



20 May 2011

Mr James Gunn  
Technical Director  
International Auditing and Assurance Standards Board  
International Federation of Accountants  
545 Fifth Avenue, 14<sup>th</sup> Floor  
New York, New York 10017 USA

Dear James,

**Exposure Draft:  
Proposed ISRE 2400 (Revised),  
Engagements to Review Historical Financial Statements**

The Australian Auditing and Assurance Standards Board (AUASB) is pleased to have the opportunity to comment on the IAASB Exposure Draft on Review Engagements.

The AUASB supports the need for standards and guidance on how review engagements should be conducted. The AUASB believes that such material will be of benefit not only to experienced auditors but also to those practitioners who do not conduct reasonable assurance engagements but may wish to conduct limited assurance engagements.

In formulating its response, the AUASB sought input from its constituents in two ways. The first was an open invitation posted on the AUASB website with an accompanying notification sent to subscribers. The second method was by way of hosting a “roundtable” discussion with approximately 20 invitees representing:

- Practitioners – small, medium and large-sized firms;
- The Australian Professional Accounting Bodies; and
- Other relevant groups.

Overall, the AUASB supports proposed ISRE 2400, however, wishes to encourage the following substantive matters to be appropriately dealt with in the final standard, namely:

- (a) Significant experience and professional judgement is required in conducting a review of historical financial statements as is required in conducting an audit under auditing standards. Furthermore, the practitioner is required by the *IESBA Code of Ethics for Professional Accountants*, to be professionally competent. Without the necessary level of skill and competency, including experience, there is a threat to consistency of application and outcomes. The AUASB believes that ISRE 2400 should *not* be applicable to practitioners without appropriate skills and experience in conducting audit and assurance engagements. Accordingly, the definition of “practitioner” at

paragraph 17(e) should be expanded to clarify the standard is only to be applied by practitioners with appropriate skills and experience.

- (b) The proposed standard ISRE 2400 assumes that the review practitioner understands assurance concepts such as materiality, assertions, professional judgement and scepticism, sufficiency and appropriateness of evidence etc. These concepts are not adequately explained through detailed guidance within the “self-contained” standard itself and consideration should be given to including such additional guidance within the standard. If this option is not feasible, then at a minimum, there should be appropriate cross-references to the auditing standards or consideration given to requiring ISRE 2400 to be read in conjunction with the auditing standards.
- (c) The standard does not provide a clear definition of what limited assurance is and how it is achieved. There is no indication as to whether limited assurance is a finite concept or a “range”, and if so, how varying levels of limited assurance are determined and measured. Further, there is no clarity as to whether assurance received under proposed ISRE 2400 differs from that obtained under ISRE 2410. Without explanation, users are likely to be confused particularly when reading the very similar reports required by each standard; and consequently, why the proposed standard is necessary. (Reference in the proposed standard to the Assurance Framework is acknowledged).
- (d) There are inconsistencies in the *articulation of the approach* to reviews between pronouncements - see proposed ISRE 2400<sup>1</sup>, ISRE 2410<sup>2</sup>, proposed ISAE 3000<sup>3</sup> and proposed ISAE 3410<sup>4</sup>. Where such inconsistency is intended, proposed ISRE 2400 would benefit from an explanation of these inconsistencies, similar to that provided on page 6 of the Explanatory Memorandum to proposed ISRE 3410.
- (e) Notwithstanding the deliberate omission of the word “risk”, the approach does effectively require an assessment of risk (“where material misstatements are likely to arise”) and a response thereto – the proposed standard does not differentiate this assessment from that required in an audit.
- (f) An understanding of the *control environment* only is not sufficient to identify areas in the financial statements where material misstatements are likely to arise.
- (g) Consideration should be given to expanding, albeit in a general sense, the description of *additional procedures* in the practitioner’s report.
- (h) The practitioner’s report should clearly state that an *audit* has not been conducted and had an audit been performed, the practitioner may have uncovered material misstatements that could exist in the financial statements. This is not evident in the illustrative example reports [See also paragraphs 82(f)(ii) and 83(d)]
- (i) The proposed standard is to be applied to reviews of other historical financial information (see paragraph 3 of the proposed standard). However, there is no guidance as to how the standard is to be used for such reviews, the nature of which is

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<sup>1</sup> See proposed ISRE 2400 (Revised), *Engagements to Review Historical Financial Statements*.

<sup>2</sup> See ISRE 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*.

<sup>3</sup> See proposed ISAE 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*.

