

IPSASB

Submitted online

Brussels, 01 May 2026

Consultation Response – IPSASB 2025 Work Program Consultation

Dear,

Accountancy Europe is pleased to provide you with our comments on the IPSASB's public consultation, *IPSASB 2025 Work Program Consultation*.

We have not identified any new specific financial reporting projects that the IPSASB should prioritise.

We present below our responses to the specific matters for comment.

Specific Matter for Comment 1

Which financial reporting projects should the IPSASB prioritize? For each financial reporting project you suggest, please clearly explain the project scope and your reasoning.

1. Our respondents have supported the prioritisation of the following potential financial reporting projects:

CLIMATE-RELATED AND OTHER UNCERTAINTIES IN THE FINANCIAL STATEMENTS & IAS 37 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

2. Although these are listed as International Accounting Standards Board (IASB) convergence projects, we encourage the IPSASB to consider whether there are broader public sector specific considerations that should be considered.
3. At an entity level, we accept that some of the illustrative examples provided in the IASB Disclosures about uncertainties in financial statements may be applicable to public sector entities. Equally, the project that the IASB undertook to make limited scope amendments to IAS 37 could apply to a large number of public sector entities.
4. However, we would argue that there could be broader ramifications for at least some public sector entities, particularly those that have policy setting powers.
5. Many countries are going through profound changes in energy supply, as subsidies for fossil fuels become an unsustainable burden on public budgets in both producing and consuming countries, while the cost of renewable energy continues to fall. This means that traditional forms of power generation are likely to follow the established pattern of obsolete industries of the past - with concentrated employment losses, stranded assets, and regional economic disruption generating significant fiscal costs including increased social benefit payments,

regional support grants, and reduced taxation receipts. There are many countervailing benefits. In some jurisdictions, the health premium of reduced pollution will be significant (for example, in the Western Balkans). In most countries, lower cost energy and reduced import dependency will be a significant advantage. This requires governments to assess and disclose the fiscal impact of such changes in their discussion of future fiscal paths - a matter primarily for long-term fiscal sustainability reporting but with potential implications for current-and future periods financial statements. In the EU, proposed revisions to the Stability and Growth Pact framework would require Member States to assess contingent liabilities and fiscal impacts from climate change (including extreme weather events) in their medium-term fiscal-structural plans. Similar requirements are emerging in other jurisdictions. We urge the IPSASB to develop guidance that enables coherent reporting across IPSAS financial statements and long-term fiscal sustainability analysis (RPG 1) and builds on relevant statistical reporting requirements.

6. Another issue that could impact many jurisdictions is the financial impacts of failing to meet international and regional climate related guarantees.
7. Also, governments are key holders and operators of infrastructure and thus face huge potential costs from loss of infrastructure due to climate related events.
8. Consequently, we call on the IPSASB to consider whether a more public sector approach to general sustainability related disclosures, amendments to IPSAS 19 and potentially IPSASs 21 *Impairment of Non-Cash-Generated Assets* and 26 *Impairment of Cash-Generated Assets* should be followed.
9. In terms of project prioritisation criteria:
 - a. Prevalence – we would rate this as being of medium overall prevalence as it wouldn't affect every public sector entity in a jurisdiction, but this could vary considerably from jurisdiction to jurisdiction
 - b. Consequences – we would rate this as High because for those entities affected the impact could be extremely high
 - c. Urgency – we would rate this as of medium urgency. The impacts of climate change are becoming more severe and the need to transition is becoming more urgent, but the main financial impacts related to sustainable impacts are likely to be medium-rather than short-term
 - d. Feasibility – we would rate this as of medium feasibility. Whilst there will be IASB work to draw on, we believe that there are significant public sector specificities that should be examined and this is likely to require Staff resources

INTANGIBLE ASSETS

10. We support a review of IPSAS 31 *Intangible Assets* leveraging where possible the work that the IASB has started its review of IAS 38 Intangible Assets. An increasing amount of the global economy is underpinned by the exploitation of intangible assets, and this includes the public sector.
11. In its review, the IASB will consider if new forms of intangibles have resulted in application issues and this is something that could affect public sector entities as well – for example, the valuation of rights to electromagnetic frequencies.

