



International Public Sector Accounting Standards Board  
Mr Thomas Müller-Marqués Berger, IPSASB Chair  
and Mr Ross Smith, IPSASB Program and Technical Director  
70 York Street, Suite 710  
Toronto, Ontario M5J 1S9  
Canada

4 May 2026

Dear Sir/Madam,

**PwC's response letter to the IPSASB 2025 Work Program Consultation**

PwC International Limited<sup>1</sup> (PwC), on behalf of the PwC network, appreciates the opportunity to provide feedback to the International Public Sector Accounting Standards Board (IPSASB) on the Consultation Paper *IPSASB 2025 Work Program Consultation*

We support the work the IPSASB undertakes to develop high-quality accounting standards and sustainability reporting standards for use by governments and other public sector entities around the world with the aim of enhancing the quality, consistency and transparency of public sector reporting worldwide. We also continue to support the IPSASB's strategic direction and the shift of IPSASB's work and resources towards maintaining the suite of IPSAS Standards and developing IPSAS SRS Standards.

Overall, we agree with the IPSASB's assessment of prioritisation criteria for those projects not yet on the IPSASB's work program and listed as potential candidates to be added to this work program.

We therefore do not comment on each of the potential projects prepared by the IPSASB staff, nor do we provide a full analysis of each of the prioritisation criteria for those projects that we comment on. We however summarise below some key messages and provide some suggestions that we believe the IPSASB should consider in further shaping its future work program.

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Our detailed responses to the specific questions in the Consultation Paper can be found in the Appendix to this letter.

If you would like to discuss any of these points in more detail, please contact Patrice Schumesch (patrice.schumesch@pwc.com).

Yours sincerely,

A handwritten signature in black ink that reads "Eric Clarke". The signature is written in a cursive style with a large initial "E".

Eric Clarke  
Global Chief Accountant

## Responses to the Consultation Paper on IPSASB 2025 Work Program Consultation

The Specific Matters for Comment requested for the Consultation Paper are provided below.

- **Specific Matter for Comment 1**

**Which financial reporting projects should the IPSASB prioritise? For each financial reporting project you suggest, please clearly explain the project scope and your reasoning, using the IPSASB's project prioritisation criteria outlined on page 9 of the Consultation Paper, to support its priority. Respondents are encouraged to use the format in the Optional Template illustrated in the Instructions for Respondents for each project suggested.**

In the list of financial reporting projects proposed, we would prioritise the following:

- The project on 'Disclosure of tax expenditures' as the disclosure of foregone tax revenue to the benefit of certain entities or individuals to encourage or discourage certain behaviours is an important element of the accountability and decision-making objective of financial statements ('Consequences' criterion). We do not agree with the 'low' assessment regarding the 'Prevalence' criterion: the issue may indeed be limited to tax collecting entities at the individual level, but the issue applies to all government entities at the consolidated level. We would therefore rather assess the 'Prevalence' criterion as 'medium' or 'high'. Although we agree that there is no urgency, we also believe that this project should not consume significant IPSASB resources and could be a quick win ('Feasibility' criterion).
- The project 'Climate-related and other uncertainties in the financial statements' given the 'medium' to 'high' assessment of the various prioritisation criteria (with which we concur). This project would leverage the project recently undertaken by the IASB on disclosure of uncertainties in financial statements and additionally address any public-sector specific consideration. In particular, this could include how uncertainties interact with obligations arising from public policy commitments (for example, climate-related or other long-term commitments), as well as existing public sector standards. Furthermore, the IPSASB could consider linking this work with ongoing projects (e.g., as part of the Presentation of financial statements project) rather than treating it as a separate project as a consideration for resource availability.

We also support the 'Better communication in financial reporting' project. Extensive disclosure requirements are often cited among the most common barriers to IPSAS implementation, and clearer guidance on the topic would help public sector entities make meaningful judgments in assessing which information should be disclosed or not. As the burden of extensive disclosures is particularly heavy for smaller and less risky entities, we would also welcome the IPSASB to include as part of the scope of the project specific consideration of the issue for these entities. We however acknowledge that some of the aspects of the IASB's Disclosure initiative project have already been/ are being taken care of and agree that the best timing to undertake this project is after the 'Presentation of financial statements' project is completed ('Urgency' criterion is low).

