

Financial Audit Practices of Certified Public Accountant Practitioners in Batangas Province

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Abstract - This study evaluates the financial audit practices of CPA Practitioners in Batangas Province. It also aims to relate the audit experience of the CPA Practitioners with the extent of their audit practices in each of the stages: pre-engagement; planning; execution; reporting; and post-audit. The descriptive method is used in the study. A survey instrument was developed to gather the needed data for the study. The respondents of the study are the BOA accredited CPA Practitioners in Batangas Province. Twenty-six (26) CPA Practitioners completely answered the questionnaires. In this study, frequency counts and percentage, weighted mean, Pearson Product Moment of Correlation, and analysis of variance (ANOVA) were the statistical techniques used. In general, the results revealed that CPA Practitioners in Batangas Province have been practicing independent financial audit for quite a number of years already servicing small number of clients. They are practicing adequately the procedures under each of the stages of audit process, though there can still be room for further improvement to strictly comply with the Philippine Standards on Auditing (PSAs). Also, it was found out that there is no significant difference on the responses of CPA Practitioners as to the extent of audit practices in each of the stages of audit process except for the pre-engagement stage. Based on the results of the study, CPA Practitioners, whether novice or have been practicing for quite a long time already, are advised to attend PSA-related seminars and trainings by PICPA and other BOA-accredited organizations. In this way, CPA Practitioners will be updated on current standards applicable to financial audit.

Keywords - audit experience, Batangas Province, Certified Public Accountant, financial audit practices

I. INTRODUCTION

Businesses organizations must maintain records of their financial condition and progress because they are necessary to evaluate and guide business operations, to determine financial status, and to serve as a basis for credit. Likewise, creditors and investors, present and prospective, may wish to study the financial statements of many enterprises for credit extension and investment purposes. Also, government agencies will need financial reports to help them carry out the duties imposed upon them by law. On the other hand, internal management needs financial reports for planning, directing, and controlling business operations. These parties, therefore, need reliable and credible financial information. Thus, auditing of financial records has become an important factor in the dissemination of financial information to ensure the reliability and credibility of such information and the services of the independent Certified Public Accountant (CPA) are considered indispensable.

Considering the importance of audit on the reliability and credibility of financial information, CPA Practitioners should make sure that quality of audit they are providing involves the application of analytical skills, professional judgment, and professional skepticism. The audit should be performed by a team of professionals, directed with managerial skills, use appropriate forms of technology, and adhere to a methodology. It is

noteworthy that CPAs should comply with required standards of professional ethics and all relevant technical standards, such as International Standards on Auditing (ISAs), International Standards on Quality Control (ISQCs), International Financial Reporting Standards (IFRS), International Public Sector Accounting Standards (IPSAS), and any applicable international, national or local equivalents as appropriate.

This study focuses on the determination of audit practices and their relation to audit experience of CPA Practitioners in Batangas Province. CPA Practitioners in the said locality offer assurance and non-assurance engagements. Assurance engagements include financial statement audits and reviews while non-assurance engagements include agreed-upon procedures, compilation of financial information, preparation of tax returns, and management consulting. The focus of the study is only on financial statement audits wherein the auditor provides a high level of assurance that the financial statements are free from material misstatements. The objective of an audit of financial statements is to enable the auditor to express an opinion on whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework. The auditors' opinion enhances the credibility of financial statements by providing a high, but not absolute, level of assurance. To that end, CPA Practitioners should have a proper conduct of audit, obtaining

sufficient appropriate audit evidence to be able to draw conclusions and render appropriate opinion.

