



Australian Government

Auditing and Assurance Standards Board

Consultation Paper

IAASB Proposed International Standard on Review Engagements

ISRE 2410 (Revised) Review of Interim Financial Information Performed by the Independent Auditor of the Entity's Annual Financial Statements

May 2026

Comments due by 27 July 2026



Obtaining a Copy of this Consultation Paper

This Consultation Paper is available on the Auditing and Assurance Standards Board (AUASB) website: www.auasb.gov.au

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Important Note and Disclaimer

This Consultation Paper is issued by the AUASB to seek feedback from auditors, assurance practitioners and other stakeholders on Proposed International Standard on Review Engagements *ISRE 2410 (Revised), Review of Interim Financial Information Performed by the Independent Auditor of the Entity's Annual Financial Statements*.

This Consultation Paper contains proposals to amend an existing AUASB Standard, but the document itself does not establish or extend the requirements under an existing AUASB Standard and is not intended to be a substitute for compliance with the relevant existing AUASB Standard with which auditors are required to comply when conducting a review of an interim financial report. No responsibility is taken for the results of actions or omissions to act on the basis of any information contained in this document or for any errors or omissions in it.

CONSULTATION PAPER

IAASB's Proposed International Standard on Review Engagements *ISRE 2410 (Revised)*, Review of Interim Financial Information Performed by the Independent Auditor of the Entity's Annual Financial Statements

Introduction

1. The International Auditing and Assurance Standards Board (IAASB) has issued Exposure Draft, Proposed International Standard on Review Engagements *ISRE 2410 (Revised)*, Review of Interim Financial Information Performed by the Independent Auditor of the Entity's Annual Financial Statements (ED ISRE 2410).
2. The Australian Auditing and Assurance Standards Board (AUASB) is seeking feedback from stakeholders to inform us when responding to the IAASB on ED ISRE 2410, and to identify any potential compelling reasons² to modify ISRE 2410 (Revised) for application in Australia.
3. This Consultation Paper provides an overview of how the AUASB is requesting feedback from Australian stakeholders on the proposed changes detailed in ED ISRE 2410, and their impact on the Australian assurance environment.

Overview

Purpose

4. The aim of this Consultation Paper is to:
 - (a) provide stakeholders with information about ED ISRE 2410 including highlighting key differences to extant ASRE 2410;
 - (b) provide stakeholders with information as to how ED ISRE 2410 is being exposed by the AUASB; and
 - (c) seek stakeholder feedback.

Materials issued as part of this Consultation

5. The following materials have been issued to seek Australian stakeholder feedback:
 - (a) AUASB Consultation Paper to ED ISRE 2410 (this document) including consultation paper questions (see Attachment 1);
 - (b) ED ISRE 2410 (see Attachment 2);
 - (c) IAASB's Explanatory Memorandum to ED 2410 (IAASB EM) which provides the full background to, and an explanation of, the IAASB's proposed amendments to ISRE 2410 (Revised) (see Attachment 3).

Request for Comments

6. The AUASB requests comments on all matters relating to ED ISRE 2410, but specifically in relation to the questions included at Attachment 1 of this Consultation Paper. Attachment 1 contains both questions from the IAASB's Explanatory Memorandum to ED ISRE 2410 and Australian specific questions.
7. Stakeholder responses to these questions will be used:
 - (i) to inform the AUASB in its formal response to the IAASB; and

² Refer to paragraphs 20-21 of this Consultation Paper for an explanation of compelling reasons.

- (ii) in AUASB deliberations regarding the issuance of the final Australian standard, including assessing compelling reasons for any Australian-specific enhancements.
8. Stakeholders may choose to address specific questions relevant to them or raise matters not specifically addressed by the questions.
9. Stakeholders are requested to clearly indicate whether they agree or do not agree with the proposed amendments. Comments will be most helpful when they refer to specific paragraphs, include the reasons for the comments and, when appropriate, make specific suggestions for any proposed changes to wording.

Background

Australian developments

10. In Australia, listed entities and other disclosing entities are required to issue half-year financial reports providing updated information about their financial position and performance. The annual financial reports of these entities are audited while half-year reports can be reviewed. (an “interim review engagement”).
11. ISRE 2410, which applies to such engagements, has not been revised since it was issued in 2005. In the intervening period, the IAASB’s Clarity project was completed, the International Framework for Assurance Engagements was revised, ISRE 2400 (Revised) was issued, and a number of the International Standards on Auditing (ISAs) were revised as a result of public interest issues that may also be relevant to interim financial information and interim review engagements. Additionally, new drafting guidelines and principles were issued by the IAASB to support consistent drafting of clearer standards.
12. ISRE 2410 has not been subject to conforming and consequential amendments in recent projects of the IAASB to avoid giving the impression that it is up to date or that the standard has been revised more holistically. However, in this time, certain jurisdictions, including here in Australia, have revised their equivalent interim review standards or issued application guidance to support practitioners in their jurisdictions to evaluate the possible effect of some of these matters on interim review engagements.

IAASB’s Project and Key Proposals

13. The objective of the IAASB’s current project to revise ISRE 2410 is to establish a global baseline for the consistent performance and reporting on interim review engagements. More specifically, modernising and revising ISRE 2410 seeks to:
- (a) Address stakeholder expectations regarding matters to be addressed in an interim review engagement, while remaining proportionate to the purpose of such an engagement; and
 - (b) Promote consistent practice by independent auditors when designing and performing procedures for, and reporting on, engagements to review interim financial information.

Proposed Application Date

14. It is proposed that the revised ISRE 2410 will be applicable for reviews of interim financial information for periods beginning on or after approximately 18 months after approval of the final ISRE 2410. The equivalent Australian standard would have the same application date. The IAASB anticipates that the final pronouncement will be approved in June 2027.

Comparison with extant ASRE 2410

15. In Australia, extant ASRE 2410³ has already been redrafted in clarity format (2009) ASRE 2410 was also revised or updated in 2011, 2013 and 2020, and some of the IAASB’s proposals

³ ASRE 2410, *Review of a Financial Report Performed by the Independent Auditor of the Entity*

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included in ED ISRE 2410 have already been addressed in the current Australian standard (while not specifically identified as "Aus" paragraphs), including:

- Aligning the content and order of the auditor's review report to the auditor's reporting requirements in ASA 700, ASA 705 and ASA 706.
 - Reporting a material uncertainty related to going concern under the heading "Material Uncertainty Related to Going Concern" (instead of using an emphasis of matter paragraph).
 - Including additional requirements in relation to NOCLAR and fraud.
 - Including limited additional requirements for agreeing the terms of the interim review engagement (for example, agreed terms required to be recorded in writing).
 - Including a requirement to consider materiality in designing review procedures and evaluating misstatements.
 - Including a requirement on comparative information included for the first time in a financial report.
16. While ASRE 2410 is not inconsistent with ED ISRE 2410, ED ISRE 2410 introduces new and enhanced requirements and application material, and more granularity. Accordingly, the ED ISRE 2410 is issued for comment in Australia by the AUASB without modification.
17. Because the ASRE 2410 has been updated since the last revision of ISRE 2410 and covers some of the matters now proposed to be addressed in the revised ISRE 2410, Appendix 1 to this Consultation Paper summarises the following:
- (a) Substantive differences between ASRE 2410 and ED ISRE 2410 (Table 1); and
 - (b) Aspects of ED ISRE 2410 that have been expanded or are more granular than ASRE 2410 (Table 2).

The AUASB's Process

Overview of Process

18. The AUASB has a strategic objective to develop, issue and maintain high quality Australian Auditing and Assurance Standards. The AUASB's policy is to adopt the IAASB's auditing and assurance standards, unless there are compelling reasons not to do so; and to amend the international standards only when there are compelling reasons to do so.⁴
19. The AUASB's approach, in accordance with the [AUASB International Strategy](#), is to actively influence the international standard setting process to produce international standards that serve as the most effective base possible from which to develop equivalent Australian Auditing and Assurance Standards. As part of this strategy, the AUASB actively monitors the development of new IAASB Standards and revisions to IAASB Standards and provides continual feedback and raises issues with the IAASB throughout the international standard's development process.
20. The AUASB makes formal submissions on Exposure Drafts issued by the IAASB to contribute to the setting of international standards. Stakeholder feedback on this Consultation Paper will be used to inform the AUASB in its formal response to the IAASB. Feedback will also be used in AUASB deliberations regarding the issuance of the final Australian standard, including assessing compelling reasons for any Australian-specific enhancements.
21. In accordance with the [AUASB Policy and Process for International Conformance and Harmonisation of Standards](#), international standards should only be modified in Australia if

⁴ The AUASB's principles of convergence with international auditing and assurance standards can be found in [AUASB Policy and Process for International Conformance and Harmonisation of Standards](#). For further background on the AUASB's mandate and strategic directive, and the principles and process adopted by the AUASB to develop Australian Standards based on equivalent international standards, refer to the AUASB's [Due Process Framework for Developing, Issuing and Maintaining AUASB Pronouncements and Other Publications](#).

there are compelling reasons to do so. The Compelling Reason Test⁵ for modification of an international standard is triggered when the international standard does not reflect, or is not consistent with, Australian legal and regulatory arrangements, or principles and practices that are considered appropriate in maintaining or improving audit or assurance quality in Australia. Compelling reasons are further guided by the AUASB's policy of harmonisation with the standards of the New Zealand Auditing and Assurance Standards Board (NZAuASB). Any such changes must not result in a requirement that is lesser than or in conflict with the requirements of the equivalent international standard.

22. Any addition or modification from the international standard will be clearly marked as an Australian paragraph (=Ausø prefix). However, minor wording and spelling changes (as opposed to significant terminology changes) need not be reflected in the Australian standard as a modification to the international standard where the intent remains unchanged.

Comment Closing Date

23. This Consultation Paper will be open to stakeholders for a 60-day comment period closing on **Monday, 27 July 2026**. This is to allow stakeholders time to respond to the AUASB on the ED ISRE 2410, and for the AUASB to conduct further outreach and to collate all feedback into our submission to the IAASB due on 3 September 2026.

Roundtables

24. The AUASB recognises the public interest significance of the IAASB proposals and, accordingly, the AUASB will host roundtable consultative meetings to obtain Australian stakeholder feedback on the ED ISRE 2410. The AUASB invites all interested stakeholders, including government bodies, users, preparers, regulators, standard setters, practitioners, professional bodies and academics, to participate in outreach activities. See [Auditing and Assurance Standards Board](#) website for details and to register.
25. The AUASB welcomes stakeholders' input to the development of Australian Auditing and Assurance Standards and regards both supportive and critical comments as essential to a balanced review of the proposed standard.

⁵ Refer to [AUASB Policy and Process for International Conformance and Harmonisation of Standards](#), for an explanation of the compelling reasons for modification of international standards and application of the Compelling Reasons Test.

APPENDIX 1 - Summary of differences between ASRE 2410⁶ and ED ISRE 2410

The tables below provide a summary of the following areas:

- Table 1: Substantive differences between ASRE 2410 and ED ISRE 2410
- Table 2: Aspects of ED ISRE 2410 that have been expanded or are more granular than in ASRE 2410

Table 1 - Substantive differences between ASRE 2410 and ED ISRE 2410

No.	Area [ED ISRE 2410 ref]	ED ISRE 2410	ASRE 2410
(a)	<i>Engagement-level quality management</i> [Paragraphs 23-24, A28-A44]	<p>ED ISRE 2410 contains the following engagement quality requirements and application material:</p> <ul style="list-style-type: none"> • New requirement for the engagement partner to take overall responsibility for: <ul style="list-style-type: none"> ○ managing and achieving quality on the engagement= ○ direction and supervision of engagement team= ○ the engagement being performed in accordance with the firm’s quality management policies or procedures. <p>Consistent with ISRE 2400, sub-requirements address the various aspects of engagement-level quality management. The requirements have been streamlined, recognising that the interim review is performed by the auditor of the entity’s annual financial statements, who should already be familiar with ISA 220 requirements.</p> <ul style="list-style-type: none"> • New requirement to consider information from the firm’s monitoring and remediation process. <p>Extensive new application material, based on ISRE 2400 and, where relevant, ISA 220, to support application of ISRE 2410 as a standalone standard and promote consistency in practice.</p>	<p>ASRE 2410 includes a single high-level requirement for the auditor to implement quality management procedures that are applicable to the individual engagement. Application material identifies the elements of quality management relevant to an individual engagement and includes references to ASQM 1 and ASA 220 for guidance [paragraphs 9, A6].</p>
(b)	<i>Going concern – work effort</i> [Paragraphs 58-65, A107-A114]	<p>ED ISRE 2410 includes new requirements for a more robust work effort related to going concern:</p> <ul style="list-style-type: none"> • Explicit inquiry about management’s assessment of going concern for the interim period, including significant changes in the methods, 	<p>ASRE 2410 includes a single requirement for the auditor to enquire about whether management has changed its assessment of the entity’s ability to continue as a going concern. The auditor will perform additional procedures only if matters</p>

⁶ ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*

No.	Area [ED ISRE 2410 ref]	ED ISRE 2410	ASRE 2410
		<p>data or assumptions used by management, the status of events or conditions at the date of the most recent annual audit or interim review, and whether new events or conditions have arisen.</p> <ul style="list-style-type: none"> • If these inquiries, or any other review procedures performed, identify events or conditions: <ul style="list-style-type: none"> ○ perform inquiries as to plans for future action= ○ consider feasibility of management’s plans, likelihood of outcomes and intent and ability= ○ consider other procedures as necessary, application material suggest there may be a need for procedures other than inquiry= and ○ evaluate adequacy of management’s disclosures. • Evaluate, based on evidence obtained from all review procedures performed, whether: <ul style="list-style-type: none"> ○ use of the going concern basis is inappropriate= ○ a material uncertainty exists. 	<p>arise from these enquiries, or from other review procedures performed as part of the interim review. [ASRE 2410, paragraphs 19 / A26]</p>
(c)	<p><i>Going concern – Auditor’s interim review report</i> [Paragraphs 108-114, A173]</p>	<p>ED ISRE 2410 includes enhanced and new requirements to:</p> <ul style="list-style-type: none"> • Provide an explicit statement about going concern in a separate section (titled “Going Concern”) in the auditor’s interim review report, when use of the going concern basis appropriate and no material uncertainty related to going concern exists (MURGC) [paragraph 108]. • Provide explicit statements about going concern in a separate section (titled “Material Uncertainty Related to Going Concern”) in the auditor’s interim review report, when use of going concern basis is appropriate and: <ul style="list-style-type: none"> ○ A MURGC existed at the most recent annual audit and still exists at interim [paragraph 109]=or ○ There was no MURGC at the most recent annual audit but now exists at interim [paragraph 110]. • Provide explicit statements about other circumstances related to going concern in a separate Going Concern section if in the auditor’s 	<p>ASRE 2410 only includes reporting requirements to address:</p> <ul style="list-style-type: none"> • Use of the going concern basis appropriate= MURGC exists which are adequately disclosed (unmodified conclusion). • Use of the going concern basis appropriate, MURGC exists which are <u>not</u> adequately disclosed (qualified or adverse conclusion). • Use of the going concern basis inappropriate (adverse conclusion).

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No.	Area [ED ISRE 2410 ref]	ED ISRE 2410	ASRE 2410
		<p>judgement, the matter is of such importance that it is fundamental to users’ understanding of the interim financial statements [paragraph 111].</p> <ul style="list-style-type: none"> • Provide explicit statements if the auditor’s evaluation indicates that a material uncertainty related to going concern exists, that has not been adequately disclosed [paragraph 112]. • If in the auditor’s evaluation that management’s use of the going concern basis of accounting is inappropriate in the auditor’s professional judgement, the auditor shall express an adverse conclusion [paragraph 113]. 	
(d)	<p><i>Fraud</i> [Paragraphs 52-57, A99-A106]</p>	<p>ED ISRE 2410 includes new requirements to clarify a more robust work effort related to fraud:</p> <ul style="list-style-type: none"> • Inquiries of management and others within the organisation. • If the auditor becomes aware of a fraud or suspected fraud, obtain an understanding and unless clearly inconsequential, obtain further information. • If a misstatement due to fraud is identified the auditor needs to consider the implications and effects of the misstatement. • Application material establishes a link to a ‘deeper dive’ additional procedures requirement when a matter comes to the auditor’s attention that causes the auditor to believe that there may be a material misstatement of the interim financial information. • Specific communication requirements. 	<p>ASRE 2410 includes communication requirements where a matter comes to the auditor’s attention [ASRE 2410 paragraph 31].</p>
(e)	<p><i>Forming a conclusion on the interim financial information</i> [Paragraphs 89-93, A82-A83, A137-A143]</p>	<p>ED ISRE 2410 introduces a new section ‘Forming a Conclusion on the Interim Financial Information’ modelled on the approach adopted in ISSA 5000, which includes new ‘stand-back’ requirements partly based on ISRE 2400, to:</p> <ul style="list-style-type: none"> • Evaluate whether sufficient appropriate evidence has been obtained from procedures performed. • Form a conclusion, based on that evidence, taking into consideration certain specified evaluations/matters. 	<p>ASRE 2410 does not include these ‘stand back’ requirements.</p>

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No.	Area [ED ISRE 2410 ref]	ED ISRE 2410	ASRE 2410
		<ul style="list-style-type: none"> [For the engagement partner to] take overall responsibility for managing and achieving quality on the engagement. <p>While the concepts within these requirements are aligned to other assurance standards, these requirements are new to ED ISRE 2410.</p>	
(f)	<p><i>Expressing the auditor’s interim review conclusion</i> [Paragraphs 97-98, A163 - A164]</p>	<p>ED ISRE 2410 includes a revised requirement, modelled on ISRE 2400, to use the lead-in phrase <i>“Based on our review, nothing has come to our attention”</i> for expressing an unmodified conclusion (unless otherwise required by law or regulation).</p> <p>ED ISRE 2410 contemplates that if law or regulation prescribes the layout or wording of the auditor’s interim review report that is significantly different from the requirements of the ISRE, the auditor shall evaluate:</p> <p>(a) Whether intended users may misunderstand the auditor’s limited assurance conclusion [paragraph 98(a)]—and</p> <p>(b) If so, whether additional explanation in the auditor’s interim review report can mitigate the possible misunderstanding [paragraph 98(b)].</p>	<p>ASRE 2410 does not prescribe the lead in words. However, the illustrative auditor’s review reports in Appendix 4 of ASRE 2410 use the phrase <i>“Based on our review, which is not an audit,”</i> as lead-in to the auditor’s limited assurance conclusion.</p> <p>ASRE 2410 also requires the conclusion to include specific words from the <i>Corporations Act 2001</i>.</p>
(g)	<p><i>Group interim review engagements</i> [Paragraphs 39 ó 40, A63- A65]</p>	<p>ED ISRE 2410 contains the following new requirements and application material for groups:</p> <ul style="list-style-type: none"> New requirement for the group engagement partner to determine the nature, timing, and extent of involvement by component auditors, if any. New requirement for communication with the component auditor. New requirement to obtain evidence that the group interim financial information reconciles or agrees to underlying records. <p>New application material to highlight the decision to involve component auditors is a professional judgment and provide examples of considerations relevant to the professional judgment.</p>	<p>ASRE 2410 does not include any group specific requirements.</p>
(h)	<p><i>Materiality</i> [Paragraphs 41-42, A66- A71]</p>	<ul style="list-style-type: none"> ED ISRE 2410 contains new requirements, aligned with ISRE 2400, to: <ul style="list-style-type: none"> Determine materiality for the interim financial information as a whole. 	<ul style="list-style-type: none"> ASRE 2410 includes a requirement to <i>“consider”</i> materiality. Application material in ASRE is mostly consistent with the proposed new application material in ED ISRE 2410.

