2020-61 REPORTORIAL REQUIREMENT DEADLINES AND THEIR APPLICABILITY

DATE : 14 July 2020

The Insurance Commission issued CL No. 2019-39 dated 08 August 2019 to align the framework on the selection of External Auditors (EAs) with the Securities and Exchange Commission, which is the designated agency to receive and process applications for the accreditation of EAs starting 01 January 2020.

Furthermore, CL No. 2020-61 dated 15 May 2020 was issued to supplement CL No. 2019-39 and to emphasize that the submission of reports and monitoring of compliance of EAs will be assigned to the Financial Examination Group (FEG).

Relative thereto, External Auditors seek the clarification of the IC on the following areas:

- a. Whether all reportorial requirements as required in Section 4 of CL No. 2019-39 shall be submitted to the IC's Financial Examination Group on or before 31 January of the following year as stated in Section 2.1 of IC CL No. 2020-61;
- b. Whether Sec 2.1 of CL No. 2020-61 amends the fifteen (15) days deadline stated in Section 4 of CL No. 2019-39 covering either the submissions of report on the discovery of material misstatements or if there is none to report; and
- c. Whether the deadline mentioned in CL No. 2020-61 is already applicable for the reportorial requirements for the year ended 31 December 2019 or will only be applicable starting the year ending 31 December 2020.

Upon review of the applicable IC CLs relevant to the areas raised above, the following are the responses to the queries:

- a. **All reportorial requirements shall be submitted to the IC on or before 31 January of the following year, except for item (c)**

Section 2.2. of CL No. 2020-61 provided for items or reports needed to be submitted to the IC on or before 31 January of the following year. These items cover (a) list

of EA's clients, (b) copies of engagement contracts, (c) reports on matters discovered that affect the financial condition of the regulated entities, and (d) summary of EAs clients that have pre-terminated engagements.

Except for item (c), all other reports shall be submitted to the IC on or before 31 January of the following year.

Item (c) shall be submitted fifteen (15) calendar days after the date of the discovery of the materials findings. If there is none to report, the EA shall submit within 15 calendar days after the close of the audit engagement a notarized certification that there is none to report (paragraph 2 of Section 4.3.6 of CL No. 2019-39).

To avoid confusion, the date of close of audit engagement will mean the date of the signing of the audit report.

b. Submissions of reports will cover the reporting period of 31 December 2019

All reports stated under Section 2 of IC No. CL 2020-61 covers the financial or reporting period covering 31 December 2019.

However, the IC will provide an extension until 30 September 2020 to submit reports on items (a), (b) and (d) under Section 2.2. of CL No. 2020-61.

Attached in this advisory is the reply letter to the External Auditors.

For your information and guidance.

Thank you.


DENNIS B. FUNA
Insurance Commissioner





Republic of the Philippines
Department of Finance
INSURANCE COMMISSION
1071 United Nations Avenue
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Insurance Commission Ruling No.:	06-2020
Date:	13 July 2020

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SUBJECT: IC CIRCULAR LETTER NO. 2020-61 REPORTORIAL REQUIREMENT DEADLINES AND THEIR APPLICABILITY

Dear Mr. Maute:

This refers to your e-mail to the Office of the Insurance Commissioner dated 25 June 2020 asking for clarification on the above subject.

As stated on your e-mail you would like to seek the clarification of the Insurance Commission (IC) on the following areas:

- a. Whether all reportorial requirements as required in Section 4 of CL No. 2019-39 shall be submitted to the IC's Financial Examination Group on or before 31 January of the following year as stated in Section 2.1 of IC CL No. 2020-61;
- b. Whether Sec 2.1 of CL No. 2020-61 amends the fifteen (15) days deadline stated in Section 4 of CL No. 2019-39 covering either the submissions of report on the discovery of material misstatements or if there is none to report; and
- c. Whether the deadline mentioned in CL No. 2020-61 is already applicable for the reportorial requirements for the year ended 31 December 2019 or will only be applicable starting the year ending 31 December 2020.

Upon review of the applicable IC CLs relevant to the areas raised above, the following are the response to your queries:

a. All reportorial requirements shall be submitted to the IC on or before 31 January of the following year, except for item (c)

Section 2.2. of CL No. 2020-61 provided for items or reports needed to be submitted to the IC on or before 31 January of the following year. These items covers (a) list of EA's clients, (b) copies of engagement contracts, (c) reports on matters discovered that affect the financial condition of the regulated entities, and (d) summary of EAs clients that have pre-terminated engagements.

Except for item (c), all other reports shall be submitted to the IC on or before 31 January of the following year.

Item (c) shall be submitted fifteen (15) calendar days after the date of the discovery of the materials findings. If there is none to report, the EA shall submit within 15 calendar days after the close of the audit engagement a notarized certification that there is none to report (paragraph 2 of Section 4.3.6 of CL No. 2019-39).

To avoid confusion, the date of close of audit engagement will mean the date of the signing of the audit report.

b. Submissions of reports will cover the reporting period of 31 December 2019

All reports stated under Section 2 of IC No. CL 2020-61 covers the financial or reporting period covering 31 December 2019.

However, the IC will provide an extension until 30 September 2020 to submit reports on items (a), (b) and (d) under Section 2.2. of CL No. 2020-61.

For your information and guidance.

Thank you.

Very truly yours,

DENNIS B. FUNA
Insurance Commissioner