This study was also conducted in line with the objective of the Board of Accountancy (BOA) to oversee the quality of audits of financial statements through a review of the quality control measures instituted by auditors in order to ensure compliance with the accounting and auditing standards and practices. In this regard, the BOA through Resolution No. 244 series of 2015 endorses the creation of Quality Assurance Review Department and implementation of rules and regulations for the conduct of oversight into the quality of audits of financial statements and operations of CPA Practitioners. The quality assurance review (QAR) program is a step for improving the credibility and reliability of financial statements audited by Philippine auditors, be it done by an individual CPA Practitioner or by a large CPA firm. It is a study, appraisal or review by an independent QAR department organized by BOA, of the quality of audit of financial statements through a review of the quality control measures instituted by CPA Practitioners engaged in the practice of public accountancy to ascertain compliance with prescribed professional, ethical and technical standards of public practice.

In preparation to the quality assurance review program of BOA, CPA Practitioners should have strict compliance with the Philippine Standards on Auditing (PSAs). PSAs deal with the independent auditor's overall responsibilities when conducting an audit of financial statements. Specifically, they set out the overall objectives of the independent auditor and explain the nature and scope of an audit designed to enable the independent auditor to meet those objectives. PSAs are developed in the context of an audit of financial statements by an auditor. The standards are to be adapted as necessary in the circumstances when applied to audits of other historical financial statements. As stated in PSA 200, the auditors are required to establish the general responsibilities applicable in all audits, including the obligation to comply with the PSAs. Thus, it is a must that auditor shall comply with all the items contained in the PSAs relevant to the financial audit. The auditor shall have an understanding of the entire contents of PSAs, including their applications and other explanatory materials to understand their objectives and to apply their requirements properly. In relation to the quality assurance review program, BOA can revoke the Certificate of Registration and the professional identification card of a CPA Practitioner who has not observed the quality control measures in auditing and who has not complied with

the standards of quality prescribed for the practice of accountancy (Republic Act No. 9298). In line with this, the study determines the financial audit practices of CPA Practitioners in Batangas Province to serve as basis for the proposed strategies in complying strictly with the said auditing standards. These strategies will help them to carry out their individual financial audit engagement conforming to the highest standards in auditing. Also, this study is a vital help for the researcher for his plan of applying for BOA accreditation and putting his own auditing firm someday.

In the Philippines, there are but a handful of studies conducted on the financial statements and audit operation in business organizations. Among them are the studies conducted by Fernando (2011), two studies of Mendoza (2013), and the study conducted by Asian Development Bank (2002).

In the study conducted by Fernando (2011), among publicly-listed companies in the Philippines on the level of compliance on the Philippine Accounting Standards (PASs) and Philippine Financial Reporting Standards (PFRSs) disclosure requirements, it was found out that majority of the selected publicly-listed companies did not comply with the PASs and PFRSs notably on the presentation of financial statements (PAS 1), financial instrument disclosures (PFRS 7), and rules and regulations covering the form and content of financial statements (SRC Rule 68 & 68.1). Using the chi-square test, it was also found out that there is no significant difference in the non-compliance of selected listed firms on the PASs and PFRSs disclosure requirements when grouped by the type of business. According to him, there is a need to enhance high-quality corporate financial reporting capabilities which would require a concerted effort and effective implementation by all parties concerned, top management, financial audit executives, and government regulatory agencies.

Mendoza (2013) worked on perception of Certified Public Accountants on the implementation of an accreditation process that is required before they can engage in the practice of public accountancy. It examined both the positive side (gains) and the negative side (pains) of accreditation, its level of importance, and degree of control. Foremost, among the identified gains from accreditation were its relationship with their professional practice and career development. On the other hand, the perceived pains include the potential marginalization of the small practitioners and increase in operating cost of practice. Overall, accreditation was believed to be really important although it was viewed to be regulatory in nature.

The survey proved that there should also be minor improvements in the current system of accreditation.