12. It is worth noting that the IPSASB deliberately limited IPSAS 51 to tangible naturally occurring assets. Intangible natural resources - such as the electromagnetic spectrum, radio frequencies, and analogous public sector assets - were considered during the Natural Resources project but excluded on the grounds that their treatment would be more appropriately addressed within a broader revision of guidance on intangible assets (BC5). No such project has been finalised to date, leaving a recognised gap in public sector accounting standards for this category of assets.
13. In terms of project prioritisation criteria:
- a. Prevalence – we would rate this as being of medium overall as although most public sector entities have intangible assets not all of them will have costs that must be capitalised or the types of intangibles that can be valued reliably
 - b. Consequences – we agree with the Staff assessment of High
 - c. Urgency – we would rate this as of medium urgency. Although the IASB’s project is in its early stages there could be existing application issues in respect of application of IPSAS 31 to intangible assets specific to the public sector
 - d. Feasibility – we would agree with that is medium feasibility. Whilst there will be a delay before the IASB project is at a stage to form the basis for the IPSASB to draw on it, the IPSASB could already conduct outreach to ascertain the degree to which application issues are arising in respect of public sector specific intangibles – which would, of course, require Staff resources

DISCLOSURE OF TAX EXPENDITURES

14. We believe that the potential project Disclosures of Tax Expenditures is important for stakeholders to assess the impact and effectiveness of using the tax system to provide social benefits and to adjust behaviour.
15. Tax expenditures also have clear links to sustainability related issues – for example, tax subsidies provided to industries that are heavy greenhouse gas emitters.
16. In terms of the project prioritisation criteria:
- a. Prevalence – we would agree that this is of Low as the disclosures would be made by relatively few public sector entities
 - b. Consequences – we agree with the Staff assessment of medium
 - c. Urgency – we would rate this as of medium urgency. Increased transparency in this area is important in to generate trust with taxpayers that government funds and being applied efficiently. Given the urgency of the climate crisis, it is also important that the costs of subsidies that impact the climate are fully transparent – and discussions on this topic may also help to feed into the ongoing discussions in respect of the public policy programme element of IPSAS SRS ED 1, *Climate Related Disclosures*
 - d. Feasibility – we would agree with that is medium feasibility. There are existing examples of such reporting in different jurisdictions, and it should be relatively easy to determine the key areas where tax expenditures occur and agree on how these should be disclosed

OTHER PROJECTS

17. There is some support for more guidance on rate regulated activities. The IPSASB may leverage the existing work of the IASB such as the upcoming IFRS 20 Regulatory Assets and Regulatory Liabilities. It could be useful to have standards or material highlighting areas of existing IPSAS where rate regulated activities might have an impact - e.g. where governments cover cost not covered by rates or guarantee the asset value at the end of the rate agreement, etc. (Provisions, Transfers, etc.).
18. There are doubts about whether resources should be allocated, in the short-term at least, to the project to align with IFRS 17 *Insurance Contracts*. Its prevalence in the public sector is low, and private sector experience indicates that implementing IFRS 17 is extremely resource intensive, sometimes for no apparent benefit.

Specific Matter for Comment 2

Which IPSAS Standards do you think are the highest priority for the IPSASB to undertake a post implementation review?

For each post implementation review you suggest, please clearly explain the issues with the existing IPSAS Standard and your priority reasoning using the IPSASB's project prioritization criteria

19. As an over-arching general point, during the PIR process we would stress the importance in examining ways in which the standards could be made easier to implement, thereby encouraging adoption.
20. Below are the IPSAS that we have identified as a priority for post-implementation reviews.

