

## Accountancy Profession

*“Preparing the roadmap for the accountancy profession, specifically with the use of the ISA Performance Governance System (PGS) methodology, had been a learning experience for the regulators and leaders of the profession. It has taught us how we can strategize to further strengthen the accountancy infrastructure and the whole profession to meet the challenges of the next 20-30 years and to be more responsive in an effective manner to the requirements of our stakeholders.”*

**Atty. Eugene T. Mateo**  
**Chairman, Board of Accountancy**

The Philippine Accountancy Profession was declared Performance Governance System (PGS) compliant by the Institute for Solidarity in Asia (ISA) on March 26, 2008. The certification was given after an audit conducted by ISA of the profession's strategic performance in line with Philippines 2030 Roadmap for the Professions, which was developed by the profession in partnership with ISA.

The profession has been greatly involved in the PGS program since 2002, when the Professional Regulation Commission (PRC) partnered with ISA to institutionalize the efforts of professionals towards nation building. With ISA's assistance, the PRC officials and employees adopted a Good Governance Code of Ethics, and all the 42 Professional Regulatory Boards (PRBs), including the Board of Accountancy (BOA) and the 42 Accredited Professional Organizations (APOs), including the Philippine Institute of Certified Public Accountants (PICPA), formally pledged to a Code of Good Governance for the Professions.

From the time PRC included the Accountancy Profession in its list of nine (9) professions, the PGS in the Accountancy Profession has gone through Initiation, Compliance, and now Proficiency – from contributing to the creation of the Profession Roadmap then adopting it to the Profession and its Chapters to fine-tuning the PGS to suit the current demands and direction of the Accountancy Profession.

At its early stage, the PGS program has already brought forth considerable benefits and outcomes not only to those who initiated and put the reform program into work, but also to the profession as a whole.

With ISA's PGS, the Accountancy Profession had a remarkable shift in their vision. Prior to PGS, the Profession's initial roadmap created in has no clear and distinct vision with well defined expected outcomes. At present, the Profession commits to pursue a stronger strategy and a clearer direction that is linked to the profession's initial roadmap but tailor-fitted to suit the demands in the Accountancy Profession. Such strategy and

direction is cemented by a Governance Scorecard and list of key initiatives that the Profession aims to pursue towards their vision of becoming a dynamic force toward national prosperity and excellence with a global perspective.

Moreover, there are already physical achievements since the profession's adoption of the PGS principles, which range from having financial adequacy in all related organizations to adopting global best practices by accredited professionals and firms practicing in the country.

Continuous collaboration and cooperation has become seamless between BOA and PICPA as the Office of Strategic Management (OSM) has been established and strengthened in compliance with the PGS Proficiency level.

Equally important, the PGS paved the way for the profession to adopt Performance-based consciousness, which essentially drawn commitments from key players and at the same time, utilizing metrics to effectively monitor and evaluate progress.

#### *What the profession wanted to achieve...*

Professions in general aim at three things: unity in the profession, ethical and professional competence, and the quality of discharging professional vows and commitment. This holds true also for the Accountancy Profession.

For most organizations in the Accountancy Profession, responding to the needs of the profession and its professionals is primary to their vision. In doing so, these organizations must persist to become stable, both in terms of financial and capacities, to support all their activities aimed at reaching their desired goal. Such goal also entails close collaboration with other organizations, particularly those that regulate the profession.

On the other end, the government regulators keeps on maintaining the high professional and ethical standards of the profession in order to maintain the already high quality professionals and the practices by which the profession is being applied to.

Whether interests of the concerned parties are consistent or conflicting is an empirical issue. Either way, the manner by which these parties execute measures to attaining their goal should be strategically harmonized and integrated with one another. Equally important, clear measures and targets must be put in place while performance and progress in achieving the same must be regularly monitored and evaluated. Such strategic direction and governance tool to measure the professions' strategic performance as well as individual professionals has been a noble pursuit for both PICPA and BOA.

