



International Public
Sector Accounting
Standards Board®

AGENDA ITEM 5

DEFINITION OF MATERIAL

IPSASB Meeting – September 2025

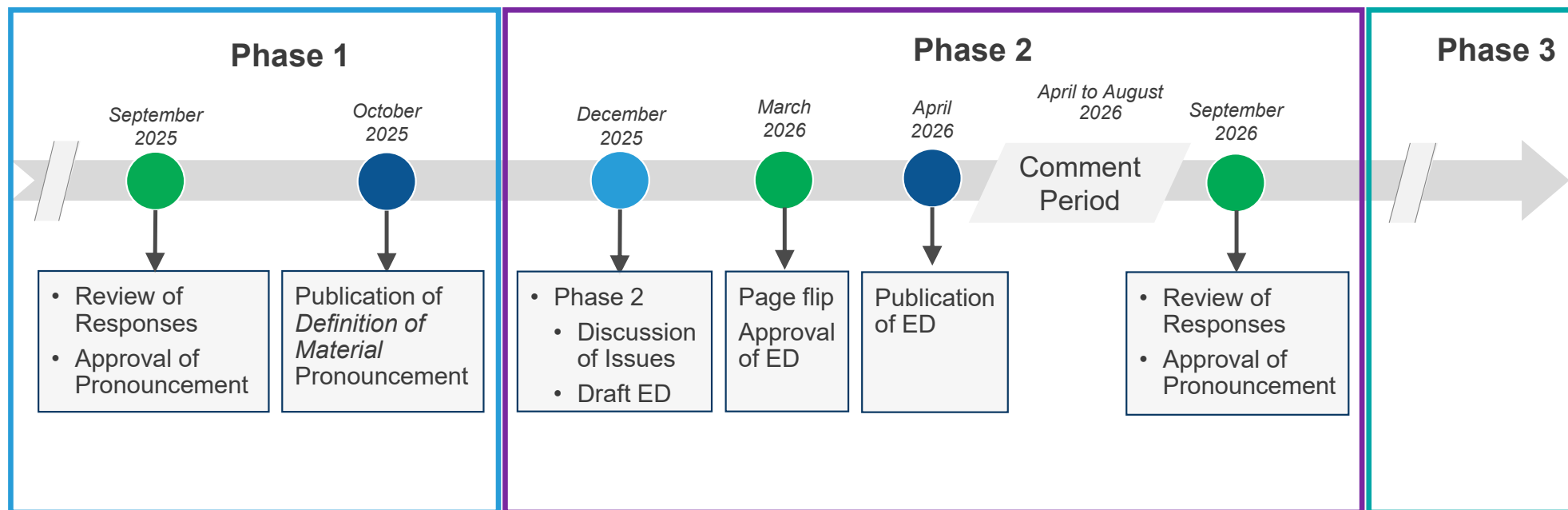
Agustina Llambi, Principal

Lisbon, Portugal

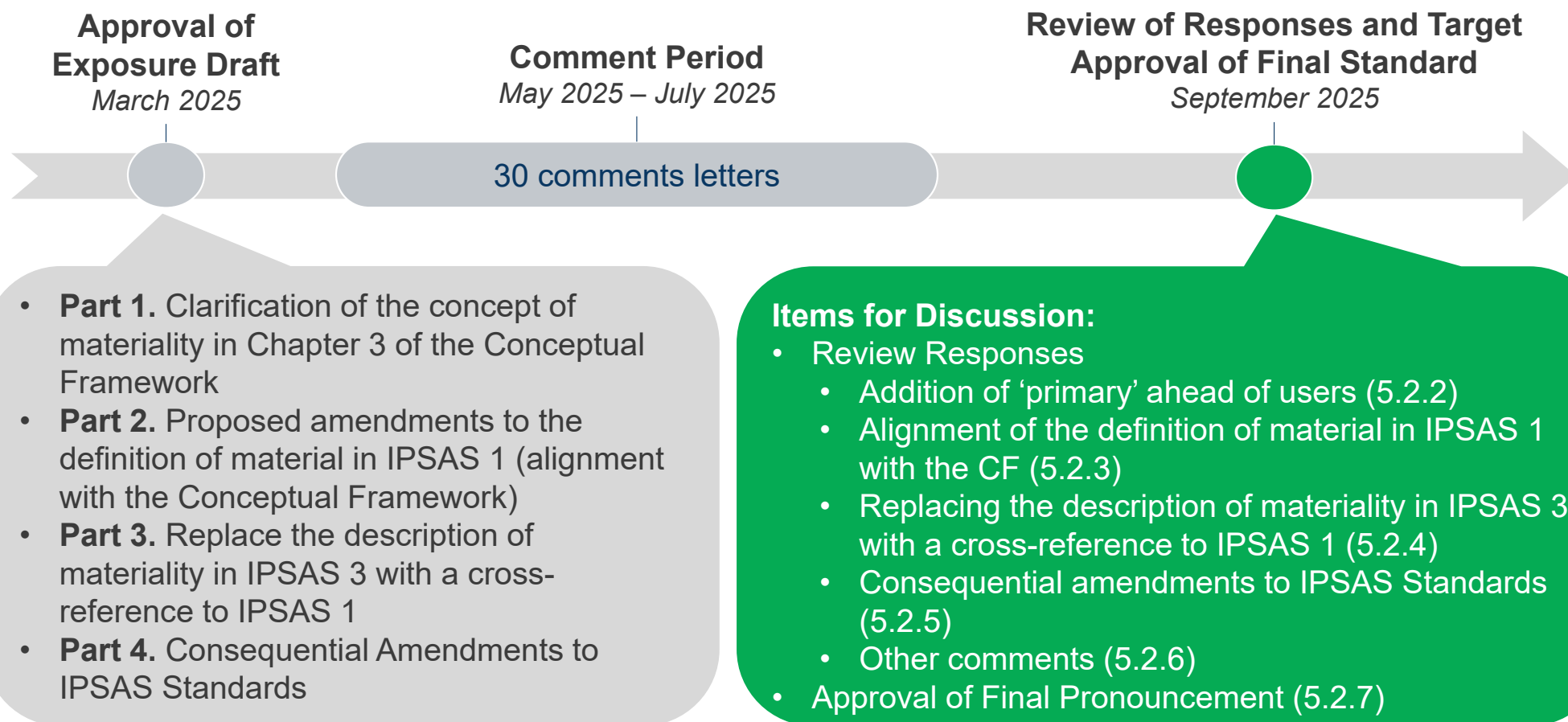


Making Materiality Judgments Project – Targeted Timeline

Targeted Project Timeline



Review of Responses to Exposure Draft (ED) 93



Review of Responses to Part 1 of ED 93

Analysis

- **ED 93 proposed** clarifying that decisions about materiality are intended to reflect the information needs of the primary users of general purpose financial reports instead of all users.
- **Feedback received on Part 1 of ED 93:**
 - Supportive of IPSASB proposals;
 - Suggested additional revisions to the description of materiality;
 - Raised concerns about the footnote; and
 - Requested development of guidance in the scope of Phase 2.
- **Consideration of feedback received:**
 - The description of materiality was recently consulted (ED 81) and its proposals strongly supported.
 - Scope of the *Making Materiality Judgments* project.

Recommendation

- **Proceed** with its decision to add:
 - ‘Primary’ ahead of ‘users’ in paragraph 3.32 of the CF; and
 - A footnote in paragraph 2.4 of the CF, as presented in Agenda Item 5.3.2.