In addition, we support focusing on the projects 'Provisions, contingent liabilities and contingent assets', 'Intangible assets' and to a lesser extent 'Rate-regulated activities' as part of the need to keep alignment with the equivalent IFRS Accounting Standards once the IASB has finalised its ongoing work on these projects, while properly addressing specific public sector issues. For example, when dealing with the 'Intangible assets' project, intangible assets arising from the electromagnetic spectrum, would also be covered. There is, however, no major urgency and these issues might be considered as part of the next IPSASB work program (post 2028).

Conversely, the ‘Insurance contracts’ project should in our opinion not be a priority, at least in the short or medium term, as working on this project would not be a good use of IPSASB resources. We agree with the ‘low’ assessment of the criteria ‘Prevalence’, ‘Consequences’ and ‘Urgency’; there are likely few entities issuing insurance contracts in the public sector or operating social benefit schemes that are fully funded from contributions and that could be considered as managed as insurance contracts and to whom the provisions of IFRS 17 would or could apply under IPSAS 42 ‘Social benefits’. In addition, application of IFRS 17 for such social benefit schemes is always optional and entities can opt for the application of the general approach which is easier to apply. Finally, management can refer to paragraphs 12, 14 and 15 of IPSAS 3 ‘Accounting policies, changes in accounting estimates and errors’ and apply IFRS 17 if they want. Finally, we would rather assess the criterion ‘Feasibility’ as low too as the discussions to land on this project would in our view require time.

In addition to the list proposed, we recommend that the IPSASB undertakes some work on the architecture and applicability of its literature, including clarifying the boundaries and interaction between general-purpose financial statements (GPFS) and general-purpose financial reports (GPFR) (which includes IPSASB SRS Standards and RPGs under Figure 4 on page 8 of the Consultation document) as well as authoritative and non-authoritative guidance. In practice, we are seeing questions regarding where different types of guidance sit, what is mandatory versus non-authoritative, and how concepts such as materiality should be applied across financial statements and broader reporting. Addressing these issues would support consistent application, improve understandability for preparers and users, and provide a clearer foundation for future projects, particularly in sustainability reporting. See also our comment under SMC 3 below about IPSASB proposal to develop authoritative guidance under IPSASB SRS Standards based on RPG 1 and RPG 3.

We have no other specific comments regarding the IPSASB potential future financial reporting projects.

- **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 prioritisation criteria outlined on page 9 of the Consultation Paper. Respondents are encouraged to use the format in the Optional Template illustrated in the Instructions for Respondents for each PIR suggested.**

Given the need to focus the IPSASB resources on those activities that benefit more to users of financial statements, we do not see any urgency in conducting any further post-implementation review (PIR) as part of the current 2024-2028 work program.

Our comments on two IPSAS Standards proposed for a PIR in the Consultation document are as follows:

- Updating the current IPSAS 18 ‘Segment reporting’ to align it with its IFRS equivalent to reduce unnecessary differences with private sector rules and taking advantage of this exercise to explore the opportunity for enhanced alignment with the Classification of Functions of Government (COFOG) categories in GFS reporting would make IPSAS disclosures more useful for decision making, which in turn could provide an additional incentive for IPSAS adoption.
- IPSAS 35 ‘Consolidated financial statements’ could also be considered. We are aware that conceptual discussions, especially around the definition of the scope of consolidation, are still regularly taking place. As indicated in the Consultation document, some jurisdictions even apply criteria other than control to define the consolidation scope. A PIR might not necessarily lead to a (substantial) revision of the Standard but

may serve as a useful information gathering process to inform of areas needing additional guidance or any future didactic initiative by the IPSASB on the usefulness of consolidated financial statements for accountability and decision making and to strengthen public financial management. The project could also elaborate in a didactic way on the concept and the usefulness of ‘whole-of-government accounts’, acknowledging that they would not themselves constitute consolidated financial statements based on the concept of control.

In addition to these two projects, if PIRs are to be carried out, we also identify the following IPSAS Accounting Standards as potential candidates for a PIR:

- IPSAS 42 ‘Social benefits. When issuing IPSAS 42 in January 2019, divergent opinions were expressed by IPSASB members and stakeholders on the recognition and measurement rules under the general approach of IPSAS 42. In paragraph 103 of the Basis of Conclusions of the IPSAS Standard, the IPSASB noted that preparers’ experiences of applying an IPSAS Standard on social benefits along with users’ experiences of using the information provided may suggest ways of better reconciling the different views that exist. The IPSASB therefore considered it likely that a post-implementation review of IPSAS 42 would be appropriate at some point in the future. As IPSAS 42 ‘Social benefits’ is effective from 2023 only, performing a PIR as part of the next IPSASB work program (post 2028) would be useful.
- IPSAS 21 ‘Impairment of non-cash-generating assets’ is intended to provide information that is useful for accountability and decision making as it may help users of financial statements better assess whether public resources are effectively spent and managed (value for money concept). The standard has been in application for many years and investigating whether the standard meets its initial purpose in practice and understanding any application challenges as well as assessing the need for potential new application guidance would be useful.