IPSAS 42 SOCIAL BENEFITS

21. This standard, although only effective for periods from 1 January 2023, should be reviewed. It is a flagship standard that still is not widely applied, even by jurisdictions that have been enthusiastic adopters of other IPSAS. Point 103 of the Basis of Conclusion of IPSAS 42 states that a post-implementation 'would be appropriate at some point in the future'. If the standard continues to have patchy adoption it could be worthwhile investigating at an earlier stage the overarching reasons why at an earlier stage - for example, if the conceptual basis of the standard is satisfactory or not.
22. We were aware that implementation in some jurisdictions was being delayed in some jurisdictions until the IPSAS 48 Transfer Expenses project was finalised - as IPSAS 42 only deals with social benefit outflows and not with inflows. As this standard has an effective date of 1 January 2026 it would be useful to know if there have been recent moves towards greater adoption.
23. If there is no clear indication of increased appetite for adopting the standard, and with the current minimal levels of social benefit liabilities that would be recognised in the Statement of Financial Position, questions must be raised whether this standard is fit for purpose.
24. In terms of the project prioritisation criteria:
 - a. Prevalence – we assess this as medium as many public sector entities are involved in the provision of social benefits

- b. Consequences – we assess this as being High given the level of government spending on social benefits, especially in developed countries, any changes to this standard could have very significant financial implications
- c. Urgency – we would rate this as of medium urgency. IPSAS 42 obviously can be used in the meantime, but it would not be ideal if such a high-profile standard continues to have low rates of adoption in the future
- d. Feasibility – we rate this as Low feasibility. There were significant conceptual disagreements aired during the development of IPSAS 42, and it is unlikely that these have evaporated in the intervening period

IPSAS 35 CONSOLIDATED FINANCIAL STATEMENTS

- 25. We also consider a review of IPSAS 35 Consolidated Financial Statements to be relevant. We are aware that this standard is not commonly adopted, with most jurisdictions using their domestic law or custom.
- 26. It would be beneficial to ascertain whether there are internationally consistent issues around adoption of IPSAS 35, perhaps influenced by certain public sector specificities such as:
 - a. No initial cost of investment for entities
 - b. How control of an entity is defined, especially where no share capital is in issue.
- 27. While IPSAS 35 rests on a conceptually sound foundation, its practical effectiveness is undermined by two structural weaknesses. First, the standard's heavy reliance on Government Finance Statistics (GFS) as the basis for government-wide key performance indicators, and its adoption of the GFS perspective on consolidation, introduce a fiscal-reporting logic that is not always compatible with the objectives of general-purpose financial statements. Second, there exists a widespread expectation among international financial institutions — including the IMF, the World Bank, and Eurostat — that implementation of IPSAS 35 will naturally yield Whole-of-Government Accounts. In our view, this expectation does not adequately reflect the institutional and constitutional complexity of modern governments, and risks setting an implementation benchmark that is disconnected from operational reality.
- 28. In this regard, the IPSASB may wish to consider a coordinated review of IPSAS 35 (perhaps reflect on other methods of control) alongside the ongoing project to strengthen linkages between IPSAS 22 Disclosure of Financial Information about the General Government Sector and Government Finance Statistics Manual, so that the boundary between statistical and accrual-based reporting frameworks is more clearly articulated and consistently applied.
- 29. A further consideration warranting attention is the relationship between IPSAS 35 and Recommended Practice Guideline 1 (Reporting on the Long-Term Sustainability of an Entity's Finances). A central and, at times, contentious issue during the development of the standard concerned the appropriate boundary between financial accounting and economic forecasting — specifically, where the former ends and the latter begins.
- 30. In this context, it would be valuable for the IPSASB to ascertain, through its implementation review or jurisdictional outreach, the extent to which preparers are aware of this delineation in practice, and whether jurisdictions that have adopted IPSAS 35 are also producing RPG 1-type long-term fiscal sustainability reports. Where this is not the case, the Board may wish to reflect on whether the current positioning of RPGs as non-mandatory guidance remains

defensible — particularly given the growing emphasis on long-term fiscal resilience in the context of climate-related financial risks, where forward-looking sustainability reporting is increasingly regarded not as supplementary, but as essential to a complete and transparent account of government finances.

31. In terms of the project prioritisation criteria:

- a. Prevalence – we would assess prevalence as High as the majority of public sector entities have been identified as being part of a public sector group
- b. Consequences – we agree with the Staff assessment of medium as for this criterion
- c. Urgency – we would rate this as of medium urgency. Adoption of the standard internationally is patchy, and we believe that it is important that the IPSASB conducts outreach to ascertain the key reasons why this is the case
- d. Feasibility – we would assess this as being of medium feasibility as an initial outreach could at least determine whether a more thorough PIR would resolve at least some of the issues that may be preventing more widespread adoption

IPSAS 18 SEGMENT REPORTING

32. Some countries in the global south have indicated that under IPSAS 18 the segments may not be always aligned with their budgetary headings. Better information for users could be provided if there could be further accommodation between budgeting and disclosure around segments. For example, a ministry of Justice could break its financial statement reporting into the segment's prisons, correctional services, legal support and judicial courts on the basis that this would be the budget classification. Then these could be further broken down – for example, to the regional level if this is relevant for the jurisdictions.

