EXPOSURE DRAFT 94

Linkages between IPSAS standards and the Government Finance Statistics Manual 2014 from Internacional Monetary Fund (IMF) - Handbook (Amendments to IPSAS 22)

Program and Technical Director

International Public Sector Accounting Standards Board (IPSASB)

International Federation of Accountants

277 Wellington Street West, 6th floor

Toronto, Ontario M5V 3H2 CANADA

Brasília, Brazil

June 22, 2026

Dear Mr. Thomas Müller-Marqués Berger,

The Conselho Federal de Contabilidade (CFC) of Brazil welcomes the opportunity to comment on the consultation for IPSASB Exposure Draft 94, which proposes amendments to IPSAS 22 aimed at facilitating practical implementation and better aligning high-quality international public sector accounting standards with the fiscal statistics of the IMF's Government Finance Statistics Manual 2014 (GFSM 2014). The CFC, together with its regional bodies—the Regional Accounting Councils (Conselhos Regionais de Contabilidade – CRCs)—is the professional accounting organization responsible for the regulatory activities that oversee the accounting profession throughout the country.

Our views and comments can be found in the Appendix of this document, which was prepared by the Permanent Committee for Public Sector Accounting Standards (*Comitê Permanente para Normas de Contabilidade Aplicadas ao Setor Público* – CP CASP) linked to the Federal Accounting Council.

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

Sincerely,

JOAO CARLOS CASTILHO GARCIA:14300067813

Assinado de forma digital por JOAO CARLOS CASTILHO GARCIA:14300067813
Dados: 2026.06.22 09:24:55 -03'00'

João Carlos Castilho Garcia

Technical Vice-President

Conselho Federal de Contabilidade

CONTEXT AND GENERAL COMMENTS

The Brazilian Federation is composed of 26 states, the Federal District, and 5,569 municipal governments. These levels of government are responsible for formulating, implementing, and evaluating public policies through cooperative and/or competitive arrangements.

APPENDIX

Specific Matter for Comment 1:
The IPSASB decided to propose non-authoritative guidance to strengthen the linkages between IPSAS Standards-based accounting data and GFSM 2014 reporting in IPSAS 22 (see paragraphs IPSAS 22.BC18–BC26). Do you agree with the proposed non-authoritative amendments to IPSAS 22? If not, please explain your reasons.

Answer:

<u>The CP CASP/CFC partially agrees with the proposed non-authoritative amendments to IPSAS 22</u>, as we believe the draft addresses a critical implementation need, given that many countries prepare financial statements based on IPSAS while simultaneously being required to produce fiscal statistics in accordance with GFSM 2014. In this context, it is helpful to have guidance that clearly explains which recognition and measurement requirements are aligned, where presentation differences exist, and in which cases additional information is required.

The structure of the guidance, organized by thematic groups in a question-and-answer format, is considered highly practical for implementation.

However, we suggest that the final version be enhanced by more explicitly outlining an application sequence, allowing the reader to systematically identify alignments in recognition and measurement, differences in presentation, and cases requiring data disaggregation, additional data collection, or reconciliation. In addition, we emphasize that the utility of accounting data depends on the accounting system's capability to capture relevant attributes for statistical purposes, such as the counterparty, residence, the distinction between domestic and external transactions, and other economic flows.

The proposed changes to IPSAS 22 aim to facilitate practical implementation and better integrate government accounting with fiscal statistics. Accordingly, we submit the following supplementary comments:

1. Purpose of the Proposal

The IPSASB seeks to create a practical guide structured in a question-and-answer format, addressing:

- **Recognition and Measurement Alignments:** For example, how assets and liabilities should be recognized in financial statements in accordance with IPSAS and how this relates to the requirements of GFSM 2014.
- **Presentation Differences:** An example is how expenses are presented in public sector accounts versus the requirements of GFSM 2014. For instance, the Manual does not separate interest from principal in certain reporting views, whereas in IPSAS-based accounting, this separation is mandatory.
- **Need for Additional Information:** If a transaction does not fit specific definitions precisely, it may be necessary to obtain additional data regarding the underlying transaction.

2. Measurement: Basis vs. Technique

A key proposed change is to focus on the **measurement basis rather** than the **measurement technique**.

- **Implication:** The CFC believes that consistency between the accounting measurement basis and statistical logic is crucial. For example, an asset may be measured at historical cost in accounting, while fiscal statistics may require a current market value measurement.

- **Note:** The CFC emphasizes that, even within the same measurement basis, different techniques can yield divergent results. For instance, a fair value estimation based on observable prices may differ substantially from estimates made in illiquid markets, requiring careful professional judgment.

3. Strengthening the Guide (CFC Suggestions)

The CFC suggests the following improvements to the final version of the guide:

- **Order of Presentation:** The guide should first present the recognition and measurement alignments, followed by presentation differences, and finally the cases requiring data disaggregation or reconciliation.

- **System Attributes:** It is crucial that the accounting system captures relevant attributes, such as:
  - **Counterparty:** Identification of the parties involved in transactions to allow for proper sectorization.
  - **Residence:** Determination of the domicile of economic agents domicile of the transacting agents.
  - **Domestic versus Foreign Transactions:** Distinct categorization of domestic and external transactions, which directly affects the compilation of statistical data.