<sup>4</sup> See proposed ISAE 3402 *Assurance Reports on Controls at a Service Organization*.

significantly varied. Under paragraph 3, the practitioner effectively sets the standard - “adapted as necessary”. Such option will not promote reasonable consistency in the application of such reviews – clearly an aim of the revision of ISRE 2400 (see question 5(c) in Attachment 1).

Consideration should be given to removing this option and restricting the standard to reviews of financial statements. A separate standard could be drafted that deals with reviews of other historical financial information. [See Attachment 3 for the AUASB’s approach - ASRE 2405]

Notwithstanding the above comment, use of the construction: “adapted as necessary” is ambiguous and consideration should be given to alternative wording such as:

*The standard also applies, as appropriate, to...*

See also paragraph A57.

Our responses to the specific questions raised in the Explanatory Memorandum are attached as **Attachment 1** to this letter. We have provided additional comments in **Attachment 2** which we include for the IAASB’s consideration.

The AUASB wishes to take this opportunity to inform the IAASB that reviews are commonplace in Australia and have been so for many years. Further information is provided in **Attachment 3**.

Should you have any queries regarding this submission, please do not hesitate to contact either myself on +61 3 8080 7440 or email [rmifsud@auasb.gov.au](mailto:rmifsud@auasb.gov.au) or Howard Pratt, Senior Technical Manager on +61 3 8080 7446 or email [hpratt@auasb.gov.au](mailto:hpratt@auasb.gov.au)

Yours sincerely,

Richard Mifsud  
*Executive Director*

Attachments

**AUASB RESPONSE TO IAASB EXPOSURE DRAFT:  
ISRE 2400 (REVISED), ENGAGEMENTS TO REVIEW HISTORICAL  
FINANCIAL STATEMENTS**

**Responses to Specific Questions listed in the Explanatory Memorandum**

*A high percentage of review engagements that are performed by a practitioner, who is not the auditor of the entity, are conducted at the request of management, under a commercial contract or, to a lesser extent, at the request of lenders. Accordingly, these reviews are normally for a special purpose and the users of the review report are therefore “knowledgeable” of the review objectives, work effort and assurance results. In this context, the answers below are suggestions for improvement as opposed to recommendations for wholesale changes.*

1. Do respondents who are users or preparers of financial statements believe the proposed ISRE will result in an assurance engagement that is meaningful?

***AUASB Response: Yes***

- (a) *Proposed ISRE 2400 does not introduce significantly new concepts that are contrary to existing practice, and understanding, in Australia. The proposed standard has the effect of formalising and clarifying most of current practice as well as providing an approach that is consistent with the clarified auditing standards (implemented in Australia for financial reporting periods commencing 1 January 2010). However, users and preparers may well be indifferent to the proposed standard as the end result does not differ from the status quo.*
- (b) *As a similar conclusion is expressed in a review under the proposed standard as is expressed in a review under ISRE 2410, users and preparers are likely to believe the proposed standard will result in an engagement that is meaningful. To assert otherwise throws doubt on ISRE 2410.*
- (c) *The proposed standard does not articulate the differences between proposed ISRE 2400 and existing ISRE 2410 in terms of objectives, work effort and assurance result. Accordingly, users may question the need for the proposed standard when ISRE 2410 may suffice.*

2. Do respondents who are practitioners believe that proposed ISRE 2400 will result in engagements that can be understood and performed by practitioners in a cost-effective manner in a way that clearly distinguishes the engagements from an audit?

***AUASB Response: Yes***

- (a) *Practitioners experienced in audit and assurance are unlikely to experience significant difficulties in applying the proposed standard. However, additional guidance on matters raised elsewhere in this submission will contribute considerably to an efficient and effective engagement.*

*For example: although the proposed standard does not specifically refer to a “risk assessment”, the experienced practitioner will inevitably perform a risk assessment in order to design appropriate procedures (including inquiries and analytical procedures). A risk assessment is fundamental to the conduct of a cost-effective engagement as it focuses work-effort. However, without guidance in the proposed standard, experienced practitioners will defer to their “audit” experience and there lies the difficulty of determining the nature, timing and extent of risk assessment procedures. How does the practitioner distinguish the difference between a limited assurance engagement and a reasonable assurance engagement in terms of (a) identifying; and (b) responding to risks? How is “materiality” applied without a risk assessment? How does the practitioner determine the “cost-effective” difference between a review and an audit with regards to “understanding” and “documenting”? How is the proposed standard “scaled” to appropriately address the specific engagement? Without clearly articulating how to reduce the work-effort from that in an audit engagement, there is a likelihood that cost-effectiveness will not be optimised.*

