

Quito, July 2025

R-05-01-IPSAS

Mr. Ian Carruthers
Chairman International Public Sector Accounting Standards Board,
The International Federation of Accountants,
277 Wellington Street West,
Toronto, Ontario M5V 3H2 CANADA

Dear Ian Carruthers,

Subject: Comment letter on Draft ED 93, “Definition of Material

On behalf of the College of Public Accountants of Pichincha and Ecuador, we appreciate the opportunity to submit our comments on Exposure Draft ED 93, “Definition of Material,” issued by the IPSASB. We recognize the importance of this project in strengthening conceptual and practical consistency in the application of the materiality principle in public sector financial reporting.

1. General Support for the Project

We value the IPSASB’s efforts to align the definition of materiality between the Conceptual Framework and IPSAS standards, focusing on the needs of primary users. This conceptual clarity is essential to enhance the quality, usefulness, and comparability of public sector financial statements.

2. Specific Comments

2.1 Part 1 – Conceptual Framework

Paragraph 2.4 (footnote): We support the inclusion of a footnote defining “primary users.” We recommend including illustrative examples such as citizens, oversight bodies, and resource providers to facilitate understanding in diverse contexts.

Paragraph 3.32: We support the inclusion of the concept of “obscuring” information as a materiality factor. We suggest providing practical examples to avoid ambiguous interpretations.

2.2 Part 2 – IPSAS 1

Paragraph 7: The revised wording “could reasonably be expected to influence” may create uncertainty in its application. We recommend publishing objective criteria or checklists.

Paragraphs 13 and 13A: In contexts such as Ecuador, where multiple stakeholders exist, identifying “primary users” may be challenging. We suggest acknowledging this diversity and allowing flexibility in interpretation.

2.3 Part 3 – IPSAS 3

We value the conceptual alignment and the inclusion of new paragraph 59I. However, we suggest publishing examples to guide its practical application, especially regarding retrospective changes.

2.4 Part 4 – Other Standards (IPSAS 14, 19, 42, 45)

In the case of IPSAS 14, the definition of “subsequent events” may be difficult to apply in jurisdictions without formal approval processes. We recommend including interpretative guidance and examples.

For IPSAS 19, 42, and 45, we suggest maintaining terminological consistency and facilitating implementation with supporting materials.

3. General Recommendations

Practical guidance: We request that IPSASB accompany these amendments with non-authoritative materials such as examples, checklists, and training.

Implementation flexibility: We recommend establishing flexible transition periods and allowing voluntary early adoption.

Recognition of the public sector context: It is essential that the amendments consider the specific characteristics of the public sector in Latin America, including the multiplicity of users and local regulatory frameworks.

International alignment: Definitions should remain consistent with international standards such as IFRS and IAS 10, while considering the realities of the public sector.

We once again appreciate the opportunity to participate in this consultation process and remain available to collaborate in future IPSASB initiatives.

Please feel free to contact us in case any further clarification in this regard is required.

Regards,



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