

International Public Sector Accounting Standards Board  
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Dear IPSASB Board Members,

### **Exposure Draft 93 – Definition of Material (Amendments to IPSAS1, IPSAS3 and the Conceptual Framework)**

We welcome the opportunity to comment on Exposure Draft 93 – Definition of Material (Amendments to IPSAS1, IPSAS3 and the Conceptual Framework). We note that this exposure draft covers only Phase 1 of the IPSASB's *Making materiality judgements project* and we look forward to the supporting materials in Phases 2 and 3 in due course.

We provide below our comments on the proposed amendments set out in each of the four parts of the exposure draft.

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### **Response to proposed amendments**

#### **Part 1 – Amendments to the Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities**

##### *Primary Users*

We do not believe that the proposed footnote to Para. 2.4 of the Conceptual Framework is helpful. If both of the terms “primary users” and “users” are intended to refer to the same parties (in this case “those service recipients and their representatives and resource providers and their representatives who must rely on general purpose financial reports for much of the financial information they need”), then the IPSASB should use a single term throughout the conceptual framework for consistency. We do not believe that a “*need to change every single instance of the term users to primary users*”, as noted in BC3.32K, is sufficient justification to maintain the use of separate terms with the same meaning, if IPSASB considers “primary users” to be the appropriate term. We have no strong view on whether “primary users” or “users” should be used, merely that a single term should be used.

If there are instances where the two terms may refer to different parties, for example if “users” might refer to other users who are not primary users, then those terms should both be clearly defined and

used only where appropriate. However, we do not believe that this is the case, as highlighted in BC3.321 which states that “For consistency purposes, the IPSASB decided to clarify that the users referred to in the description of materiality are the primary users of GPFRs, as opposed to other users”.

## **Part 2 – Amendments to IPSAS 1, Presentation of Financial Statements**

### *Definition of materiality*

We support the revised definition of materiality, including the addition of “discharge of accountability”, reflecting the responsibilities of public sector bodies and the need to be held accountable for the decisions they make around the use of resources. Applying this definition of materiality may help in providing information that further enhances the users’ understanding of an entity’s performance.

We also agree with the addition of ‘obscuring’ to the definition, not only as this aligns with the IFRS definition but also as it will help focus the mind of preparers on ensuring that the needs of users are met. Furthermore, this provision also provides an opportunity to “de-clutter” financial statements to ensure that only information that is useful to users is included. To that end, we support the addition of the material in 12A including examples of how information may be obscured.

## **Part 3 – Amendments to IPSAS 3, Accounting Policies, Changes in Accounting Estimates and Errors**

We have no comments.

## **Part 4 – Amendments to Other IPSAS Standards**

### **IPSAS 3**

#### *Effective date*

The following text is included in Para 32H of IPSAS 14 and in Para 111Q of IPSAS but is not included in IPSAS 3:

- *“If an entity applies this amendment for an earlier period, it shall disclose that fact. An entity shall apply this amendment when it applies the amendments to the definition of material in paragraph 7 of IPSAS 1”.*

In our view, this text should also be included in IPSAS 3.

### **IPSAS14:**

#### *Disclosure of non-adjusting events after the report date:*

Proposed Para 30 includes the phrase “general purpose financial statements prepared for that reporting entity”. We do not believe that the underlined text is required and it is not included elsewhere in the other proposed amendments. We suggest that this text should be deleted.

**Further discussion**

If you would find it helpful to discuss any issues in this letter, please contact Paul Winrow, Partner, Public Policy & Regulation. ([paul.winrow@mazars.co.uk](mailto:paul.winrow@mazars.co.uk)).

Yours faithfully,

*Forvis Mazars Group SC*

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