Another study of Mendoza (2013) looked into the current situations and practices in fulfilling the Continuing Professional Development (CPD) requirements of CPAs. Through a survey of 187 practicing CPAs, interviews, and focused group discussion, the study identified that enabling factors in the pursuit of CPD among CPAs are taken in different angles. First, the practicing CPAs undertake CPD as a matter of requirement. Second, they believe that CPD is a personal initiative of the professional. Third, they are convinced that CPD is beneficial to them. On the other hand, the most prevalent barriers in undertaking CPD are time, cost, distance, and program worth. The findings of the study are useful in improving the policies and programs related to CPD in the Accountancy profession. The recommendations are meant to enhance the capacity of the training service providers in developing programs that are efficient, effective, and beneficial.

Last among the local studies reviewed was the ADB's (2002) study on accounting and auditing practices in the Philippines. In the case of accounting and auditing standards and practices, the study identified deficiencies in the standards and in standard setting arrangements. The quality of financial reporting is undermined by a lack of compliance monitoring. To this end, the study recommended that financial disclosure monitoring be strengthened. Regarding professional arrangements, the study identified significant weaknesses in CPA licensure standards and quality assurance arrangements. The study also noted that the Philippines accountancy profession which was once among the region's strongest seems to deteriorate while international standards and practices are continuously enhanced such that neighboring countries developed their professions accordingly. It is suggested that standards of accountancy education and training must be raised. To this end, recommendations are made to improve the course quality and ensure that accountancy teachers keep up-to-date with international developments.

This study is an attempt to determine the financial audit practices of CPA Practitioners in Batangas Province. Specifically, it sought answers to the following questions:

1. What is the audit experience of the CPA Practitioners in terms of the following:

- 1.1 number of years engaged in financial audit; and
- 1.2 average number of clients audited per year?
2. How do the CPA Practitioners differ on the extent of audit practices in each of the following stages:
 - 2.1 pre-engagement;
 - 2.2 planning;
 - 2.3 execution;
 - 2.4 reporting; and
 - 2.5 post-audit?

II. RESEARCH METHOD

The focus of the study is to gather information about the audit experience and audit practices of CPA Practitioners in Batangas Province. The descriptive method is used in the study. The researcher had chosen the descriptive design because it is perceived that it was the most appropriate research design for the study considering the purpose of the research, unit of analysis, point of focus, and time dimension. A survey instrument was developed to gather the needed data for the study. The researcher requested the officers and some members of Association of CPAs in Public Practice (ACPAPP) in Batangas Province whom he considered as experts on the area to validate the form and content of the questionnaire. Their comments, suggestions, and recommendations were incorporated to improve the instrument. The respondents of the study are the BOA accredited CPA Practitioners in Batangas Province. The list of participating CPA Practitioners as of September 2015 was secured from Philippine Institute of Certified Public Accountants (PICPA) and BOA based on their website (to determine officially registered CPAs as of the time of the conduct of the study). Twenty-six (26) CPA Practitioners completely answered the questionnaires. In this study, the following statistical techniques were used: frequency counts and percentage, weighted mean, Pearson Product Moment of Correlation, analysis of variance (ANOVA), and Tukey Post Hoc.

III. RESULTS AND DISCUSSION

This part of the paper presents, analyzes, and interprets the data gathered from the audit experience and audit practices of CPA Practitioners conducted by the researcher. For clarity of presentation and consistency in the discussion, the data are presented according to the objectives of the study.

Audit Experience of the CPA Practitioners

Badara and Saidin (2013) considered audit experience as “the auditors unique knowledge, competencies and capabilities that exist from job practices in auditing profession which lead to the enhancement of auditor's abilities to process relevant information, make a metal comparisons of alternative way out, initiate subsequent actions, and also provide decision making efficiency and effectiveness through a good memory of information necessary and an accurate judgment of audit works.” Thus, it can be viewed that audit experiences are the skills which are obtained from audit tasks concerning relevant audit standards and accounting guidance and error specific experiences (i.e. financial misstatements), which affect audit task and audit performance. For the purpose of this study, the audit experience of the CPA Practitioners as the respondents of the study gives an overview of the number of years they are engaged in financial audit and the average number of clients they audit per year.

