Supporting Document 1: Summary of In-Person FRIFs

Background

1. In May 2026, the IPSASB held its first Financial Reporting Implementation Forum (FRIF). At the inaugural FRIF, Chair, Abdullah Al-Mehthil, welcomed implementation leaders to the inaugural meeting where the leaders were provided an overview of the Forum, its objectives.

2. In response to feedback from the Work Program Consultation, survey responses from the May 2026 FRIF, and instructions from the June 2026 IPSASB meeting, the July 2026 FRIF meeting focused on sharing experiences and challenges related to consolidation and the application of control in the public sector.

3. This meeting was designed to help inform the IPSASB in determining whether a post implementation review on IPSAS 35, *Consolidated Financial Statements*, and the application of control in public sector consolidations, is needed.

4. Across the two meeting sessions, many implementation leaders shared their experiences, challenges, and ways forward in applying the concept of control in the context of consolidation in the public sector. This was informative as practical implementation challenges are now better understood, and a common theme emerged that additional guidance on how to apply the control principle in the public sector consolidations is necessary, but not a change in the concept of control.

5. Additional FRIF meetings in Q4 2026 were dedicated to developing a better understanding of, and collecting more practical implementation issues related to, the application of control

Quarterly Update

6. In Q4 2026, in addition to holding its third global virtual FRIF, in-person FRIF's were held in:

   (a) **Paris**

   Hosted by the Forum of Firm Public Sector Committee in Paris, France on October 16, 2026.

   IPSASB Members: Thomas Müller-Marqués Berger | Heather Taylor (incoming member) | Kamira Sanchez (past member) | Berhard Schatz (past member)

   CAG Members: Fabienne Colignon | Paul Winrow

   (b) **Montevideo**

   Hosted by the FOCAL[1] in Montevideo, Uruguay on October 22, 2026.

   IPSASB Members: Thomas Müller-Marqués Berger | Judith Apaza | Alex Fabiane Feixeira | Andreas Bergman (AAG Chair) | Patricia Siqueira Varela (past member) | Aracelly Méndez (past member)

[1] FOCAL is the Governmental Accounting Forum of Latin America

(c) **Zagreb**

Hosted by the EPSAS[2] Working Group in Zagreb, Croatia on November 6, 2026.

IPSASB Members: Thomas Müller-Marqués Berger

CAG Members: Fabienne Colignon | Ulrica Sandstedt | Agnieszka Stachniak

7. A detailed summary of each in-person FRIF is available in Agenda Item 4.B.2 – Agenda Item 4.B.4, however, across all the in-person FRIF's consistent themes emerged:

   (a) Across all three meetings, participants questioned how the control-based consolidation boundary in IPSAS 35 interacts with legal, budgetary, statistical and wider public accountability boundaries;

   (b) Participants consistently called for practical implementation support, particularly worked examples, decision tools and guidance grounded in public sector structures; and

   (c) The events also emphasized that the purpose and users of consolidated financial statements should be clear before determining the most useful reporting perimeter.

Cross-meeting observations for the Board

8. Although the three events approached consolidation from different starting points, several common messages emerged. These observations are intended to support comparison and do not replace the separate event records.

Common observation	How it appeared across the meetings
Purpose	Paris and Zagreb emphasized the need to clarify users and purpose of consolidated financial statements. Montevideo showed how statutory and statistical purposes can produce different boundaries.
Control in complex governance	All three meetings identified difficulty applying control where power is divided among ministries, legislatures, regulators, boards and autonomous bodies.
Whole-of-government expectations	Participants often expect consolidated reporting to provide a broad government-wide picture, which may not correspond exactly to the IPSAS 35 economic entity.

[2] EPSAS is the European Public Sector Accounting Standards

Proportionality	Paris and Zagreb highlighted the need to balance completeness with cost, timeliness and the capacity of smaller entities.
Support requested	Across the meetings, participants asked for decision trees, realistic public sector examples, reconciliations and implementation case studies rather than abstract explanation alone.

