



Date: July 14, 2025

Mr. Ross Smith

Program and Technical Director,

International Public Sector Accounting Standards Board

International Federation of Accountants

529 5th Avenue

New York, New York 10017

RE: Comments on ED 93, *Definition of Material* (Amendments to IPSAS 1, IPSAS 3, and the Conceptual Framework)

Dear Mr. Smith,

We welcome the opportunity to comment on ED 93 *Definition of Material* (Amendments to IPSAS 1, IPSAS 3, and the Conceptual Framework).

We are pleased to communicate that the feedback received from our constituents showed strong support for the proposals in the exposure draft, which aim to clarify that materiality decisions should reflect the needs of the primary users of GPFR and align materiality guidance across the IPSAS Standards with the Conceptual Framework. However, we would like to note the following:

- The IPSASB should consider whether there is any other materiality related guidance in the IPSAS literature that should be also updated based on the revised new definition. For example, the wording of paragraph 22 in IPSAS 20 would be inconsistent since the word “size” from the current definition would still be used instead of the word “amount” from the proposed new definition.
- Some of our respondents proposed that the IPSASB should develop the further guidance described below, which seems to fit better in the other phases of the broader project on materiality:
 - Guidance on balancing between transparency and avoiding excessive disclosures.
 - Illustrative examples on distinguishing between information that is essential for disclosure and information that might distract users or obscure key messages.



- Illustrative examples on identifying primary users of GPFR.
- Consideration of whether an item's relationship to risk should be factored in deciding on materiality, for example whether information about the item can be material because it directly relates to a significant risk.
- Illustrative examples on applying the concept of materiality to different situations such as in budget performance reporting, social benefits reporting and service performance reporting.
- Guidance on issues specific to the public sector when judging materiality, for example whether thresholds established at the whole of the government level can be automatically applied in individual public sector entities' financial statements.
- Guidance on determining whether an item is still material due only to its nature.

Should you have any queries concerning the matters in this submission, or wish to discuss them in further detail, please contact Mr. Abdullah Alhomaidda via email at:

a.alhomaidda@mof.gov.sa

Yours sincerely,

Abdullah Al Mehthil

Assistant Undersecretary for Policy and Governance - Deputyship of Accounts & Finance

Head of the Public Sector Accrual Accounting Center and Secretary to the Public Sector Accounting Standards Committee

The Ministry of Finance

Riyadh, Saudi Arabia