Number of Years Engaged in Financial Audit

Considering the BOA accreditation process, CPAs need three years of meaningful experience (one of the BOA requirements) before application for the practice of public accountancy. After approval of the said accreditation, that is the only time a CPA can exercise his profession in public accountancy, of which financial audit is part of. Table 1 shows the frequency and distribution of CPA practitioners as to number of years engaged in financial audit. It can be noted that most of the CPA Practitioners have financial auditing experience of 11-15 years. This signifies that CPA Practitioners in Batangas Province have already engaged in financial audit for quite a long time. Meanwhile, only five out of 26 CPAs have engaged in financial auditing for more than 20 years. They are the ones who have already established their names in the field of auditing.

Table 1.
Distribution of CPA Practitioners as to Number of Years Engaged in Financial Audit

Number of Years Engaged in Financial Audit	Frequency	Percentage
Less than five years	2	7.69
6 – 10 years	5	19.23
11 – 15 years	11	42.31
16 – 20 years	3	11.54

21 – 25 years	2	7.69
26 – 30 years	1	3.85
More than 30 years	2	7.69
Total	26	100.00

Average Number of Clients Audited Per Year

The study considers also the average number of clients audited per year as part of audit experience of CPA Practitioners. This gives an overview, on the average, of how many clients they have audited and issued auditor's report to per year. Table 2 presents the distribution of CPA Practitioners as to average number of clients audited per year.

Table 2.
Distribution of CPA Practitioners as to Average Number of Clients Audited Per Year

Average Number of Clients Audited Per Year	Frequency	Percentage
15 and below	12	46.15
16 – 30	4	15.38
31 – 45	4	15.38
46 – 60	1	3.85
61 – 75	0	0.00
76 and above	5	19.23
Total	26	100.00

It can be seen from the table that most of the CPA Practitioners have less than 15 clients audited per year. Since the respondents of the study are sole practitioners, it is expected that they may accommodate only a few number of clients. Also, this may suggest that CPA Practitioners do not have enough engagement team to carry out the financial audit engagement. It is difficult for them to accept more clients during audit season since they might have inadequate audit staff or partners to support the proposed financial audit engagements. According to Whittington (2006), since sole practitioners have no one to delegate responsibility or no one to help take on other opportunities, they cannot accept more clients at the same time maintaining high productivity in the audit engagement.

Extent of Audit Practices of CPA Practitioners

CPA Practitioners offering assurance or audit services must establish and maintain a system of quality control. This is to provide reasonable assurance that the CPA comply with relevant standards and requirements when undertaking audit

and assurance work and the issued reports are appropriate. This study discusses the extent of audit practices of CPA Practitioners in Batangas Province. The stages of audit process used in this study are pre-engagement, planning, execution, reporting, post-audit activities.

Pre-engagement

The first stage in the audit process is to make a decision of whether to accept or reject an audit engagement. This process would require evaluation of the auditor's qualification as well as the auditability of the prospective client's financial statements (Salosagcol et al., 2014). Table 3 shows the weighted mean of the extent of audit practices during the pre-engagement stage.

As can be seen in Table 3, the item that CPA Practitioner obtains and reviews available financial information got the highest mean score of 4.65 with verbal interpretation of “to a very great extent.” This suggests that in every engagement, obtaining and reviewing financial information is highly evident during pre-engagement stage. This is one factor to determine the acceptability of engagement if the financial information of audit client is in accordance with the applicable financial reporting framework like Philippine Accounting Standards (PAS) and Philippine Financial Reporting Standard (PFRS). It can also be noted that all other items have mean scores ranging from 3.50 to 4.46 indicating that CPA Practitioners are practicing audit procedures to a great extent.