Supporting Document 2: Summary of Paris In-Person FRIF

PARIS

Forum of Firms (FOF) FRIF | October 16, 2026

Summary

1. The Paris discussion focused on the practical and conceptual challenges of applying IPSAS 35, *Consolidated Financial Statements*, in complex public sector environments. Participants distinguished between technical obstacles, such as different accounting frameworks, charts of accounts, reporting dates and systems, and institutional or behavioral obstacles, such as reluctance to accept responsibility for controlled entities or uncertainty about where control resides. The discussion also highlighted the value that consolidation can add by revealing government-wide assets, liabilities, costs and risks that are not visible in separate-entity reporting.

Key Themes

Implementation is a change-management issue as well as a technical exercise

2. Participants observed that many consolidation difficulties do not arise from unclear requirements alone. Governance arrangements, organizational incentives, institutional resistance and differing views of responsibility can be as important as accounting mechanics. Technical and institutional problems therefore require different responses.

Determining control requires public sector-specific judgment

3. Control may be difficult to assess where authority is divided among ministries, finance ministries, legislatures, regulators and governing boards. Veto rights, appointment powers, funding dependence, guarantees and claims of operational independence may be relevant, but no single indicator necessarily resolves the assessment.

Consolidation can materially change the government-wide picture

4. An illustrative exercise showed that applying a broader consolidation could significantly increase reported assets, liabilities, depreciation and operating costs. The example demonstrated how consolidation may identify resources, obligations and market-facing costs that are not evident in the federal government's standalone statements.

State-owned enterprises present particular challenges

5. Many European state-owned enterprises have operated at arm's length from government and may apply IFRS or national GAAP. Consolidation can require difficult judgments about control, accounting policy alignment and eliminations, while also changing how performance is understood when dividends, rents and treasury financing are viewed from a group perspective.

The purpose of consolidated financial statements should be clearer

6. Participants noted that consolidation is often discussed through a government finance statistics or whole-of-government lens. Greater clarity about the purpose of entity-level consolidated financial statements, their users and their relationship to statistical and budget reporting would support more consistent application.

Proportionality and smaller-entity needs matter

7. Participants suggested exploring simplified guidance for smaller entities, both for their own financial statements and for the consolidation packages they submit. Complex segment, general government sector and budget-information requirements can become burdensome across large groups.

Jurisdictional and Institutional Perspectives

8. Country A: A mock federal consolidation illustrated that applying the consolidation requirements could potentially make substantial changes to the reported balance sheet and expenses. A government-owned real estate company highlighted practical challenges, including how to classify government properties and account for leases and debt between government entities..

9. A 2025 study was cited as identifying consolidation as one of the lower-maturity areas across Europe, with state-owned enterprises among the most challenging entities.

10. Public sector entity perspective: Incremental guidance was supported, particularly examples covering divided authority, government funding and guarantees, agencies, extra-budgetary funds, public corporations and subnational governments.

11. Capital-market perspective: Governments may finance strategically important companies while preferring not to consolidate them, illustrating the tension between policy relationships and accounting control.

Implementation Support Priorities

12. Develop public sector-specific examples showing how authority is distributed across ministries, legislatures, regulators and boards.

13. Provide decision tools addressing veto rights, appointment powers, financial dependence, guarantees and substantive power.

14. Illustrate how to align accounting policies, reporting dates and charts of accounts, including the use of consolidation systems, and spreadsheets.

15. Clarify practical approaches to materiality, approximate solutions and documentation where complete information is not immediately available.

16. Consider proportionate consolidation packages and simplified support for smaller controlled entities.

17. Explain the distinct purposes of IPSAS consolidated statements, budget reports and government finance statistics.

Potential implications for IPSASB consideration

18. Implementation materials may need to address institutional behavior and governance, not only technical accounting requirements.

19. Public sector examples could make the IPSAS 35 control model more operational without changing the underlying principle.

20. The Board may wish to articulate more clearly the decision-usefulness and accountability benefits of consolidated financial statements.

