



## Philippine Interpretations Committee

### PHILIPPINE INTERPRETATIONS COMMITTEE (PIC) OPERATING PROCEDURES *(Updated January 2015)*

#### **Name**

Philippine Interpretations Committee (or PIC)

#### **Objectives**

The main objectives of the PIC are:

- Principally, to issue implementation guidance on Philippine Accounting Standards (PAS), Philippine Financial Reporting Standards (PFRS) and related Interpretations (collectively referred to as PFRS) adopted by the Financial Reporting Standards Council (FRSC) from accounting pronouncements issued by the International Accounting Standards Board.
- To comment on exposure drafts of proposed PFRS and other documents that may be issued for comment by the FRSC.
- To comment on exposure drafts of proposed accounting standards or proposed regulations with accounting relevance that may be issued by government agencies, such as the Securities and Exchange Commission, Bangko Sentral ng Pilipinas and Insurance Commission.

The PIC shall deal with accounting issues of reasonably widespread importance and not issues of concern only to a single entity or small group of entities. It is preferred that accounting issues are coursed through the respective external auditors of companies or through the leadership of professional organizations.

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### Membership

The PIC shall consist of 15 representatives from the following:

- 9 Accounting firms (SGV & Co.; Isla Lipana & Co.; Punongbayan & Araullo, R. G. Manabat & Co., Navarro Amper & Co., Romeo Alba & Co., Villaruz, Villaruz & Co., R. S. Bernaldo & Associates, Constantino Guadalquiver & Co.)
- 1 Financial Executives Institute of the Philippines (FINEX)
- 1 Academe (with a designated alternate)
- 1 Securities and Exchange Commission (SEC)
- 1 Bangko Sentral ng Pilipinas (BSP)
- 1 Insurance Commission
- 1 Board of Accountancy (BOA)
- 15

Membership in the PIC shall be endorsed by PIC members and approved by the FRSC.

In case of any increases or decreases in seat membership, the total number of seats shall be maintained at an odd number. Should there be any additional seat representing accounting firms and/or academe, the PIC will request for at least three candidates each from the Association of CPAs in Public Practice (ACPAPP) and Association of CPAs in Education (ACPAE), respectively. The PIC will then deliberate and agree on the candidate that it will endorse to FRSC for approval.

There shall only be one official representative from an accounting firm, regulator or organization; however, an alternate may be designated, if necessary, subject to approval by the FRSC. Changes in the PIC membership, such as change (increase or decrease) in the total number of members, change in the number of representation allowed for each component group or organization, or replacement of member, shall likewise be approved by the FRSC, after proper endorsement from the PIC.

### Membership Term

Each member shall serve for a three-year term and may be re-appointed. The re-appointment of a member shall likewise be endorsed by PIC members and approved by the FRSC.

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### Organization

The PIC shall have a Chairman who shall be selected and approved by the FRSC from the regular members of the PIC at the time of selection of the Chairman. The PIC shall also have a Secretary who shall be elected by the PIC from among the regular PIC members at the time of election. The FRSC approval is not required for the elected PIC Secretary.

The Chairman shall preside at the PIC meetings. The Secretary shall keep a record of the proceedings of all PIC meetings and shall furnish the FRSC copies of such proceedings.

### Meetings

The PIC shall hold at least 10 meetings (regular and special) in a year. At all meetings of the PIC, a majority of the members will constitute a quorum for the transaction of business.

PIC meetings will be hosted by the members, on a rotation basis.

### Implementation Guidance

The implementation guidance issued by the PIC shall comply with the following:

- Format – The PIC implementation guidance may be in the format of:
  - Questions and answers (Q&As); or
  - Philippine Interpretations which
    - shall have a format similar to IFRIC Interpretations and
    - shall be designated as Philippine Interpretations-SIC, or Philippine Interpretations-IFRC, or Philippine Interpretations PIC (this is to indicate the source of the Interpretations).
- Exposure – Since the PIC does not establish new accounting standards, as a general rule, there is no need to expose proposed PIC implementation guidance for comment. However, depending on the complexity of the issue, the PIC may decide to circulate the draft to the public for comment, in which case the exposure period shall be not more than 30 days.
- Consultation with experts – The PIC may consult with experts (i.e., actuaries, appraisers, valuation experts, etc.) to obtain information that can be used to facilitate understanding of the issues under consideration, to seek assistance in the preparation of the draft guidance, or seek comments on proposed PIC guidance.

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- Approval by FRSC – Implementation guidance approved by the PIC shall be forwarded to the FRSC for approval before issuance to the public as final guidance.
- Authority – Implementation guidance released by the PIC and approved by the FRSC shall be considered part of the PFRS to which it relates. Accordingly, compliance with the PIC implementation guidance is required for the fair presentation of financial statements in accordance with PFRS.
- Dissemination – PIC implementation guidance shall be disseminated through: posting/publication in appropriate websites (such as, PIC website if one is created, websites of other organizations such as PICPA, BOA, SEC, etc.); distribution to professional organizations through their respective leadership; or distribution to firms and other organizations represented in the PIC through their respective PIC members.
- Sub-committees/sub-groups – When deemed necessary by the PIC, smaller groups (i.e., sub-committees or sub-groups) consisting of two or more PIC members may be created to handle the development or preparation of proposed PIC implementation guidance. Other professionals or experts who are non-PIC members may be invited to participate as part of such smaller groups.

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PIC Operating Procedures approved by PIC: January 28, 2015 (Original signed)

**PIC Members**

**Wilson P. Tan, Chairman**

**Atty. Emmanuel Y. Artiza**

**Sharon G. Dayoan**

**Clark Joseph C. Babor**

**Gina S. Detera**

**Willie A. Baltazar**

**Jose Emmanuel U. Hilado**

**Rosario S. Bernaldo**

**Lyn I. Javier**

**Maria Isabel E. Comedia**

**Ma. Concepcion Y. Lupisan**

**Normita L. Villaruz**

PIC Operating Procedures approved by FRSC: February 11, 2015

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