*Additional guidance on “professional judgement” in the proposed standard is likely to appreciably improve the cost-effectiveness of review engagements.*

- (b) *If the proposed standard is applied by an inexperienced practitioner, the engagement is not likely to be clearly understood, distinguished from an audit or performed in a cost-effective manner. See examples of difficulties in (a) above.*

3. Do respondents believe that the objectives stated in the proposed ISRE appropriately describe the expected outcome of the practitioner’s work in a review engagement, and the means by which the objectives are to be achieved? Is there any wording in the objectives that might have unintended consequences, or that may blur understanding of the differences between a review and an audit?

***AUASB Response:***

*The objectives appropriately describe the expected outcome and the means to achieve the objectives. However, to enhance understanding and clarity, the AUASB suggests consideration be given to the following wording and format suggestions:*

14. *The practitioner’s objectives in conducting a review of financial statements are:*

- (a) *To conclude through:*
- *performing inquiry and analytical procedures, and where considered necessary, additional procedures; and*
  - *evaluating the sufficiency and appropriateness of evidence obtained, whether anything has come to the practitioner’s attention that causes the practitioner to believe that the financial statements are not prepared, in all material respects, in accordance with the applicable financial reporting framework; and*
- (b) *To report the conclusion on the financial statements as a whole, and communicate as required by this ISRE.*

*The AUASB takes the view that if paragraph 14 (a) sets an objective “to conclude”, it stands to reason that the report should communicate that objective, hence the suggested change to (b) above. The suggested amendments aim to help articulate procedures performed and to differentiate a review from an audit.*

4. Do respondents believe that the factors affecting engagement acceptance and continuance, and the preconditions for performing a review under the proposed ISRE, are appropriate and clearly communicated in the proposed ISRE?

***AUASB Response:***

*Yes.*

*The AUASB suggests consideration be given to including the following additional factor at paragraph 29:*

*“The practitioner is not satisfied that compliance with this ISRE is possible.”*

5. The approach to performing a review set out in the proposed ISRE (paragraphs 43 and 44) requires the practitioner to identify areas in the financial statements where material misstatements are likely to arise, based on the practitioner’s understanding of the entity and its environment, and the applicable financial reporting framework, and then to focus the design and performance of inquiry and analytical procedures in those areas.
- (a) Do respondents believe this approach is appropriate for a review?
- (b) Do respondents believe the requirement and guidance in the proposed ISRE adequately convey this intended approach?
- (c) Do respondents believe the requirements and guidance relating to the practitioner’s understanding (explained in paragraph 43), and designing and performing inquiry and analytical (explained in paragraph 44), are sufficient to promote performance of a review on a reasonably consistent basis with the application of the practitioner’s professional judgement and understanding, taking account of the circumstances of the individual review engagements?

**AUASB Response:**

**5(a)** *The approach is appropriate.*

**5(b)** *The requirements and guidance do not adequately convey the intended approach.*

- i. *Paragraph 43 does not align with ISRE 2410 paragraph 12 in two important and relevant areas. There is no reference to obtaining an understanding of internal controls relative to the preparation of the financial statements; and no reference to current or prior financial statements. It is acknowledged that the guidance at paragraph A79 refers to the “control environment” (one element only of the control structure) and the “development”, “proper design” and “relative sophistication”. However, consideration should be given to requiring the practitioner to obtain an understanding of monitoring activities and/or control procedures that are significant in the processing of material items and the preparation of the financial statements (both those under review and relevant prior periods).*
- ii. *Paragraph 43 requires the practitioner to obtain an “understanding” only, and there is no reference to “assessment” or “evaluation” of that understanding. The practitioner is required to identify areas where material misstatements are “likely” – an efficiency aspect of the risk-based approach. However, in order to determine the likelihood of material misstatements, the practitioner needs to consider the existence of, and their own understanding of, relevant controls. Consideration should be given to including a requirement for the practitioner to assess or evaluate in addition to “understanding” so as to identify areas of likely misstatement and consequently design review procedures that are not only effective but also efficient.*
- iii. *The wording of paragraph 44 implies that inquiry and analytical procedures are used to address areas where material misstatements are likely to arise. However, where there is an identified risk of material misstatement, the practitioner is likely to not rely on inquiry and analytical procedures alone. Furthermore, the proposed wording does not contemplate the situation where a practitioner deems it necessary to perform other procedures to meet the objectives of the review. Consideration should be given to clarifying the requirement. Suggested wording for consideration:*

44     The practitioner shall design and perform inquiry and analytical procedures; and where considered necessary, other procedures to address...

