

14 July 2025

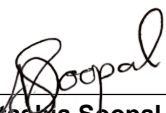
The International Public Sector Accounting Standards Board (IPSASB)

277 Wellington Street West
Toronto, ON M5V 3H2
Canada

RE: PROPOSED INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARD® - PROPOSED DEFINITION OF MATERIAL (AMENDMENTS TO IPSAS 1, IPSAS 3, AND THE CONCEPTUAL FRAMEWORK) (ED 93)

1. The South African Institute of Chartered Accountants (SAICA) welcomes the opportunity to make submissions on ED 93.
2. SAICA is South Africa's pre-eminent accountancy body and is widely recognised as one of the world's leading accounting institutes. The Institute provides a wide range of support services to more than 50 000 members who are chartered accountants [CAs(SA)], associate general accountants [AGAs(SA)] and accounting technicians [ATs(SA)] who hold positions as chief executive officers, managing directors, board members, entrepreneurs, chief financial officers, auditors, and leaders in their respective spheres of operation.
3. Our work in the public sector goes beyond member support but also includes a significant focus on advocacy and capacity building to support and encourage an improvement in public finance management.
4. SAICA supports the proposals in ED 93 as these proposals align to the definition of material across the Conceptual Framework and the IPSAS Standards and clarify that the decisions about materiality are intended to reflect the information needs of the primary users of general purpose financial reports. This will assist preparers in making appropriate decisions about material information to be included in the financial statements.
5. Our detailed comments on the specific matters for comment are included under **Annexure A: Detailed Comments** of this comment letter.
6. We would also appreciate the opportunity to engage further, and we would be willing to discuss the comments if required. Please do not hesitate to contact Odwa Benxa (odwab@saica.co.za) in this regard.

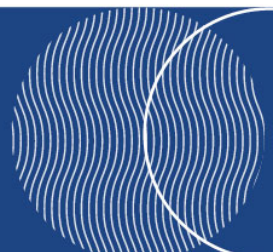
Kind regards,



Natasha Soopal
Head: Public Sector and Ethics



Odwa Benxa
Lead: Public Sector Advocacy



ANNEXTURE A: DETAILED COMMENTS

No.	Amendment	Comment	Recommendation
Amendments to the Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities			
1.	<u>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 must rely on general purpose financial reports for much of the financial information they need.</u>	SAICA agrees with the footnote as it ensures that there is a consistent understanding of the use of the words 'users' and 'primary users' throughout the Conceptual Framework.	None.
2.	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 <u>primary</u> 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.	SAICA agrees with the addition of the word 'primary' ahead of users in paragraph 3.32. This ensures the emphasis that the decisions about materiality are intended to reflect the information needs of primary users and not of other users.	None.
3.	<u>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.</u>	SAICA agrees with the amendment to add paragraph BC3.32I as the paragraph provides clarity on the decision of the IPSASB to clarify that the users referred to in the description of materiality are the primary users of GPFRs, as opposed to other users.	None.

No.	Amendment	Comment	Recommendation
4.	BC3.32J The revision to add 'primary' ahead of 'users' in the description of materiality in paragraph 3.32 <u>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.</u>	SAICA agrees with the amendment to add paragraph BC3.32J as the paragraph provides clarity on the decision of the IPSASB to add the word 'primary' ahead of the word 'users' in paragraph 3.32 of the Conceptual Framework.	None.
5.	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.	SAICA agrees with the amendment to add paragraph BC3.32K as this clarifies the IPSASB's decision to add a footnote to paragraph 2.4 of the Conceptual Framework.	None.
Amendments to IPSAS 1, Presentation of Financial Statements			
7.	7. Material: Omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature and size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the item, or a combination of both, could be the determining factor. 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 general purpose financial statements prepared for that reporting period.	SAICA agrees with the revision of the definition of material as this ensures consistency with the description of material in paragraph 3.32 of the Conceptual Framework.	None.

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	<p>12A. Materiality depends on the nature and amount of <u>the item judged in the particular circumstances of each entity. An entity assesses whether information, either individually or in combination with other information, is material in the context of its financial statements taken as a whole. Information is obscured if it is communicated in a way that would have a similar effect for primary users of financial statements to omitting or misstating that information. The following are examples of circumstances that may result in material information being obscured:</u></p> <p><u>(a) Information regarding a material item, transaction or other event is disclosed in the financial statements but the language used is vague or unclear;</u></p> <p><u>(b) Information regarding a material item, transaction or other event is scattered throughout the financial statements;</u></p> <p><u>(c) Dissimilar items, transactions or other events are inappropriately aggregated;</u></p> <p><u>(d) Similar items, transactions or other events are inappropriately disaggregated; and</u></p> <p><u>(e) The understandability of the financial statements is reduced as a result of material information being hidden by immaterial information to the extent that a primary user is unable to determine what information is material.</u></p>	<p>SAICA agrees with the amendment to add paragraph 12A in IPSAS 1. However, the IPSASB should consider revising paragraphs 12A(a) and 12A(b) by adding the word 'material' ahead of the word 'information' and removing the word 'material' ahead of the word 'item'. This may assist in ensuring that the paragraphs emphasise that material relates to the information about the items, transactions or other events.</p>	<p>The IPSASB should consider revising paragraphs 12A(a) and 12A(b) by adding the word 'material' ahead of the word 'information' and removing the word 'material' ahead of the word 'item'. This may assist in ensuring that the paragraphs emphasise that material relates to the information about the items, transactions or other events.</p>
	<p>13. Assessing whether information an omission or misstatement could <u>reasonably be expected</u> to influence the discharge of accountability by the entity, or decisions of made by primary users of a specific reporting entity's general purpose financial statements, and so be material, requires <u>an entity to consider</u> consideration of the characteristics of those users while also considering the entity's own circumstances. Users are assumed to have a</p>	<p>SAICA agrees with the amendments to paragraph 13 of IPSAS 1 as these amendments align the text in IPSAS 1 to the text in the Conceptual Framework.</p>	<p>None.</p>

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	reasonable knowledge of the public sector and economic activities and accounting, and a willingness to study the information with reasonable diligence. Therefore, the assessment needs to take into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.		
	<u>13A. Many existing and potential service recipients and their representatives and resource providers and their representatives cannot require reporting entities to provide information directly to them and must rely on general purpose financial statements for much of the financial information they need. Consequently, they are the primary users to whom general purpose financial statements are directed. Financial statements are prepared for users who have a reasonable knowledge of public sector programs and operations and who review and analyze the information diligently. At times, even well-informed and diligent users may need to seek the aid of an adviser to understand information about complex economic phenomena.</u>	SAICA agrees with the amendment to add paragraph 13A to IPSAS 1 as this will assist in clarifying the primary users of general purpose financial statements and their needs.	None.