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No.	Area [ED ISRE 2410 ref]	ED ISRE 2410	ASRE 2410
		<ul style="list-style-type: none"> ○ Revise materiality and determine the effect on the review procedures performed if circumstances change. ● New application material for determining materiality for interim reviews. 	
(i)	<i>Comparative information</i> [Paragraph 119]	ED ISRE 2410 contains new requirements to evaluate whether comparatives are appropriately presented.	When comparative information is included for the first time in a financial report, ASRE requires the auditor to perform similar procedures on the comparative information as would apply to the current period financial report [paragraphs 22, A28-A31].

Table 2 - Aspects of ED ISRE 2410 that have been expanded or are more granular than in ASRE 2410

No.	Area [ED IRSE 2410 ref]	ED ISRE 2410	ASRE 2410
(a)	<i>Introductory materials</i> [Paragraphs 1-12, A1-A9]	<ul style="list-style-type: none"> ● Expanded Introduction, modelled on ISRE 2400 to: <ul style="list-style-type: none"> ○ Clarify the scope is limited to reviews of historical financial information performed by the auditor of the entity’s annual financial statements. ○ Clarify reviews of interim financial information performed by a practitioner who is not the auditor of the entity are performed under ISRE 2400. ○ Clarify that the ISRE is premised on the basis that the firm is subject to ISQM 1 or national requirements that are at least as demanding. ○ Explain the nature of an interim review and how it differs from an audit of financial statements conducted in accordance with ISAs. ● Similar to ISAE 3000, ED ISRE 2410 emphasises that while the ISAs do not apply to interim reviews, they may still provide useful guidance on the basis the review is performed by the auditor of the entity’s annual financial statements. 	A paragraph in the introduction section of ASRE 2410 focuses on the scope of the standard.

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No.	Area [ED IRSE 2410 ref]	ED ISRE 2410	ASRE 2410
(b)	<i>Acceptance and continuance</i> [Paragraphs 25-30, A45-A53]	<ul style="list-style-type: none"> • New requirements and application material, modelled on ISRE 2400, to support application of ISRE 2410 as standalone standard and promote consistency in practice. • Where appropriate, ISRE 2400 requirements and application material have been streamlined and aligned with the principles in ISA 210, reflecting that the interim review is performed by the auditor of the entity’s annual financial statements and that some matters may already have been addressed in connection with the audit-client relationship. • Application material explains the firm’s policies or procedures for the acceptance and continuance of audit client relationships and audit engagements may also address interim reviews. The terms of the interim review may be incremental to, or form part of, the terms agreed for the audit (i.e. there can still be a combined engagement letter). • It is not considered that the enhanced requirements will result in increased work effort but rather formalise and clarify existing practices. • ED ISRE 2410 no longer includes an example engagement letter. 	<ul style="list-style-type: none"> • ASRE 2410 includes only two requirements: <ul style="list-style-type: none"> ○ to determine whether the preconditions for a review are met prior to agreeing the terms of the engagement= ○ to agree the terms with the entity and record the agreed terms in writing [paragraphs 11-12, A8]. • ASRE 2410 includes an example engagement letter (Appendix 1). • Unlike the ED ISRE 2410, Australian requirements do not currently specify the content of that written agreement. This is detailed in application material (consistent with extant ISRE 2410 <u>grey letter</u>). In practice, auditors likely already include these matters in engagement letters.
(c)	<i>Obtaining an understanding of the entity and its environment, the applicable financial reporting framework, and the entity’s system of internal control</i> [Paragraph 43, A72-A79]	<ul style="list-style-type: none"> • Previously two separate requirements (one for a continuing auditor and one for a recently appointed auditor) have been consolidated into a single revised requirement, which establishes the core principle applicable to auditors, regardless of whether they are newly appointed or continuing. • In both scenarios the auditor is required to obtain sufficient understanding to identify areas in the interim financial information where material misstatements are likely to arise, forming the basis for designing and performing procedures to address those areas. • Enhanced and new application material, drawing from extant ISRE 2410 and ISRE 2400, clarifies how auditors would obtain the necessary understanding: <ul style="list-style-type: none"> ○ Continuing auditors to update their understanding and leveraging knowledge from the prior annual audit or previous 	ASRE 2410 (consistent with extant ISRE 2410) sets out two distinct requirements for a continuing auditor and a newly appointed auditor who has not yet performed an audit of the annual financial report in accordance with the ASAs [ISRE 2410 paragraphs 13-14, A9-A13].

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No.	Area [ED IRSE 2410 ref]	ED ISRE 2410	ASRE 2410
		<p>interim reviews, providing a basis for a more focused approach to inquiries, analytical and other review procedures.</p> <ul style="list-style-type: none"> ○ First-time auditors are still required to obtain the necessary understanding, but start from a zero base, application material provides additional considerations for first time auditors. ● New application material clarifies: <ul style="list-style-type: none"> ○ No requirement for a comprehensive risk identification and assessment. ○ For interim review engagements, procedures to understand the entity’s internal control system consist primarily of inquiries and are less extensive than those required for an audit. The revised standard does not call for a detailed understanding of the components of internal control, performing procedures to obtain evidence about the design and implementation of control activities, or testing the operating effectiveness of controls. ○ For a first-time review, the newly appointed auditor: <ul style="list-style-type: none"> ▪ Is expected to undertake more extensive procedures in the first year. ▪ May need to perform alternative procedures if predecessor working papers are unavailable. ▪ May have no choice but to perform the necessary procedures to obtain a sufficient understanding. ▪ May choose to perform certain initial audit procedures concurrently with the first interim review, such as those relating to opening balances. 	
(d)	<p><i>Designing and performing review procedures</i> [Paragraphs 44-57, A80-A106]</p>	<p>There are specific requirements concerning the inquiries to be made at a minimum, the design of analytical procedures and other review procedures to be performed.</p> <p>The new requirements are more detailed to promote consistency in practice, drawing on ISRE 2400 (adapted for interim reviews) and extant <u>grey letter</u> paragraph 21.</p>	<p>ASRE 2410 contains one high-level requirement to perform inquiry, analytical and other review procedures to provide a basis for the auditor to reach a conclusion [paragraphs 16, A19-A23]. Examples of the procedures are in application material (including two Appendices) ó many of these have now been elevated to requirements.</p>

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No.	Area [ED IRSE 2410 ref]	ED ISRE 2410	ASRE 2410
		<p>Other Specific Circumstances</p> <ul style="list-style-type: none"> • Enhanced and new requirements to address specific circumstances, and are to be performed at a minimum for all interim reviews, consistent with the approach in ISRE 2400 (Revised): <ul style="list-style-type: none"> ○ Related parties [paragraphs 49-51] ○ Fraud/NOCLAR [see Table 1(d) above] ○ Going concern [see Table 1(b) and (c) above] ○ Using the work of an auditor’s expert [paragraphs 66-67] • Enhanced and new application material, drawing from ISRE 2400, to promote consistency in practice and reinforce differences between interim reviews and audits [paragraphs A80-A106]. 	<p>ASRE 2410 does not include any granular requirements with regard to related parties or using the work of an auditor’s expert.</p>
(e)	<p><i>Subsequent events</i> [Paragraphs 71-74]</p>	<p>ED ISRE 2410 has new requirements, based on extant ISRE 2410 <u>grey letter</u> and the more granular requirements of ISRE 2400.</p>	<p>ASRE 2410 includes a single requirement for the auditor to enquire whether management has identified all events up to the date of the auditor’s review report that may require adjustment to or disclosure in the financial report [paragraphs 18, A25].</p>
(f)	<p><i>Written representations</i> [Paragraphs 75-80]</p>	<ul style="list-style-type: none"> • ED ISRE 2410 has enhanced and new requirements, based on ISRE 2400, to reflect recent revisions to ISA 240, ISA 250, ISA 540, ISA 580 and other ISAs. • New requirements include requesting representations with respect to going concern. • The proposed ED ISRE 2410 will no longer include an example representation letter. 	<p>ASRE 2410 includes two requirements in relation to obtaining written representations, based on extant ISRE 2410 paragraphs 34 (black letter) and 35 (<u>grey letter</u>) [paragraphs 24-25, A35]. Includes an example representation letter [Appendix 1].</p>
(g)	<p><i>Documentation</i> [Paragraphs 120-125]</p>	<p>ED ISRE 2410 has enhanced and new requirements, based on ISSA 5000 and ISRE 2400, related to:</p> <ul style="list-style-type: none"> • The form, content, and extent of documentation. • Assembly of the Engagement documentation. 	<p>ASRE 2410 includes a single requirement for the auditor to prepare review documentation that is sufficient and appropriate to provide a basis for the auditor’s conclusion, and to provide evidence that the review was performed in accordance with the ISRE and applicable legal and regulatory requirements [paragraphs 55, A64].</p>

ATTACHMENT 1 - CONSULTATION PAPER QUESTIONS

Questions from IAASB Explanatory Memorandum:

Questions	Reference in the IAASB EM (Attachment 2)	Reference to ED ISRE 2410 requirements (Attachment 1)
<i>Overall Impact</i>		
1. Do you agree that ED ISRE 2410 is responsive to the public interest, considering the qualitative standard-setting characteristics and the standard setting actions in the project proposal?	Section I-A and the Appendix	-
2. Do you agree that ED ISRE 2410 strikes an appropriate balance between the work effort required to express a limited assurance conclusion on the interim review engagement, and more robust requirements in the public interest in certain areas (e.g., going concern, fraud and non-compliance with laws and regulations)? You are invited to include as part of your response insights on the implications or effects of implementing the proposed standard.	Overall perspective	-
<i>Professional Scepticism and Professional Judgment</i>		
3. Does ED ISRE 2410 appropriately address the foundational concepts of professional scepticism and professional judgment, and the importance of applying these concepts throughout the interim review engagement? If not, what more might be needed in this regard?	Overall perspective Section I-B , paragraph 22(a)	Paragraphs 21-22
<i>Fundamental Principles of an Interim Review Engagement</i>		
4. Does the Introduction section of ED ISRE 2410 provide a clear description of the nature and purpose of an interim review engagement, and how it differs from an audit of financial statements, to provide foundational context for the work effort needed to achieve the objective of the engagement?	Section I-B Section I-F , paragraphs 44-47	Paragraphs 1-9
5. Is ED-2410 sufficiently clear that while the auditor performs primarily inquiries and analytical procedures, all procedures performed for the purpose of achieving the overall objective of the interim review engagement are “review procedures”? If not, what suggestions do you have to make this clearer?	Section I-B Section I-F , paragraphs 44-47	Paragraphs 11-12
<i>Approaching an Interim Review Engagement under ED ISRE 2410</i>		
6. Is it sufficiently clear that, for recurring engagements, the auditor leverages the knowledge and understanding obtained from previous annual audits and interim review engagements for the entity? If not, what suggestions do you have for making this clearer?	Section I-B Section I-F , paragraphs 44-52	Paragraph 43
7. Do you agree with the considerations that apply when the review of interim financial information is the first engagement performed for the audit client? If not, what	Section I-B Section I-F ,	Paragraph 43

Consultation Paper: IAASB’s Proposed International Standard on Review Engagements *ISRE 2410 (Revised)*, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity’s Annual Financial Statements*

Questions	Reference in the IAASB EM (Attachment 2)	Reference to ED ISRE 2410 requirements (Attachment 1)
<p>suggestions do you have for additional considerations related to first-time interim review engagements?</p>	<p>paragraphs 44-52</p>	
<i>Materiality</i>		
<p>8. Do you agree with the requirement for the auditor to determine materiality for the interim review engagement, and the related application material that describes the relevant principles that apply? If not, what would you suggest?</p>	<p>Section I-F, paragraphs 41-43</p>	<p>Paragraphs 41-42</p>
<i>Group Interim Review Engagements</i>		
<p>9. Overall, do you agree that ED ISRE 2410 is capable of being applied for the review of interim financial information of groups?</p>	<p>Section I-F, paragraphs 37-40</p>	<p>Paragraphs 39-40</p>
<p>10. Are the requirements in ED ISRE 2410 that address specific considerations related to group interim review engagements appropriate? If not, for each of these questions, please explain your reasons, and provide suggestions for additional requirements or application material that might be needed.</p>	<p>Section I-F, paragraphs 37-40</p>	<p>Paragraphs 39-40</p>
<i>Fraud and Non-Compliance with Laws and Regulations (NOCLAR)</i>		
<p>11. Do you agree that the work effort requirements related to fraud and NOCLAR are appropriate and proportionate to the circumstances of an interim review engagement, recognising that the engagement is performed by the auditor of the entity’s annual financial statements and has responsibilities related to fraud and NOCLAR in the context of that engagement? If not, please explain your reasons, provide suggestions for the auditor’s approach to fraud and NOCLAR in an interim review engagement.</p>	<p>Section I-F, paragraphs 54-56</p>	<p>Paragraphs 52-56</p>
<i>Going Concern</i>		
<p>12. Do you agree that the work effort requirements related to going concern are appropriate and proportionate to the circumstances of an interim review engagement, recognizing that the engagement is performed by the auditor of the entity’s annual financial statements and has responsibilities related to going concern in the context of that engagement? If not, please explain your reasons and provide suggestions for how ED ISRE 2410 should address the auditor’s responsibilities related to going concern in an interim review engagement.</p>	<p>Section I-F, paragraphs 57-61 Section I-H, paragraphs 74-79</p>	<p>Paragraphs 58-65</p>
<p>13. Do you agree with the proposals to introduce a new separate section relating to going concern in the auditor’s interim review report? If not, please explain your reasons and provide suggestions for how ED ISRE 2410 should address</p>	<p>Section I-F, paragraphs 57-61 Section I-H,</p>	<p>Paragraphs 108-111</p>

Consultation Paper: IAASB’s Proposed International Standard on Review Engagements *ISRE 2410 (Revised), Review of Interim Financial Information Performed by the Independent Auditor of the Entity’s Annual Financial Statements*

Questions	Reference in the IAASB EM (Attachment 2)	Reference to ED ISRE 2410 requirements (Attachment 1)
<p>transparency about going concern in the interim review report.</p> <p>In particular:</p> <p>(a) Do you agree with the proposed required statements, appropriately worded for a limited assurance engagement, relating to the going concern basis of accounting and whether a material uncertainty exists? If not, please explain your reasons and provide suggestions for how such statements should be worded in the interim review report.</p> <p>(b) Do you agree that the circumstances addressed in the requirements in paragraphs 108-111 of ED ISRE 2410 capture the most frequently encountered scenarios in practice? If not, please explain your reasons and provide suggestions for any other scenarios that should be addressed in ED ISRE 2410.</p> <p>(c) Do you agree with the requirement in paragraph 111 of ED ISRE 2410 to include a reference in the interim review report to disclosure(s) of a going concern matter, other than a material uncertainty (for example, a disclosure) only when the matter is, in the auditor’s professional judgment, of such importance that it is fundamental to users’ understanding of the interim financial information, and to do so in a manner akin to an emphasis of matter paragraph? If not, please explain your reasons and provide suggestions for how such matters should be addressed in ED ISRE 2410.</p>	<p>paragraphs 74-79</p>	
<p><i>The Auditor’s Interim Review Report - General</i></p>		
<p>14. Do you agree with the proposed new structure of the auditor’s interim review report? In particular, consider whether the new structure may be clearer for intended users of the report since it is consistent with the structure of the auditor’s report on the financial statements. If not, please explain your reasons, including any suggestions for how the interim review report can be made clearer for intended users.</p>	<p>Section I-H, paragraphs 65-68</p>	<p>Paragraphs 95-118</p>
<p><i>The Auditor’s Interim Review Conclusion</i></p>		
<p>15. Do you foresee any practical consequences from the approach in ED ISRE 2410 that the auditor’s interim review conclusion would differ, depending on whether the applicable financial reporting framework is a fair presentation framework or a compliance framework, as defined in paragraph 13(b)?</p>	<p>Section I-H, paragraphs 69-73</p>	<p>Paragraph 13(b)</p>

Consultation Paper: IAASB’s Proposed International Standard on Review Engagements *ISRE 2410 (Revised)*, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity’s Annual Financial Statements*

Questions	Reference in the IAASB EM (Attachment 2)	Reference to ED ISRE 2410 requirements (Attachment 1)
Please be as specific as possible in describing any potential issues and suggestions for how the IAASB may address them.		
<i>Other Matters</i>		
16. Are there any other matters you would like to raise in relation to ED ISRE 2410? If so, please clearly indicate the specific paragraph numbers of any requirements, application material, or Appendix, to which your comments relate. If you provide views on other matters, please use subheadings in your response to clearly identify and distinguish different matters.	ó	ó
<i>Effective Date</i>		
17. The IAASB believes that an appropriate implementation period would be approximately 18 months after the expected date of approval of the proposed revised standard. Do you agree that this will provide a sufficient period to support effective implementation of the proposed standard? If not, what do you propose and why?	Section I-I, paragraphs 85-86	ó

Australian Specific Questions:

Aus 1	Have applicable laws and regulations been appropriately addressed in the proposed standard and related conforming amendments?
Aus 2	Are there any laws or regulations that may, or do, prevent or impede the application of the proposed standard and related conforming amendments, or may conflict with the proposed standard and related conforming amendments?
Aus 3	Are there any principles and practices considered appropriate in maintaining or improving audit quality in Australia that may, or do, prevent or impede the application of the proposed standard and related conforming amendments, or may conflict with the proposed standard and related conforming amendments?
Aus 4	<p>What, if any, are the additional significant costs to/benefits for users, auditors and the business community arising from compliance with the requirements of the proposed ISRE 2410? If significant costs are expected, the AUASB would like to understand:</p> <ul style="list-style-type: none"> (i) Where those costs are likely to occur; (ii) The estimated extent of costs, in percentage terms (relative to audit fees); and (iii) Whether expected costs outweigh the benefits to the users of audit services?
Aus 5	Other than references to the <i>Corporations Act 2001</i> , are there compelling reasons for the proposals to be modified in Australia? If so, please explain how the proposals should be modified in Australia, including any cost or benefit considerations.
Aus 6	Are there any other significant public interest matters that you wish to raise?

Exposure Draft

Proposed International Standard on
Review Engagements 2410
(Revised)

*Review of Interim
Financial Information
Performed by the
Independent Auditor of
the Entity's Annual
Financial Statements*

MAY 2026

COMMENTS DUE: SEPTEMBER 3, 2026

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About the IAASB

This document was developed and approved by the International Auditing and Assurance Standards Board. It does not constitute an authoritative pronouncement of the IAASB, nor does it amend, extend or override the International Standards on Auditing (ISAs) or other of the IAASB's International Standards.

The objective of the IAASB is to serve the public interest by setting high-quality auditing, assurance, and other related services standards and by facilitating the convergence of international and national auditing and assurance standards, thereby enhancing the quality and consistency of practice throughout the world and strengthening public confidence in the global auditing and assurance profession.

The IAASB develops auditing and assurance standards and guidance under a shared standard-setting process involving the Public Interest Oversight Board, which oversees the activities of the IAASB, and the IAASB Stakeholder Advisory Council, which provides public interest input into the development of the standards and guidance.

PROPOSED INTERNATIONAL STANDARD ON REVIEW ENGAGEMENTS (ISRE) 2410 (REVISED)

REVIEW OF INTERIM FINANCIAL INFORMATION PERFORMED BY THE INDEPENDENT AUDITOR OF THE ENTITY'S ANNUAL FINANCIAL STATEMENTS

(Effective for reviews of interim financial information for periods beginning on or after [DATE])

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Introduction

Scope of this ISRE

1. This International Standard on Review Engagements (ISRE) deals with: (Ref: Para. A1-A2)
 - (a) The responsibilities of the auditor of an entity's annual financial statements when engaged to perform a review of the entity's interim financial information; and
 - (b) The form and content of the auditor's review report on the interim financial information.