21. Related requirements in other IPSAS Standards may warrant consideration when developing consolidation support.

Supporting Document 3: Summary of Montevideo In-Person FRIF

MONTEVIDEO

FOCAL FRIF | October 22, 2026

Summary

1. The Montevideo discussion examined practical experience applying IPSAS 35 and the recurring tension between a control-based consolidation boundary and boundaries established by national law, budget accountability, public-service purpose or government finance statistics. Participants described difficult assessments involving autonomous bodies, state-owned enterprises, public banks, trusts and publicly funded private-law entities. They also emphasized that defining the perimeter is only the first step: inconsistent frameworks, systems, timing and transaction data can make reliable consolidation and eliminations difficult in practice.

Key Themes

Control is not the same as regulation or public financing

2. Ministries of finance may establish accounting rules or provide most of an entity's funding without directing its relevant activities. Financial dependence, appointment rights, board composition, public-service mandates and exposure to benefits or risks were viewed as indicators requiring a complete assessment rather than automatic evidence of control.

Statutory consolidation boundaries often serve different purposes

3. Some jurisdictions consolidate autonomous or constitutionally protected entities for public accountability, budget execution or whole-of-public-sector reporting even when the executive does not control them. Participants questioned whether a strictly control-based boundary always provides the complete picture expected by users.

Public enterprises and financial institutions require tailored analysis

4. State-owned enterprises and public banks may use IFRS, national standards or sector-specific regulation. Information restrictions and the loss of dividend or sector-level information through line-by-line consolidation can further complicate their inclusion.

Data and system interoperability are essential

5. Common charts of accounts, standardized reporting submissions, aligned accrual timing, comparable data and transaction coding were seen as prerequisites for efficient consolidation. Without them, even a well-defined perimeter may not produce timely or reliable information.

Intra-government eliminations remain operationally difficult

6. Transfers, taxes, capital contributions and reciprocal balances may be classified or timed differently by the two parties. Participants supported transaction mapping, bilateral reconciliations, clear elimination guidance and a proportionate application of materiality.

Financial statements and statistics need bridges, not forced alignment

7. IPSAS financial statements and government finance statistics have different objectives and may use different boundaries. Participants favored reconciliations and explanatory bridges rather than assuming both systems should produce identical perimeters.

Other implementation issues also require attention

8. The closing discussion identified challenges involving employee-benefit actuarial valuations, missing historical asset costs, revenue recognition and conditional grants or loans, showing that implementation demands extend beyond consolidation.

Jurisdictional and Institutional Perspectives

9. Autonomous and constitutional bodies: Participants described settings in which entities are included in national reporting for accountability reasons even though executive control is limited or absent.

10. State-owned enterprises and public banks: Different reporting frameworks, sector regulation and access to information complicate both boundary assessments and consolidation procedures.

11. Private-law entities serving public purposes: Trusts, foundations and other publicly financed entities can be difficult to assess when legal form, funding and substantive decision-making point in different directions.

12. Statistical reporting: Participants emphasized the value of explaining differences between the IPSAS economic entity and statistical sector classifications.

Implementation Support Priorities

13. Prepare decision trees covering municipalities, autonomous constitutional bodies, public enterprises, trusts, foundations and public banks.

14. Distinguish regulatory oversight, financing relationships, board appointment powers and substantive control over relevant activities.

15. Develop side-by-side examples comparing IPSAS Standards, statutory whole-of-public-sector and statistical reporting boundaries.

16. Provide transaction-mapping and reciprocal-balance reconciliation examples for transfers, dividends, taxes and capital financing.

17. Share standardized reporting templates, chart-of-accounts bridges and examples involving entities that apply different accounting frameworks.

18. Clarify materiality, transition constraints and transparent documentation where consolidation information is incomplete.

19. Gather further implementation evidence on employee benefits, asset valuation and taxes, grants and conditional financing.

Potential implications for IPSASB consideration

20. Guidance should explicitly separate control from regulation, financing and public-service purpose.

21. Implementation support should address both boundary decisions and the data, systems and reconciliation processes needed after the boundary is set.

