

IPSASB 2025 WORK PROGRAM CONSULTATION

*Program and Technical Director
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International Federation of Accountants
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Brasília, Brazil

May 4, 2026

Dear Mr. Ross Smith,

The *Conselho Federal de Contabilidade* (CFC) of Brazil welcomes the opportunity to collaborate with the IPSASB on the *2025 Work Program Consultation*. CFC, alongside its regional 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 CFC.

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

Best regards,

João Carlos Castilho Garcia
Technical Vice-President
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APPENDIX

Specific Matter for Comment 1 - Which financial reporting projects should the IPSASB prioritize?

Answer:

Regarding financial reporting projects, the CP CASP considers that the IPSASB should prioritize the following projects in the order presented.

1. Differential Reporting (IPSAS Lite project)
2. Disclosure of Tax Expenditures
3. Climate-related and Other Uncertainties in the Financial Statements

The justification for this prioritization is outlined below, based on the criteria of prevalence, consequences, urgency, and feasibility.

Differential Reporting (or IPSAS Lite project)		
IPSASB	Differential reporting in the public sector involves applying simplified accounting standards to smaller, less complex public entities, similar to IFRS for SMEs. It aims to reduce the compliance costs and administrative burden associated with full, complex financial reporting standards for Small and Medium Public Sector Entities (SMPSEs). In the last decision on this theme, the IPSASB concluded that a standard-setting solution is not needed to address the challenges faced by SMPSEs, as it is an implementation issue and should be addressed through supportive material.	
CP CASP	Differential reporting in the public sector seeks to simplify the recognition, measurement, and disclosure requirements for smaller, less complex entities, ensuring that the benefits outweigh the costs. A standard similar to IFRS for SMEs is essential to promote the adoption and implementation of IPSAS and to ensure that all material information regarding this entity is properly presented and disclosed in accordance with standardized requirements, avoiding diversity in practices.	
Prioritization Criteria	IPSASB	CP CASP

<p>Prevalence</p>	<p>High – Analysis of the IPSASB September Minutes (2023) and the Feedback Statement (January 2024) shows that the decision not to proceed with a draft Differential Reporting standard (IPSAS Lite) was not due to a lack of relevance of the topic, but rather to conceptual, strategic, and operational limitations. The Board decided not to develop an international standard, prioritizing implementation support material instead.</p> <p>From the IPSASB's perspective, the issue of Differential Reporting (IPSAS Lite) is prevalent, as challenges related to the application of full accrual IPSAS across heterogeneous public sector entities are widespread globally. Stakeholder feedback confirms that smaller and less complex entities consistently face capacity and cost constraints, making this a structurally relevant issue across jurisdictions.</p>	<p>High - Differential Reporting (IPSAS Lite) is a global and systemic issue. Public sector entities operate in highly heterogeneous environments, ranging from large central governments to small local governments with limited administrative and technical capacity. Evidence from multiple jurisdictions indicates that this heterogeneity creates significant challenges in applying a uniform set of complex accrual standards. The IPSASB's Feedback Statement (January 2024) confirms that stakeholders across regions have consistently identified the need for differential reporting, particularly in contexts with more pronounced capacity constraints. However, the issue is not confined to developing economies; even in developed jurisdictions, smaller entities face disproportionate compliance costs relative to the benefits they derive. The widespread, structural nature of the problem strongly supports its prioritization.</p>
<p>Consequences</p>	<p>High – In the Middle Period Work Program Consultation 2021, IPSASB classifies the consequence as High.</p> <p>Failing to provide smaller and less risky entities with a relevant set of adapted standards might lead to lower financial information quality and comparability that may entail misinformation of the</p>	<p>High - The consequences of not addressing differential reporting are substantial and directly affect the quality of accounting information in financial reporting. When standards are perceived as excessively complex relative to users' needs and preparers' capacities, the resulting financial statements risk becoming less understandable and less relevant for decision-making.</p> <p>More critically, the complexity of the requirements contributes to implementation</p>