The term "auditor" is used in this ISRE because this ISRE applies to a review of interim financial information that is performed by the independent auditor of the entity's annual financial statements ("interim review engagement"), not because the auditor is performing an audit. (Ref: Para. A2)

2. This ISRE is also to be applied, adapted as necessary in the circumstances, when the auditor of the entity's annual financial statements undertakes an engagement to review other historical financial information of the entity.

Review of Interim Financial Information by a Practitioner Who Is Not the Auditor of the Entity's Annual Financial Statements

3. This ISRE does not apply to an engagement to review interim financial information that is performed by a practitioner who is not the auditor of the entity's annual financial statements. Such engagements are performed in accordance with ISRE 2400 (Revised).¹ (Ref: Para. A3-A4)

Relationship with ISQM 1²

4. ISQM 1 deals with a firm's responsibilities to design, implement and operate a system of quality management, and applies to a firm's interim review engagements. This ISRE is premised on the basis that the firm is subject to ISQM 1 or to national requirements that are at least as demanding as ISQM 1. (Ref: Para. A5)

An Interim Review Engagement

5. An interim review engagement is a limited assurance engagement, as described in the *International Framework for Assurance Engagements* (Assurance Framework).³
6. In an interim review engagement, the auditor expresses a conclusion designed to enhance the degree of confidence of intended users about an entity's interim financial information, prepared by management in accordance with an applicable financial reporting framework. The auditor's conclusion is based on obtaining limited assurance about whether the interim financial information as a whole is free from material misstatement. The auditor performs review procedures to obtain sufficient appropriate evidence as the basis for the limited assurance conclusion. (Ref: Para. A6-A8)

¹ ISRE 2400 (Revised), *Engagements to Review Historical Financial Information*

² International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*

³ International Framework for Assurance Engagements, paragraphs 15 and 16

7. If the auditor becomes aware of a matter that causes the auditor to believe the interim financial information may be materially misstated, this ISRE requires the auditor to design and perform additional procedures, as considered necessary in the circumstances, to be able to express a limited assurance conclusion on the interim financial information in accordance with this ISRE.

Difference from an Audit of Financial Statements

8. An interim review engagement differs significantly from an audit conducted in accordance with International Standards on Auditing (ISAs). An audit of the entity's annual financial statements is a reasonable assurance engagement⁴ in which the auditor obtains sufficient appropriate audit evidence as a basis for expressing an opinion about whether the financial statements are prepared, in all material respects, in accordance with an applicable financial reporting framework.
9. In contrast to an audit, an interim review engagement is not designed to obtain reasonable assurance. The procedures the auditor performs in an interim review engagement vary in nature and timing from, and are less in extent than, those performed in an audit. Consequently, an interim review engagement does not enable the auditor to become aware of all significant matters that might be identified in an audit. Accordingly, the level of assurance obtained in an interim review engagement is substantially lower than in an audit. Therefore, an interim review engagement does not provide a basis for expressing an audit opinion about whether the interim financial information is free from material misstatement.

Effective Date

- 10 This ISRE is effective for reviews of interim financial information for periods beginning on or after [date].

Objectives

11. In conducting a review of interim financial information, the objectives of the auditor are:
 - (a) To obtain limited assurance about whether the interim financial information as a whole is free from material misstatement, whether due to fraud or error, thereby enabling the auditor to express a conclusion about whether anything has come to the auditor's attention that causes the auditor to believe that the interim financial information is not prepared, in all material respects, in accordance with an applicable financial reporting framework; and
 - (b) To report on the interim financial information and communicate further as required by this ISRE.
12. When limited assurance cannot be obtained, and a qualified conclusion in the auditor's interim review report is insufficient in the circumstances for purposes of reporting to the intended users, this ISRE requires the auditor to disclaim a conclusion or withdraw from the engagement, where withdrawal is possible under applicable law or regulation. (Ref: Para. A9)

⁴ International Framework for Assurance Engagements, paragraph 14

Definitions

13. For purposes of this ISRE, the following terms have the meanings attributed below:

- (a) *Analytical procedures*—Evaluations of financial information through analysis of plausible relationships among both financial and non-financial data. Analytical procedures also encompass such investigation as is necessary of identified fluctuations or relationships that are inconsistent with other relevant information or that differ from expected values by a significant amount.
- (b) *Applicable financial reporting framework*—The financial reporting framework adopted by management and, where appropriate, those charged with governance in the preparation of interim financial information that is acceptable in view of the nature of the entity and the objective of the interim financial information, or that is required by law or regulation.

The term “fair presentation framework” is used to refer to a financial reporting framework that requires compliance with the requirements of the framework and:

- (i) Acknowledges explicitly or implicitly that, to achieve fair presentation of the interim financial information, it may be necessary for management to provide disclosures beyond those specifically required by the framework; or
- (ii) Acknowledges explicitly that it may be necessary for management to depart from a requirement of the framework to achieve fair presentation of the interim financial information. Such departures are expected to be necessary only in extremely rare circumstances.

The term “compliance framework” is used to refer to a financial reporting framework that requires compliance with the requirements of the framework but does not contain the acknowledgements in (i) or (ii) above.

- (c) *Engagement risk*—The risk that the auditor expresses an inappropriate conclusion when the interim financial information is materially misstated.
- (d) *Inquiry*—Inquiry consists of seeking information of knowledgeable persons from within or outside the entity.
- (e) *Interim financial information*—Historical financial information that is prepared and presented in accordance with an applicable financial reporting framework for a period or periods shorter than the entity's financial year. (Ref: Para. A8)
- (f) *Limited assurance*—The level of assurance obtained where engagement risk is reduced to a level that is acceptable in the circumstances of the engagement, but where that risk is greater than for a reasonable assurance engagement, as the basis for expressing a conclusion in accordance with this ISRE. The nature, timing and extent of procedures performed is limited compared with that necessary in a reasonable assurance engagement but is planned to obtain a level of assurance that is, in the auditor's professional judgment, meaningful. To be meaningful, the level of assurance obtained by the auditor is likely to enhance the intended users' confidence about the interim financial information to a degree that is clearly more than inconsequential.

- (g) *Other information*—Information that is not subject to the interim review engagement and is included, whether by law, regulation, or custom, in a document containing the interim financial information and the auditor's interim review report thereon. (Ref: Para. A10-A11)
 - (h) *Relevant ethical requirements*—Principles of professional ethics and ethical requirements that are applicable to professional accountants when undertaking the interim review engagement. Relevant ethical requirements ordinarily comprise the provisions of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) related to audit and review engagements, together with national requirements that are more restrictive.
 - (i) *Review procedures*—The procedures, primarily inquiries and analytical procedures, deemed necessary to meet the objective of an interim review engagement. (Ref: Para. A82-A83)
14. This ISRE applies to all interim review engagements, including those of a group. The Handbook's Glossary of Terms⁵ (the Glossary) includes certain terms that apply to a group audit engagement. When this ISRE uses terms related to groups that are defined in the Glossary, such terms are intended to be read and applied in the context of a review of the interim financial information of the group performed by the auditor of the group financial statements (a "group interim review engagement"). (Ref: Para. A12)

Requirements

Conduct of an Interim Review Engagement in Accordance with this ISRE

Text of this ISRE

15. The auditor shall have an understanding of the entire text of this ISRE, including its application and other explanatory material, to understand its objectives and to apply its requirements properly. (Ref: Para. A13-A15)

Complying with Relevant Requirements

16. The auditor shall comply with each requirement of this ISRE, unless the requirement is not relevant to the interim review engagement. A requirement is relevant to the interim review engagement when the circumstances addressed by the requirement exist.
17. The auditor shall not represent compliance with this ISRE unless the auditor has complied with all the requirements of this ISRE relevant to the interim review engagement.
18. In exceptional circumstances, the auditor may judge it necessary to depart from a relevant requirement in this ISRE. In such circumstances, the auditor shall perform alternative procedures to achieve the aim of that requirement. The need for the auditor to depart from a relevant requirement is expected to arise only when the requirement is for a specific procedure to be performed and, in the specific circumstances of the interim review engagement, that procedure would be ineffective in achieving the aim of the requirement. (Ref: Para. A16)

⁵ The Glossary of Terms relating to International Standards issued by the IAASB in the Handbook of International Quality Management, Auditing, Review, Other Assurance, and Related Services Pronouncements (the Handbook).

Documentation of a Departure from a Relevant Requirement

19. If, in exceptional circumstances, the auditor judges it necessary to depart from a relevant requirement in this ISRE, the auditor shall document how the alternative procedures performed achieve the aim of that requirement, and the reasons for the departure. (Ref: Para. A16)

Relevant Ethical Requirements

20. The auditor shall comply with relevant ethical requirements, including those related to independence. (Ref: Para. A17-A18)

Professional Skepticism and Professional Judgment

21. The auditor shall plan and perform the engagement with professional skepticism recognizing that circumstances may exist that cause the interim financial information to be materially misstated. (Ref: Para. A19-A23)
22. The auditor shall exercise professional judgment in planning and performing the engagement. (Ref: Para. A24-A27)

Engagement-Level Quality Management

23. The engagement partner shall take overall responsibility for:
 - (a) Managing and achieving quality on the engagement, including being sufficiently and appropriately involved throughout the engagement such that the engagement partner has a basis for determining whether the significant judgments made, and the conclusions reached, are appropriate given the nature and circumstances of the engagement; (Ref: Para. A28-A30)
 - (b) The direction and supervision of the members of the engagement team and the review of their work; and
 - (c) The engagement being performed in accordance with the firm's quality management policies or procedures, including: (Ref: Para. A31-A34)
 - (i) Determining that the firm's policies or procedures for the acceptance and continuance of interim review engagements have been followed, and that conclusions reached in this regard are appropriate (see also paragraphs 25-37); (Ref: Para. A35-A39)
 - (ii) Determining that sufficient and appropriate resources to perform the engagement are assigned or made available in a timely manner; (Ref: Para. A40-A41)
 - (iii) Determining that the engagement team collectively has the appropriate competence and capabilities, including sufficient time, to perform the engagement and issue a report that is appropriate in the circumstances;
 - (iv) That appropriate engagement documentation is prepared and maintained; and
 - (v) If an engagement quality review is required in accordance with ISQM 1 or the firm's policies or procedures, not dating the interim review report until completion of the engagement quality review. (Ref: Para. A42-A43)

24. The engagement partner shall consider the information from the firm's monitoring and remediation process, as communicated by the firm and, if applicable, other network firms, and whether the information may affect the interim review engagement. (Ref: Para. A44)

Acceptance and Continuance of the Interim Review Engagement

Preconditions for Accepting an Interim Review Engagement

25. Prior to accepting an interim review engagement, the auditor shall:
- (a) Determine whether the financial reporting framework to be applied in the preparation of the interim financial information is acceptable; and (Ref: Para. A45-A49)
 - (b) Obtain the agreement of management that it acknowledges and understands its responsibility: (Ref: Para. A50-A51)
 - (i) For the preparation of the interim financial information in accordance with the applicable financial reporting framework, including, where relevant, its fair presentation;
 - (ii) For such internal control as management determines is necessary to enable the preparation of interim financial information that is free from material misstatement, whether due to fraud or error; and
 - (iii) To provide the auditor with:
 - a. Access to all information of which management is aware that is relevant to the preparation of the interim financial information, such as records, documentation and other matters;
 - b. Additional information that the auditor may request from management for the purpose of the interim review engagement; and
 - c. Unrestricted access to persons within the entity from whom the auditor determines it necessary to obtain evidence.
26. If the preconditions in paragraph 25 are not present, the auditor shall discuss the matter with management or those charged with governance, and determine whether the matter can be resolved. If changes cannot be made to meet the preconditions, the auditor shall not accept the interim review engagement, unless required by law or regulation to do so. However, an engagement conducted under such circumstances does not comply with this ISRE. Accordingly, the auditor shall not include any reference within the auditor's interim review report to the interim review engagement having been conducted in accordance with this ISRE.
27. If it is discovered after the engagement has been accepted that one or more of the preconditions is not present, the auditor shall discuss the matter with management or those charged with governance, and shall determine:
- (a) Whether the matter can be resolved;
 - (b) Whether it is appropriate to continue performing the engagement; and
 - (c) Whether and, if so, how to communicate the matter in the auditor's interim review report.

Other Factors Affecting Acceptance of the Interim Review Engagement

28. Unless required by law or regulation, the auditor shall not accept an interim review engagement if the auditor is not satisfied that there is a rational purpose for the engagement. (Ref: Para. A52-A53)
29. If management or those charged with governance impose a limitation on the scope of the auditor's work in the terms of the proposed interim review engagement such that the auditor believes the limitation will result in the auditor disclaiming a conclusion on the interim financial information, the auditor shall not accept the engagement, unless required by law or regulation to do so.
30. If the engagement partner obtains information that may have caused the firm to decline the engagement had that information been known by the firm prior to accepting the client relationship or interim review engagement, the engagement partner shall communicate that information promptly to the firm, so that the firm and the engagement partner can take the necessary action.

Additional Considerations When the Wording of the Auditor's Interim Review Report Is Prescribed by Law or Regulation

31. If law or regulation prescribes the layout or wording of the auditor's interim review report, and the layout or wording it prescribes is significantly different from the requirements in paragraph 95 of this ISRE, the auditor shall evaluate:
 - (a) Whether intended users may misunderstand the auditor's limited assurance conclusion; and
 - (b) If so, whether additional explanation in the auditor's interim review report can mitigate the possible misunderstanding.
32. If the auditor concludes that additional explanation in the auditor's interim review report cannot mitigate such a possible misunderstanding, the auditor shall not accept the interim review engagement, unless required by law or regulation to do so. An interim review engagement conducted in accordance with such law or regulation does not comply with this ISRE. Accordingly, the auditor shall not include any reference in the auditor's interim review report to the interim review engagement having been conducted in accordance with this ISRE. (Ref: Para. A183)

Agreeing the Terms of Engagement

33. The auditor shall agree the terms of the interim review engagement with management or those charged with governance, as appropriate, prior to performing the engagement. (Ref: Para. A54)
34. The agreed terms of the engagement shall be recorded in an engagement letter or other suitable form of written agreement and shall include: (Ref: Para. A55-A56, A60)
 - (a) The objective and scope of the interim review engagement;
 - (b) Identification of the applicable financial reporting framework to be used for the preparation of the interim financial information;
 - (c) The responsibilities of management and, where appropriate, those charged with governance, including those in paragraph 25(b); (Ref: Para. A57)
 - (d) The responsibilities of the auditor;

- (e) A statement that the engagement is not an audit, and that the practitioner will not express an opinion on the interim financial information; and
 - (f) A reference to the expected form and content of the auditor's interim review report to be issued, and a statement that there may be circumstances in which the report may differ from its expected form and content.
35. For recurring interim review engagements, the auditor shall evaluate whether the circumstances require the terms of the interim review engagement to be revised, or if there is a need to remind management or those charged with governance, as appropriate, of the existing terms. (Ref: Para. A58)

Change in the Terms of the Interim Review Engagement (Ref: Para. A59)

36. The auditor shall not agree to a change in the terms of the interim review engagement unless there is reasonable justification for doing so. If the auditor is unable to agree to a request to a change in the terms of the review engagement and is not permitted by management or those charged with governance, as appropriate, to continue the review engagement under the original terms, the auditor shall:
- (a) Withdraw from the review engagement, when possible under applicable law or regulation; and
 - (b) Determine whether there is any obligation, either contractual or otherwise, to report the circumstances to other parties, such as those charged with governance, owners or regulators.
37. If the terms of the interim review engagement are changed, the auditor and management or those charged with governance, as appropriate, shall agree on and record the new terms of engagement in an engagement letter or other suitable form of written agreement.

Communications with Management and Those Charged with Governance

38. The auditor shall communicate on a timely basis, significant matters that, in the auditor's professional judgment, merit the attention of management or those charged with governance, as appropriate. (Ref: Para. A61-A62)

Planning and Performing the Engagement

Group Interim Review Engagements

39. For a group interim review engagement, the group auditor shall determine the nature, timing and extent of the work to be performed by component auditors, if any. (Ref: Para. A63-A64)
40. If component auditors are involved, the group auditor shall communicate with the component auditors about the work to be performed, and the expected communications about the results of that work. (Ref: Para. A65)

Materiality

41. The auditor shall determine materiality for the interim financial information as a whole, and apply this materiality in designing review procedures and evaluating the results obtained from those procedures. (Ref: Para. A66-A70)

42. If the auditor becomes aware of information during the interim review engagement that would have caused the auditor to have determined a different materiality, the auditor shall revise materiality for the interim financial information as a whole and determine the effect on the review procedures performed. (Ref. Para. A71)

Obtaining an Understanding of the Entity and its Environment, the Applicable Financial Reporting Framework and the Entity's System of Internal Control

43. The auditor shall:
- (a) Obtain an understanding of the entity and its environment, the applicable financial reporting framework, and the entity's system of internal control, as it relates to the preparation of both annual and interim financial information; and
 - (b) Based on that understanding, identify areas in the interim financial information where material misstatements, whether due to fraud or error, are likely to arise. (Ref: Para. A72-A79)

Designing and Performing Review Procedures

44. The auditor shall design and perform inquiries, analytical procedures and other review procedures that focus on addressing areas in the interim financial information where material misstatements are likely to arise. (Ref: Para. A80-A92)
45. The auditor shall inquire of management and others within the entity as appropriate, about: (Ref: Para. A93-A97)
- (a) Whether the interim financial information has been prepared and presented in accordance with the applicable financial reporting framework;
 - (b) Whether there have been any changes in accounting principles or in the methods of applying them;
 - (c) Whether any new transactions have necessitated the application of a new accounting principle or changes in the entity's accounting policies;
 - (d) Significant accounting estimates, including whether there have been changes in management's selection of methods, significant assumptions and data and, if applicable, management's intention and ability to carry out specific courses of action on behalf of the entity;
 - (e) Whether significant, unusual or complex transactions, events or matters have affected or may affect the entity's interim financial information, including new or revised accounting estimates; (Ref: Para. A95)
 - (f) The results of management's assessment of the risk that the interim financial information may be materially misstated as a result of fraud;
 - (g) Significant deficiencies in the design or operation of internal control as it relates to the preparation and presentation of both annual and interim financial information;
 - (h) Whether the interim financial information contains any misstatements that management is aware of but has not made adjustments to correct;

- (i) The current status of matters giving rise to a modification of the auditor's opinion on the most recent annual financial statements or the auditor's interim review conclusion on previous interim periods, if any;
 - (j) Whether uncorrected misstatements identified during the most recent annual audit or interim review engagements have been corrected and, if so, when they were corrected and the amounts of the adjustments;
 - (k) Significant journal entries or other adjustments to the interim financial information;
 - (l) New, or significant changes in, commitments, contractual obligations or contingencies that may materially affect the interim financial information;
 - (m) New, or significant changes in, litigation or claims that may materially affect the interim financial information; and (Ref: Para. A97)
 - (n) Compliance with debt covenants.
46. When designing analytical procedures, the auditor shall consider whether the information to be used to perform the analytical procedures is adequate for that purpose. (Ref: Para. A98)
47. The auditor shall read the minutes of the meetings of shareholders, those charged with governance, and other appropriate committees, and inquire about matters dealt with at meetings for which minutes are not available, to identify matters that may affect the interim financial information.
48. The auditor shall read the interim financial information, and consider whether there is anything that causes the auditor to believe that the interim financial information may not be prepared, in all material respects, in accordance with the applicable financial reporting framework.

