EXPOSURE DRAFT 95

Improvements to IPSAS Accounting Standards – Volume 10

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 30, 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 95, which proposes improvements to IPSAS Accounting Standards (Volume 10) to align with amendments to IFRS Accounting Standards arising from the IASB's Improvements to IFRS Accounting Standards and Narrow Scope Amendments projects. 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,

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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:
Part 1 of this Exposure Draft proposes additional disclosures for supplier finance arrangements, which are characterized by one or more finance providers offering to pay amounts an entity owes its suppliers and the entity agreeing to pay according to the terms and conditions of the arrangements at the same date as, or a date later than, suppliers are paid. In your experience, are supplier finance arrangements sufficiently prevalent in your jurisdiction to warrant the proposed disclosure?

Answer:

The CP CASP/CFC supports the proposed additional disclosures for supplier finance arrangements in IPSAS 2 and IPSAS 30, as these amendments enhance transparency regarding effects on liabilities, cash flows, and liquidity risk exposure.

However, it is acknowledged that, in the Brazilian public sector context—particularly in direct administration and entities subject to the standard budgetary-financial cycle—such arrangements are not, as a rule, prevalent in their typical contractual form. Supplier finance arrangements as described in the ED (supply chain finance, payables finance, or reverse factoring) are constrained in the Brazilian public sector by fiscal responsibility legislation and budgetary execution rules, which generally restrict entities from undertaking obligations beyond the standard procurement payment schedule.

Nevertheless, the CP CASP/CFC recommends maintaining the proposed disclosure requirement, for the following reasons:

1. **Emerging relevance in specific segments:** Economically similar structures may arise in public enterprises, dependent state-owned entities, and other public sector entities with greater operational and financial autonomy that prepare general purpose financial statements in accordance with IPSAS Standards.

2. **Functional equivalence:** In some Brazilian jurisdictions, mechanisms that are functionally equivalent to supplier finance arrangements may exist without full contractual identity with standard private sector practice. The Basis for Conclusions should explicitly acknowledge that entities in certain jurisdictions may operate under arrangements that, while not formally denominated as supplier finance, produce equivalent economic effects on liabilities and cash flows.

3. **Implementation guidance:** It would be useful for the IPSASB to clarify, in the Basis for Conclusions or in application guidance, that the disclosure requirements are proportional and may require specific adaptations in jurisdictions with strong integration between public accounting, budgetary execution, and treasury management.

In summary, in the Brazilian experience, supplier finance arrangements do not appear sufficiently prevalent in the core of the public administration to justify a primary systemic concern; nonetheless, they are relevant enough in specific public sector segments to warrant the proposed disclosure.

Conclusion

The overall position of the CP CASP/CFC is favorable to the approval of ED 95, with observations. The proposals contribute to greater clarity, alignment, and usefulness of public sector accounting information. However, their implementation in countries such as Brazil requires careful attention to the interface between accrual accounting, budgetary discipline, financial routines, and national standards.

In particular, the CP CASP/CFC recommends that the IPSASB:

- Maintain the proposals of ED 95, including the disclosures on supplier finance arrangements;
- Explicitly acknowledge, in the Basis for Conclusions or in application guidance, that implementation may require specific care in jurisdictions with strong integration between accounting, budget, and treasury; and
- Consider producing supplementary implementation material for jurisdictions with significant divergences between their national accounting frameworks and IFRS-aligned standards, particularly regarding the practical effects of non-substantive amendments.

ED 95 is, for the most part, well-directed and deserves endorsement. The recommended improvement does not lie in rejecting the proposals, but in reinforcing practical guidance for complex public sector environments, such as Brazil, where the quality of implementation is as relevant as the quality of the normative drafting.