Review of Responses to Part 2 of ED 93

Analysis

- **ED 93 proposed** aligning materiality guidance in IPSAS 1 with the Conceptual Framework and introducing explanatory guidance on materiality.
- **Feedback received on Part 2 of ED 93:**
 - Supportive of IPSASB proposals;
 - Proposed revisions to the definition of material or explanatory guidance;
 - Suggested term ‘users’ be qualified across IPSAS Standards; and
 - Requested development of guidance in the scope of Phase 2.
- **Consideration of feedback received:**
 - The description of materiality was recently consulted (ED 81) and its proposals strongly supported.
 - Scope of the *Making Materiality Judgments* project.

Recommendation

- **Proceed** with its decision to:
 - Align the definition of material in IPSAS 1 with the Conceptual Framework; and
 - Introduce explanatory guidance on materiality in IPSAS 1.

Review of Responses to Part 3 of ED 93

Analysis

- **ED 93 proposed** replacing the description of materiality in IPSAS 3 with a cross-reference to the definition of material in IPSAS 1.
- **Feedback received on Part 3 of ED 93:**
 - Supportive of IPSASB proposals;
 - Suggested additional revisions to the description of materiality;
 - Suggested term ‘users’ be qualified across IPSAS Standards; and
 - Requested development of guidance in the scope of Phase 2.
- **Consideration of feedback received:**
 - Consistent with IPSASB’s practices.
 - Scope of the *Making Materiality Judgments* project.

Recommendation

- **Proceed** with its decision to replace the description of materiality with a cross-reference to IPSAS 1.

Review of Responses to Part 4 of ED 93

Analysis

- **ED 93 proposed** amendments to specific IPSAS Standards where the definition of material is quoted.
- **Feedback received on Part 4 of ED 93:**
 - Supportive of IPSASB proposals;
 - Suggested materiality guidance in paragraph 22 of IPSAS 20 be aligned with the terminology in paragraph 12A of IPSAS 1;
 - Noted the softening of the materiality threshold could introduce subjectivity; and
 - Requested development of guidance in the scope of Phase 2.
- **Consideration of feedback received:**
 - The description of materiality was recently consulted (ED 81) and its proposals strongly supported.
 - Scope of the *Making Materiality Judgments* project.

Recommendation

- **Proceed** with its decision to amend other IPSAS Standards:
 - IPSAS 14, *Events after the Reporting Date*;
 - IPSAS 19, *Provisions, Contingent Liabilities and Contingent Assets*;
 - *IPSAS 20, Related Party Disclosures*;
 - IPSAS 42, *Social Benefits*; and
 - *IPSAS 45, Property, Plant, and Equipment*

Other Comments from Respondents to IPSAS ED 93

Analysis

- Other comments from respondents to ED 93 were analyzed and grouped:
 - Appendix A.1 – Constituents' Comments where Revisions to Final Pronouncement are Proposed by Staff;
 - Appendix A.2 – Constituents' Comment where Revisions to the Final Pronouncement are not Proposed by Staff

Recommendation

- Respondents' suggested enhancements to ED 93 proposals for Final Pronouncement:
 - Include revisions identified in Appendix A.1
 - Not to include revisions and editorials identified in Appendix A.2

Approving the Final Pronouncement

IPSASB Due Process for *Definition of Material* (Amendments to IPSAS 1, IPSAS 3 and the Conceptual Framework)

A

Staff present revised content of exposed pronouncement

See Agenda Item 5.3.2

B

Program & Technical Director advises whether Due Process followed effectively

PTD assertion

C

IPSASB confirms whether it is satisfied that Due Process has been followed effectively

Chair asks for confirmation

D

IPSASB votes on the approval of *Definition of Material* (Amendments to IPSAS 1, IPSAS 3 and the Conceptual Framework)

Staff recommend approval

E

IPSASB considers whether vote on re-exposure is necessary

No substantial changes

F

IPSASB sets effective date for *Definition of Material* (Amendments to IPSAS 1, IPSAS 3 and the Conceptual Framework)

January 1, 2027

G

IPSASB issues Basis for Conclusions

Agenda Item 5.3.2



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