Related Parties

49. The auditor shall inquire of management and others within the entity, as appropriate, about:
- (a) Changes in, or new, related parties and related party transactions, including the purpose of those transactions; and
 - (b) Whether related party transactions have been appropriately accounted for and disclosed in the interim financial information.
50. The auditor shall remain alert for information that may indicate the existence of related party relationships, or transactions that management has not previously identified or disclosed to the auditor.
51. If the auditor becomes aware of significant transactions outside the entity's normal course of business, the auditor shall inquire of management about:
- (a) The nature of those transactions;
 - (b) Whether related parties were involved; and
 - (c) The business rationale for those transactions.

Fraud and Non-compliance with Laws and Regulations

52. The auditor shall inquire of management and others within the entity as appropriate, whether they have knowledge of any fraud or suspected fraud, or any identified or suspected non-compliance with laws and regulations that may affect the interim financial information.
53. The auditor shall remain alert to the possibility that procedures performed during the interim review engagement may bring to the auditor's attention information about fraud or suspected fraud or instances of non-compliance or suspected non-compliance with laws and regulations.

Fraud

54. If the auditor becomes aware of fraud or suspected fraud, the auditor shall: (Ref: Para. A99)
 - (a) Obtain an understanding about the matter, including about the entity's process to investigate the matter and any remedial actions taken; and
 - (b) Unless the fraud or suspected fraud is clearly inconsequential, obtain further information to evaluate whether the fraud or suspected fraud may have a material effect on the interim financial information. (Ref: Para. A100)
55. If the auditor identifies a misstatement due to fraud, the auditor shall consider: (Ref: Para. A101)
 - (a) The implications of the misstatement in relation to other aspects of the interim review engagement; and
 - (b) The possible effect on the reliability of management's representations.

Non-compliance with laws and regulations

56. The auditor shall respond appropriately to non-compliance or suspected non-compliance with laws and regulations identified during the interim review engagement by obtaining: (Ref: Para. A102)
 - (a) An understanding of the nature of the act and the circumstances in which it occurred; and
 - (b) Further information to evaluate the possible effect on the interim financial information.

Communication with management and those charged with governance and reporting to an appropriate authority

57. If the auditor becomes aware of instances of fraud or suspected fraud, or of non-compliance or suspected non-compliance with laws and regulations, the auditor shall:
 - (a) Unless prohibited by law or regulation, communicate such matters on a timely basis with the appropriate level of management or with those charged with governance, as appropriate; and (Ref: Para. A103)
 - (b) Determine whether law, regulation or relevant ethical requirements: (Ref: Para. A104-A106)
 - (i) Require the auditor to report to an appropriate authority outside the entity; or
 - (ii) Establish responsibilities or rights under which reporting to an appropriate authority outside the entity may be appropriate in the circumstances.

Going Concern

58. The auditor shall inquire whether, in preparing the interim financial information, management has performed an assessment of the entity's ability to continue as a going concern. (Ref: Para. A107)
59. If management has not yet done so, the auditor shall request management to make its assessment, covering a period of at least twelve months from the date of approval of the interim financial information.
60. If management's assessment covers less than twelve months from the date of approval of the interim financial information, the auditor shall request management to extend its assessment to at least twelve months from that date. (Ref: Para. A108-A109)
61. If management is unwilling to make or extend its assessment, the auditor shall consider the implications for the interim review engagement.
62. The auditor shall inquire about: (Ref: Para. A110)
 - (a) Significant changes, if any, since the previous annual audit or interim review period in the methods, data or assumptions used by management in making the assessment at the interim date;
 - (b) The status of any events or conditions that existed at the date of the assessment for the most recent annual financial statements or interim review period, including any changes in circumstances or actions taken to resolve them; and
 - (c) Any new events or conditions that have arisen since the previous annual audit or interim review period, that may cast significant doubt on the entity's ability to continue as a going concern.
63. If, as a result of the inquiries in paragraph 62 and other review procedures performed, the auditor becomes aware of events or conditions that may cast significant doubt on the entity's ability to continue as a going concern, the auditor shall:
 - (a) Perform inquiries of management as to its plans for future actions in relation to its going concern assessment;
 - (b) Consider:
 - (i) The feasibility of management's plans;
 - (ii) The likelihood that the outcome of such plans will be sufficient to mitigate the effects of identified events or conditions; and
 - (iii) Whether management has both the intent and ability to carry out specific courses of action; and
 - (c) Consider performing other procedures as necessary in the circumstances regarding management's plans. (Ref: Para. A111-A112)
64. Based on the evidence obtained from the review procedures performed, the auditor shall evaluate whether anything has come to the auditor's attention that: (Ref: Para. A112)
 - (a) Causes the auditor to believe that management's use of the going concern basis of accounting in the preparation of the interim financial information is inappropriate; or

(b) Indicates that a material uncertainty related to going concern exists.

65. The auditor shall evaluate the adequacy of disclosures related to the entity's ability to continue as a going concern, in view of the requirements of the applicable financial reporting framework. (Ref: Para. A113-A114)

Using the Work of an Auditor's Expert

66. If the auditor determines that it is necessary to use the work of an auditor's expert to obtain sufficient appropriate evidence, the auditor shall: (Ref: Para. A115)
- (a) Evaluate whether the expert has the necessary competence, capabilities and objectivity for the auditor's purposes; and
 - (b) Determine that the work performed by that expert is adequate for the auditor's purposes.
67. If, based on the evaluation in paragraph 66(a), the auditor concludes that the expert does not have the necessary competence or capabilities, or that threats to the expert's objectivity cannot be eliminated or reduced to an acceptable level, the auditor shall not use the work of that expert. (Ref: Para. A116-A117)

Reconciling the Interim Financial Information to the Underlying Accounting Records

68. The auditor shall obtain evidence that the interim financial information agrees or reconciles with the entity's underlying accounting records. (Ref: Para. A118)
69. For a group interim review engagement, the auditor shall obtain evidence that the group interim financial information agrees or reconciles to the consolidation schedules and to the records of significant consolidation journal entries and adjustments. (Ref: Para. A119)

Additional Procedures When the Auditor Becomes Aware that the Interim Financial Information May Be Materially Misstated

70. If the auditor becomes aware of a matter(s) that causes the auditor to believe the interim financial information may be materially misstated, the auditor shall design and perform additional procedures to obtain further evidence until the auditor is able to: (Ref: Para. A120-A123)
- (a) Conclude that the matter(s) is not likely to cause the interim financial information as a whole to be materially misstated; or
 - (b) Determine that the matter(s) causes the interim financial information as a whole to be materially misstated.

Subsequent Events

71. The auditor shall inquire whether management and, where appropriate, those charged with governance, have identified and addressed events occurring between the date of the interim financial information and the date of the auditor's interim review report that require adjustment of, or disclosure in, the interim financial information.

72. If the auditor becomes aware of events occurring between the date of the interim financial information and the date of the auditor's interim review report that require adjustment of, or disclosure in, the interim financial information, the auditor shall request management to correct those misstatements.
73. The auditor has no obligation to perform any procedures regarding the interim financial information after the date of the auditor's interim review report. However, if, after the date of the auditor's interim review report but before the date the interim financial information is issued, a fact becomes known to the auditor that, had it been known to the auditor at the date of the auditor's interim review report, may have caused the auditor to amend the report, the auditor shall:
- (a) Discuss the matter with management and, where appropriate, those charged with governance;
 - (b) Determine whether the interim financial information needs amendment; and
 - (c) If so, inquire how management intends to address the matter in the interim financial information.
74. If management does not amend the interim financial information in circumstances where the auditor believes it needs to be amended, and the auditor's interim review report has already been provided to the entity, the auditor shall notify management and those charged with governance not to issue the interim financial information to third parties before the necessary amendments have been made. If the interim financial information is nevertheless subsequently issued without the necessary amendments, the auditor shall take appropriate action to seek to prevent reliance on the auditor's interim review report.

Written Representations

Written Representations about Management's Responsibilities

75. The auditor shall request written representations from management that: (Ref: Para. A124-A126)
- (a) It has fulfilled its responsibility for the preparation of the interim financial information in accordance with the applicable financial reporting framework, including where relevant, its fair presentation, as set out in the terms of the engagement;
 - (b) It has provided the auditor with all relevant information and access to information as agreed in the terms of the engagement; and
 - (c) All transactions have been recorded and are reflected in the interim financial information.

If law or regulation requires management to make written public statements about its responsibilities, and the auditor determines that such statements provide some or all of the representations required, the matters covered by such statements need not be included in the written representation.

Other Written Representations

76. The auditor shall also request written representations from management and, where appropriate, those charged with governance, that: (Ref: Para. A124)
- (a) It believes that the effects of uncorrected misstatements are immaterial, individually or in aggregate, to the interim financial information taken as a whole. A summary of such items shall be included in, or attached to, the written representation;

- (b) The methods, significant assumptions and the data used in making accounting estimates and related disclosures are appropriate in view of the requirements of the applicable financial reporting framework;
- (c) With respect to going concern:
 - (i) It has determined that the use of the going concern basis of accounting in the preparation of the interim financial information is appropriate;
 - (ii) Its assessment of going concern at the interim reporting period reflects all events or conditions that may cast significant doubt on the entity's ability to continue as a going concern that it is aware of, and that it has disclosed to the auditor all such events or conditions, if any;
 - (iii) If events or conditions have been identified that may cast significant doubt on the entity's ability to continue as a going concern, it has disclosed to the auditor its plans for future actions and that it has evaluated the feasibility of those plans, and determined whether it has the intent and ability to carry out specific courses of action;
 - (iv) Matters relevant to going concern have been adequately disclosed in the interim financial information in accordance with the requirements of the applicable financial reporting framework, including, when applicable, significant judgments made by management in concluding that there is no material uncertainty related to the entity's ability to continue as a going concern;
- (d) It acknowledges its responsibility for the design, implementation and maintenance of internal control to prevent or detect fraud and has appropriately fulfilled those responsibilities; and
- (e) It has disclosed to the auditor:
 - (i) The results of its assessment of the risk that the interim financial information may be materially misstated as a result of fraud;
 - (ii) Its knowledge of any fraud or suspected fraud, including allegations of fraud, affecting the entity involving:
 - a. Management;
 - b. Employees who have significant roles in internal control; or
 - c. Others if the fraud could have an effect on the interim financial information;
 - (iii) Its knowledge of suspected fraud, including allegations of fraud, affecting the entity's interim financial information communicated by employees, former employees, analysts, regulators, or others;
 - (iv) All known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the interim financial information;
 - (v) The identity of the entity's related parties and all the related party relationships and transactions or arrangements that it is aware of;

- (vi) All events occurring subsequent to the date of the interim financial information and for which the applicable financial reporting framework requires adjustment or disclosure;
 - (vii) Significant commitments, contractual obligations or contingencies that have affected or may affect the entity's interim financial information; and
 - (viii) All known actual or possible litigation and claims whose effects may be material to the interim financial information.
77. The written representations shall be in the form of a representation letter addressed to the auditor.
78. If management does not provide one or more of the requested written representations, or the auditor has doubts about the competence or integrity of those providing the written representations, or about the reliability of the written representations, the auditor shall:
- (a) Discuss the matter with management and, where appropriate, those charged with governance;
 - (b) Re-evaluate the integrity of management, and evaluate the effect that such matters may have on the reliability of the evidence obtained; and
 - (c) Take appropriate actions, including determining the possible effect on the conclusion in the auditor's interim review report in accordance with this ISRE.
79. The auditor shall disclaim a conclusion on the interim financial information, or withdraw from the engagement if withdrawal is possible under applicable law or regulation, as appropriate, if:
- (a) The auditor concludes that there is sufficient doubt about the integrity of management such that the written representations are not reliable; or
 - (b) Management does not provide the representations relating to management's responsibilities required by paragraph 75.

Date of and Period(s) Covered by Written Representations

80. The date of the written representations shall be as near as practicable to, but not after, the date of the auditor's interim review report. The written representations shall be for all of the interim financial information and period(s) referred to in the auditor's interim review report.

Accumulation and Evaluation of Misstatements

Accumulation of Identified Misstatements

81. The auditor shall accumulate misstatements identified during the interim review engagement, other than those that are clearly trivial. (Ref: Para. A127-A128)

Communicating and Correcting Identified Misstatements

82. The auditor shall communicate on a timely basis all misstatements accumulated during the interim review engagement with the appropriate level of management and shall request management to correct those misstatements.

83. If management refuses to correct some or all of the misstatements, the auditor shall obtain an understanding of management's reasons for not doing so, and shall consider that understanding when concluding whether the interim financial information is free from material misstatement in accordance with paragraph 91.
84. Unless prohibited by law or regulation, the auditor shall communicate with those charged with governance uncorrected misstatements and the effect that they, individually or in aggregate, may have on the conclusion in the auditor's interim review report. (Ref: Para. A129)

Evaluating the Effect of Uncorrected Misstatements

85. The auditor shall determine whether uncorrected misstatements are material, individually or in the aggregate, to the interim financial information. (Ref: Para. A130)

Other Information

86. The auditor shall read the other information to consider whether it is materially inconsistent with the interim financial information. (Ref: Para. A131)
87. If a material inconsistency appears to exist, the auditor shall discuss the matter with management or those charged with governance, as appropriate, to determine whether a material misstatement of the interim financial information may exist. (Ref: Para. A132-A133)
88. If the auditor becomes aware that a material misstatement of the other information exists, and management refuses to correct the other information, the auditor shall consider the implications for the engagement. (Ref: Para. A134-A136)

Forming a Conclusion on the Interim Financial Information

Evaluating the Evidence Obtained from the Review Procedures Performed

89. The auditor shall evaluate whether sufficient appropriate evidence has been obtained from the review procedures performed to enable the auditor to form a conclusion on the interim financial information. In making this evaluation, the auditor shall consider all evidence obtained, including evidence that is consistent or inconsistent with other evidence, regardless of whether it appears to corroborate or to contradict the interim financial information as prepared by management.
90. If sufficient appropriate evidence has not been obtained, the auditor shall attempt to obtain further evidence as necessary in the circumstances. (Ref: Para. A82-A83, A137-A138)

Concluding

91. The auditor shall form a conclusion about whether the interim financial information is free from material misstatement.
92. In forming that conclusion, the auditor shall:
 - (a) Consider the:
 - (i) Evaluation in paragraph 89 about whether sufficient appropriate evidence has been obtained; and

- (ii) Determination in paragraph 85 about whether uncorrected misstatements are material, individually or in the aggregate, to the interim financial information;
 - (b) Consider qualitative aspects of the entity's accounting practices, including indicators of possible bias in management's judgments; (Ref: Para. A139)
 - (c) Evaluate whether the interim financial information adequately refers to or describes the applicable financial reporting framework; and (Ref: Para. A140-A141)
 - (d) Consider whether, in the context of the requirements of the applicable financial reporting framework and the results of procedures performed:
 - (i) The terminology used in the interim financial information, including, if applicable, the title of each financial statement, is appropriate;
 - (ii) The interim financial information adequately discloses material accounting policy information;
 - (iii) The accounting policies selected and applied are consistent with the applicable financial reporting framework and are appropriate;
 - (iv) The accounting estimates and related disclosures made by management appear reasonable;
 - (v) The information presented in the interim financial information appears relevant, reliable, comparable, and understandable; and
 - (vi) The interim financial information provides adequate disclosures to enable the intended users to understand the effects of material transactions and events on the information conveyed in the interim financial information. (Ref: Para. A142-A143)
93. If the interim financial information is prepared using a fair presentation framework, the auditor shall also consider: (Ref: Para. A142)
- (a) The overall presentation, structure and content of the interim financial information; and
 - (b) Whether the interim financial information appears to represent the underlying transactions and events in a manner that achieves fair presentation.

Taking Overall Responsibility for Managing and Achieving Quality

94. Prior to dating the interim review report, the engagement partner shall: (Ref: Para. A144-A145)
- (a) Take responsibility for determining whether relevant ethical requirements, including those related to independence, have been fulfilled. For a group interim review engagement in which component auditors have been involved, this includes taking responsibility for confirming that component auditors have complied with the relevant ethical requirements, including those related to independence;
 - (b) Determine, through review of engagement documentation and discussion with the engagement team, that sufficient appropriate evidence has been obtained to support the auditor's interim review conclusion and the interim review report to be issued;

- (c) Read the interim financial information and the interim review report to determine that the report to be issued will be appropriate in the circumstances;
- (d) Determine that:
 - (i) The engagement partner's involvement has been sufficient and appropriate throughout the interim review engagement such that the engagement partner has the basis of determining the significant judgments made and the conclusions reached are appropriate; and (Ref: Para. A145)
 - (ii) The nature and circumstances of the engagement, any changes thereto, and the firm's related policies or procedures have been taken into account in complying with paragraph 23; and
- (e) If the engagement is subject to an engagement quality review, determine that the engagement quality review has been completed.

Preparing the Auditor's Interim Review Report

95. The auditor's interim review report shall be in writing and shall include at a minimum: (Ref: Para. A146, A183-A184)
- (a) A title that clearly indicates that it is the report of an independent auditor for an interim review engagement; (Ref: Para. A147)
 - (b) The addressee(s), as required by the circumstances of the engagement; (Ref: Para. A148)
 - (c) The auditor's conclusion, in the first section of the interim review report, with the heading "Conclusion," that:
 - (i) Identifies the entity whose interim financial information has been reviewed;
 - (ii) States that the interim financial information has been reviewed;
 - (iii) Identifies the interim financial information reviewed, including, if applicable, the title of each statement, and the date(s) and period(s) covered by the interim financial information; (Ref: Para. A149)
 - (iv) Refers to the explanatory notes, including material accounting policy information; and
 - (v) Includes a paragraph that contains:
 - a. The auditor's conclusion on the interim financial information, in accordance with paragraphs 97-107; and
 - b. A reference to the applicable financial reporting framework used to prepare the interim financial information, including identification of the jurisdiction of origin of the financial reporting framework if it is not IFRS Accounting Standards as issued by the International Accounting Standards Board. (Ref: Para. A150-A152)
 - (d) A basis for conclusion section, directly following the Conclusion section, with the heading "Basis for Conclusion," that: (Ref: Para. A153-A155)

- (i) States that the review of the interim financial information was conducted in accordance with ISRE 2410 (Revised), *Review of Interim Financial Information Performed by the Independent Auditor of the Entity's Annual Financial Statements*;
- (ii) States that the auditor is responsible for expressing a conclusion on the interim financial information based on the review;
- (iii) Describes an interim review engagement and its limitations, including statements that:
 - a. A review of interim financial information performed in accordance with this ISRE is a limited assurance engagement;
 - b. A review involves performing procedures, primarily consisting of inquiries of management and others within the entity, as appropriate, and analytical procedures, and evaluating the evidence obtained;
 - c. The procedures performed in a review of interim financial information vary in nature and timing from, and are less in extent than, those performed in an audit conducted in accordance with International Standards on Auditing. Consequently, a review of interim financial information does not enable the auditor to become aware of all significant matters that might be identified in an audit. Accordingly, the level of assurance obtained in a review of interim financial information is substantially lower than in an audit, and therefore the auditor does not express an audit opinion on the interim financial information;
- (iv) Includes a statement that the auditor is independent of the entity in accordance with relevant ethical requirements and has fulfilled the auditor's other ethical responsibilities in accordance with these requirements.
 - a. The statement shall identify the jurisdiction of origin of the relevant ethical requirements, or refer to the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards); and
 - b. If the relevant ethical requirements require the auditor to publicly disclose when the auditor applied independence requirements specific to audits or reviews of certain entities, the statement shall indicate that the auditor is independent of the entity in accordance with the independence requirements applicable to the audits or reviews of those entities;
- (v) States that the auditor believes that the evidence obtained is sufficient and appropriate to provide a basis for the auditor's conclusion;
- (e) A section related to going concern, in accordance with paragraphs 108 to 114;
- (f) A section, with an appropriate heading, describing the responsibility of management, or as appropriate, those charged with governance, for: (Ref: Para. A156-A159)
- (i) The preparation and, where relevant, the fair presentation of the interim financial information in accordance with the applicable financial reporting framework;

- (ii) Such internal control as management determines is necessary to enable the preparation of interim financial information that is free from material misstatement, whether due to fraud or error; and
 - (iii) Assessing the entity's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate, as well as disclosing, if applicable, matters related to going concern;
 - (g) The auditor's signature; (Ref: Para. A160-A161)
 - (h) The location in the jurisdiction where the auditor practices; and
 - (i) The date of the auditor's interim review report in accordance with paragraph 116.
96. The name of the engagement partner shall be included in the auditor's interim review report of a publicly traded entity unless, in rare circumstances, such disclosure is reasonably expected to lead to a significant personal security threat. (Ref: Para. A162)

Expressing the Auditor's Interim Review Conclusion

Unmodified Conclusion

97. The auditor shall express an unmodified conclusion when the auditor concludes, based on the procedures performed and evidence obtained, that nothing has come to the auditor's attention that causes the auditor to believe that the interim financial information is not prepared, in all material respects, in accordance with the applicable financial reporting framework.
98. When the auditor expresses an unmodified conclusion, the auditor shall, unless otherwise required by law or regulation, use one of the following phrases, as appropriate:
- (a) For interim financial information prepared in accordance with a fair presentation framework: (Ref: Para. A163-A164)
 - (i) "Based on our review, nothing has come to our attention that causes us to believe that the interim financial information does not present fairly, in all material respects, [...] in accordance with [the applicable financial reporting framework]"; or
 - (ii) "Based on our review, nothing has come to our attention that causes us to believe that the interim financial information does not give a true and fair view of [...] in accordance with [the applicable financial reporting framework]".
 - (b) For interim financial information prepared in accordance with a compliance framework: "Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with [the applicable financial reporting framework]".