33. Some academic work also has indicated the need for work on this standard.

34. Perhaps some form of alignment with IFRS 8 Operating Segments might help address this concern as this would drive the entity towards taking a management view of the segments, which would often be aligned with budgets.

35. In terms of the project prioritisation criteria:

- a. Prevalence – we agree with the Staff assessment of medium
- b. Consequences – we agree with the Staff assessment of medium
- c. Urgency – we would assess this topic as of medium urgency due to implementation issues in the global south – who are key adopters of IPSAS
- d. Feasibility – we would assess this as being of medium feasibility as outreach will be required to assess the how segments are defined in national budgets

IPSAS 21 IMPAIRMENT OF NON-CASH-GENERATING ASSETS

36. The standard is 20 years old and should be updated to better define and determine service potential in a way that facilitates the assessment of impairment after recognition. There is also a close link between this and performance budgeting/reporting.

37. The current political and fiscal environment lends particular urgency to this point. As governments across jurisdictions commit to substantially increased defence expenditure, the question of value for money cannot be reduced to procurement efficiency or negotiating leverage alone. They encompass how equipment is deployed operationally, how personnel are trained and retained, what supporting infrastructure is in place, and whether inventory management systems are adequate to sustain readiness over time.
38. In this respect, accounting frameworks have a critical role to play that has thus far been underutilised. A well-designed reporting approach could shift the analytical lens from asset-by-asset valuation toward a broader assessment of system effectiveness — capturing whether the totality of resources committed to defence translates into a measurable improvement in operational capability. Without such a perspective, there is a material risk that public reporting celebrates the scale of expenditure as an end in itself, while providing little transparency as to whether that expenditure has delivered any substantive enhancement of defence capacity.
39. The IPSASB may therefore wish to consider how its standards and guidance — including in the area of heritage and specialised military assets, inventory, and service performance reporting — can be positioned to support this more holistic and accountability-oriented view of public defence investment.
40. In terms of the project prioritisation criteria:
- a. Prevalence – we would assess prevalence as High as many of the disclosures would be made by relatively few public sector entities
 - b. Consequences – we assess this as medium as changes in impairment is assessed could potentially have a material impact on the statement of financial positions of many public sector entities
 - c. Urgency – we would rate this as of medium urgency. The standard is now quite old and there are significant new global issues that could result in additional impairment – most notably climate change
 - d. Feasibility – we would assess this as being of medium feasibility

Specific Matter for Comment 3

Which sustainability reporting projects should the IPSASB prioritize? For each sustainability reporting project you suggest, please clearly explain the project scope and your reasoning, using the IPSASB's project prioritization criteria