According to Evangelista and Racaza (2011), auditor has the responsibility in agreeing with the terms of the audit engagement with management and, where appropriate, those charged with governance before accepting the audit engagement. This includes establishing that certain preconditions for an audit, responsibility for which rests with management and, where appropriate, those charged with governance, are present. Further, they emphasized that the objective of the CPA Practitioner is to accept or continue an audit engagement only when the basis upon which it is to be performed has been agreed, through establishing whether the preconditions for an audit are present and confirming that there is a common understanding between the auditor and management and, where appropriate, those charged with governance of the terms of the audit engagement.

Table 3.
Extent of Audit Practices During Pre-Engagement Stage

Indicators	Weighted Mean	Verbal Interpretation
1 Conducts organizational and environmental analysis such as potential new audited entities.	4.00	To a Great Extent
2 Determines whether the financial reporting framework adopted by management in preparing financial statements is acceptable.	4.27	To a Great Extent
3 Prepares engagement letter or other suitable form of written agreement.	4.46	To a Great Extent
4 Performs procedures regarding the acceptance of the client relationship and the specific audit engagement.	4.04	To a Great Extent
5 Communicates with the predecessor auditor in situations in which there has been a change of auditors	3.50	To a Great Extent
6 Obtains and reviews available financial information	4.65	To a Very Great Extent
7 Inquires of third parties regarding any information		

	financial information		
7	Inquires of third parties regarding any information concerning the integrity of the prospective client and its management.	3.77	To a Great Extent
8	Determines if the firm has the necessary technical skills and knowledge of the industry to complete the engagement.	4.23	To a Great Extent
9	Determines if acceptance of the entity would violate any applicable regulatory or ethical requirements.	4.38	To a Great Extent
	Composite Mean	4.00	To a Great Extent

F-value: 4.317; P-value: 0.001; Decision: Significant

As a whole, CPA Practitioners' responses give a composite mean of 4.00 which indicates that audit procedures at pre-engagement stage is practiced to a great extent. This means that the practice of all audit procedures stated is adequate but still there is a need for further improvement. Moreover, the study determines that there is significant difference on the extent of audit practices of CPA Practitioners on each audit practices during pre-engagement stage. This implies that CPA Practitioners vary in the implementation of audit procedures considering that pre-engagement is the initial stage. As pointed out by Ouertani (2012), pre-engagement decision making process constitutes the most critical stage in the audit process, given the dramatic consequences it would have in the event of a bad engagement evaluation and which can cause in some cases many problems to the auditor. Also, since CPA Practitioners have different types of clients audited, it is expected that during pre-engagement stage they may use different procedures or approaches in performing their tasks.

Planning

In this stage, the auditor shall establish an overall strategy that sets the scope, timing, and direction of the audit, and that guides the development of the audit plan. In planning an audit, the auditor obtains more detailed knowledge about the clients' business and industry in order to understand the transaction and events affecting the financial statements and to identify potential problems that might be encountered during the audit. The weighted mean of the extent of audit practices during planning stage is presented in Table 4.

All of the 16 audit planning indicators received a mean score ranging from 3.73 to 4.35, each interpreted as great extent and a composite mean of 4.11 interpreted also as "to a great extent." This means that the practice of audit procedures in this stage can be considered more than enough, however, the practice can still be improved so that CPA Practitioners can comply to a very great extent with the prescribed auditing standards. This finding demonstrates that the CPA Practitioners in Batangas Province have adequate practice of audit procedures during planning stage. CPA Practitioners have established an overall audit strategy that sets the scope, timing, and direction of the audit, and that guides the development of the audit plan. Ireneo (2012) emphasized that in establishing the overall audit strategy, the CPA Practitioners identify the characteristics of the engagement that define its scope, ascertain the reporting objectives of the engagement, consider the factors that are significant in directing the engagement team's efforts, and consider the results of preliminary engagement activities.