Introducing PGS to the Accountancy Profession met with challenges. Specifically, as an organization made of volunteers, the Accountancy Profession has a hard time putting PGS in place. At first, it had little support and had met with various resistance and stumbling block. Nevertheless, the Accountancy Profession has gradually seen the importance of

PGS and the system has gained support from the top as well as from its various members. This is highlighted by the fact that the Accountancy Profession has a stable Office of Strategy Management rooting the PGS in the organization.

Broadly, the PGS delivered to both PICPA and BOA (and to the profession as a whole) the results each was looking for. The Accountancy Profession gained enhanced performance, established governance, increased cooperation and partnerships among accountancy organizations both local and global.

For one, the profession is complying with Strategy Map/Scorecard and Metrics Table which helped them give direction to their projects as strategic objectives and measures are being monitored to ensure sustainability of the programs toward their vision to become a dynamic force towards national prosperity and excellence with a global perspective.

More so, what made the Accountancy Profession improve in the PGS is the Office of Strategy Management (OSM) that is dedicated to updating and monitoring the scorecard. The members of the OSM have become champions of good governance in the organization, pushing for initiatives to reach their targets and ultimately, slowly fulfilling their vision. To date, the Accountancy Profession has a roadmap and a scorecard that can be the template for the other professions as well, answering the unique organizational structures of the Professions as a whole.

Overall, the result of these endeavors has made the profession more dynamic based on their measures. The PGS program has also become a potent force wherein concerns and issues between the BOA and PICPA are discussed and resolved, through the Office of Strategy Management, which then result in a more harmonious and synergistic relationship between them. No doubt, the Accountancy Profession is poised to make breakthrough results.

### *Conclusion*

Formulation of implementing strategies is hard, with or without PGS in place. In the case of the accounting profession, laying down the strategic measures and action in pursuit to become a major driver to nation building, by its nature, is laudable yet seemingly improbable, given the wide range of interests amongst concerned organizations. Nonetheless, it was made explicit in this case study that with clear and well-defined objectives and having relevant metrics that could inform reform movers of their progress, even the most difficult goal is attainable.

Consultations with PICPA and BOA revealed that PGS, through the ISA, provided the profession an extremely useful framework in which strategic goals and objectives will be formulated and harmonized amongst concerned organizations. For BOA, the PGS program “has strengthened [their] roots as a profession, particularly in (a) greater awareness of our role in the country’s economic and social development; (b) deeper consciousness of

the accountants' role in creating an enabling business environment and in attracting investment; and (c) resolution and commitment to become better Filipino citizens conscious of their technical, ethical, social and environmental responsibility". On the other end, PICPA's involvement in PGS has transformed them into a more dynamic and relevant organization that has identified its weaknesses, strengths and opportunities and threats and defined its objectives of sustainability and global competitiveness.

More than the notable and seemingly exciting immediate achievements and physical positive outcomes that the profession has attained, it is extremely important to also note the important elements that BOA and PICPA demonstrated that undoubtedly contributed to their impressive performance. For one, PICPA and BOA maintained a solid relation all through the process, from the inception phase to the initiatives leading towards PGS Proficiency Level (Level 3). Such strong relation paved the way for the establishment of the Office of Strategy Management, thus facilitating seamless consultation and coordination amongst key players. Furthermore, these partners displayed a great deal of commitment to further improve the Accountancy Profession, initiatives would ensure that accountants in the Philippines are competent and with integrity so that their financial statements can be used to further encourage economic mobility as instruments of proper tax compliance and of sound decision making. Encouragement of several other players on board has been also instrumental for the reform movers, coupled with strong willingness to communicate efforts and cascade the same to others players. Despite the serious challenges at the onset, the PGS has helped the profession to look at all of its varied initiatives into a framework that is easy to communicate to all interest groups and in turn rally their support to further move the profession forward.