Modified Conclusion

99. The auditor shall express a modified conclusion when: (Ref: Para. A165)
- (a) The auditor determines, based on the procedures performed and the evidence obtained, that the interim financial information is materially misstated; or

- (b) The auditor is unable to obtain sufficient appropriate evidence in relation to one or more areas of the interim financial information that are material in relation to the interim financial information as a whole.

100. If the auditor expresses a modified conclusion, the auditor shall:

- (a) Use the heading "Qualified Conclusion," "Adverse Conclusion" or "Disclaimer of Conclusion," as appropriate, for the Conclusion section of the interim review report (see paragraph 95(c)); and
- (b) Use the heading "Basis for Qualified Conclusion," "Basis for Adverse Conclusion" or "Basis for Disclaimer of Conclusion," as appropriate, for the Basis for Conclusion section of the interim review report (see paragraph 95(d)), and describe in this section the matter(s) giving rise to the modification.

Interim financial information is materially misstated

101. If the auditor determines that the interim financial information is materially misstated, the auditor shall express:

- (a) A qualified conclusion, when the auditor concludes that the effects of the matter(s) giving rise to the modification are material, but not pervasive to the interim financial information; or (Ref: Para. A166)
- (b) An adverse conclusion, when the effects of the matter(s) giving rise to the modification are both material and pervasive to the interim financial information. (Ref: Para. A167)

102. If the auditor expresses either a qualified conclusion or an adverse conclusion due to a material misstatement of the interim financial information, the auditor shall include, in the "Basis for Qualified Conclusion" or "Basis for Adverse Conclusion" sections, as appropriate:

- (a) If the material misstatement relates to specific amounts in the interim financial information (including quantitative disclosures), a description and quantification of the financial effects of the misstatement, unless impracticable. If impracticable, the auditor shall include a statement stating that fact.
- (b) If the material misstatement relates to narrative disclosures, an explanation of how disclosures are misstated.
- (c) If the material misstatement relates to the non-disclosure of information required to be disclosed, a description of the nature of the information, and, unless prohibited by law or regulation, include the omitted disclosures if it is practicable to do so. (Ref: Para. A168)

Inability to obtain sufficient appropriate evidence

103. If the auditor is unable to obtain sufficient appropriate evidence, the auditor shall: (Ref: Para. A169)

- (a) Express a qualified conclusion if the auditor concludes that the possible effects on the interim financial information of undetected misstatements, if any, could be material but not pervasive; or

- (b) Disclaim a conclusion if the auditor concludes that the possible effects on the interim financial information of undetected misstatements, if any, could be both material and pervasive.
104. The auditor shall describe in the Basis for Qualified Conclusion or Basis for Disclaimer of Conclusion section, as appropriate, the reason(s) for the inability to obtain sufficient appropriate evidence.
105. If the auditor's inability to obtain sufficient appropriate evidence is due to a limitation on the scope of the interim review imposed by management after the auditor has accepted the engagement, and the auditor has determined that the possible effects on the interim financial information of undetected misstatements are material and pervasive, the auditor shall withdraw from the interim review engagement, where withdrawal is possible under applicable law or regulation. (Ref: Para. A170-A171)
106. If the auditor disclaims a conclusion on the interim financial information, the auditor shall: (Ref: Para. A172)
- (a) State in the Disclaimer of Conclusion section that:
 - (i) Due to the significance of the matter(s) described in the Basis for Disclaimer of Conclusion section, the auditor is unable to obtain sufficient appropriate evidence to form a conclusion on the interim financial information; and
 - (ii) Accordingly, the auditor does not express a conclusion on the interim financial information.
 - (b) Amend the statement required by paragraph 95(c)(ii), which indicates that the interim financial information has been reviewed, to state that the auditor was engaged to review the interim financial information.

Other Circumstances Affecting the Auditor's Interim Review Conclusion

107. Even if the auditor has expressed an adverse conclusion or disclaimed a conclusion on the interim financial information, the auditor shall describe in the applicable Basis for Conclusion section the reasons for any other matters of which the auditor is aware that would have required a modification to the interim review conclusion, and the effects thereof.

Going Concern (Ref: Para. A173)

108. If nothing has come to the auditor's attention to indicate that a material uncertainty related to going concern exists in the interim period, the auditor shall include a separate section in the interim review report, with the heading "Going Concern," stating that:
- (a) In the context of the auditor's review of the interim financial information, and in forming the conclusion thereon, nothing has come to the auditor's attention that causes the auditor to believe that management's use of the going concern basis of accounting is inappropriate;
 - (b) Based on the evidence obtained, nothing has come to the auditor's attention to indicate that a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern; and

- (c) The auditor's statements are based on the evidence obtained up to the date of the interim review report and are not a guarantee as to the entity's ability to continue as a going concern.

109. If the auditor's report on the most recent annual financial statements of the entity included a Material Uncertainty Related to Going Concern section, and:

- (a) The events or conditions that led the auditor to conclude that a material uncertainty existed remain at the interim reporting date, and
- (b) Management has identified and adequately disclosed the material uncertainty in the interim financial information,

the auditor shall include a separate section in the interim review report, with the heading "Material Uncertainty Related to Going Concern," that includes:

- (c) A reference to the related disclosure(s) in the annual financial statements and a statement that the auditor's report on those financial statements included a Material Uncertainty Related to Going Concern section;
- (d) A reference to the related disclosure(s) in the interim financial information that describes the events or conditions and states that these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern;
- (e) A statement that the auditor's interim review conclusion is not modified in respect of the matter; and
- (f) The statements in paragraphs 108(a) and 108(c).

110. If the auditor's report on the most recent annual financial statements of the entity did not include a Material Uncertainty Related to Going Concern section, and:

- (a) Events or conditions have been identified in the interim period that may cast significant doubt on the entity's ability to continue as a going concern, and
- (b) Management has identified and adequately disclosed in the interim financial information a material uncertainty related to the entity's ability to continue as a going concern,

the auditor shall include a separate section in the interim review report, with the heading "Material Uncertainty Related to Going Concern," that includes:

- (c) A reference to the related disclosure(s) in the interim financial information that describes the events or conditions and states that these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern;
- (d) A statement that the auditor's interim review conclusion is not modified in respect of the matter; and
- (e) The statements in paragraphs 108(a) and 108(c).

Other Circumstances Related to Going Concern

111. If a matter related to going concern, other than a material uncertainty, is disclosed in the interim financial information and, in the auditor's judgment, the matter is of such importance that it is fundamental to users' understanding of the interim financial information, the auditor shall, in the separate Going Concern section required by paragraph 108, include: (Ref: Para. A174-A175)
- (a) A reference to the related disclosure(s) in the interim financial information; and
 - (b) A statement that the auditor's interim review conclusion is not modified in respect of the matter.

Inadequate Disclosures About a Material Uncertainty Related to Going Concern

112. If the auditor's evaluation in accordance with paragraphs 64(b) and 65 indicates that a material uncertainty related to going concern exists that has not been adequately disclosed, the auditor shall:
- (a) Express a qualified or adverse conclusion, as appropriate, in accordance with paragraph 101;
 - (b) In the Basis for Qualified (or Adverse) Conclusion section of the auditor's interim review report, state that a material uncertainty exists and that the interim financial information does not adequately disclose this matter; and
 - (c) Include a separate section in the interim review report, with the heading "Material Uncertainty Related to Going Concern," that draws attention to the Basis for Qualified (Adverse) Conclusion section of the auditor's interim review report, and includes the statements in paragraphs 108(a) and 108(c).

Use of Going Concern Basis of Accounting is Inappropriate

113. If the interim financial information has been prepared using the going concern basis of accounting, and the auditor's evaluation in accordance with paragraph 64(a) indicates that, in the auditor's professional judgment, management's use of the going concern basis of accounting in the preparation of the interim financial information is inappropriate:
- (a) The auditor shall express an adverse conclusion; and
 - (b) Unless required by law or regulation, the auditor shall not include separate sections on Going Concern or Material Uncertainty Related to Going Concern in the auditor's interim review report.

Considerations If the Auditor Disclaims a Conclusion on the Interim Financial Information

114. If the auditor disclaims a conclusion on the interim financial information in accordance with paragraph 103(b), the auditor shall not include separate sections on Going Concern or Material Uncertainty Related to Going Concern in the auditor's interim review report. (Ref: Para. A176)

Other Reporting Responsibilities

115. If the auditor addresses reporting responsibilities in the interim review report that are in addition to the auditor's responsibilities under this ISRE, the auditor shall include a separate section in the interim review report, with an appropriate heading. (Ref: Para. A177–A178)

Date of the Auditor's Interim Review Report

116. The auditor's interim review report shall be dated no earlier than the date on which the auditor has obtained sufficient appropriate evidence on which to base the auditor's conclusion on the interim financial information, including evidence that: (Ref: Para. A179–A182)
- (a) All the statements and disclosures that comprise the interim financial information have been prepared; and
 - (b) Those with the recognized authority have asserted that they have taken responsibility for that interim financial information.

Emphasis of Matter Paragraph

117. If the auditor considers it necessary to draw users' attention to a matter presented or disclosed in the interim financial information that, in the auditor's judgment, is of such importance that it is fundamental to users' understanding of the interim financial information and this is not prohibited by law or regulation, the auditor shall do so in a paragraph in the auditor's interim review report, with an appropriate heading that includes the term "Emphasis of Matter," that also indicates that the auditor's conclusion is not modified in respect of the matter.

Other Matter Paragraph

118. If the auditor considers it necessary to communicate a matter other than those that are presented or disclosed in the interim financial information that, in the auditor's judgment, is relevant to users' understanding of the review, the auditor's responsibilities or the auditor's interim review report and this is not prohibited by law or regulation, the auditor shall do so in a paragraph in the auditor's interim review report, with the heading "Other Matter" or other appropriate heading

Comparative Information

119. If comparative information is included in the interim financial information, the auditor shall obtain evidence about whether:
- (a) The comparative information agrees with the amounts and other disclosures presented in the prior period; and
 - (b) The accounting policies reflected in the comparative information are consistent with those applied in the current period.

Documentation

Form, Content and Extent of Engagement Documentation

120. The auditor shall prepare, on a timely basis, documentation that is sufficient to enable an experienced auditor, having no previous connection with the engagement, to understand: (Ref: Para. A184)
- (a) The nature, timing and extent of the procedures performed to comply with this ISRE and applicable legal and regulatory requirements;
 - (b) The results of the procedures performed, and the auditor's conclusions formed on the basis of those results; and

- (c) Significant matters arising during the engagement, the auditor's conclusions reached thereon, and significant professional judgments made in reaching those conclusions.
121. If the auditor identified information that is inconsistent with the auditor's final conclusion regarding a significant matter, the auditor shall document how the auditor addressed the inconsistency.
122. In documenting the nature, timing and extent of procedures performed, the auditor shall record:
- (a) Who performed the work and the date such work was completed; and
 - (b) Who reviewed the work performed, and the date and extent of such review.
123. The auditor shall also document discussions with management, those charged with governance, and others as relevant to the performance of the interim review engagement, related to significant matters arising during the engagement, including the nature of the significant matters discussed, and when and with whom the discussions took place.

Assembly of the Engagement Documentation

124. The auditor shall assemble the interim review engagement documentation in an interim review engagement file, and complete the administrative process of assembling the final engagement file on a timely basis after the date of the auditor's interim review report. After the assembly of the final engagement file has been completed, the auditor shall not delete or discard engagement documentation of any nature before the end of its retention period. (Ref: Para. A185-A186)
125. If the auditor finds it necessary to modify existing engagement documentation or add new engagement documentation after the assembly of the final interim review engagement file has been completed, the auditor shall, regardless of the nature of the modifications or additions, document:
- (a) The specific reasons for making them; and
 - (b) When and by whom they were made and reviewed.

Application and Other Explanatory Material

Scope of this ISRE (Ref: Para. 1)

- A1. This ISRE applies to interim review engagements performed by the auditor of the entity's annual financial statements. In many cases, the auditor will have audited the entity's previous annual financial statements and be engaged to audit the current-period annual financial statements, or the auditor may expect to be engaged to do so (e.g., the auditor's appointment has been approved by the entity's shareholders for the current period but an engagement letter has not yet been signed). In other cases, the auditor may not expect to be engaged to audit the current period annual financial statements (e.g., the entity may have commenced the process of appointing a successor auditor). In these circumstances, the auditor may perform an interim review engagement in accordance with this ISRE to provide for an appropriate transition until the appointment of the successor auditor becomes effective.
- A2. The auditor of the entity's annual financial statements performs the audit in accordance with the ISAs. The ISAs have been written for audits of historical financial information and do not apply to other

assurance engagements, including interim review engagements. However, certain aspects of an interim review engagement in accordance with this ISRE may be addressed in connection with the audit engagement (e.g., requirements related to acceptance and continuance of the engagement). Accordingly, the auditor may find it useful to refer to the ISAs for guidance on those aspects of the interim review engagement.

Reviews of Interim Financial Information by a Practitioner Who Is Not the Auditor of the Entity's Annual Financial Statements (Ref: Para. 3)

- A3. Through performing the audit of the entity's annual financial statements, the auditor obtains an understanding of the entity and its environment, the applicable financial reporting framework and the entity's system of internal control. Accordingly, when the auditor is engaged to perform an interim review engagement for that entity in accordance with this ISRE, the auditor updates this understanding, which assists the auditor with designing the review procedures to be performed.
- A4. A practitioner who is not the auditor of the entity's annual financial statements does not ordinarily have this level of understanding of the entity and its environment, the applicable financial reporting framework and the entity's system of internal control. Therefore, that practitioner performs an interim review engagement in accordance with ISRE 2400 (Revised).

Relationship with ISQM 1 (Ref: Para. 4)

- A5. Firms or national requirements may use different terminology or frameworks to describe the components of the system of quality management. National requirements that deal with the firm's responsibilities to design, implement and operate a system of quality management are at least as demanding as ISQM 1 when they address the requirements of ISQM 1 and impose obligations on the firm to achieve the objective of ISQM 1.

An Interim Review Engagement

The Applicable Financial Reporting Framework for Interim Financial Information (Ref: Para. 6)

- A6. Local law or regulation, securities regulation, stock exchange rules, or jurisdictional standards may specify the financial reporting framework used to prepare the interim financial information, the period for which it is prepared (e.g. quarterly or half-yearly), or whether the interim financial information is required to be reviewed, or possibly audited, by the independent auditor of the entity's annual financial statements.
- A7. The applicable financial reporting framework may, for example, consist of recognized financial reporting standards supplemented by other requirements in law or regulation relating to interim financial reporting.
- A8. The applicable financial reporting framework may require, or may permit, an entity to provide less information at interim dates than in its annual financial statements. In addition, the requirements for preparing interim financial information may be different from those for a complete set of annual financial statements. For example, the financial reporting framework may permit a greater use of estimates than in the annual financial statements, or permit the interim financial information to be presented in the form of condensed financial statements and explanatory notes. Certain disclosures may not be required in condensed interim financial statements, which are focused on new activities,

events, and circumstances since the previous annual reporting period. In these circumstances, the financial reporting framework may require, or management may choose to include, in the interim financial information, a statement that the condensed interim financial information is to be read in conjunction with the latest annual audited financial statements. This also presumes that the users of the interim financial information will have access to the latest audited financial statements, such as is the case with publicly traded entities.

Objectives (Ref: Para. 12)

- A9. In certain circumstances, law or regulation may not permit withdrawal from the engagement. For example, this may be the case in the public sector, where the option of withdrawing from the engagement may not be available because of the nature of the applicable legal mandate based on public interest considerations, or in jurisdictions where an auditor is appointed for a specific period and is prohibited from withdrawing before the end of that period. In these circumstances, the auditor may consider it necessary to include an Other Matter paragraph in the auditor's interim review report in accordance with paragraph 118, to explain why it is not possible to withdraw from the engagement.

Definitions

Other Information (Ref: Para. 13(g))

- A10. Depending on law, regulation or custom in a particular jurisdiction, other information may include, for example, management commentary, performance summaries, or a chairperson's statement, when included in the document that also contains the interim financial information and the auditor's report thereon.
- A11. Documents such as, for example, preliminary announcements of financial information and securities offering documents, including prospectuses, that may include interim financial information, are not considered other information for the purpose of this ISRE.

Group Interim Review Engagements (Ref: Para. 14)

- A12. The Glossary includes, for example, definitions of component, component auditor, group audit, group auditor, group engagement partner, and group financial statements.

Conduct of a Review Engagement in Accordance with this ISRE

Text of this ISRE (Ref: Para. 15)

- A13. This ISRE contains the objectives of the auditor in following the ISRE, which provide the context in which the requirements of this ISRE are set, and which are intended to assist the auditor in understanding what needs to be accomplished in an interim review engagement.
- A14. This ISRE contains requirements, expressed using "shall," designed to enable the auditor to meet the objectives. In addition, it contains introductory material, definitions, and application and other explanatory material, that provide context relevant to a proper understanding of the ISRE. The application and other explanatory material provides further explanation of the requirements and guidance for carrying them out. While such guidance does not impose a requirement, it is relevant to the proper application of the requirements. The application and other explanatory material may also

provide background information on matters addressed in this ISRE that assists in the application of the requirements.

- A15. In performing an interim review engagement, the auditor may be required to comply with legal or regulatory requirements, which may differ from the requirements established in this ISRE. This ISRE does not override law or regulation that governs a review of interim financial information. In the event that such law or regulation differs from the requirements of this ISRE, an interim review engagement conducted only in accordance with such law or regulation will not necessarily comply with this ISRE.

Complying with Relevant Requirements (Ref: Para. 18-19)

- A16. The requirements of this ISRE are designed to enable the auditor to achieve the objectives specified in the ISRE. Accordingly, other than in exceptional circumstances, the auditor is required to comply with each requirement that is relevant in the circumstances of the interim review engagement. A requirement is relevant unless the requirement is conditional and the condition does not exist. For example, the requirement to modify the auditor's conclusion when there is an inability to obtain sufficient appropriate evidence is not relevant when there is no such inability.