Table 4.
Extent of Audit Practices During Planning Stage

	Indicators	Weighted Mean	Verbal Interpretation
1	Understands the entity and its environment.	4.35	To a Great Extent
2	Assesses the risks of material misstatements.	4.27	To a Great Extent
3	Establishes audit objective and scope.	4.27	To a Great Extent
4	Determines the level of materiality.	4.15	To a Great Extent

5	Considers the going concern assumption.	4.12	To a Great Extent
6	Considers fraud in financial audit.	4.04	To a Great Extent
7	Prepares a detailed audit plan.	3.81	To a Great Extent
8	Obtains an understanding of relevant industry, regulatory, and other external factors including the applicable financial reporting framework.	3.96	To a Great Extent
9	Searches for entity's selection and application of accounting policies and its appropriateness.	3.92	To a Great Extent
10	Understands the entity's objectives and strategies as well as the related business risks.	3.73	To a Great Extent
11	Measures and reviews the entity's financial performance.	4.08	To a Great Extent
12	Applies analytical procedures in planning the audit to assist in understanding the business and areas of potential risk.	4.00	To a Great Extent
13	Establishes of an engagement or audit team.	3.81	To a Great Extent
14	Considers the work performed by other auditors/parties.	3.77	To a Great Extent

15	Assesses the going concern assumption.	3.92	To a Great Extent
16	Identifies related parties disclosed in the financial statements.	3.96	To a Great Extent
	Composite Mean	4.11	To a Great Extent

F-value: 0.918; P-value: 0.544; Decision: Not Significant

Execution

This stage refers to audit fieldwork. It is the process of gathering evidence and analyzing and evaluating the evidence as directed by the approved audit procedures. Throughout fieldwork, professional judgment should be used to determine whether evidence gathered is sufficient, relevant, competent, and useful to conclude on the established objectives and based on the information available, reassess the audit objectives, scope, and procedures to ensure efficient use of audit resources. Table 5 shows the weighted mean of the extent of audit practices during execution stage.

It can be gleaned that all of the audit execution indicators have a mean score ranging from 3.73 to 4.27, each interpreted as great extent. This means that CPA Practitioners have proper and adequate audit fieldwork considering the standards set forth in the PSAs. Also, this is the stage where the audit plan prepared during planning stage will be executed. Among the audit practices, the item on reviewing accounting records for large or unusual transactions or balances received the highest weighted mean. This indicates that this audit procedure has a great contribution in the type of audit opinion the CPA Practitioner will render. This also helps the CPA Practitioners in determining misstatements of individual accounting estimates and indicators of possible management bias.

In general, a composite mean of 4.07 with a verbal interpretation of a great extent is obtained under audit execution stage and found out that there is no significant difference on the extent of audit practices among CPA Practitioners during this stage. They have practiced with the same extent all the mentioned audit procedures during planning stage. Audit practices of CPA Practitioners under this stage are sufficiently practiced by them to ensure that they have complied with the standards on auditing. This finding is strengthened by Ricchiute (2005) who

states that, to achieve audit objectives, CPA Practitioners should have performed audit procedures effectively during execution stage to acquire sufficient and competent evidential matter since it is the stage that more time is devoted. Documentation and findings acquired in this stage will help them to support their audit report to be presented on their client management.

Table 5.
Extent of Audit Practices During Execution Stage

Indicators	Weighted Mean	Verbal Interpretation
1 Performs test of controls to establish effectiveness of controls in preventing or detecting material misstatements in a financial statement assertion.	4.15	To a Great Extent
2 Performs substantive procedures.	4.12	To a Great Extent
3 Conducts analytical procedures.	3.92	To a Great Extent
4 Uses audit sampling and other means of testing.	3.88	To a Great Extent
5 Evaluates the sufficiency and appropriateness of audit evidence.	4.04	To a Great Extent
6 Reviews minutes of meetings of shareholders and directors.	3.73	To a Great Extent
7 Reviews accounting records for large or unusual transactions or balances.	4.27	To a Great Extent