22. Reconciliations between IPSAS Standards and statistical or statutory boundaries may be a practical way to meet different user needs.

23. Evidence from related standards could help the Board prioritize a broader implementation-support work program.

Supporting Document 4: Summary of Zagreb In-Person FRIF

ZAGREB

Financial Reporting Issues Forum FRIF | November 6, 2026

Summary

1. The Zagreb discussion considered the purpose and appropriate scope of public sector consolidated financial statements. Participants questioned whether a control-based boundary, on its own, always identifies the reporting perimeter that users expect from whole-of-government reporting. The discussion did not produce a single consensus position. Instead, it highlighted diverse national approaches and emphasized that the objective, users and intended decisions should be identified before selecting the consolidation rule or reporting boundary.

Key Themes

Define the reporting objective before determining the boundary

2. Participants began with fundamental questions: why governments prepare consolidated financial statements, who uses them, which decisions they support and what a whole-of-government perspective is expected to show. They distinguished consolidated financial statements from consolidated data, budget reporting and statistical reporting.

Control may be a starting point but not always the complete answer

3. The discussion considered whether a broader perimeter could include entities that are not controlled in the conventional sense, or whether controlled entities might be excluded under some national approaches. Some participants contemplated a stepped approach that starts with controlled entities and adds entities needed for broader macro-fiscal or accountability purposes.

The whole-of-government economic entity needs clearer articulation

4. Where powers are distributed among government, parliament, jurisdictions and autonomous bodies, identifying a single controlling or reporting entity can be difficult. Participants considered whether concepts such as a state or government accounting entity may better describe a whole-of-government perimeter that is not derived solely from control.

Alternative and supplementary reporting models may have a role

5. Options discussed included a broader public sector perimeter, combined reporting for entities under common control, supplementary information and statistical reports alongside IPSAS consolidated financial statements. The discussion also raised whether further guidance on common-control situations would be useful.

Usefulness and proportionality should guide the approach

6. Participants emphasized accountability and user needs while recognizing the cost, complexity and reporting delay associated with broad consolidation. The benefits of including additional entities should be considered against these practical consequences.

Jurisdictional and Institutional Perspectives

7. Country A: Multiple layers of consolidation were noted, together with questions about the scope of the public sector and the identity of the controlling entity at central-government level.

8. Country B: Parliament was identified as an important user, and discussion considered both single-entity and wider public sector perspectives.

9. Country C: Consolidation has not been adopted because the administration has not yet demonstrated to parliament how the statements would be used, who would use them and what value they add beyond government statistics.

10. Country D: Federal structures can create a desire to consolidate entities or government levels that are not directly controlled, illustrating the limits of a purely legal or formal control analysis.

11. Country E: Control was linked to responsibility for liabilities and the ability to direct operations, while participants asked how to account for situations in which government bears risks but cannot direct the entity.

12. Country F: The consolidation boundary and methods were developed from a decision-making perspective rather than by applying the IPSAS 35 control test. Parliament supports the current approach, and a change would require a clear demonstration of added value.

13. Country G: The user perspective was emphasized, including circumstances in which controlled institutions may not be consolidated while other entities form part of a broader government reporting boundary.

14. Entity perspective: Public sector balance-sheet data and general government sector information were distinguished from conventional financial statement presentation.

Implementation Support Priorities

15. Explain the specific accountability and decision-usefulness contribution of IPSAS consolidated financial statements relative to statistical and budget reports.

16. Develop a framework that helps jurisdictions identify principal users and information needs before assessing the reporting perimeter.

17. Explore whether control can be supplemented by additional criteria where a broader whole-of-government or macro-fiscal perspective is sought.

18. Provide guidance on identifying the reporting entity where authority is dispersed across executives, legislatures, jurisdictions and autonomous bodies.

19. Consider combined reporting, supplementary information and common-control guidance as possible responses where conventional consolidation does not capture the intended reporting scope.