Furthermore, given the consideration of IFRS Accounting Standards in the development of IPSAS Accounting Standards, we encourage the IPSAB to monitor and adjust its PIR work program based on the equivalent process undertaken by the IASB. For example, the PIR on financial instruments performed by the IASB has identified various areas of desired clarifications and modifications to IFRS 9. The IPSASB would benefit from monitoring such modifications and consider whether they would be relevant for public sector entities applying IPSAS 41.

- **Specific Matter for Comment 3**

**Which sustainability reporting projects should the IPSASB prioritise? For each sustainability reporting project you suggest, please clearly explain the project scope and your reasoning, using the IPSASB’s project prioritisation criteria outlined on page 9 of the Consultation Paper, to support its priority. Respondents are encouraged to use the format in the Optional Template illustrated in the Instructions for Respondents for each project suggested.**

We agree with the IPSASB’s assessment of the prioritisation criteria for each of the sustainability reporting projects presented in the Consultation document.

Our specific comments are as follows:

- After completing the two phases of its ‘Climate-related disclosures’ project (covering the entity’s own operations and the public policy programs), we would encourage the IPSASB to prioritise preparation of a ‘General sustainability-related disclosures’ project which can leverage on its private sector equivalent IFRS S1.

We highlight again the central and crucial role that the public sector has in not only providing public services that should contribute to a sustainable world, but also in having the power to require or incentivise both private and public sector entities and individuals to act in a sustainable manner. Sufficient attention should therefore be devoted to the general sustainability-related disclosure requirements (not only limited to the climate-related disclosure requirements to be covered in phase 2 of the project dealing with this issue) about the specific role that the public sector has in its capacity of regulator, in areas such as the impact of taxation and subsidy schemes, procurement strategies, regulation and policies, along with their enforcement, and about the actions it takes to drive behaviours of entities and citizens.

Differences in the reporting requirements would be expected between public sector entities depending on the role they have in advancing the sustainability agenda. For example, more requirements might legitimately be expected for those public sector entities that have the power to regulate sustainability matters or oversee their application by the various actors, both public and private, and should be held accountable for what they do.

- We also support developing IPSAS SRS Standards (that would therefore be part of IPSASB's authoritative guidance) based on the current non-authoritative guidance in RPG 1 'Reporting on the long-term sustainability of an entity's finances' and RPG 3 'Reporting service performance information'. The topics dealt with in these two recommended practice guidelines are particularly important for public sector entities and the information to be provided under these is particularly useful in that it greatly increases the stewardship of public sector entities in the use of public funds, making them more accountable and enhancing decision making by the users of IPSAS financial statements.

See also our request under SMC 1 to clarify the boundaries and interactions between GPFS and GPFR. In the case at hand, it would be useful to clarify how authoritative guidance in IPSAS SRS Standards based on RPG 1 and RPG 3 would co-exist with non-authoritative guidance under RPG 1 and RPG 3.

- Furthermore, we support developing a 'Nature-related disclosures' project. We believe that those other environmental issues (threat to biodiversity, water scarcity and pollution, etc.) identified by the International Panel on Climate Change (IPCC) in its scenarios on the progression of global warming and the destruction of our ecosystems, are equally pressing topics. In particular, biodiversity seems to us a clear priority to be taken on board by the IPSASB.

Finally, we re-affirm our support for completion of phase 2 of the 'Climate-related disclosures' project.

As a longer-term objective, we encourage the IPSASB not to restrict their scope to the E (Environmental) of the ESG criteria but also to consider social and governance matters (the S and G of ESG), specifically in relation to Human Rights given the responsibilities of public sector bodies in this area.

To address the social and governance matters, we recommend that the IPSASB capitalises to the greatest possible extent on the sustainability reporting standards already developed, such as standards and guidance already developed by the ISSB (International Sustainability Standards Board), the European Commission and the GRI (Global Reporting Initiative), rather than on the 17 Sustainable Development Goals which are high level goals rather than specific topics that can easily be adapted to IPSAS SRS Standards. This may, in part, be addressed through the proposed projects for developing authoritative guidance based on RPG 1 and RPG 3.

We have no other specific comments on the list proposed by the IPSASB for its potential future sustainability reporting projects.