8 Substantiates management assertions relative to existence, completeness, rights and obligation, valuation and presentation and disclosure.	4.04	To a Great Extent
9 Discusses any significant findings with the auditee, as the fieldwork progresses.	4.23	To a Great Extent
11 Summarizes the audit findings, conclusions, and recommendations necessary for the draft audit report upon completion of the field work.	4.19	To a Great Extent
10 Maintains audit working papers as evidences of conducting the audit.	4.23	To a Great Extent
Composite Mean	4.07	To a Great Extent

F-value: 0.896; P-value: 0.537; Decision: Not Significant

Reporting

PSA 700 requires the auditor's report to contain a clear expression of the auditor's opinion on the financial statements. The financial reporting framework provides a context for the auditor's evaluation of the fair presentation of the financial statements. The weighted mean of the extent of audit practices during reporting stage is shown in Table 6.

Table 6.
Extent of Audit Practices During Reporting Stage

Indicators	Weighted Mean	Verbal Interpretation
1 Obtains written representations from management and where appropriate, those charged with governance.	4.23	To a Great Extent
2 Reviews transactions and events occurring after the statement of financial position date.	4.04	To a Great Extent
3 Meets with the department's management team to discuss findings and recommendations when audit management has approved the draft report.	3.81	To a Great Extent
4 Evaluates audit conclusions.	4.19	To a Great Extent
5 Determines the significance of audit findings.	4.15	To a Great Extent
6 Communicates audit findings.	4.27	To a Great Extent
7 Prepares the audit report.	4.58	To a Very Great Extent
Composite Mean	4.18	To a Great Extent

F-value: 1.847; P-value: 0.093; Decision: Not Significant

It is revealed that item on preparing the audit report got the highest weighted mean of 4.58 interpreted as "to a very great extent." This means that CPA Practitioners produced audit report in every audit engagement. This is in accordance with PSA 700 which states that the objectives of the auditor are to form an opinion on the financial statements based on an evaluation of the conclusions drawn from the audit evidence obtained and express clearly that opinion through a written report that also describes

the basis for the opinion. Hayes et al. (2005) defined audit report as a letter communicating what was audited, management's and auditors' responsibilities, what an audit entails, and the auditor's opinion. The CPA Practitioner prepares audit report, which describes the scope of the audit and states the auditor's conclusions regarding the fairness of the financial statements and generally communicates to management and the audit committee significant control structure deficiencies noted during the course of the audit. Further, the study of Iuliana (2012) emphasized that the audit report represents the way in which the auditor communicates with the holders and with the managers of the audited firm that is why in every audit engagement, preparing audit report is a must.

As a whole, the composite mean of 4.18 indicates that audit practices under reporting stage of CPA Practitioners is practiced to a great extent. Also, it can be gleaned from the table that there is no significant difference on the extent of audit practices of CPA Practitioners during reporting stage. Since the standard audit report is provided in the PSA, CPA Practitioners are guided and required to follow the standard of reporting regardless of the nature of their clients.

Post-Audit Stage

Ordinarily, the auditor does not have any responsibility to perform additional procedures after the financial statements are issued. However, when the auditor becomes aware that the audit report issued in connection with the financial statements may be inappropriate, he must take steps to prevent future reliance on such report. That is why, post-audit activities are necessary. Table 7 presents the weighted mean of the extent of audit practices during post-audit stage.

Considering all the nine audit practices under post-audit stage, six of them received a mean score ranging from 3.58 to 3.88, each interpreted as great extent. Among the items, modifying the audit opinion if there is subsequent discovery of facts existing at report date got the highest weighted mean which means that auditor's responsibility may extend if there will be subsequent discovery of facts existing at report date affecting his audit report.