	public. May lead to more entities providing more useful financial information in a cost-effective manner	gaps, in which entities formally adopt IPSAS but do not fully comply in practice. This decoupling undermines faithful representation, comparability, and ultimately public accountability. As a result, the current “one-size-fits-all” approach may inadvertently weaken, rather than strengthen, the quality and credibility of public sector financial reporting.
Urgency	Low – Regarding urgency, the issue is considered important but not sufficiently pressing to warrant immediate standard-setting action. The IPSASB has prioritized other strategic areas, including maintaining the existing standards and advancing sustainability reporting.	High - The urgency of the issue has grown in recent years. The IPSAS suite has matured, shifting attention from standard development to effective implementation and maintenance. At the same time, the expansion of reporting requirements—particularly in areas such as sustainability—adds further complexity to the reporting landscape. Addressing differential reporting in the near term is therefore essential to ensure that the IPSAS framework remains both relevant and implementable. Similar to sustainability reporting standards, proportionality should be pursued for financial reporting standards.
Feasibility	Low – The IPSASB concluded that developing a globally applicable differential reporting framework faces significant conceptual, technical, and operational challenges. These include difficulties in defining eligibility criteria, ensuring consistency with the Conceptual Framework, and avoiding increased complexity within the standard-setting architecture.	High - IPSASB has carried out extensive consultations and analyses, as detailed in the Feedback Statement, providing a clear framework for defining the scope and design of the project. There are two areas of focus: (1) the definition of eligibility criteria and (2) the simplification of recognition, measurement, and disclosure requirements, which differ in complexity. Defining small- and medium-sized entities is the most complex issue because of the diversity of political and administrative structures across jurisdictions within the public sector. Regardless of whether a common criterion exists across all jurisdictions, the standard

		<p>may set principles for disclosures about the jurisdictions' criteria for defining eligible entities. To simplify requirements, the IFRS for SMEs can serve as the basis for defining the specific standards to be simplified. Having a first standard promotes adoption and implementation by SMPSEs and generates evidence for future standard improvements. In addition, differences in practice regarding recognition, measurement, and disclosure requirements are avoided, ensuring consistency among the principles and the Conceptual Framework.</p>
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Disclosure of Tax Expenditures		
IPSASB	<p>This project would develop proposals for disclosures on tax expenditures, to strengthen accountability and public financial management. IPSAS 23, Revenue from Non-exchange Transactions (Taxes and Transfers), and its replacement IPSAS 47, Revenue, have requirements for tax expenses and tax expenditures. Tax expenditures are foregone revenue, not expenses, and do not give rise to inflows or outflows of resources. IPSAS 23/IPSAS 47 requires taxation revenue to be presented net of tax expenditures. Therefore, providing disclosures on the forgone revenue as a result of the tax expenditures can be expected to provide useful information to primary users for accountability purposes.</p>	
CP CASP	<p>We agreed with the IPSASB's proposal.</p>	
Prioritization Criteria	IPSASB	CP CASP
Prevalence	<p>Low – Limited to tax collecting entities in the public sector.</p>	<p>High - Tax-collecting entities are typically part of a reporting entity, primarily for the Consolidated Financial Statements, because tax revenue is the main source of resources for most public-sector entities. Furthermore, tax expenditures have widespread effects throughout the public sector. They significantly influence overall fiscal outcomes, budgetary flexibility, and long-term fiscal</p>

		<p>sustainability. As a result, they are relevant to the entire public sector and to the informational needs of primary users.</p>
<p>Consequences</p>	<p>Medium – The treatment of tax expenditures raises a public interest concern because of the potential lack of transparency in the provision of tax concessions, which impairs the accountability of governments.</p>	<p>High - Insufficient or inconsistent disclosure of tax expenditures significantly compromises transparency and accountability. The absence of clear information restricts stakeholders' ability to evaluate public service costs, compare alternative policy tools, and analyze fiscal trade-offs, potentially impairing decision-making and diminishing public trust. Data from the Global Tax Expenditures Database (GTED), based on information collected from 116 jurisdictions, illustrate the importance of tax expenditures relative to GDP and tax revenue. The global average of revenue forgone exceeds 20% of tax revenue (https://gted.taxexpenditures.org/data-visualisation/) .</p> <p>The omission of this information from financial statements distorts the assessment of the Surplus/Deficit and the Net Financial Position. The lack of transparency in sectors such as the Manaus Free Trade Zone</p>