Relevant Ethical Requirements (Ref: Para. 20)

- A17. Relevant ethical requirements may include provisions that apply for both audit and review engagements. For example, the provisions related to independence in Part 4A of the IESBA Code apply to both audit and review engagements unless otherwise stated. The IESBA Code sets out fundamental principles that establish the standard of behavior expected of a professional accountant: integrity, objectivity, professional competence and due care, confidentiality, and professional behavior. The IESBA Code specifies the required approach for a professional accountant to comply with the fundamental principles and, when applicable, the International Independence Standards. Law or regulation in a jurisdiction may also contain provisions addressing ethical requirements, including independence, such as privacy laws affecting the confidentiality of information.
- A18. The IESBA Code describes independence as comprising both independence of mind and independence in appearance. The auditor's independence safeguards the auditor's ability to form a conclusion without being affected by influences that might otherwise compromise that conclusion. Independence enhances the auditor's ability to act with integrity, to be objective and to maintain an attitude of professional skepticism.

Professional Skepticism and Professional Judgment

Professional Skepticism (Ref: Para. 21)

- A19. Professional skepticism is necessary for the critical assessment of evidence. This includes:
- Considering all evidence obtained, including evidence that appears inconsistent with other evidence, and evidence that appears to contradict what is presented in the interim financial information.
 - Questioning the reliability of information intended to be used as evidence, including responses to inquiries, obtained from management and those charged with governance.

- Considering the sufficiency and appropriateness of evidence obtained in light of the engagement circumstances.

A20. Professional skepticism includes being alert to, for example:

- Information that calls into question the reliability of information intended to be used as evidence, including responses to inquiries.
- Conditions that may indicate possible misstatement due to fraud or error.
- Any other circumstances that suggest the need for additional procedures.

A21. Maintaining professional skepticism throughout the interim review engagement is necessary to reduce the risks of:

- Overlooking unusual circumstances.
- Over-generalizing when drawing conclusions from evidence obtained.
- Using inappropriate assumptions in determining the nature, timing and extent of the procedures to be performed, and in evaluating the results thereof.

A22. The auditor cannot be expected to disregard past experience of the honesty and integrity of the entity's management and those charged with governance. Nevertheless, a belief that management and those charged with governance are honest and have integrity does not relieve the auditor of the need to maintain professional skepticism, nor allow the auditor to be satisfied with evidence that is inadequate for the purpose of the interim review engagement.

A23. ISA 220 (Revised)⁶ includes application material describing possible impediments to the exercise of professional skepticism at the engagement level. The auditor may find it useful to refer to such guidance when considering such matters in the context of an interim review engagement.

Professional Judgment (Ref: Para. 22)

A24. Professional judgment is essential to the proper conduct of an interim review engagement. The distinguishing feature of the professional judgment expected of the auditor is that it is exercised by an auditor whose training, knowledge and experience, including in the use of assurance skills and techniques, have assisted in developing the necessary competencies to achieve reasonable judgments.

A25. Professional judgment is necessary, in particular:

- Regarding decisions about materiality, and about the nature, timing and extent of procedures performed.
- When evaluating whether the evidence obtained from the procedures performed reduces the engagement risk to a level that is acceptable in the engagement circumstances.
- When considering management's judgments in applying the applicable financial reporting framework.

⁶ ISA 220 (Revised), *Quality Management for an Audit of Financial Statements*, paragraphs A34-A36

- When forming the conclusion on the interim financial information based on the evidence obtained, including considering the reasonableness of the estimates made by management in preparing the interim financial information.
- A26. The exercise of professional judgment by the auditor is based on the facts and circumstances of the interim review engagement, including matters such as:
- Knowledge acquired from previous audits and interim review engagements, where applicable.
 - The auditor's understanding of the entity and its environment, including its system of internal control, and of the application of the applicable financial reporting framework in the entity's industry.
 - The extent to which the preparation and presentation of the interim financial information in accordance with the applicable financial reporting framework requires the exercise of management judgment.
- A27. Professional judgment is not to be used as the justification for decisions that are not otherwise supported by the facts and circumstances of the engagement, or the evidence obtained.

Engagement-Level Quality Management

Managing and Achieving Quality on the Engagement (Ref: Para. 23(a))

- A28. The engagement partner remains ultimately responsible, and therefore accountable, for compliance with the requirements of this ISRE. The engagement partner may assign the design or performance of procedures, tasks or actions related to a requirement of this ISRE to other appropriately skilled or suitably experienced members of the engagement team. However, this does not diminish the requirement for the engagement partner to take overall responsibility for managing and achieving quality on the engagement, for example, through direction and supervision of those members of the engagement team, and review of their work.
- A29. Taking responsibility for managing and achieving quality on the interim review engagement, may also include emphasizing, through the engagement partner's actions and behaviors, and appropriate messaging to the other members of the engagement team, the importance of:
- (a) Performing work that complies with professional standards and regulatory and legal requirements.
 - (b) Exercising professional skepticism throughout the engagement.
 - (c) Complying with the firm's quality management policies or procedures as applicable.
 - (d) Issuing an interim review report that is appropriate in the circumstances.
 - (e) The engagement team's ability to raise concerns without fear of reprisals.
- A30. Being sufficiently and appropriately involved throughout the interim review engagement may be demonstrated by the engagement partner in different ways, including:
- Taking responsibility for the nature, timing and extent of the direction and supervision of the members of the engagement team, and the review of their work in complying with the requirements of this ISRE.

- Varying the nature, timing and extent of such direction, supervision and review in the context of the nature and circumstances of the engagement.

Engagement Performed in Accordance with the Firm's Quality Management Policies or Procedures (Ref: Para. 23(c))

A31. ISQM 1 deals with the firm's responsibilities to design, implement and operate a system of quality management for audits or reviews of financial statements, or other assurance or related services engagements. Under ISQM 1,⁷ the objective of the firm is to design, implement and operate a system of quality management that provides the firm with reasonable assurance that:

- (a) The firm and its personnel fulfill their responsibilities in accordance with professional standards and applicable legal and regulatory requirements, and conduct engagements in accordance with such standards and requirements; and
- (b) Engagement reports issued by the firm or engagement partners are appropriate in the circumstances.⁸

A32. Within the context of the firm's system of quality management, the engagement team, led by the engagement partner, has a responsibility to implement the firm's policies or procedures applicable to the interim review engagement, and communicate to the firm information arising from the interim review engagement that is required to be communicated by the firm's policies or procedures to support the firm's system of quality management.

A33. Ordinarily, the engagement team may depend on the firm's quality management policies or procedures unless:

- The engagement team's understanding or practical experience indicates that the firm's policies or procedures will not effectively address the nature and circumstances of the engagement; or
- Information provided by the firm or other parties about the effectiveness of such policies or procedures suggests otherwise (e.g., information provided by the firm's monitoring activities, external inspections or other relevant sources indicates that the firm's policies or procedures are not operating effectively).

A34. The firm's policies or procedures may address audit and interim review engagements separately, or such policies or procedures may cover both types of engagements since both are performed by the auditor of the entity's annual financial statements.⁹ The engagement team may depend on the firm's policies or procedures related to, for example:

- Competence and capabilities of personnel through their recruitment and formal training.
- Independence, through the accumulation and communication of relevant independence information.

⁷ ISQM 1, paragraph 1

⁸ ISQM 1, paragraph 14

⁹ ISA 220 (Revised) deals with the specific responsibilities of the auditor regarding quality management at the engagement level for an audit of financial statements.

- Maintenance of client relationships through the firm's policies or procedures for acceptance and continuance of client relationships and interim review engagements.
- Adherence to regulatory and legal requirements through the firm's monitoring and remediation process.

Firm Policies or Procedures for the Acceptance and Continuance of Interim Review Engagements (Ref: Para. 23(c)(i))

- A35. The firm's policies or procedures for the acceptance and continuance of audit client relationships and audit engagements may also address interim review engagements because both audit and interim review engagements are performed by the independent auditor of the entity's annual financial statements. Consequently, the terms of the interim review engagement may be incremental to or, in some jurisdictions, may form part of, the terms agreed upon for the audit of the annual financial statements.
- A36. Information that assists the engagement partner in determining whether the firm's policies or procedures for the acceptance and continuance of client relationships and interim review engagements have been followed, and that conclusions reached are appropriate, may include information concerning:
- The integrity of the principal owners, key management and those charged with governance.
 - Significant matters that have arisen during the current or a previous interim review engagement, or the previous audit, and their implications for continuing the relationship.
- A37. The firm's policies or procedures may also address circumstances in which the results of the auditor's procedures for acceptance or continuance of the interim review engagement may have implications for the acceptance or continuance of the related audit engagement. Such policies or procedures may include communicating relevant information promptly to the firm in these circumstances, so that the firm and the engagement partner can take the necessary action.
- A38. The firm's policies or procedures may also address circumstances in which the interim review engagement is the first engagement performed for a new audit client. In these circumstances, the firm's policies or procedures may require communication with the predecessor auditor, including a request to review the predecessor auditor's audit documentation. Such communication may provide useful information for the client acceptance process, as well as for obtaining an initial understanding of the entity and its environment, the applicable financial reporting framework and the entity's system of internal control in accordance with paragraph 43.
- A39. The auditor's consideration of acceptance and continuance of client relationships and interim review engagements, occurs throughout the engagement, as conditions and changes in circumstances occur.

Sufficient and Appropriate Resources to Perform the Engagement (Ref: Para 23(c)(ii))

- A40. This ISRE requires the engagement partner to take overall responsibility for the engagement being performed in accordance with the firm's quality management policies or procedures, including determining that sufficient and appropriate resources to perform the engagement are assigned or

made available in a timely manner. For a group interim review engagement, such resources may include component auditors. See also paragraph 39.

- A41. As described in ISQM 1,¹⁰ engagement resources include human, technological and intellectual resources. In determining that sufficient appropriate resources are made available to the engagement team to perform the engagement in a timely manner, the engagement partner may consider, for example, whether technological tools that have been approved for use by the firm, and which the engagement team has expertise in, are available.

Engagement Quality Review for the Interim Review Engagement (Ref: Para. 23(c)(v))

- A42. ISQM 1¹¹ also deals with the firm's responsibility to establish policies or procedures addressing engagements that are required to be subject to engagement quality reviews. ISQM 2¹² deals with the appointment and eligibility of the engagement quality reviewer, and the performance and documentation of the engagement quality review.
- A43. When an engagement quality review is performed, the engagement quality reviewer is required to notify the engagement partner when the engagement quality review is complete.¹³ Therefore, this ISRE requires that the interim review report not be dated until the completion of the engagement quality review (see paragraph 95(i)).

Considering Information from the Firm's Monitoring and Remediation Process (Ref: Para. 24)

- A44. In considering information from the firm's monitoring and remediation process that may affect the interim review engagement, the engagement partner may consider deficiencies¹⁴ identified in the firm's system of quality management and the remedial actions undertaken by the firm to address those deficiencies. A deficiency in the firm's system of quality management does not necessarily indicate that an interim review engagement was not performed in accordance with professional standards and applicable legal and regulatory requirements, or that the auditor's interim review report was not appropriate.

Acceptance and Continuance of the Interim Review Engagement

Preconditions for Accepting an Interim Review Engagement

The Applicable Financial Reporting Framework (Ref: Para. 25(a))

- A45. Without an acceptable financial reporting framework, management does not have an appropriate basis for the preparation of the interim financial information, and the auditor does not have suitable criteria for the review of the interim financial information.
- A46. A condition for acceptance and continuance of an assurance engagement is that the criteria are suitable and available to intended users. The requirements of the applicable financial reporting

¹⁰ ISQM 1, paragraph 32

¹¹ ISQM 1, paragraph 2

¹² ISQM 2, *Engagement Quality Reviews*

¹³ ISQM 2, paragraph 27

¹⁴ ISQM 1, paragraph 16(a)

framework determine the form and content of the interim financial information, including what constitutes a complete set of interim financial statements and, if permitted by the framework, requirements for the presentation of condensed interim financial information (see also paragraph A8). Some financial reporting frameworks are fair presentation frameworks, while others are compliance frameworks (see paragraph 13(b)). The applicable financial reporting framework provides the criteria the auditor uses to review the interim financial information including, where relevant, the fair presentation of the interim financial information.

- A47. In many cases, in the absence of any indications to the contrary, the auditor may presume that the applicable financial reporting framework is acceptable (e.g., a financial reporting framework that is prescribed by law or regulation in a jurisdiction to be used in the preparation of interim financial information for certain types of entities).
- A48. The auditor's determination of the acceptability of the financial reporting framework to be applied in the preparation of the interim financial information may include consideration of factors such as:
- The purpose of the interim financial information (e.g., whether it is prepared to meet the common financial information needs of a wide range of users or the financial information needs of specific users).
 - The nature of the interim financial information (e.g., whether the interim financial information is a complete set of interim financial statements or a condensed set of interim financial statements).
 - Whether the applicable financial reporting framework is prescribed in relevant law or regulation.
- A49. Deficiencies in the applicable financial reporting framework indicating that the framework is not acceptable may be encountered after the interim review engagement has been accepted. When use of that financial reporting framework is not prescribed by law or regulation, management may decide to adopt another framework that is acceptable. When management does so, the auditor is required, in accordance with paragraph 37, to agree the new terms of the interim review engagement with management to reflect the change in the applicable financial reporting framework.

Responsibilities of Management (Ref: Para. 25(b))

- A50. The interim financial information of an entity is prepared by management of the entity with oversight from those charged with governance. This ISRE does not impose responsibilities on management and those charged with governance, nor does it override law or regulation that govern their respective responsibilities. An interim review engagement in accordance with this ISRE is conducted on the premise that management and, where appropriate, those charged with governance have acknowledged certain responsibilities that are fundamental to the conduct of the interim review engagement. The review of the interim financial information by the entity's auditor does not relieve management or those charged with governance of their responsibilities.
- A51. The responsibilities of management outlined in paragraph 25(b) are similar to those that management acknowledges and understands it has in connection with the audit of the financial statements.¹⁵ However, the responsibilities in paragraph 25(b) are related specifically to the preparation of interim

¹⁵ ISA 210, paragraph 6(b)

financial information and the review of that information by the auditor. Because of the importance of the preconditions for undertaking a review of interim financial information, the auditor is required to obtain the agreement of management that it understands these responsibilities before accepting the interim review engagement. The auditor may obtain management's agreement either orally or in writing, but management's agreement is subsequently recorded within the written terms of the engagement. As explained in paragraph A35, the terms of the interim review engagement may be incremental to, or form part of, the terms agreed upon for the audit of the annual financial statements.

Other Factors Affecting Acceptance of the Interim Review Engagement (Ref: Para. 28)

- A52. Whether the engagement exhibits a rational purpose may be influenced by the intended use and intended users of the interim financial information. In many cases, interim review engagements may be required by law or regulation. If so, the auditor may presume, in the absence of indications to the contrary, that the engagement has a rational purpose.
- A53. An example of an interim review engagement that may not have a rational purpose may be when the engagement is intended to meet compliance requirements of relevant law or regulation, and such law or regulation requires the interim financial information to be audited rather than reviewed.

Agreeing the Terms of Engagement (Ref: Para. 33-35)

- A54. As explained in paragraph A35, the firm's policies or procedures may address the acceptance and continuance of audit client relationships and audit and interim review engagements together, including as part of a single engagement letter. In some jurisdictions, it may be necessary to address the terms of the engagement to review interim financial information in a separate engagement letter because the audit of the financial statements may be required by corporate or commercial law, while reviews of interim financial information may be required by securities regulation. This ISRE does not preclude combining the terms of engagement to review interim financial information with the terms of engagement to audit the annual financial statements in appropriate circumstances.

Engagement Letter or Other Suitable Form of Written Agreement (Ref: Para. 34)

- A55. Agreeing the terms of the engagement in a written engagement letter prior to commencing the interim review engagement helps to avoid misunderstandings between the auditor and the entity's management or, as applicable, those charged with governance with respect to the interim review engagement.

Form and content of the engagement letter

- A56. The form and content of the engagement letter may vary for each engagement. In addition to the matters required by paragraph 34, an engagement letter may address, for example:
- Arrangements concerning the involvement of component auditors and auditors' experts in the interim review engagement.
 - Arrangements to be made with the predecessor auditor, if any, in the case of a first-time interim review engagement.

- The fact that an interim review engagement will not satisfy any statutory or third-party requirements for an audit.
- The intended use and distribution of the interim financial information, and any restrictions on the use or distribution, if applicable.
- Management's agreement to provide written representations to the auditor.
- Management's agreement to inform the auditor of facts that may affect the interim financial information of which management may become aware during the period commencing on the date of the auditor's interim review report to the date the interim financial information is issued.
- A request for management to acknowledge receipt of the engagement letter and to agree to the terms of the engagement outlined therein.
- Agreement from management and, where appropriate, those charged with governance that, if any document containing the interim financial information indicates that the interim financial information has been reviewed by the entity's auditor, the interim review report will also be included in that document.

Responsibilities of management prescribed by law or regulation (Ref: Para. 34(c))

A57. The written terms of agreement may use the wording of the law or regulation if the law or regulation establishes responsibilities for management that are equivalent in effect to those described in paragraph 25(b).

Recurring Engagements (Ref: Para. 35)

A58. Whether the interim review engagement is addressed in a separate engagement letter or as part of the engagement letter for the audit, the auditor may decide not to send a new engagement letter or other written agreement each period. Factors that may indicate that it is appropriate to revise the terms of the interim review engagement, or to remind management and those charged with governance, as appropriate, of the existing terms of the interim review engagement, may include, for example:

- Any indication that management misunderstands the objective and scope of the interim review.
- Any revised or special terms of the engagement.
- A change in legal or regulatory requirements affecting the entity.
- A change in the applicable financial reporting framework used to prepare the interim financial information.

Change in the Terms of the Interim Review Engagement (Ref: Para. 36)

A59. A change in circumstances that affects the entity's requirements, or a misunderstanding concerning the nature of the interim review engagement, may be considered a reasonable justification for requesting a change to the terms of the interim review engagement. In contrast, a change may not be considered reasonable if it appears that the change relates to interim financial information that is incorrect, incomplete or otherwise unsatisfactory.

Considerations Specific to Public Sector Entities

A60. Law or regulation governing interim review engagements in the public sector ordinarily mandates the appointment of the auditor and often sets out the auditor's responsibilities and powers, including the power to access an entity's records and other information. Consequently, engagement letters may not be a widespread practice in the public sector. The auditor may nonetheless consider that there are benefits in agreeing with the entity the terms of the interim review engagement by way of an engagement letter, setting out the matters referred to in paragraph 34.

Communications with Management and Those Charged with Governance (Ref: Para. 38)

A61. In a review of interim financial information, the auditor's communications with management and those charged with governance take the form of:

- (a) Inquiries the auditor makes in the course of performing the interim review engagement; and
- (b) Other communications, in the context of having effective two-way communication to understand matters arising and to develop a constructive working relationship for the engagement.

A62. As a result of performing the review of interim financial information, the auditor may become aware of matters that in the auditor's professional judgment, are significant to those charged with governance, who have responsibility for overseeing the financial reporting and disclosure process, while some matters may only need to be brought to management's attention. The appropriate timing of communications will vary depending on considerations such as the nature and significance of the matter, and the action expected to be taken by management or those charged with governance.