41. The publication of IPSAS SRS1 *Climate-related Disclosures* in January 2026 was very significant in the development of public sector sustainability reporting.
42. Whilst the development of the standard for climate related disclosures in respect of public policy programmes remains a matter of considerable urgency, we fully appreciate the difficult development process that this project will undergo.
43. Preparing climate-related disclosures will be a new activity for many public sector entities and it is likely to be challenging, particularly in respect of developing systems to collect the appropriate data. Consequently, we suggest that the IPSASB should, as a priority develop more application material, drawing on the experience of those public sector bodies that have successfully implemented such reporting.
44. It would be beneficial for any accompanying guidance or illustrative materials to provide explicit mapping of what is already addressed within the existing IPSASB framework, so that preparers can situate the new sustainability reporting requirements within the broader body of standards rather than approaching them in isolation.
45. A point of practical importance concerns the delineation of "own operations" reporting. It is our understanding that this category is intended to capture operational resilience measures that go beyond greenhouse gas emissions — including, for example, how a public hospital intends to maintain service capacity in the face of increasing heat-related demand. In practice, however, there is a significant risk that preparers, and indeed users, will interpret such disclosures primarily through a policy lens — classifying them, in this instance, as a matter of health policy rather than of entity-level operational management. Clarifying this distinction in guidance materials would be of considerable value. More broadly, it is important to guard against a reductive focus on GHG measurement and reporting as the predominant expression of public sector climate accountability. Emissions metrics are a necessary component of sustainability reporting, but they are not sufficient in themselves to convey the full scope of climate-related risks and responses at the entity level.
46. A further dimension that merits explicit acknowledgement is the structural complexity of governance in the public sector, which differs fundamentally from the private sector context in which many sustainability reporting frameworks were originally developed. In the private sector, an entity can, within defined parameters, take autonomous management decisions to adapt its operations or extend its capabilities. Public entities typically cannot. A hospital seeking to expand its capacity in response to climate-related demand pressures must navigate a multi-layered approval process involving regional and potentially central government authorities, covering budget authorisation, healthcare standards compliance, and broader service planning frameworks. This institutional architecture is not merely a procedural detail — it is a structural constraint that materially affects the pace and scope of government responses to climate risks. Guidance and illustrative materials should reflect this reality explicitly, both to set appropriate expectations for users of public sector sustainability reports and to support preparers in articulating constraints that lie beyond their direct control.

GENERAL SUSTAINABILITY-RELATED DISCLOSURES

47. We have previously recommended that the Board considers developing a full public sector aligned version of IFRS S1 as a matter of urgency – to provide public sector entities with a framework to report on specific matters not yet covered by the suite of standards and to simplify the development of future specific standards.
48. The most significant conceptual gap in a direct adaptation concerns materiality. IFRS S1, consistent with the broader ISSB framework, is grounded in a single materiality perspective – focused on sustainability-related risks and opportunities as far as they affect enterprise value. The public sector operates under a fundamentally different accountability logic. Public entities must not only report on how sustainability matters affect their own financial position and operational capacity, but also on how their activities, policies, and service delivery generate impacts on society, communities, and the environment. Whilst SRS 1 does not itself articulate this broader framing as a formal requirement, we would invite the IPSASB to reflect, in the development of any general sustainability disclosure standard, on whether the materiality concept as inherited from the ISSB framework adequately serves the accountability purposes of public sector reporting – and to consider whether further guidance in this area would be beneficial.
49. In terms of the project prioritisation criteria:
- a. Prevalence – we agree with the Staff’s assessment as High
 - b. Consequences – we agree with the Staff’s assessment as High
 - c. Urgency – we would rate this as of medium urgency. Public sector entities could themselves leverage IFRS S1 on the assumption that the IPSAS standard would be aligned as closely as possible to the private sector standard
 - d. Feasibility – we agree with the Staff’s assessment as High

DEVELOPING AUTHORITATIVE GUIDANCE BASED ON RPG 1 - REPORTING ON THE LONG-TERM SUSTAINABILITY OF AN ENTITY’S FINANCES AND RPG 3 - REPORTING SERVICE PERFORMANCE INFORMATION

50. Developing authoritative guidance on the RPGs could both:
- a. represent a quick-fix way of encouraging governments to consider the impact of climate on their fiscal sustainability and the effectiveness of their climate-related public policy programmes, and
 - b. feed into the discussions to help develop a climate-related Disclosure standard for public policy programmes.
51. On the other hand, it could be argued that General Purpose Financial Statements are not preferred means for disclosing important information in respect of long-term fiscal sustainability nor the effectiveness of public programmes – particularly if the data is negative.
52. Consequently, we would recommend that the IPSASB does not invest too many resources in developing such authoritative guidance unless it gets strong indications that such guidance will materially increase reporting under one or both RPGs.
53. In terms of the project prioritisation criteria for both RPG 1 and 3:

- a. Prevalence – we agree with the Staff’s assessment as High
- b. Consequences – we agree with the Staff’s assessment as medium
- c. Urgency – we agree with the Staff’s assessment as medium
- d. Feasibility – we agree with the Staff’s assessment as High

Please do not hesitate to contact Nael Braham (nael@accountancyeurope.eu) in case of any questions or remarks.

Sincerely,



Eelco van der Enden

Chief Executive

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