		(exempt by approximately R\$ 35 billion) and the Agribusiness sector (exempt by approximately R\$ 60 billion) hampers the analysis of productive efficiency and conceals sectoral privileges, thereby undermining principles of equity and democratic accountability.
Urgency	Low – Not considered an emerging issue in the public sector. Does not directly relate to the face of financial statements, but an important accountability implication which pervasiveness is dependent on the use of tax expenditures in each jurisdiction.	High - The topic is critical for Long-term Fiscal Sustainability (RPG 1) and the ESG/Sustainability agenda. Governments face rising deficits and can no longer maintain "invisible parallel budgets." Convergence with sustainability standards requires that foregone tax revenue (such as subsidies for incentive actions to address climate-related change issues) be disclosed to enable an immediate assessment of socio-environmental impacts. There is growing demand for enhanced transparency, particularly in environments marked by fiscal constraints and increased scrutiny of public finances. Improving disclosures at this stage would provide timely support for accountability and decision-making.
Feasibility	Medium – The IPSASB can draw from its Conceptual Framework and from the work of the Federal Accounting Standards Advisory Board (FASAB) on tax expenditures and the International Monetary Fund (IMF) Manual of Fiscal Transparency to develop guidance in this area.	High - The IPSASB has a solid technical foundation for action. It can leverage the FASAB SFFAS 52 (USA) benchmark, which already requires narrative and quantitative disclosures, as well as the South Korean model (Tax

		Expenditure Budget). The IPSASB Conceptual Framework already provides the necessary principles for recognizing non-exchange transactions based on their gross value. In addition, Jurisdictions have developed methodologies to measure tax expenditures, which is the most challenging technical issue.
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Climate-related and Other Uncertainties in the Financial Statements		
IPSASB	The IASB is currently working on a project proposing to add examples illustrating how an entity applies the requirements in IFRS Accounting Standards to report the effects of climate-related and other uncertainties in its financial statements. The IASB issued an Exposure Draft, Climate-related and Other Uncertainties in the Financial Statements, in late 2024 and at its June 2025 meeting decided to proceed with the proposals with limited changes. The IASB expects to issue final illustrative examples in the second half of 2025. As in the private sector, climate-related and other uncertainties also affect the financial statements of public sector entities. Thus, some of the illustrative examples from the IASB's project may be relevant for the public sector. As such, the IPSASB could undertake a similar project leveraging the IASB guidance in addition to considering other public sector specific illustrative examples.	
CP CASP	We agreed with the IPSASB's proposal.	
Prioritization Criteria	IPSASB	CP CASP
Prevalence	Medium – Expected to impact entities widely as most public sector entities are impacted by climate-related and other uncertainties.	We agreed with the staff's proposal.
Consequences	Medium – May result in improved clarity and consistency in how public sector entities report the financial effects of climate-related risks and other uncertainties in their financial statements which would provide	We agreed with the staff's proposal.

	more useful information to financial statement primary users.	
Urgency	Medium – While information on these types of risks and their financial effects is being requested more often by stakeholders, entities have the ability to make disclosures about the financial effects of climate-related and other uncertainties in their financial statements currently without additional guidance being developed.	We agreed with the staff's proposal.
Feasibility	High – The IPSASB could draw on amendments the IASB makes to IFRS Accounting Standards to make similar amendments to IPSAS Accounting Standards as appropriate for the public sector. However, the IASB's project is still in progress and the amendments have not yet been finalized. As such, the IPSASB would wait until after the IASB's project is finished before it would begin a similar project. Additionally, the IPSASB would need to determine whether/how the illustrative examples would need to be modified to be relevant for the public sector.	We agreed with the staff's proposal.

Specific Matter for Comment 2 - Which IPSAS Standards do you think are the highest priority for the IPSASB to undertake a post-implementation review?

Answer:

Regarding PIR projects, the CP CASP considers that the IPSASB should prioritize the following projects in the order presented.

1. IPSAS 35, Consolidated Financial Statements
2. IPSAS 18, Segment Reporting

The justification for this prioritization is outlined below, based on the criteria of prevalence, consequences, urgency, and feasibility.