Examples

Matters that may be significant for the responsibilities of those charged with governance:

- Any identified or suspected fraud involving management or employees with significant roles in internal control, that has come to the auditor's attention (see paragraph 57)
- Identified or suspected fraud that has come to the auditor's attention, that involves other parties, that is not clearly inconsequential (see paragraph 57)
- Matters involving non-compliance with laws and regulations that have come to the auditor's attention, other than when these matters are clearly inconsequential (see paragraph 57)
- Significant matters discussed with management, such as, for example:
 - Significant events or transactions in the period that were brought to the auditor's attention;
 - Areas of disagreement with management, including any areas of management bias
- Significant difficulties encountered during the engagement, such as, for example:
 - Significant delays by management, the unavailability of entity personnel, or an unwillingness by management to provide information necessary for the auditor to perform procedures.
 - An unreasonably brief time within which to complete the engagement.
 - Extensive unexpected effort required to obtain sufficient appropriate evidence.
 - The unavailability of expected information.

Planning and Performing the Engagement

Group Interim Review Engagements (Ref: Para. 39-40)

- A63. The objective in a group interim review engagement is to obtain limited assurance about whether the group interim financial information as a whole is free of material misstatement. In applying the requirements of paragraph 23(c)(ii), the group engagement partner may determine, based on professional judgment, that it is possible to obtain sufficient appropriate evidence as the basis for forming a conclusion on the group interim financial information by performing procedures at the group level alone. Alternatively, the group engagement partner may, and often will, determine that component auditors are to be involved. For example, component auditors may be asked to provide information, or to perform review procedures at a component related to a specific matter affecting the group interim financial information
- A64. In determining the nature, timing and extent of involvement of component auditors, if any, the group auditor may consider factors such as, for example, whether:
- The component auditors are involved in performing the audit of the group's annual financial statements, and if so, the reasons for that involvement, and whether those reasons may also be relevant in the context of the interim review engagement.

- The component is a new component of the group.
- An element of unpredictability is necessary.
- Significant events or transactions have occurred in a component since the date of the most recent annual financial statements, and whether information about those events may be available at the group level.
- The interim financial information of the component is significant to the group as a whole.
- It is practicable to perform inquiries and other review procedures at the group level or through shared service centers.

A65. If component auditors are involved in performing procedures to obtain evidence in an interim review engagement, the group engagement partner remains responsible, and therefore accountable, for obtaining sufficient appropriate evidence as the basis for the conclusion on the group interim financial information. Clear and timely communication between the auditor and component auditors about their respective responsibilities supports achieving this objective. For example, communications that provide clear direction to component auditors about the nature, timing and extent of their involvement in the interim review engagement, and the matters expected to be communicated to the group auditor and the form of such communications, support establishing the basis for effective two-way communication. Such communications may also include communications about the relevant ethical requirements, including those related to independence, that apply to the group interim review engagement.

Materiality (Ref: Para. 41)

A66. The auditor's determination of materiality is a matter of professional judgment that involves quantitative and qualitative considerations. The determination is affected by the auditor's perception of the financial information needs of users of the interim financial information and is made in the context of the applicable financial reporting framework used in preparing the interim financial information and of the periods covered therein.

A67. Some financial reporting frameworks may include a discussion of the concept of materiality in the context of the preparation and presentation of interim financial information that provides a frame of reference for the determination of materiality by the auditor. In the absence of materiality being addressed in the framework, the following principles may be applied:

- Misstatements, including omissions, are considered material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of intended users taken on the basis of the interim financial information;
- Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both; and
- Judgments about matters that are material to users of the interim financial information are based on a consideration of the common financial information needs of users as a group. The possible effect of misstatements on specific individual users, whose needs may vary widely, is not considered.

- A68. In the audit of the entity's annual financial statements, the auditor may have applied a percentage to a chosen benchmark as a starting point in determining a quantitative materiality for the financial statements as a whole.¹⁶ In an interim review engagement, the auditor may decide to use the same benchmark and an appropriate percentage as a starting point in determining a quantitative materiality for the interim financial information as a whole, or may consider other factors.
- A69. In some circumstances, such as when an entity's operations are subject to cyclical variations, or when the financial results for the current interim period differ significantly from the prior interim period or the expected results for the current year, the auditor may, in applying their professional judgment, conclude that it is appropriate to determine a materiality using a normalized amount.
- A70. In a group interim review engagement, the materiality determined in accordance with paragraph 41 is the materiality for the group interim financial information as a whole. The auditor may consider designating an amount, lower than materiality for the group interim financial information as a whole, to be used by component auditors, for example, for purposes of communicating matters identified in the component financial information to the group auditor.

Revising Materiality (Ref: Para. 42)

- A71. The auditor's determination of materiality for the interim financial information as a whole may need to be revised during the engagement. Such changes may result from matters such as:
- A change in the circumstances that occurred during the review (for example, a decision to dispose of a major part of the entity's business).
 - New information, or a change in the auditor's understanding of the entity and its environment as a result of performing procedures for the review in accordance with this ISRE (for example, if information comes to the auditor's attention during the review to indicate that actual financial results are likely to be substantially different from the anticipated interim period or annualized financial results that were used initially to determine materiality for the engagement).

Obtaining an Understanding of the Entity and Its Environment, the Applicable Financial Reporting Framework and the Entity's System of Internal Control (Ref: Para. 43)

- A72. When performing an audit of the entity's annual financial statements, the auditor obtains an understanding of the entity and its environment, the applicable financial reporting framework and the entity's system of internal control as it relates to the preparation of the annual financial statements, and identifies and assesses the risks of material misstatement of the financial statements.¹⁷ This ISRE does not require the identification and assessment of the risks of material misstatement of the interim financial information. However, the auditor's risk assessment procedures and other work performed for the most recent annual audit inform the auditor's identification of areas in the interim financial information where material misstatements are likely to arise and therefore provide a basis for designing review procedures to address those areas.
- A73. In performing the interim review engagement, the auditor fulfills the requirement in paragraph 43 by updating the understanding and leveraging the knowledge obtained from the previous annual audits

¹⁶ See ISA 320, *Materiality in Planning and Performing an Audit*, paragraphs A4-A8

¹⁷ See ISA 315 (Revised 2019), *Identifying and Assessing the Risks of Material Misstatement*

(and previous interim review engagements performed during the period since that date). As a practical matter, the auditor's understanding is obtained and updated on an iterative basis throughout the engagement, and is updated as changes in conditions and circumstances occur. See also paragraphs A77-A79 related to considerations for first-time interim review engagements.

A74. The nature and extent of procedures performed by the auditor to obtain or update the understanding of the entity and its environment, the applicable financial reporting framework and the entity's system of internal control are a matter of professional judgment. Ordinarily, such procedures include the following:

- Reading the documentation of the preceding year's annual audit, reviews of prior interim period(s) of the current year, and the corresponding interim period(s) of the prior year to the extent necessary to enable the auditor to identify matters that may affect the current-period interim financial information. In reading such documents, the auditor may specifically consider the nature of any:
 - Corrected material misstatements.
 - Matters identified in any summary of uncorrected misstatements.
 - Significant accounting estimates.
 - Significant risks,¹⁸ including risks of material misstatement due to fraud.¹⁹
 - Significant financial accounting and reporting matters that may be of continuing significance, such as significant deficiencies in internal control.
- Reading the most recent annual and comparable prior period interim financial information.
- Considering the results of any audit procedures performed with respect to the current year's annual financial statements.
- Considering the results of any internal audit activities and reports issued, and the subsequent actions taken by management.
- Inquiring of management about matters such as:
 - The effect of changes in the entity's business model and activities.
 - Whether significant changes in the entity's system of internal control, as it relates to the preparation and presentation of the interim financial information, have occurred subsequent to the most recent annual audit or review of interim financial information, including changes in the entity's policies, procedures, and personnel, as well as the nature and extent of such changes.
 - The process by which the interim financial information has been prepared and the reliability of the underlying accounting records.
- For group interim review engagements, inquiries of management about the nature of consolidation adjustments relevant to the preparation of the group's interim financial

¹⁸ ISA 315 (Revised 2019), paragraph 12(l)

¹⁹ ISA 240 (Revised), *The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements*, paragraph 39(b)

information, and about any significant differences to those processed in connection with the annual financial statements or previous interim periods.

This is not an exhaustive list, nor a prescriptive list of procedures the auditor may deem necessary to perform in all circumstances.

- A75. Paragraph 43 requires the auditor to obtain an understanding of the entity's system of internal control as it relates to the preparation of both annual and interim financial information because accounting principles and practices used in the preparation of interim financial information may differ from those used in the preparation of the annual financial statements, as permitted by the applicable financial reporting framework.
- A76. The procedures to obtain the understanding of the entity's system of internal control for purposes of the interim review engagement consist primarily of inquiries and are less in extent than the procedures required to obtain an understanding of the system of internal control for the audit of the entity's annual financial statements. This ISRE does not require a detailed understanding of each of the components of internal control nor does it require performing procedures to obtain evidence about the design and implementation of controls. The auditor's primary consideration is whether the understanding provides a basis for the auditor to identify areas in the interim financial information where material misstatements are likely to arise, and to inform the auditor's approach to designing and performing review procedures.

Additional Considerations for First-Time Interim Review Engagements

- A77. If the interim review is the first engagement performed after being engaged to audit the entity's annual financial statements, the auditor is still required to obtain the understanding required by paragraph 43 as it relates to the preparation of both annual and interim financial information. The nature and extent of the procedures needed to do so are a matter of professional judgment. Procedures such as those described in paragraph A74 are also relevant in these circumstances. The auditor may decide to perform the procedures needed to obtain the understanding of the entity and its environment and the entity's system of internal control required for purposes of the audit of the annual financial statements.²⁰
- A78. Additional considerations for first-time interim review engagements may include the following:
- Unless prohibited by law or regulation, making arrangements with the predecessor auditor, for example, to review the predecessor auditor's working papers for the preceding year's annual audit, reviews of prior interim period(s) of the current year, and the corresponding interim period(s) of the prior year.
 - Considering any significant issues discussed with management in connection with the initial appointment as the entity's auditor.
- A79. If the predecessor auditor does not respond to the incoming auditor's inquiries or does not allow the auditor to review the predecessor auditor's working papers, the auditor may inquire as to the reasons why and perform other procedures to obtain the understanding required by paragraph 43. In such circumstances, the auditor may have no alternative but to perform the procedures needed to obtain

²⁰ See ISA 315 (Revised 2019), paragraphs 19-26

the understanding of the entity and its environment and the entity's system of internal control required for purposes of the audit of the annual financial statements.

Designing and Performing Review Procedures (Ref: Para. 44)

- A80. The review procedures are designed and performed for the purpose of obtaining sufficient appropriate evidence as the basis for a conclusion on the interim financial information as a whole. The nature and extent of procedures performed are influenced by:
- (a) The requirements of this ISRE; and
 - (b) Requirements established under applicable law or regulation, including additional reporting requirements contained in applicable laws or regulations.
- A81. For group interim review engagements, the planned nature, timing and extent of the procedures for the review are directed at achieving the auditor's objectives for the review engagement stated in this ISRE in the context of the group interim financial information.
- A82. The circumstances of interim review engagements may vary and, accordingly, in certain circumstances the auditor may decide to design and perform procedures other than inquiries, analytical procedures, and the procedures specifically required by this ISRE, to obtain sufficient appropriate evidence as the basis for the auditor's limited assurance conclusion. For example, if the auditor becomes aware of a significant contract when obtaining an understanding of the entity, the auditor may decide to read the contract. The auditor may also determine that such procedures are necessary when attempting to obtain further evidence in accordance with paragraph 90; or when additional procedures are required to be performed in accordance with paragraph 70. The fact that the auditor may deem it necessary to perform other procedures does not alter the auditor's objective of obtaining limited assurance in relation to the interim financial information as a whole.
- A83. While the auditor is not required to corroborate management's responses to inquiries by inspecting documents and records, performing interim review procedures includes a consideration of the reasonableness and consistency of management's responses to other inquiries and the results of other review procedures, and the auditor's understanding of the entity and its environment.
- A84. An interim review does not ordinarily involve performing tests of controls or substantive procedures that would be performed during an audit.
- A85. The auditor may perform certain review procedures before or simultaneously with the entity's preparation of the interim financial information. For example, it may be practicable to update the understanding of the entity and its environment, the applicable financial reporting framework, and the entity's system of internal control, and begin reading applicable minutes before the end of the interim period. Performing some of the review procedures earlier in the interim period may also assist early identification and consideration of significant matters affecting the interim financial information.

Analytical Procedures in an Interim Review Engagement

A86. In a review of interim financial information, performing analytical procedures may assist the auditor in:

- Obtaining or updating the auditor's understanding of the entity and its environment, and identifying areas where material misstatements are likely to arise in the interim financial information.
- Identifying inconsistencies or variances from expected trends, values or norms in the interim financial information, which may indicate that a material misstatement of the interim financial information may exist.
- Obtaining evidence that may corroborate or contradict information in the interim financial information, or be consistent or inconsistent with other evidence obtained.
- Obtaining evidence in accordance with paragraph 70, when the auditor becomes aware of matter(s) that cause the auditor to believe that the interim financial information may be materially misstated.

A87. Various methods may be used to perform analytical procedures. Such methods range from performing simple comparisons and ratio analysis, to using statistical techniques, such as trend analysis or regression analysis. Analytical procedures may be performed manually, or using technological tools. The auditor's use of technological tools to perform analytical procedures does not change the auditor's intended purpose in performing these procedures.

A88. Examples of analytical procedures the auditor may consider when performing a review of interim financial information include:

- Comparing the current period interim financial information with:
 - The interim financial information of the immediately preceding interim period.
 - The interim financial information of the corresponding interim period of the preceding financial year.
 - The interim financial information that was expected by management for the current period, based on forecasts or budgets.
 - The most recent audited annual financial statements.
- Comparing current interim financial information with relevant non-financial information
- Comparing the recorded amounts, or ratios developed from recorded amounts, to expectations about those amounts or ratios, developed by the auditor. The auditor may develop such expectations by identifying and applying relationships that may reasonably be expected to exist based on the auditor's understanding of the entity and of the industry in which the entity operates (see also paragraph A90).
- Comparing ratios and indicators for the current interim period with those of entities in the same industry.

- Comparing relationships among elements in the current interim financial information with corresponding relationships in the interim financial information of prior periods. (e.g., comparing ratios of expenses by type as a percentage of sales, assets by type as a percentage of total assets, or the percentage of change in sales to percentage of change in receivables.)

A89. Such analytical procedures may be performed at a disaggregated level. For example:

- By period (e.g., revenue or expense items, disaggregated into quarterly, monthly, or weekly amounts).
- By different operational activity (e.g., product line or source of revenue.)
- By location (e.g., by geographical region, or by component).
- By attributes of transactions (e.g., revenue from contracts for services, generated by designers, architects, or craftsmen).

A90. When the auditor develops expectations in performing analytical procedures in an interim review engagement, such expectations are ordinarily less precise than those developed when performing substantive analytical procedures in an audit. This is because analytical procedures in an interim review engagement may be designed to support expectations about the direction of trends, relationships and ratios. Examples of sources of information the auditor may use to develop expectations, depending on the engagement circumstances, include:

- Financial information for comparable prior period(s), taking known changes into account.
- Information about expected operating and financial results, such as budgets or forecasts including extrapolations from interim or annual data.
- Relationships among elements of financial information within the period.
- Information regarding the industry in which the entity operates, such as gross margin information, or comparison of the entity's ratio of sales to accounts receivable with industry averages or with other entities of comparable size in the same industry.
- Relationships of financial information with relevant non-financial information, such as payroll costs to number of employees.

Relationship with Procedures for the Audit of the Annual Financial Statements

A91. Certain procedures performed for the purpose of the interim review engagement (e.g., reading the minutes of meetings of the board of directors) may also provide information that is relevant to the audit of the annual financial statements.

A92. In addition, while not required to do so by this ISRE, the auditor may decide to perform, at the time of the interim review, certain procedures that would need to be performed for the purpose of the audit of the annual financial statements, for example, procedures related to:

- (a) Significant or unusual transactions that occurred during the interim period, such as business combinations, restructurings, or significant revenue transactions; or
- (b) Opening balances, when applicable.

In these circumstances, the auditor may also obtain information relevant to the understanding of the entity that may further inform the inquiries, analytical and other review procedures to be performed.

Inquiries (Ref: Para. 45)

A93. The auditor's inquiries are primarily of members of management responsible for financial and accounting matters, but also may include others within the entity, such as IT personnel and in-house legal counsel.

A94. Depending on the engagement circumstances, the auditor may also inquire about, for example:

- Actions taken at meetings of owners, those charged with governance and committees thereof, and proceedings at other meetings, if any, that affect the information and disclosures contained in the interim financial information.
- Communications the entity has received, or expects to receive or obtain, from regulatory agencies.
- Matters identified in the course of applying other procedures.

A95. Examples of significant, unusual or complex transactions, events or matters the auditor may inquire about include:

- Significant changes in the entity's business activities or operations, such as a business combination or disposal of a segment of the business.
- Significant changes to the terms of contracts that materially affect the entity's interim financial information, including terms of finance and debt contracts or covenants.
- Significant transactions occurring or recognized in the interim reporting period, particularly those in the last several days of the interim period or the first several days of the next interim period.
- Material non-monetary transactions, or transactions for no consideration.

A96. The application of professional skepticism in evaluating responses provided by management is important to enable the auditor to evaluate whether there are any matter(s) that would cause the auditor to believe the interim financial information may be materially misstated.

Inquiry concerning litigation or claims (Ref: Para. 45(m))

A97. In an interim review engagement, the auditor is not required to send a letter of inquiry to the entity's legal counsel. However, if a matter comes to the auditor's attention that causes the auditor to believe that the interim financial information may be materially misstated in respect of such matters, and the auditor believes that legal counsel may have relevant information concerning the matter, direct communication with the entity's legal counsel may be appropriate in applying paragraph 70.

Information Used in Performing Analytical Procedures (Ref: Para. 46)

A98. The auditor's consideration of whether information to be used for analytical procedures is adequate for the intended purposes of those procedures is based on the auditor's understanding of the entity and its environment, the applicable financial reporting framework, and the entity's system of internal

control. It is influenced by the nature and source of the information and by the circumstances in which the information is obtained. Relevant considerations may include, for example:

- The source of the information. For example, information may be more reliable when it is obtained from independent sources outside the entity.
- The comparability of the information available. For example, broad industry data may need to be supplemented or be adjusted to be comparable to data of an entity that produces and sells specialized products.
- The nature and relevance of the information available. For example, whether the entity's budgets are established as results to be expected rather than as goals to be achieved.
- The reliability of the information, including the knowledge and expertise involved in the preparation of the information, and related controls that are designed to ensure its integrity (completeness, accuracy and validity). Such controls may include, for example, controls over the preparation, review and maintenance of budgetary information.

Fraud and Non-Compliance with Laws and Regulations (Ref: Para. 52-57)

Fraud (Ref: Para. 54-55)

A99. The procedures performed in accordance with paragraph 54 are for the purpose of helping the auditor evaluate whether the fraud or suspected fraud may have a material effect on the interim financial information. If this evaluation causes the auditor to believe that the interim financial information may be materially misstated, the auditor is required to perform additional procedures in accordance with paragraph 70.

A100. The auditor's understanding obtained in accordance with paragraph 54(a) may indicate that the fraud or suspected fraud is clearly inconsequential. For example, management's follow up on information from the entity's whistleblower program may indicate that the suspected fraud was clearly inconsequential because it was limited to a misappropriation of certain low-value office supplies.

A101. Because fraud involves incentive or pressure to commit fraud, a perceived opportunity to do so or some rationalization of the act, an instance of fraud is unlikely to be an isolated occurrence. Therefore, when a misstatement due to fraud is identified, the reliability of management's responses to inquiries and information obtained from other review procedures, and the reliability of written representations to be obtained in accordance with paragraphs 75 and 76, may be called into question.