20. Include proportionality considerations, particularly the cost, timeliness and practical benefit of broader consolidation.

Potential implications for IPSASB consideration

21. The distinction between an IPSAS economic entity and a broader whole-of-government reporting entity may require clearer communication.

22. Further work could explore whether supplementary or combined reporting can address user needs without weakening the control principle.

23. Country examples could demonstrate why different reporting objectives produce different, but potentially reconcilable, boundaries.

Supporting Document 5: Summary of Abstract Submission Details

Overview of 2027 Academic Advisory Group Process

Academic Advisory Group

1. The Academic Advisory Group (AAG) facilitates structured engagements between the IPSASB and the academic community, helping ensure that academic research and insights contribute to our standard-setting process. The AAG is chaired by former IPSASB Chair, Andreas Bergmann, and includes IPSASB's academic members, as well as representatives from the Comparative International Governmental Accounting Research (CIGAR) and Network and International Research Society for Public Management (IRSPM).

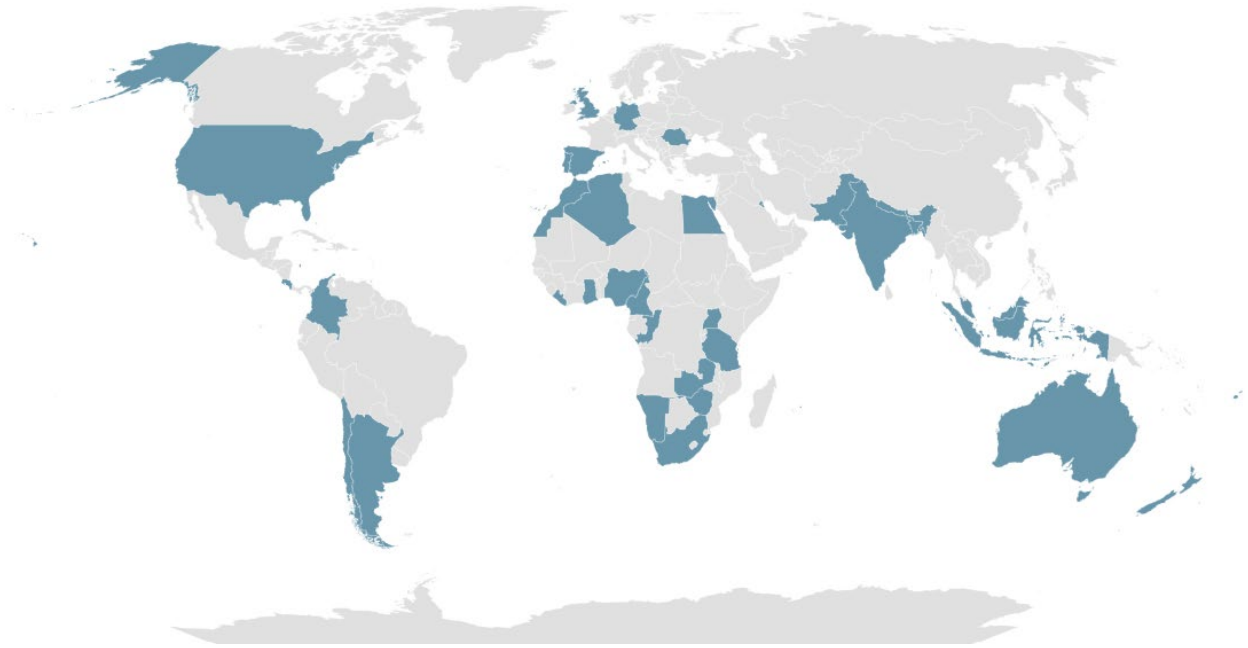
1. The IPSASB holds Research For a on an annual basis to engage with the academic community. To support these fora, we issue Calls for Papers, encouraging academic researchers to contribute through scholarly papers. These academic outreach activities have allowed participants from academia and standard-setting bodies to discuss specific current and committed projects on our work program, as well as specific public sector topics identified for research activities.