IPSAS 35, Consolidated Financial Statements		
IPSASB	This project would evaluate the operation of IPSAS 35, Consolidated Financial Statements, in practice. Specifically, this project would consider the application of control, i.e., exposure to, or has rights to, variable benefits from involvement with other entities, and the ability to affect the nature or amount of those benefits, when consolidating entities in the public sector, and what additional guidance can be provided to clarify its application.	
CP CASP	We agreed with the IPSASB's proposal.	
Prioritization Criteria	IPSASB	CP CASP
Prevalence	Medium – The majority of public sector entities are part of a consolidated group.	High - The main issue is not at the level of individual entities but at the level of economic groups. The main concern is the criteria for including or excluding an entity from an economic group.
Consequences	Medium – Enhancing guidance as it relates to the application of control when determining when to consolidate entities would facilitate application of the guidance and create more consistency in practice.	High - In the public sector, involvement with other entities is not solely based on benefits or the direct ability to affect the nature or amount of those benefits. In certain circumstances, an entity

		<p>must assume responsibility when another entity's financial condition is unsustainable and affects the economic group.</p> <p>The PIR assumes that principles may be revised based on feedback from the jurisdictions. The appropriate composition of an economic group is essential for decision-making and accountability.</p>
Urgency	Low – Not considered an emerging issue in the public sector as existing consolidation guidance in IPSAS 35 can be applied.	High - The focus of the financial statements is on an economic group, and the main issue concerns the criteria for determining which entities shall compose an economic group. Some jurisdictions have noted that applying control in determining whether or not to consolidate in the public sector is not an appropriate factor to consider, as mentioned in the feasibility criterion.
Feasibility	Low – Some jurisdictions have noted applying control in determining whether or not to consolidate in the public sector is not an appropriate factor to consider. It may be challenging to develop another consolidation principle, and one supported by broadly by stakeholders internationally.	Medium - The PIR is a recent initiative by the IPSASB. Some jurisdictions acknowledge that control may not always be appropriate for determining whether an entity is part of an economic group. This offers an opportunity to develop tools for collecting evidence and choosing the right accounting approach when other indicators, rather than control, suggest that an entity should be part of an economic group. It is too early to conclude that developing additional consolidation principles will be

		difficult, as jurisdictions have not yet been consulted.
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IPSAS 18, Segment Reporting		
IPSASB	This project would propose to update IPSAS 18, Segment Reporting, to align with IFRS 8 Operating Segments, where appropriate for the public sector, to reduce unnecessary differences with IFRS. IPSAS 18 is currently based on a superseded IFRS Accounting Standard (IAS 14 Segment Reporting). At this time, it appears the IASB plans to consult on operating segments in IFRS 8 in its upcoming Fourth Agenda Consultation, which may result in additional changes to IFRS 8 if a project in this area was undertaken by the IASB in the future. This project could also explore the opportunity for enhanced alignment with Classification of Functions of Government (COFOG) categories.	
CP CASP	We agreed with the IPSASB's proposal.	
Prioritization Criteria	IPSASB	CP CASP
Prevalence	Medium – The majority of public sector entities have segments and opportunities for enhanced alignment with COFOG categories, which may be useful for certain levels of government.	High - The COFOG categories apply to all governments that provide services to society. Also, segment reporting is essential for discharging accountability and making decisions on resource allocation.
Consequences	Medium – Public sector entities are able to provide information for accountability and decision making currently; however, the changes may allow public sector entities the ability to communicate more useful information to financial statement users	Medium - IPSASB has updated IPSAS to align with IFRS requirements. The rationale for deviating from IFRS requirements should be clarified, as the same issue that prompted the IFRS update may exist in the public sector. The retention of an updated standard, without considering the specificity of the public sector, may decrease the perceived legitimacy of the standard and, consequently, its adoption and implementation.

Urgency	Low – Not considered an emerging issue in the public sector as public sector entities already have guidance to follow in the form of IPSAS 18 and are reporting segment information in their financial statements.	Medium - The PIR is intended to assess whether the effects of applying an existing IPSAS Standard on primary users of the financial statements, preparers, auditors, and regulators are as originally intended by the IPSASB when the Standard was developed. So, IPSAS 18 is a candidate for this process.
Feasibility	High – The IPSASB can draw from IFRS 8 to make similar amendments to IPSAS Standards as applicable. At this time, it appears the IASB plans to consult on operating segments in IFRS 8 in its upcoming Fourth Agenda Consultation. As such, the IPSASB would wait to see the results of the IASB’s consultation and whether an IASB project results from it before making a decision on whether to begin a project on IPSAS 18.	We agreed with the staff's proposal.

Specific Matter for Comment 3 - Which sustainability reporting projects should the IPSASB prioritize?

Answer:

Regarding sustainability reporting projects, the CP CASP considers that the IPSASB should prioritize the project - General Sustainability-related Disclosures.