Table 7.
Extent of Audit Practices During Post-Audit Stage

Indicators	Weighted Mean	Verbal Interpretation
1 Assesses the importance of		

omitted procedures support previously expresses opinion.	to	3.62	To a Great Extent
2 Performs omitted procedures alternative procedures.	or	3.58	To a Great Extent
3 Modifies the audit opinion if there is subsequent discovery of facts existing at report date.		3.88	To a Great Extent
4 Includes in the audit procedures provision to revise audit report for financial statements whenever necessary.		3.81	To a Great Extent
5 Inquires management as to whether any subsequent events have occurred which might affect the financial statements.		3.85	To a Great Extent
6 Calculates the risk that significant items may not be identified and developed which tailored audit steps accordingly.		3.81	To a Great Extent
7 Reviews the result of the minutes of the meeting of the entity's owners or management since the balance sheet date.		3.35	To a Moderate Extent
8 Examines the invoices from lawyers received after the year-end to determine whether any litigation or claims exist		3.19	To a Moderate Extent

that were not previously identified.			
9 Reviews the latest interim financial statements and other management reports that reveal any adverse trends or significant movements compared to audited financial statements.		3.46	To a Moderate Extent
Composite Mean		3.62	To a Great Extent

F-value: 1.248; P-value: 0.272; Decision: Not Significant

In general, CPA Practitioners are practicing to a great extent (composite mean of 3.62) the audit procedures during post-audit stage. For this reason, CPA Practitioners value the necessity to modify the audit opinion on the financial statements when they conclude, based on the audit evidence obtained, that the financial statements as a whole are not free from material misstatements and is unable to obtain sufficient appropriate audit evidence to conclude that the financial statements as a whole are free from material misstatements. As pointed out by Cabrera (2007), when the financial statements have been issued, CPA Practitioner becomes aware of a fact which existed at the date of the auditor's report and which if known at that date may have caused the auditor to modify the auditor's report, the CPA Practitioner should consider whether the financial statements need revision, should discuss the matter with the management, and should take the action appropriate in the circumstances. Further, it can be deduced from the table that the extent of audit practices of CPA Practitioners in the post-audit stage has no significant difference. Aside from they are performing the audit procedures to a great extent, it was also found out that they are similarly practicing these audit procedures.

IV. CONCLUSIONS

Based on the foregoing findings, the following conclusions were derived:

1. CPA Practitioners in Batangas Province have been practicing independent financial audit

- for quite a number of years already servicing small number of clients; and
2. CPA Practitioners are practicing adequately the procedures under each of the stages of audit process, though there can be still be room for further improvement to strictly comply with the PSAs. Also, the null hypothesis that there is no significant difference on the responses of CPA Practitioners on the extent of audit practices in each of the stages of audit process is accepted except for pre-engagement stage.

V. RECOMMENDATIONS

Based on the findings and conclusions, the following recommendations are forwarded by the researcher:

1. CPA Practitioners are encouraged to form general professional partnership for them to collaborate their best practices and for them to be able to accommodate more number of clients;
2. The BOA is advised to have re-orientation about the quality assurance review program among CPA Practitioners addressing the strict compliance to PSAs;
3. CPA Practitioners, whether novice or have been practicing for quite a long time already, should attend PSA-related seminars and trainings by PICPA and other BOA-accredited organizations. In this way, CPA Practitioners will be updated on the current standards applicable to financial audit;
4. CPA Practitioners should always ensure the presence of the necessary audit evidence in every audit engagement considering its importance to support the audit report;
5. To minimize the problems, if not eradicated, CPA Practitioners should properly assess the auditability of the prospective client and fill the gap between the auditor and client's responsibility initially before the audit engagement begins;
6. It is highly recommended that the proposed guidelines in conducting financial audit should be adopted by CPA Practitioners to strictly comply the requirements set forth in the PSA; and
7. Investigations of similar nature having different set of variables of audit experience and considering ethical requirements in auditing are highly encouraged in order to

contribute to the effort of illustrating the total picture of compliance of CPA Practitioners with the PSAs. Also, similar study is encouraged to include those non-BOA-accredited but practicing financial audit organizations to determine the difference in audit practices with that of BOA-accredited organizations.

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