



Department of Budget and Management
GOVERNMENT PROCUREMENT POLICY BOARD
TECHNICAL SUPPORT OFFICE

NPM No. 93-2014

28 October 2014

MS. KEYSIE GOMEZ

Account Executive

PRINCE VALIANT INTERNATIONAL CORPORATION

R8, 3rd Floor, Gurra Bldg., No. 59 Rizal St.,

Lapaz, Iloilo City

Re: Audited Financial Statement (AFS)

Dear Ms. Gomez:

This refers to your letter sent through electronic mail (email) seeking our opinion on the following issues:

- a. Is an AFS stamped “received” by government banks, such as Landbank, sufficient compliance with the eligibility requirement under Republic Act (RA) No. 9184 and its revised Implementing Rules and Regulations (IRR)?
- b. What institutions are classified under “duly accredited and authorized institutions” in Clause 12.1(a)(iv) of the Instruction to Bidders (ITB) of the Philippine Bidding Documents (PBDs) for goods?

Relative to your 1st query, ITB Clause 12.1(a)(iv) provides that, unless otherwise indicated in the Bid Data Sheet (BDS), the first envelope shall contain, among others, audited financial statements, stamped “received” by the Bureau of Internal Revenue (BIR) or *its duly accredited and authorized institutions*, for the preceding calendar year, which should not be earlier than two (2) years from bid submission. This requirement is in compliance with Section 23.1(a)(v) of the revised IRR of RA 9184.

Moreover, in relation to the AFS, Sections 26 and 28 of the IRR of Republic Act (RA) 9298¹ mandates that no person shall engage in the practice of public accountancy unless he/she is a Certified Public Accountant (CPA) and has received a certificate of accreditation from the Board of Accountancy (BOA). Thus, for purposes of participation in

¹ Philippine Accountancy Act of 2004.

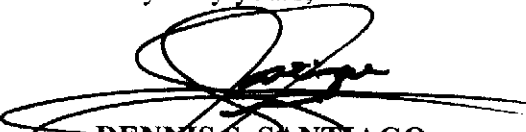
public bidding, the CPA who prepares the AFS must be accredited by the BOA, since audit of the AFS is considered "practice of public accountancy" under 4(a) of RA 9298.²

As regards what establishments are classified as "duly accredited and authorized" institutions in Clause 12.1(a)(iv), a list of accredited and authorized institution may be requested from the Bureau of Internal Revenue, being the agency that implements the accreditation and authorization process of these establishments.

In view of the foregoing, we wish to stress that only AFS, stamped "received" by the BIR or its duly accredited and authorized institutions, for the preceding calendar year which should not be earlier than two (2) years from the date of bid submission, is acceptable as eligibility document. Moreover, a Certified Public Accountant, who prepares an AFS, must be accredited by the Board of Accountancy. Additionally, in determining whether an institution is accredited and authorized by the BIR, verification can be made with the said agency.

We hope that this opinion issued by the GPPB-TSO provided sufficient guidance on the matter. Note that this is issued on the basis of particular facts and situations presented, and may not be applicable given a different set of facts and circumstances. Should there be other concerns, please do not hesitate to contact us.

Very truly yours,


DENNIS S. SANTIAGO
Executive Director

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² Practice of Public Accountancy - shall constitute a person, be it his/her individual capacity, or as a staff member in an accounting or auditing firm, holding out himself/herself as one skilled in the knowledge, science and practice of accounting, and as a qualified person to render professional services as a certified public accountant; or offering or rendering, or both or more than one client on a fee basis or otherwise, services as such as the audit or verification of financial transaction and accounting records; or the preparation, signing, or certification for clients of reports of audit, balance sheet, and other financial, accounting and related schedules, exhibits, statement of reports which are to be used for publication or for credit purposes, and to be filed with a court or government agency, or to be used for any other purposes; or to design, installation, and revision of accounting system; or the preparation of income tax returns when related to accounting procedures; or when he/she represent clients before government agencies on tax and other matters relating to accounting or render professional assistance in matters relating to accounting procedures and the recording and presentation of financial facts or data.

Secretariat

01/23/15

From: Keysie Gomez <keysie.princevaliant@gmail.com>
Sent: Friday, October 10, 2014 10:03 AM
To: secretariat@gppb.gov.ph
Subject: CLARIFICATION ON BID DOCS (Audited Financial Statements)

*See Don
please prepare @pinked.
MS*

Good morning!

I am Ms. Gomez of Prince Valiant International Corporation. Our company is participating on bidding opportunities and one of the procurement entities have required the bidders to have their Audited Financial Statements stamped by BIR only. In line with this, we have the following queries:

1. How about, even with the absence of the BIR stamp, stamp from government banks , e.g. Landbank, was attached to the documents? Is it not sufficient to comply with the requirement?
2. What institutions are classified under " duly accredited and authorized institutions" in Sec. 2 C (iv) of the Philippine Bidding Documents Procurement of Goods? To wit,

"(iv) Audited financial statements, stamped "received" by the Bureau of Internal Revenue (BIR) or its duly accredited and authorized institutions, for the preceding calendar year, which should not be earlier than two (2) years from bid submission;"

We are hoping for your urgent response. Thank you very much and best regards!

KEYSIE M. GOMEZ

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