



REPUBLIC OF THE PHILIPPINES  
**COOPERATIVE DEVELOPMENT AUTHORITY**



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MEMORANDUM CIRCULAR NO. 2014-02  
Series of 2014

**SUBJECT : CLARIFICATORY ISSUANCE ON THE FIVE (5) CONSECUTIVE YEAR LIMIT RULE IN THE ENGAGEMENT OF COOPERATIVE EXTERNAL AUDITOR**

In the light of the implementation of Memorandum Circular No. 2009 – 03 or the Guidelines on the Accreditation of Cooperative External Auditors, the following Section is hereto clarified:

*Section 5 (h) The external auditor, whether on his/her individual capacity or as partner of a firm, may undertake the external audit of the concerned cooperative for not more than five (5) consecutive years, provided that the external auditor may be allowed to audit the same client after a gap of two (2) years.*

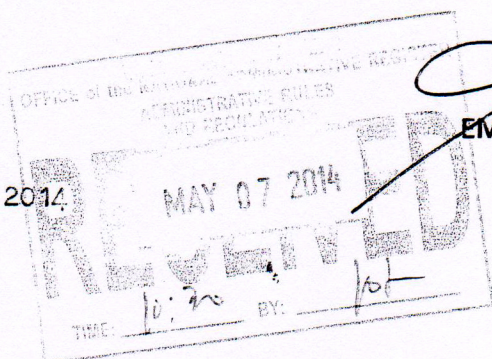
The Authority clarifies that the five (5) consecutive year limit in the audit of a particular cooperative shall apply to the accredited cooperative external auditor, either as individual CPA or as partnership/auditing firm. For partnership/auditing firm, accreditation is an authority vested to them as an organization per se and that all the partners and associates are part of the organization. In case of audit conducted beyond the required limit, such shall be a basis for non-renewal of accreditation and the audited financial statements prepared thereof cannot be considered as valid compliance by the cooperative.

Further, these Circular reiterates that cooperative external auditor/s shall adhere to the conditions and provisions of the Guidelines for Accreditation, including the prohibition in the engagement and signing of audit when the validity of accreditation is not valid or in question.

This Circular shall take effect immediately.

Approved per CDA Board Resolution No. 404, s-2014 dated April 21, 2014, Quezon City.

May 5, 2014



**EMMANUEL M. SANTIAGUEL, Ph.D.**  
Chairperson

