

Swiss Comment to ED 97 Making Materiality Judgements

Table of Content	Page
1. Introduction	1
2. Context	1
3. Specific comments	1
3.1 Specific Matter for Comment 1	1
3.2 Specific Matter for Comment 2	1

1. Introduction

The Swiss Public Sector Financial Reporting Advisory Committee (SRS-CSPCP) was established in 2008 by the Swiss Federal Ministry of Finance together with the cantonal Ministers of Finance. One of its aims is to provide the IPSAS Board with a consolidated statement for all three Swiss levels of government (municipalities, cantons and Confederation).

The SRS-CSPCP would like to comment on ED 97 *Making Materiality Judgements*, as follows.

2. Context

Exposure Draft (ED) 97 proposes an IPSAS Practice Statement, *Making Materiality Judgments*, which provides non-mandatory guidance to reporting entities on making materiality judgments when preparing general purpose financial statements in accordance with IPSAS Accounting Standards. The guidance is intended to support consistent application of the concept of materiality and may also assist other parties involved in financial reporting in understanding how materiality judgments are made.

As the guidance is non-mandatory, entities are not required to apply it in order to state compliance with IPSAS Accounting Standards.

General comments to the IPSASB

The SRS welcomes the proposed Practice Statement and supports the IPSASB's objective of providing non-mandatory guidance on making materiality judgments. In our view, the proposed guidance will promote a more consistent application of materiality while preserving the exercise of professional judgment. We also support the decision to align the guidance with IFRS Practice Statement 2 and to adapt it where necessary to reflect the specific characteristics of the public sector.

3. Specific comments

3.1 Specific Matter for Comment 1

The SRS agrees with the Board's decision to issue non-mandatory guidance on making materiality judgments aligned with IFRS Practice Statement 2 and adapted to the public sector context. In our view, the proposed adaptations appropriately reflect the specific characteristics of the public sector while maintaining consistency with internationally recognised guidance. Therefore, we do not consider further public sector adaptations necessary.

However, we find it important to recognize that some parties, especially government statistical bodies, do not qualify as primary users because their function grants them (or should grant them) direct access to the granular accounting information underlying financial reports. Therefore, we suggest adding the following sentence at the end of paragraph 13:

"Some of these parties, especially statisticians, have direct access to the granular accounting data underlying the financial report and therefore do not qualify as primary users."

3.2 Specific Matter for Comment 2

Example C - Materiality Judgments on Disclosures Specified by IPSAS Standards

The SRS considers Example C useful. However, to further enhance the practical value of the Practice Statement, we suggest complementing the example on property, plant and equipment with additional examples from other areas commonly encountered in the public sector, such as treasury activities and asset accounting. This would further illustrate the application of materiality judgments across different types of disclosures.

Example D - Materiality Judgments on Presentation Specified by IPSAS Standards

The SRS considers Example D to be useful in illustrating the influence of qualitative factors on materiality judgments. However, rather than requiring a separate line item in the statement of financial performance, we believe that information on cybersecurity-related expenditures could be more appropriately disclosed in the notes to the financial statements. Such an approach would provide transparency on security-related matters while avoiding unnecessary changes to the presentation of the primary financial statements.

Example E - Materiality Judgments that Lead to the Disclosure of Information in Addition to the Specific Disclosure Requirements in IPSAS Standards

The SRS considers that one well-designed example should generally be sufficient to illustrate the underlying principle. We therefore suggest revising Example E to reflect a more typical public sector scenario, for example involving assets held for service delivery. If this is not considered feasible, we recommend including an additional example illustrating a more typical public sector circumstance.

Example M - Influence of External Qualitative Factors on Materiality Judgments

The SRS finds it difficult to relate Example M to typical public sector circumstances. As a result, we believe that the example provides limited practical value for public sector entities. Consequently, we suggest removing Example M from the Practice Statement.

Winterthur, 24. September 2026