**5(c)** *The requirements and guidance are sufficient to promote performance of a review on a reasonably consistent basis, however, comments in **5(b)** above and elsewhere in this submission would need to be adequately addressed in order to achieve the desired level of consistent application.*

6. Do respondents agree with the requirements and guidance in proposed ISRE 2400 (paragraphs 57 and 58) describing the trigger point at which additional procedures are required? Do respondents agree with the related requirements concerning the practitioner's response when there are matters that cause the practitioner to believe the financial statements may be materially misstated?

***AUASB Response:***

General Comments

*It is the AUASB's view that these 2 questions are extremely important in determining the value of a review conducted under the proposed standard. There is a clear and direct link to the conclusion in the review report – "...nothing has come to our attention..."*

*In answering the questions it is necessary to distinguish between a practitioner with audit and assurance experience and one without.*

(a) Trigger Point

*A practitioner with audit and assurance experience will draw primarily on judgement and scepticism, gained through experience in conducting assurance engagements, to "...become aware of a matter(s) that causes the practitioner to believe the financial statements may be materially misstated..." The experienced practitioner will not only be "aware" but will also be able to determine the relevant assertion(s). However, it is difficult to imagine a practitioner with little or no prior audit and assurance experience being able to achieve the level of awareness, and understanding of the risks of material misstatement, contemplated in the proposed standard.*

*The proposed standard would benefit from additional guidance on the types of scenarios that would ordinarily "trigger" the need for additional procedures. Such additional guidance would be a helpful reminder to the practitioner with audit and assurance experience and an essential support for the practitioner with little or no audit and assurance experience.*

(b) Responses

*The proposed standard assumes the practitioner has audit and assurance experience and does not define or explain "additional procedures" in sufficient detail. An experienced practitioner will draw on experience to determine the nature, timing and extent of additional procedure(s) to properly address the "trigger" matter(s) (see comments above). A good example is how to respond to a going concern issue. The experienced practitioner will do whatever is necessary to gain comfort and will be adept at assessing evidence obtained from "additional procedures". Determining the degree of corroboration and the plausibility of explanations are two examples of where experience counts. However, the proposed standard does not provide sufficient guidance on how to address these very important aspects of the practitioner's work.*

*Another area that is not covered in the proposed standard is whether or not the responses to a "matter(s) that causes the practitioner to believe the financial statements may be materially misstated" i.e. the "additional procedures" are any different to those in a reasonable assurance engagement (audit). If responses are supposed to be at a different level, then the proposed standard needs to articulate how this is achieved.*

*The proposed standard would benefit from additional guidance on how to determine the nature, timing and extent of additional procedures with particular attention on how to choose the appropriate procedure(s) to address the specific assertion(s). Again, such additional guidance would be a helpful reminder to the practitioner with audit and assurance experience and an essential support for the practitioner with little or no audit and assurance experience. Consideration should be given to including such detailed guidance of “additional review procedures” in an appendix to the standard.*

7. With respect to the practitioner’s review report (as illustrated in Appendix 2 of the proposed ISRE):
- (a) Do respondents believe the report adequately communicates to users the work undertaken by the practitioner for the review?
  - (b) Do respondents believe that the form of the practitioner’s conclusion (that is, “nothing has come to the practitioner’s attention that causes the practitioner to believe...”) communicates adequately the assurance obtained by the practitioner? Is this form of wording of the practitioner’s conclusion preferable to other forms that have been explored by the IAASB as discussed above, including those that use wording perceived to be more positive? If not, please explain and provide alternative wording that could be used to express the practitioner’s conclusion.
  - (c) Is the practitioner’s conclusion expressed in this form likely to be understandable and meaningful to users of the financial statements? Does this form of conclusion achieve the intended purpose of properly differentiating the conclusion reported in a review from the opinion expressed in an audit of financial statements?

