

**EXPOSURE DRAFT 93**

**DEFINITION OF MATERIAL (AMENDMENTS TO IPSAS 1, IPSAS 3 AND THE CONCEPTUAL FRAMEWORK)**

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Brasília, Brazil

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Dear Mr. Ross Smith,

The *Conselho Federal de Contabilidade* (CFC) of Brazil welcomes the opportunity to collaborate with the consultation on IPSASB, *IPSASB SRS Exposure Draft 93, Definition of Material (Amendments to IPSAS 1, IPSAS 3 and the Conceptual Framework)*, alongside with its regionais arms – *Conselhos Regionais de Contabilidade* (CRCs), is the Professional Accountancy Organization responsible for regulatory activities overseeing the accountancy profession throughout the country.

Our points of view and comments can be found in the Appendix of this document, which was prepared by the Permanent Committee for Public Sector Accounting Standards (CP CASP – acronym in Portuguese) linked to the Federal Accounting Council.

Should you have any questions or require clarification of any matters in this submission, please contact: [tecnica@cfc.org.br](mailto:tecnica@cfc.org.br).

Best regards,



Ana Tércia Lopes Rodrigues

*Technical Vice-President*

Conselho Federal de Contabilidade

## CONTEXT AND GENERAL COMMENTS

The Brazilian Federation is composed by 26 states, the Federal District and 5,569 municipalities governments. These levels of governments are responsible for formulating, implementing, and evaluating public policies in cooperative and/or competitive arrangements.

## APPENDIX

### AMENDMENT: PART 1 – AMENDMENTS TO THE CONCEPTUAL FRAMEWORK FOR GENERAL PURPOSE FINANCIAL REPORTING BY PUBLIC SECTOR ENTITIES

#### Amendments to the Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities

Paragraphs 2.4 (footnote is added) and 3.32 are amended. New text is underlined and deleted text is struck through.

#### Answer:

CP CASP/CFC agrees with the proposal that for the purposes of the Conceptual Framework, the primary users of GAAP are service recipients and their representatives, and resource providers and their representatives (hereafter referred to as "service recipients and resource providers", unless otherwise stated).

#### Chapter 3: Qualitative Characteristics

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#### Constraints on Information Included in General Purpose Financial Reports

##### Materiality

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- 3.32. Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the discharge of accountability by the entity, or the decisions that primary users make on the basis of the entity's GPFRs prepared for that reporting period. Materiality depends on both the nature and amount of the item judged in the particular circumstances of each entity.

#### Answer:

CP CASP/CFC agrees that information is material if its omission, misstatement or concealment could reasonably be expected to influence the entity's compliance with its reporting obligations or the decisions that primary users make based on the entity's GPFRs prepared for that reporting period. Materiality depends on both the nature and value of the item judged in the circumstances of each entity.

#### Revision in 2025

- BC3.32I In December 2024, the IPSASB decided to review the consistency of the description of materiality in the Conceptual Framework to enhance the clarity of application. The IPSASB noted that the description of materiality refers to users. This term could be interpreted broader than the scope of financial reporting, which is the information needs of primary users, as described in paragraph 1.7 of the Conceptual Framework. For consistency purposes, the IPSASB decided to clarify that the users referred to in the description of materiality are the primary users of GPFRs, as opposed to other users.
- BC3.32J The revision to add 'primary' ahead of 'users' in the description of materiality in paragraph 3.32 emphasizes that the decisions about materiality are intended to reflect the information needs of primary users and not of other users. This is consistent with paragraphs 2.4 and 2.6 of the Conceptual Framework, which describes that other users may benefit from the information in GPFRs; however, these are explicitly prepared to respond to the information needs of primary users.
- BC3.32K The IPSASB also added a footnote to paragraph 2.4 explaining that throughout the Conceptual Framework, the terms 'primary users' and 'users' refer to those service recipients and their representatives and resource providers and their representatives who rely on GPFRs for much of the financial information they need. The footnote avoids the need to change every single instance of the term 'users' to 'primary users' throughout the Conceptual Framework.

#### Answer:

CP CASP/CFC agrees with the proposed amendment of the following items: BC3.32I, BC3.32J and BC3.32K.

**AMENDMENT: PART 2 – AMENDMENTS TO IPSAS 1, PRESENTATION OF FINANCIAL STATEMENTS**

**Amendments to IPSAS 1, *Presentation of Financial Statements***

Paragraphs 7 and 13 are amended. Paragraphs 12A, 13A, and 153R are added. New text is underlined and deleted text is struck through.

**Answer:**

CP CASP/CFC agrees with the proposed definition of material in paragraph 7 and the materiality requirements for disclosure or concealment of accounting information proposed in paragraph 12A.

**Effective Date and Transition**

**Effective Date**

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153R. Paragraphs 7 and 13 are amended and paragraphs 12A and 13A are added by [Draft] Definition of Material (Amendments to IPSAS 1, IPSAS 3, and the Conceptual Framework), issued in [Month] [Year]. An entity shall apply these amendments prospectively for annual financial statements covering periods beginning on or after January 1, [Year]. Earlier application is permitted. If an entity applies these amendments for an earlier period, it shall disclose that fact.

**Answer:**

CP CASP/CFC agrees with the proposed effective date and transition.

**Basis for Conclusions**

This Basis for Conclusions accompanies, but is not part of, IPSAS 1.

**Answer:**

CP CASP/CFC agrees with items BC40, BC41, BC42, BC43, BC44, BC45 and BC47. Regarding the use of the terms “Users” and “Primary Users” defined in item BC46, we understand that the term “Primary Users” better serves the interests of the public sector.

## **AMENDMENT: PART 4 – AMENDMENTS TO OTHER IPSAS STANDARDS**

### **Amendments to IPSAS 14, *Events after the Reporting Date***

Paragraphs 5 and 30 are amended, and paragraph 32H is added. New text is underlined and deleted text is struck through.

#### **Disclosure**

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#### **Disclosure of Non-adjusting Events after the Reporting Date**

30. If non-adjusting events after the reporting date are material, non-disclosure could reasonably be expected to influence the discharge of accountability by the entity, or the economic decisions of that the primary users of general purpose financial statements taken make on the basis of the entity's general purpose financial statements prepared for that reporting entity. Accordingly, an entity shall disclose the following for each material category of non-adjusting event after the reporting date:

- (a) The nature of the event; and
- (b) An estimate of its financial effect, or a statement that such an estimate cannot be made.

#### **Answer:**

CP CASP/CFC agrees standardizing the term “General Purpose Accounting Reports” throughout the Draft. Some items in the Draft use the term “Financial Statements” and “Accounting Statements”. (See item 30 of this section).

### **Amendments to IPSAS 19, *Provisions, Contingent Liabilities and Contingent Assets***

Paragraphs 18, 87, and AG18 are amended, and paragraph 111Q is added. New text is underlined and deleted text is struck through.

#### **Answer:**

CP CASP/CFC agrees with item 87 and the proposed effective date.