Evaluation of Abstracts

2. The IPSASB is offering grants of USD 2,000 for selected scholarly papers submitted on each of the topics below (up to six grants available in total, with two grants funded by partner organizations: ETY Global and the Korean Institute of Public Finance). The IPSASB may select additional topics under each Research Area depending on the focus of the proposed research and its relevance to the IPSASB's current and future work program and initiatives.

3. Topics of Interest:
   (a) Application of Control in the Public Sector
   (b) Asset Recognition and Measurement
   (c) Adoption and Implementation Challenges Related to Sustainability Reporting
   (d) Disclosures of Public Policies with Climate-Related Outcomes
   (e) Digital Assets, Including Cryptocurrencies
   (f) Artificial Intelligence in Accounting and Reporting

4. The deadline to submit abstracts was September 14, 2026. In 2026 there were 115 abstracts submitted from across the globe.



5. The abstracts were reviewed by the IPSASB Academic Advisory Group and decisions on the award of grants to the six successful papers was made, and authors were notified at the end of October 2026. The titles of the abstracts selected are as follows:

   (a) From Climate Plans to Financial Reports: Does Sustainability-Reporting Readiness Associated with Public Borrowing Conditions?

   (b) Assessing Control in Complex Local Government Structures: Financial Dependency, Strategic Autonomy and The Reporting Boundary

   (c) The IPSAS-Fluency of Major Large Language Models and Implications for Public Sector Accounting Standard-Setting

   (d) Current Operational Value for Specialized Public-Sector Assets: Challenges in Measuring Service Potential

   (e) Regulatory Priorities for Public Sector Cryptocurrency Accounting: Evidence from Auditors' Professional Judgments

   (f) Disclosing Climate-Related Public Policy Outcomes: A Systematic Evidence Review of Attribution, Responsibility and Accountability

Key Dates

6. Leading up to the presentation of the research findings at the IPSASB Research Forum in June 2027 and to the IPSASB at it September 2027 meeting, the development of the academic papers will follow the following timetable:

   (a) March 12, 2027 – Submission of the full first draft of papers and payment of the grants. The IPSASB Academic Advisory Group will provide feedback on full first draft of papers;

   (b) May 14, 2027 – Submission of final papers;

(c) June 25, 2027 – The grant recipients, as well as other scholars, will present their papers at the 2027 IPSASB Research Forum to receive feedback from fellow academics. Participants in the IPSASB Research Forum are expected to follow the registration procedure for the CIGAR Conference; and

(d) September 14–16, 2027 – The grant recipients, as well as other scholars, will present the results of their research at the IPSAS Board Meeting (virtually or in person).

Supporting Document 6: IPSASB Explains Operating Procedures

Staff developed the IPSASB Explains Operating Procedures to establish a review process for IPSASB Explains materials designed to ensure that they remain clearly non-authoritative and neither add to nor change the requirements of IPSASB Standards.

IPSASB Explains Review Process

Operating Procedures – November 2026

1. The IPSASB develops International Public Sector Accounting Standards® (IPSAS® Standards) and IPSASB Sustainability Reporting Standards™ (IPSASB SRS™ Standards), herein referred to as the "IPSASB Standards" or "the Standards", in accordance with the IPSASB Due Process and Working Procedures. The due process is required from project identification to final approval and requires consultation with the Consultative Advisory Group and oversight from the Public Interest Committee.

2. The IPSASB Standards are the authoritative source for principles and requirements for financial and sustainability reporting. The Standards include authoritative material that requires approval by the Board (i.e. Core Text and Application Guidance) and non-authoritative accompanying materials that are not formally approved by the Board (i.e. Basis for Conclusions, Implementation Guidance and Illustrative Examples).

3. In response to the Work Program Consultation in 2026, IPSASB stakeholders have emphasized the need for implementation support in adopting and applying the IPSASB Standards.

