Republic of the Philippines
SECURITIES AND EXCHANGE COMMISSION
SEC Building, EDSA, Greenhills, Mandaluyong City, Metro Manila

CORPORATE GOVERNANCE & FINANCE DEPARTMENT

SEC MEMORANDUM CIRCULAR NO. 13
Series of 2014

TO : **ALL ACCREDITED CORPORATE GOVERNANCE TRAINING PROVIDERS**

SUBJECT : **COURSE UNITS ON FINANCIAL REPORTING AND AUDIT**

Rule 68 (I) (B) (i) of the Securities Regulation Code provides that financial statements filed with the Commission are primarily the responsibility of the management of the reporting company and accordingly, the fairness of the representations made therein is an implicit and integral part of the management's responsibility. The Board of Directors, in discharging its responsibilities, reviews and approves the financial statements before these are submitted to the stockholders.

In delineating the role of management and the internal auditors, Rule 68 (I) (B) (vii) further provides, in part, that the independent auditor's duty is to conduct an independent examination of the company's financial statements and supporting documents pursuant to the prescribed auditing standards and practices.

In line with the Revised Code of Corporate Governance mandating the management of corporations to formulate, under the supervision of the Audit Committee, the rules and procedures on financial reporting and internal control, all SEC accredited corporate governance training providers are directed to include, in their prescribed curriculum, the following units on financial reporting:

I. The Basic Course which includes the following, among others:

1. Framework for Financial Statement Reporting
2. Principal Financial Statements and Their Uses
3. What Decision-Makers Need to Know About the Principal Financial Statements (e.g. Statement of Comprehensive Income, Balance Sheet, Cash Flow Statement, Statement of Change in Equity)
4. What Board Directors and Management Need to Know About Accounting Principles
5. Income Statement, Balance Sheet & Statement of Cash Flows

6. Financial Statement Analysis
7. What to Spot in Financial Statements
8. Issue Spotting
9. What Should Be Included in Performance Dashboards
10. Pointers to Ensure that Recording, Processing & Reporting Data Do Not Result in Material Misstatement of Financial Statements
11. Pointers to Avoid Material Weaknesses in Internal Controls
12. Financial Policies for Fraud Prevention that Decision-Makers Should Have
13. What Decision-Makers Need to Know About the External Auditor's Opinion
14. Understanding Basic Concepts in Making Business Decisions
15. What Decision-Makers Can Get From Reading Financial Statements

II. The Advance Course which covers, among others, provisions of the Philippine Financial Reporting Standard provisions that are relevant to the company's specific industry.

This circular shall take effect immediately.

Signed this 23rd day of June 2014, Mandaluyong City, Philippines.

For the Commission:

TERESITA J. HERBOSA
Chairperson