



14th July 2025

To the Chair,

International Public Sector Accounting Standards Board (IPSASB)
277 Wellington Street West
Toronto, ON M5V 3H2
Canada

Dear Ian Carruthers,

SUBMISSION OF COMMENTS ON DEFINITION OF MATERIAL (AMENDMENTS TO IPSAS 1, IPSAS 3, AND THE CONCEPTUAL FRAMEWORK)

The Institute of Certified Public Accountants of Kenya (ICPAK) welcomes the opportunity to comment on the Exposure Draft Definition of Material (Amendments to IPSAS 1, IPSAS 3, and The Conceptual Framework). In our enclosed commentary we offer general observations on clarity and convergence with IFRS, targeted suggestions for how IPSAS 1 and IPSAS 3 might illustrate the new “obscuration” concept in a public-sector context, and comments on embedding a unified definition in the Conceptual Framework.

We hereby present our comments to the specific areas highlighted in the exposure draft memorandum. Kindly contact us using the details below should you require any additional information or clarification catherine.asekait@icpak.com Tel: +254711638370.

We trust these comments will assist the IPSASB in finalizing a clear, practicable set of amendments that strengthen materiality judgements and improve the usefulness of IPSAS-based financial reporting.

Yours Sincerely,

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Question	Response <i>(Please give clear reasoning to support your response)</i>
Alignment with Primary Users (Paragraph 3.32 of the Conceptual Framework):	<ul style="list-style-type: none"> • Support for "Primary Users": We agree with the proposed addition of "primary" before "users" in the definition of material. This clarifies that materiality judgments should be made with the specific information needs of primary users (service recipients, resource providers, and their representatives) in mind, rather than a broader, less defined user group. This alignment is fundamental to the conceptual framework and its objective of providing useful information for accountability and decision-making in the public sector. • Clarity on "Reasonably be Expected to Influence": We agree with the proposed change from "could influence" to "could reasonably be expected to influence" which offers a more practical and less absolute threshold for materiality. This acknowledges that materiality involves professional judgment and a degree of common sense, rather than an exhaustive consideration of every remote possibility. We believe this will aid preparers in applying the concept.

Question	Response <i>(Please give clear reasoning to support your response)</i>
<p>Consideration of "Obscuring Information" as a Materiality Factor:</p>	<ul style="list-style-type: none"> • Strong Support: We commend the IPSASB for including "obscuring information" to assess materiality. In the context of public sector entities, where financial reports can often be voluminous and complex, providing too much information (even if individually immaterial) can inadvertently obscure truly material information. This addition is a vital recognition of the qualitative aspect of materiality and will encourage more concise and impactful reporting. • Introducing "obscuration" recognizes that voluminous, immaterial detail can hide material items—a risk in IPSAS preparation with lengthy budget-to-actual schedules. We recommend providing one or two public-sector-specific illustrations (e.g., how disclosing dozens of immaterial grant items in one note could obscure a material loan covenant).
<p>Amendments to IPSAS 1 (Presentation of Financial Statements) and IPSAS 3 (Accounting Policies, Changes in Accounting Estimates and Errors):</p>	<ul style="list-style-type: none"> • Consistency Achieved: The proposed amendments to IPSAS 1 and IPSAS 3 effectively align the material definition with the revised Conceptual Framework. This consistency greatly benefits preparers and users, reducing potential

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	ambiguity and fostering a more unified understanding of materiality.
Consolidated Definition Across IPSASB Literature	<ul style="list-style-type: none"> • Embedding a single, robust definition of material in the Framework (rather than scattered across individual standards) is a welcome simplification.
Alignment with IFRS	<ul style="list-style-type: none"> • We support aligning the IPSAS definition of material with the enhanced IFRS definition, improving comparability between public-sector and private-sector reporting. Consistency across IPSAS 1, IPSAS 3, and the Conceptual Framework reduces confusion for preparers and auditors who work across both sectors.

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