4. Challenges and Context of Integration

The ED 94 proposal recognizes that the coexistence of independent accounting and statistical systems can lead to:

- **Duplication and High Costs:** For example, recording identical data across separate, unintegrated systems results in unnecessary administrative costs and data inconsistencies.

- **Integrated Model:** The trend is for accounting information (IPSAS) to serve as the primary source data for fiscal statistics (GFSM 2014), promoting:
  - **Use of a "Single Source of Truth":** To eliminate parallel and redundant record-keeping.
  - **Interoperability:** Implementation of harmonized charts of accounts and standard technologies, such as XBRL (e**X**tensible **B**usiness **R**eporting **L**anguage).

- **Consolidation:** Improvement in the elimination of reciprocal intra-governmental transactions between public sector entities.

In summary, the amendments to IPSAS 22 are intended to facilitate practical implementation and make government accounting a more efficient tool for producing fiscal statistics, provided they are supported by integrated systems and robust data governance.

Specific Matter for Comment 2:
The IPSASB decided to propose the non-authoritative guidance on measurement at the measurement basis level, rather than at the measurement technique level (see paragraph IPSAS 22.BC32). Do you agree with the proposed non-authoritative amendments to IPSAS 22? If not, please explain your reasons.

Answer:

The CP CASP/CFC agrees with the decision to formulate the measurement guidelines at the measurement basis level rather than at the technical level. The key to linking IPSAS-based accounting information with the requirements of GFSM 2014 generally does not lie in the specific technique, but rather in determining whether the measurement basis used in accounting is aligned—or can be reconciled—with the measurement logic required for statistical purposes.

This approach is consistent with the non-authoritative nature that ED 94 intends to give to the guidance, avoiding excessive prescriptions that could hinder its application across highly diverse jurisdictions.

Importance of the Measurement Technique

However, it is important to note that, even when consistency in the measurement basis is maintained, the specific technique applied within that basis may, in certain cases, produce materially different results for GFSM 2014 reporting. For example, regarding **Measurement at Current Value**: if a measurement is based on observable prices, comparable assets, or market-equivalent estimates in contexts where there is no active market, significant discrepancies may arise.

The Need for Professional Judgment

Consequently, it would be useful to note that the application of this approach will continue to require professional judgment and coordination between accountants and statisticians, especially in areas where markets are illiquid. Such collaboration is crucial to ensuring that the generated measurements and statistics are accurate, reliable, and adequately reflect economic reality.

Thus, the proposal for non-authoritative guidance focusing on the measurement basis is viewed as a positive step, but it must be accompanied by a clear recognition of the nuances and complexities involved in applying measurement techniques in accounting and statistical practice.

It is also worth noting that the IPSASB's proposal provides guidance aimed at facilitating the harmonization and consistency of accounting and statistical data in the general government sector through the following mechanisms:

1. Alignment of the Measurement Basis

- The IPSASB suggests that the guidance focus on the **measurement basis** rather than the measurement technique. This helps ensure that the basis used to measure assets, liabilities, revenue, and expenses is conceptually consistent between IPSAS standards and the requirements of GFSM 2014.

2. Question-and-Answer Format

- The guidance will be presented in a question-and-answer format, facilitating understanding and practical application. This approach allows preparers of financial and statistical reports to quickly locate relevant instructions on the alignment between standards.

3. Identification of Alignments and Differences

- The IPSASB proposes a framework that clearly identifies **alignments** between IPSAS standards and GFSM 2014, as well as **differences** that may require statistical adjustments to the reported accounting information. This includes concrete examples of how specific transactions should be treated in both contexts.

4. Disaggregation and Collection of Additional Data

- The guidelines emphasize the need to disaggregate data in cases where accounting information does not directly correspond to statistical requirements. The IPSASB suggests that preparers of reports must be aware of when additional source data may be necessary to meet GFSM requirements.

5. Documentation of Professional Judgments

- The IPSASB recommends that preparers document the professional judgments made when applying IPSAS standards in relation to GFSM requirements. This helps ensure transparency, auditability, and accountability in the presentation of information.

6. Cooperation Between Accountants and Statisticians

- The guidance promotes **cooperation** between accountants and statisticians to ensure that institutional accounting and statistical practices are aligned. This collaboration is crucial to ensuring that all data presented is accurate and faithfully reflects economic reality.

7. Use of Integrated Technologies and Systems

The IPSASB suggests that governments adopt integrated accounting and statistical systems that facilitate the collection and reporting of consistent data. The use of technologies such as XBRL (e**X**tensible **B**usiness **R**eporting **L**anguage) can significantly improve interoperability between systems.

Conclusion

The guidelines proposed by the IPSASB aim not only to strengthen the link between IPSAS standards and GFSM 2014 but also to promote a more cohesive and efficient approach to the preparation of financial and statistical reports. This integration is essential to ensuring transparency and accountability in the public sector, contributing to better management of public resources. However, a comprehensive training plan on this standard and its requirements, as well as a proposal for a comprehensive uniform chart of accounts to harmonize journal entries between systems (the so-called “from-to” mapping), will be of crucial importance for the smooth progress and successful implementation of the Guide.