Establishing a general sustainability disclosure standard tailored to the public sector is essential to address growing demands for transparency, accountability, and comprehensive information on risks and opportunities that shape long-term public value creation.

The CP CASP recognizes that initiatives concerning the RPG 1 - Reporting on the long-term sustainability of a public sector entity’s finances and RPG 3 - *Reporting Service Performance Information* still need further development in terms of concept, practice, and institutional maturity before they can become mandatory standards. These areas are complex and pose significant measurement challenges.

Therefore, the CP CASP believes it is suitable for these topics to continue to be developed and promoted on a voluntary basis under broad guidance for sustainability disclosures. Keeping these voluntary allows for learning, experimentation, and the consolidation of best practices, while gradually aligning sustainability reports with financial reporting and user needs. This strategy supports a more stable and coherent development process, reduces the risks of imposing premature mandatory guidance, and, over time, enhances the quality and relevance of the reported information.

General Sustainability-related Disclosures	
IPSASB	IFRS S1, General Requirements for Disclosure of Sustainability-related Financial Information, provides guidance on disclosing information about an entity’s sustainability-related risks and opportunities. However, IFRS S1 was not developed to reflect the public sector context. This project would leverage IFRS S1 to develop principles for public sector entities to disclose sustainability-related information. In the absence of specific standards, a general sustainability-related disclosures standard could serve as an overarching framework to address emerging information needs across specific sustainability-related topics. This project could also entail an approach that would consider how guidance in existing non-authoritative Recommended Practice Guideline (RPG) 1, Reporting on the Long-term Sustainability of an Entity’s Finances, and RPG 3, Reporting Service Performance Information, could fit into the authoritative guidance developed for the general sustainability-related disclosures standard.
CP CASP	Overall, we support the IPSASB’s proposal. Additionally, the IPSASB should ensure that this standard considers the activities and operations of entities. The general principles for public policy programs will depend on how the second phase of climate-related disclosures develops.

Prioritization Criteria	IPSASB	CP CASP
Prevalence	High – Sustainability is fundamental to all aspects of the public sector’s activities due to its broader societal role and responsibilities. Sustainability-related risks and opportunities are therefore pervasive across the entire public sector’s activities, ranging from service delivery to policy design and implementation, and encompass social, economic and environmental issues.	We agreed with the staff's proposal.
Consequences	High – Comprehensive guidance on sustainability-related disclosures would help public sector entities provide adequate information on social, economic, and environmental sustainability for accountability and decision-making. Sustainability-related risks need to be adequately disclosed and integrated into general purpose financial reports to inform primary users on the critical role of the public sector across all areas of sustainability.	We agreed with the staff's proposal.
Urgency	High – While sustainability is often associated with environmental sustainability, it is essential to recognize that all three pillars of sustainability—social, economic, and environmental sustainability, are interdependent and critical to the long-term stability of public sector operations and public sector value creation. In the absence of specific standards, a general sustainability related disclosures standard could provide early help in addressing the needs relating to other specific sustainability-related topics.	We agreed with the staff's proposal.
Feasibility	High – Drawing on the IPSASB’s experience with building on IFRS S2 to develop the IPSASB SRS ED 1, and based on responses from the Consultation Paper, the IPSASB decided that IFRS S1 General Requirements	We agreed with the staff's proposal.

	<p>for Disclosure of Sustainability-related Financial Information (IFRS S1) could be leveraged in developing a public sector specific general sustainability-related disclosures standard. While IFRS S1 is not tailored to the public sector and does not address the unique policy and regulatory role of the public sector, the existing guidance provides a foundation that can be adapted for public sector context.</p> <p>Given the core function of the public sector and its broader role and responsibilities relating to society, the economy and environment, developing a general sustainability-related disclosures standard for the public sector requires careful consideration in terms of its breadth and scope in respect of such complex topics, alongside considerations on the potential connection of the project with other existing sets of guidance, including the RPG 1 and RPG 3. Note that if this project was expanded to consider incorporating guidance from RPG 1 and RPG 3, that public sector specific guidance could be leveraged in the development of the general sustainability related disclosures standard.</p> <p>This potential project would require the IPSASB to carefully consider its remit in the context of the broader reporting landscape. Decisions would then be required on the extent of sustainability-related information that should be included within GPFRs such that they enhance, complement and supplement the GPFs</p>	
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