***AUASB Response:***

*Responses to questions about the review report are made in the context of the nature of such engagements as first described at question 1 above. Suggestions are for improvement in reporting as opposed to recommendations for wholesale changes.*

**7(a)**

- i. *The report does not adequately communicate the work undertaken. Unless there is a definition of “additional procedures”, users may not fully understand the work effort required in the engagement. Suggested additional wording to the 2<sup>nd</sup> paragraph dealing with the practitioner’s responsibilities is shown below:*

*A review of financial statements in accordance with ISRE 2400 consists primarily of making inquiries of management and others within the entity involved in financial and accounting matters, applying analytical procedures, and evaluating the sufficiency and appropriateness of evidence obtained. A review also requires performance of additional procedures, such as tests of accounting records through inspection, observation or confirmation, when the practitioner believes it is necessary in order to form a conclusion on the financial statements.*

*The AUASB considers the additional wording sufficient. Any significant increase in detail (about the matters to be included in the report as described on page 8 of the Explanatory Memorandum), should be avoided as it could mislead users into*

*believing that the level of work effort alone determines the level of assurance provided.*

- ii. *The proposed standard focuses on inquiry and analytical procedures and this emphasis flows through to the report. However, in practice the practitioner adopts a risk based approach in determining procedures – there is no requirement to test all material balances (unlike in an audit). Consideration should be given to making reference to risks and material balances in the report.*
- iii. *In addition, paragraph 82(f)(ii) requires a description of the review in accordance with paragraph 83. Paragraph 83(d) requires the report to state that an audit has not been performed, and had an audit been performed, the practitioner may have uncovered material misstatements that could exist in the financial statements reviewed. The various illustrative examples in Appendix 2 do not, but should, include this limitation.*

#### **7(b)**

- i. *The conclusion does not communicate adequately, the level of assurance obtained by the practitioner. Users must make the jump from the work performed to the meaning of the conclusion expressed. The report does not make reference to “limited assurance”. If included, such reference is considered helpful to users in understanding the level of assurance obtained by the practitioner and consequently, the level of assurance provided by the practitioner.*
- ii. *Use of the term “evaluating the sufficiency and appropriateness of the evidence obtained” suggests an audit has been conducted. Alternative wording to consider:*
  - *enquiry and analytical procedures sufficient to reach a limited assurance conclusion; or*
  - *the purpose of procedures is to determine, at a high level, the risk of material misstatement and not to conduct substantive procedures on material balances.*

#### **7(c)**

- i. *As the form of conclusion has been in use in Australia for many years, it is commonly understood and contributes to differentiating reviews from audits. Accordingly, it is considered preferable to other forms explored by the IAASB.*

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### Additional Comments for the IAASB's Consideration

1. The Appendix to the *Explanatory Memorandum* contains an overview of a review in tabular form. This schematic is useful and consideration should be given to including it in the appendices to ISRE 2400.
2. In the case of areas identified where material misstatements are *likely*, the proposed standard is not clear on the extent and nature of responses and particularly how they may differ from those applied in an audit.
3. Consideration should be given to including requirements and guidance on *opening balances, bank confirmations and legal representation letters*.
4. Paragraph 19 contains an example. As requirements represent *basic principles and essential procedures* the paragraph construction is inconsistent with the meaning of *requirements*. Suggest the example is transferred to the Application and Other Guidance Material section of the proposed standard, or the paragraph should specify the criteria for “relevance” in the same manner as ISA 200<sup>5</sup> Para. 22.
5. Paragraph 45(d)(v) does not consider uncorrected misstatements identified by an *auditor* (not the review practitioner) conducting an *audit* of a previous period. Such uncorrected misstatements may, for example, have a material effect on the subsequent 6 months financial statements being reviewed although not material to the prior annual financial statements. Suggested wording:
 

*The status of any uncorrected misstatements identified during the previous review engagement or audit ~~carried out~~; and...*
6. The revision of ISRE 2400 brings the construction of the standard into line with the clarity ISAs. However, this update results in some inconsistencies with ISRE 2410. For example, the only requirement under ISRE 2410 in respect of subsequent events is found at Para. 34(g) where management provides written representation. On the other hand, under proposed ISRE 2400 three comprehensive requirements paragraphs are provided (Para. 63 to Para.65). It is the view of the AUASB that requirements under the two review standards should be consistent unless there is substantive reason for differing obligations.
7. The proposed standard deals with Emphasis of Matter Paragraphs (EOM) and Other Matter Paragraphs (OM). The requirements at paragraph 84 and 87 empower the practitioner to decide whether or not to include an EOM or OM. On the other hand, Appendices 1 and 2 of ISA 706<sup>6</sup> list the references in other standards where EOM and OM paragraphs are required (in certain circumstances). Such circumstances may apply equally to a review engagement and therefore, it is suggested that proposed ISRE 2400 is amended to stipulate the circumstances where EOM and OM paragraphs *shall* be included in the practitioner's review report.

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<sup>5</sup> See ISA 200 *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing*.