4. Taking stakeholder feedback into consideration, as part of the IPSASB strategy, the IPSASB has decided that it is in the public interest to develop implementation support materials through the IPSASB Explains initiative to explain the principles set out in the Standards, facilitate understanding of the IPSASB Standards and support the consistent adoption, implementation and application of the Standards.

5. The IPSASB Explains materials are not part of the IPSASB Standards and their accompanying materials and are therefore not subject to due process. IPSASB Explains materials are non-authoritative and cannot add or change requirements in the Standards. If new requirements or potentially necessary changes to IPSASB Standards are identified, these would be referred to the Board and taken through the normal standards development process to propose and make any amendments and changes, in accordance with the applicable steps in due process.

6. As the IPSASB Explains materials are not subject to due process, this document set out the operating procedures for review of the IPSASB Explains materials.

Purpose of IPSASB Explains Review Process

7. The purpose of the IPSASB Explains Review Process is:
   a) To ensure that IPSASB Explains material does not add or change requirements in the Standards; and
   b) To ensure that IPSASB Explains material is clearly distinguished from the Standards (see paragraph 14 on IPSASB Explains Disclaimer below).

Review process

8. IPSASB Explains materials will be prepared by IPSASB Staff based on the IPSASB Standards. The IPSASB Staff are fully responsible for managing the development of the IPSASB Explains materials.

9. In developing the content for IPSASB Explains, IPSASB Staff can draw upon external experts to help with content development, including consultants, IPSASB Members, and Technical Advisors with specific skills and experience (and availability and interest) to support the development process as contributors.

10. All IPSASB Explains materials will be reviewed by:
    a) IPSASB Staff leadership, specifically the Program and Technical Director and/or Deputy Director; who will assert on behalf of the Staff team to the IPSASB Chair, that the relevant IPSASB Explains materials:
        i. Explain the key concepts, principles and requirements in the Standards,
        ii. Provide practical tools and information to support implementation,
        iii. Champion the value and benefits of the Standards for informed action,
        iv. Do not add or change requirements in the IPSASB Standards, and
        v. Are clearly distinguished from the Standards; and
    b) The IPSASB Chair, who will determine if the IPSASB Staff assertion is valid.

11. At the IPSASB Chair's discretion, one or more IPSASB Board members may be requested to support in the review of IPSASB Explains materials. The IPSASB Board member(s) will be selected for review based on:
    a) Experience and expertise with the topic;
    b) Independence from the IPSASB Explains content development (e.g. Board members that help with preparing material cannot be selected as a reviewer for the same material); and
    c) Availability of time to complete review in a timely manner.

12. The IPSASB Chair and selected IPSASB Board Members are not required to sign off or approve the technical content of IPSASB Explains materials. The purpose of review by the IPSASB Chair and IPSASB Board members, as selected by the IPSASB Chair, is to ensure the IPSASB Explains materials:
    a) Do not add or change the principles and requirements in the Standards, and
    b) Are clearly distinguished from the IPSASB Standards.

13. IPSASB Staff will provide IPSASB Board members with materials at least 1 week in advance of the required completion of the module.

IPSASB Explains Disclaimer

14. All IPSASB Explains materials shall include the following disclaimer, ensuring they are clearly distinguished from the IPSASB Standards:
    "The International Public Sector Accounting Standards Board (IPSASB) issues International Public Sector Accounting Standards (IPSAS) and IPSASB Sustainability Reporting Standards (IPSASB SRS) (collectively, the IPSASB Standards). The IPSASB is committed to supporting the consistent adoption and implementation of the IPSASB Standards. This material is developed as part of delivering on that commitment.
    This material is non-authoritative. It is not part of the IPSASB Standards, does not amend or override them, and is not a substitute for reading them. The material has been developed by

IPSASB staff. It has not been reviewed or approved by the IPSASB Board. It reflects the IPSASB Standards as at [month, year].
This material presents hypothetical scenarios to illustrate how an entity might apply certain requirements of the IPSASB Standards. The examples use illustrative fact patterns and are not exhaustive. When applying the standards, an entity should consider all relevant facts and circumstances, and apply professional judgment."