<sup>6</sup> See ISA 706 *Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report*.

Examples:

- i. When the financial statements include information on a material uncertainty (in the context of going concern), an EOM paragraph should be required and not left to the discretion of the practitioner.  
[See also ISA 570<sup>7</sup> Para. 19(a)]
  - ii. When a material inconsistency is identified in Other Information and management refuses to make revision to that Other Information, an OM paragraph should be required and not left to the discretion of the practitioner.  
[See also ISA 720<sup>8</sup> Para. 10(a)]
8. Paragraph 90 requires the practitioner to document the review to provide evidence the review was performed in accordance with the ISRE and legal and regulatory requirements. However, as referred to in Para. A10, reviews may be performed in a variety of circumstances. Accordingly, Para. 90 should require documentation to provide evidence the review was performed in accordance with the terms of the engagement (not only the ISRE and legal and regulatory requirements).

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<sup>7</sup> See ISA 570 *Going Concern*.

<sup>8</sup> See ISA 720 *The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial statements*

**Other Editorial Comments**

<b>Paragraph Reference</b>	<b>Suggested Changes</b>
14(a)	<del>an</del> <u>the</u> applicable financial reporting framework
17(e)	The definition of a practitioner does not align with paragraph 1(a) which states that the practitioner is <i>not</i> the auditor. Suggest the definition includes this important point.
17	The definitions should reflect ISA 580 <sup>9</sup> Para.8 and ISA 210 <sup>10</sup> Para.5 where reference to “management” should be read as reference to “management and, where appropriate, those charged with governance”.  See also Para. 61 of the proposed standard.
37 and 38	There appears little benefit in separate paragraphs. Suggest the two requirements are combined into one paragraph.
69(b)	The words “Form of the Conclusion” at the end of the paragraph should be a sub-heading for the next section of the standard.
70, 75 & 77	In each paragraph, compliance frameworks are referred to before fair presentation frameworks. Suggest the order is reversed to be consistent with the order of the illustrative examples in Appendix 2 and the definitions contained in ISA 200 Para. 13(a).
Appendix 1	<p>Illustrative Engagement Letter: The paragraphs headed: <i>The objective and scope of the review</i> deals only with a fair presentation framework. Suggest alternative wording is added, either in the body of the text or a footnote that provides guidance on wording in a compliance framework. Any such changes would require consequential change in other parts of the letter.</p> <p>[This suggestion is prompted by the existence of 3 illustrative review reports in Appendix 2—illustrations 2, 6 and 7; and that reviews in accordance with compliance frameworks are commonplace]</p>

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<sup>9</sup> See ISA 580 *Written Representations*.  
<sup>10</sup> See ISA 210 *Agreeing the Terms of Audit Engagements*.

## Review Engagements in Australia

In Australia, “reviews” are commonplace and have been so for many years. Although review engagements are often initiated through management requests and commercial contracts, reviews are also contemplated in legislation – two notable examples in corporate law are:

- (a) disclosing entities (including listed companies) can elect to have a review of the half-year financial report, (instead of an audit); and
- (b) certain companies limited by guarantee and with revenues of between A\$500,000 and A\$1m can elect to have a review of its annual financial report (instead of an audit).

Review engagements in Australia were previously conducted in accordance with AUS 902 *Review of Financial Reports*, a standard consistent with its international equivalent, ISA 910 *Engagements to Review Financial Statements*. More recently, due to the legislative backing of auditing standards, the AUASB has issued a suite of review standards that address specific circumstances, see table below:

ASRE 2400 [No legislative backing]	<i>Review of a Financial Report Performed by an Assurance Practitioner Who is Not the Auditor of the Entity</i>	ASRE 2410 is the underlying standard.
ASRE 2405 [No legislative backing]	<i>Review of Historical Financial Information Other than a Financial Report</i>	Designed to conform, with some exceptions, to ISRE 2400 to the extent that ISRE 2400 deals with the review of historical financial information other than a financial report.
ASRE 2410 [legislative backing]	<i>Review of a Financial Report Performed by the Independent Auditor of the Entity</i>	ISRE 2410 is the underlying standard.
ASRE 2415 [No legislative backing]	<i>Review of a Financial Report – Company Limited by Guarantee</i>	This standard directs the <i>auditor</i> to use either ASRE 2400 or ASRE 2410 depending on circumstances.

It should be noted that review engagements are most commonly undertaken in Australia by the auditor of the entity, and therefore conducted in accordance with ASRE 2410 (equivalent to ISRE 2410).

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