Non-compliance with laws and regulations (Ref: Para. 56)

A102. Responding appropriately to non-compliance with laws and regulations, identified during the engagement, may include taking action, such as:

- Discussing the matter with management or those charged with governance, as applicable.
- Requesting the entity to consult with an appropriately qualified third party, such as the entity's legal counsel or a regulator.
- Reading correspondence, if any, with the relevant licensing or regulatory authorities.

- Considering the implications of the matter in relation to other aspects of the interim review engagement, including the auditor's identification of the areas in the interim financial information where material misstatements are likely to arise, and the reliability of written representations from management.
- Considering the implications for the engagement to audit the entity's annual financial statements.
- Obtaining legal advice about the consequences of different courses of action.
- Withdrawing from the engagement, if possible under law or regulation.

Communication with management and those charged with governance and reporting to an appropriate authority (Ref: Para. 57)

A103. In determining the appropriate level of management or those charged with governance with whom to communicate instances of fraud or non-compliance or with laws and regulations, the auditor may consider whether management may have been involved in the fraud or non-compliance with laws and regulations and whether any of those charged with governance are involved in managing the entity.

A104. Relevant ethical requirements may include a requirement to report identified or suspected non-compliance with laws and regulations to an appropriate level of management or those charged with governance. In some jurisdictions, law or regulation may restrict the auditor's communication of certain matters with management or those charged with governance. Law or regulation may specifically prohibit a communication, or other action, that might prejudice an investigation by an appropriate authority into an actual, or suspected illegal act, including alerting the entity. In these circumstances, the issues considered by the auditor may be complex and the auditor may consider it appropriate to obtain legal advice.

A105. The determination required by paragraph 57(b) may involve complex considerations and significant professional judgments. Accordingly, the auditor may consider consulting internally (e.g., within the firm or a network firm) or on a confidential basis with a regulator or professional body (unless doing so is prohibited by law or regulation or would breach the duty of confidentiality). The auditor may also consider obtaining legal advice to understand the auditor's options and the professional or legal implications of taking any particular course of action.

Considerations specific to public sector entities

A106. A public sector auditor may be obliged to report on instances of fraud or suspected fraud or non-compliance or suspected non-compliance with laws and regulations to the legislature or other governing body or to report such instances in the auditor's interim review report.

Going Concern (Ref: Para. 58-65)

A107. Some financial reporting frameworks contain an explicit requirement for management to make a specific assessment of the entity's ability to continue as a going concern when preparing the annual financial statements and include standards regarding matters to be considered and disclosures to be

made in connection with going concern.²¹ The financial reporting framework used to prepare the interim financial information also may require management to make an assessment of the entity's ability to continue as a going concern.

A108. The level of detail and the formality of management's process to extend its assessment of the entity's ability to continue as a going concern to at least twelve months from the date of approval of the interim financial information may vary from entity to entity. If management has chosen not to extend the period of assessment, management and those charged with governance may be able to provide additional information to support the appropriateness of management's use of the going concern basis of accounting in the preparation of the interim financial information. For example, this may be the case when the entity has profitable operations and has no liquidity concerns, and management or those charged with governance have not identified any events or conditions that may cast significant doubt beyond the period of assessment they have chosen.

A109. For purposes of this ISRE, the date of approval of the interim financial information is the date on which those with the recognized authority for the interim financial information determine that the interim financial information is complete and has been prepared in accordance with the applicable financial reporting framework and have asserted that they have taken responsibility for them.

Events or conditions that may cast significant doubt about an entity's ability to continue as a going concern (Ref: Para. 62)

A110. If the inquiries performed in accordance with paragraph 62 indicate that events or conditions that existed at the date of the assessment of the most recent annual financial statements or previous interim review have resolved, the auditor may decide to perform other procedures to obtain additional evidence about their resolution.

Example

In response to the auditor's inquiries, management may explain that a capital raising exercise that was uncertain at the date of the annual financial statements has been completed successfully. The auditor may decide to inspect relevant documentation to obtain evidence about the transaction.

Procedures relating to management's plans to address events or conditions identified (Ref: Para. 63(c))

A111. Evidence obtained through inquiry is often the principal source of evidence about management intent. However, information available to support management's intent may be limited. In that case, understanding management's past history of carrying out its stated intentions, management's stated reasons for choosing a particular course of action, and management's ability to pursue a specific course of action may provide relevant information to corroborate the evidence obtained through inquiry.

A112. The auditor's decision to perform other procedures regarding management's plans is a matter of professional judgment. Such procedures are designed and performed for the purpose of providing the auditor with a basis for the auditor's evaluation in accordance with paragraph 64.

²¹ ISA 570 (Revised 2024), *Going Concern*, paragraph 3

Examples

- When management's plans include obtaining financial support from other parties, the auditor may perform procedures to obtain evidence of the intent and ability of those parties to maintain or provide such support.
- When management's plans involve significant assumptions and complex models, the auditor may recalculate aspects of the model for mathematical accuracy and to obtain evidence that the calculations were applied in accordance with the assumptions and methods selected.

The adequacy of disclosures relating to going concern (Ref: Para. 65)

A113. The adequacy of disclosures is considered in view of the requirements of the applicable financial reporting framework, which may require certain disclosures related to going concern to be made in interim financial information. For example, these may include disclosures of a material uncertainty about the entity's ability to continue as a going concern, or disclosures of significant judgments made by management in concluding that no material uncertainty exists.

A114. If a matter comes to the auditor's attention that causes the auditor to believe that the interim financial information may be materially misstated or misleading in relation to going concern, the auditor is required to perform additional procedures in accordance with paragraph 70.

Using the Work of an Auditor's Expert (Ref: Para. 66)

A115. The auditor may have determined that it is necessary to use the work of an auditor's expert to assist the auditor in obtaining evidence for purposes of the audit of the entity's annual financial statements, or may have used an auditor's expert in past engagements. In these circumstances, the auditor may have previously evaluated the expert's competence, capabilities and objectivity in accordance with the requirements in ISA 620.²² However, the facts and circumstances giving rise to the need to involve an expert in the interim review engagement may be different. Accordingly, paragraph 66(a) requires the auditor to evaluate whether the expert has the necessary competence, capabilities and objectivity for the auditor's purposes in the interim review engagement. In addition, this does not change the requirement in paragraph 66(b) to determine that the work performed by the expert is adequate for purposes of the interim review engagement.

Prohibition on using the work of an auditor's expert (Ref: Para. 67)

A116. Using the work of an auditor's expert that does not have the necessary competence, capabilities, or objectivity for the auditor's purposes would affect the auditor's fulfillment of fundamental ethical principles such as integrity, objectivity, and professional competence and due care.

A117. Relevant ethical requirements may also prohibit the auditor from using the work of an auditor's expert if the auditor is unable to determine whether the expert has, or determines that the expert does not have, the necessary competence, capabilities, or objectivity for the auditor's purposes.²³

²² ISA 620, *Using the Work of an Auditor's Expert*

²³ See, for example, paragraph R390.21 of the IESBA Code related to using the work of an external expert.

Reconciling the Interim Financial Information to the Underlying Accounting Records (Ref: Para 68-69)

A118. The auditor may obtain evidence that the interim financial information agrees with, or reconciles to, the underlying accounting records by tracing the interim financial information to the relevant accounting records, such as the general ledger, or to a summary record or schedule that reflects the agreement or reconciliation of the interim financial information amounts with the underlying accounting records (such as a trial balance).

A119. The extent of the procedures to be performed in accordance with paragraph 69 is a matter of professional judgment, taking into account the auditor's understanding of the entity's process for preparing the interim financial information, and whether a material misstatement of the interim financial information is likely to arise in the consolidation process (e.g., due to issues identified in previous audit or interim review engagements). For example, the auditor may decide that it is appropriate to agree the interim financial information of selected components to the consolidation schedule. If component auditors have been involved in performing review procedures, the auditor may also consider obtaining confirmation from the component auditors that the information included in the consolidation schedule for those components reconciles to the underlying records at those components.

Additional Procedures When the Auditor Becomes Aware that the Interim Financial Information May Be Materially Misstated (Ref: Para. 70)

A120. The auditor's additional procedures when a matter comes to the auditor's attention that causes the auditor to believe that there may be a material misstatement in the interim financial information are a matter of professional judgment and will vary depending on the circumstances.

A121. The auditor's judgment about the nature, timing and extent of additional procedures that are needed to obtain evidence to either conclude that a material misstatement is not likely to exist, or to determine that a material misstatement exists, is guided by factors such as

- Information obtained from the auditor's evaluation of the results of the procedures already performed.
- The auditor's updated understanding of the entity and its environment, the applicable financial reporting framework, and the entity's system of internal control, obtained throughout the course of the engagement.
- The auditor's view on the persuasiveness of evidence that is needed to address the matter that causes the auditor to believe that the interim financial information may be materially misstated.

A122. Additional procedures focus on obtaining sufficient appropriate evidence to enable the auditor to form a conclusion on matters that the auditor believes may cause the interim financial information to be materially misstated. The procedures may include:

- Additional inquiry or analytical procedures, for example, being performed in greater detail or being focused on the affected items (i.e., the amounts or disclosures concerning the affected account balances or class of transactions as reflected in the interim financial information).
- Other types of procedures, for example, inspecting documentation or performing external confirmations.

A123. The auditor may determine that, having performed additional procedures to address a matter in accordance with paragraph 70, it is not possible or practicable to obtain sufficient appropriate evidence that would enable the auditor to either conclude that the matter is unlikely to cause the interim financial information to be materially misstated, or to determine that a material misstatement exists. In such circumstances, the auditor may be unable to conclude that sufficient appropriate evidence has been obtained in accordance with paragraphs 89 and 90. Paragraph 103 establishes requirements that apply when the auditor is unable to obtain sufficient appropriate evidence.

Written Representations (Ref: Para. 75-76)

A124. Written representations are an important source of evidence in an interim review engagement. If management modifies or does not provide the requested written representations, it may alert the auditor to the possibility that one or more significant issues may exist. Further, a request for written, rather than oral, representations in many cases may prompt management to consider such matters more rigorously, thereby enhancing the quality of the representations.

A125. In addition to the written representations required under this ISRE, the auditor may consider it necessary to request other written representations about the interim financial information, for example, to provide the auditor with additional evidence with respect to certain matters reflected in the interim financial information.

A126. In some cases, management may include in the written representations qualifying language to the effect that representations are made to the best of management's knowledge and belief. It is reasonable for the auditor to accept such wording if the auditor is satisfied that the representations are being made by those with appropriate responsibilities and knowledge of the matters included in the representations.

Accumulation and Evaluation of Identified Misstatements (Ref: Para. 81-85)

A127. The auditor may designate an amount below which misstatements would be clearly trivial and would not need to be accumulated because the auditor expects that the accumulation of such amounts clearly would not have a material effect on the interim financial information. In so doing, relevant considerations include the fact that the determination of materiality involves quantitative as well as qualitative considerations, and that misstatements of a relatively small amount could nevertheless have a material effect on the interim financial information.

A128. "Clearly trivial" is not another expression for "not material." Misstatements that are clearly trivial are of a wholly different (smaller) order of magnitude, or of a wholly different nature than those that would be determined to be material, and are misstatements that are clearly inconsequential, whether taken individually or in the aggregate and whether judged by any criteria of size, nature or circumstances. When there is any uncertainty about whether one or more items are clearly trivial, the misstatement is considered not to be clearly trivial.

A129. The auditor's communication with those charged with governance in respect of uncorrected misstatements may include matters such as the reasons for, and the implications of, a failure to correct misstatements, having regard to the size and nature of the misstatement judged in the surrounding circumstances. See also paragraph A62.

A130. The auditor's evaluation of the effect of uncorrected misstatements involves professional judgment and ordinarily takes into account matters such as:

- (a) The nature and amount of the misstatements, including those related to disclosures, and the particular circumstances of their occurrence;
- (b) Whether the misstatements originated in the preceding year or interim period(s) of the current year; and
- (c) The potential effect of the misstatements on future interim or annual periods.

Other Information (Ref: Para. 86-88)

A131. The auditor is required by paragraph 21 to plan and perform the engagement with professional skepticism. Maintaining professional skepticism when reading and considering the other information includes, for example, being alert to information that may be inconsistent with the interim financial information or with the auditor's knowledge about the entity obtained in the interim review engagement or during the previous audits or interim review engagements.

A132. Material inconsistencies between the other information and the interim financial information may be an indication of a material misstatement of the interim financial information, or a material misstatement of the other information. The auditor's discussions in accordance with paragraph 87 enable the auditor to determine, for example, whether additional procedures in accordance with paragraph 70 may be necessary.

A133. If the discussions with management or those charged with governance, as appropriate, or the results of additional procedures performed in the circumstances, indicate that a misstatement exists in the interim financial information, and that misstatement is not corrected by management, such misstatement is evaluated together with any others that have come to the auditor's attention in accordance with paragraph 85.

Material Misstatement of the Other Information

A134. If the discussions with management or those charged with governance, as appropriate, indicate that a material misstatement may exist in the other information, the auditor may request that management or those charged with governance, as appropriate, provide support for the basis of management's statements in the other information. Based on management's further information or explanations, the auditor may be satisfied that the other information is not materially misstated. For example, management explanations may indicate reasonable and sufficient grounds for valid differences of judgment. Conversely, the discussion with management may provide further information that supports that a material misstatement of the other information exists.

A135. A material misstatement of the other information may undermine the credibility of the interim financial information and the auditor's interim review report thereon. In addition, relevant ethical requirements may explicitly require the auditor to avoid being knowingly associated with information that the auditor believes contains a materially false or misleading statement, statements or information provided

recklessly, or omits or obscures required information where such omission or obscurity would be misleading.²⁴

A136. The actions the auditor takes if the other information is not corrected after communicating with management, or when applicable, those charged with governance, are a matter of professional judgment. The auditor may consider whether the rationale given by management and those charged with governance for not making the correction raises doubt about the integrity or honesty of management or those charged with governance, such as when the auditor suspects an intention to mislead. The auditor may also consider it appropriate to seek legal advice. In some cases, the auditor may be required by law, regulation or other professional standards to communicate the matter to a regulator or relevant professional body. Withdrawal from the engagement, where withdrawal is possible under applicable law or regulation, may be appropriate. The auditor also may need to consider the implications for the audit of the entity's annual financial statements and, more broadly, continuance of the relationship with the audit client.

Forming a Conclusion on the Interim Financial Information

Evaluating the Evidence Obtained from the Procedures Performed (Ref: Para. 89-90)

A137. In some circumstances, the auditor may not have obtained the evidence that the auditor had expected to obtain through performing primarily inquiry, analytical and other review procedures, and procedures in this ISRE addressing specific circumstances. This may arise even though the auditor has not become aware of any specific matter(s) that individually caused the auditor to believe the interim financial information may be materially misstated, as addressed in paragraph 70. In these circumstances, the auditor may determine to either extend the procedures already performed, or perform additional procedures as necessary in the circumstances to obtain sufficient appropriate evidence to be able to form a conclusion on whether the interim financial information as a whole is free of material misstatement.

A138. The inability to perform a specific procedure does not constitute a limitation on the scope of the interim review engagement if the auditor is able to obtain sufficient appropriate evidence by performing other procedures. However, if, having performed further procedures as required by paragraph 90, the auditor is unable to obtain sufficient appropriate evidence to form a conclusion, paragraph 103 requires the auditor to express a modified conclusion.

Concluding

Qualitative Aspects of the Entity's Accounting Practices (Ref: Para. 92(b))

A139. In considering the qualitative aspects of the entity's accounting practices, the auditor may become aware of possible bias in management's judgments. The auditor may conclude that the cumulative effect of a lack of neutrality, together with the effect of apparent uncorrected misstatements causes the interim financial information as a whole to be materially misstated. Indicators of a lack of neutrality that may affect the auditor's evaluation of whether the financial statements as a whole may be materially misstated include:

²⁴ See, for example, paragraph R111.2 of the IESBA Code.

- The selective correction of apparent misstatement brought to management's attention during the interim review (e.g., correcting misstatements with the effect of increasing reported earnings, but not correcting misstatements that have the effect of decreasing reported earnings).
- Possible management bias in the making of accounting estimates. Indicators of possible management bias do not necessarily mean there are possible misstatements for purposes of considering the reasonableness of individual accounting estimates (see also paragraph 92(d)(iv)). They may, however, affect the auditor's evaluation of whether the interim financial information as a whole may be materially misstated.

Description of the Applicable Financial Reporting Framework (Ref: Para. 92(c))

A140. The description of the applicable financial reporting framework in the interim financial information informs intended users of the interim financial information about the framework on which the interim financial information is based. If the interim financial information is prepared for a special purpose, a description of the special purpose financial reporting framework used informs intended users that the special purpose interim financial information may not be appropriate for any other use.

A141. A description of the applicable financial reporting framework that contains imprecise qualifying or limiting language (e.g., "the financial statements are in substantial compliance with IFRS Accounting Standards issued by the International Accounting Standards Board") is not an adequate description of that framework as it may mislead intended users of the interim financial information.

Disclosure of Effects of Material Transactions and Events on Information Conveyed in Interim Financial Information (Ref: Para. 92(d)(vi), 93)

A142. In the case of interim financial information prepared in accordance with the requirements of a fair presentation framework, management may need to include additional disclosures in the interim financial information beyond those specifically required by the applicable financial reporting framework or, in extremely rare circumstances, to depart from a requirement in the framework, in order to achieve the fair presentation of the interim financial information.

A143. It will be extremely rare for the auditor to consider interim financial information prepared in accordance with a compliance framework to be misleading if the auditor has determined at the time of engagement acceptance that the framework is acceptable.

Taking Overall Responsibility for Managing and Achieving Quality (Ref: Para. 94)

A144. When making the determinations in accordance with paragraph 94, the engagement partner may consider, for example, how requirements of this ISRE have been complied with given the nature and circumstances of the interim review engagement, and how the engagement documentation evidences the engagement partner's involvement throughout the engagement.

A145. Indicators that the engagement partner may not have been sufficiently and appropriately involved may include, for example:

- Lack of timely review by the engagement partner of the risk assessment procedures performed and the planned inquiries, analytical procedures and other review procedures.

- Evidence that those to whom tasks, actions or procedures have been assigned were not adequately informed about the nature of their responsibilities and authority, the scope of the work being assigned and the objectives thereof, and were not provided other necessary instructions and relevant information.
- A lack of evidence of the engagement partner's direction and supervision of the other members of the engagement team and the review of their work, including, when relevant, component auditors in a group interim review engagement.

Preparing the Auditor's Interim Review Report (Ref: Para. 95)

A146. A written report encompasses reports issued in hard copy format and those using an electronic medium. Appendix 1 contains illustrations of auditor's interim review reports that reflect examples of possible circumstances set out in paragraphs 95-107.

Title (Ref: Para. 95(a))

A147. A title indicating the report is the report of an independent auditor, for example, "Independent Auditor's Interim Review Report," affirms that the auditor has met all of the relevant ethical requirements regarding independence and, therefore, distinguishes the independent auditor's interim review report from reports issued by others.

Addressee(s) (Ref: Para. 95(b))

A148. Law or regulation may specify to whom the auditor's interim review report is to be addressed in a particular jurisdiction. The auditor's interim review report is normally addressed to those for whom the report is prepared, often either the shareholders or those charged with governance of the entity whose interim financial information is being reviewed.

Identification of the Interim Financial Information Reviewed (Para. 95(c)(iii))

A149. When the auditor is aware that the interim financial information that has been reviewed will be included in a document that contains other information, the auditor may consider, if the form of presentation allows, identifying the page numbers on which the interim financial information that has been reviewed is presented. This helps users to identify the interim financial information to which the auditor's interim review report relates.

Reference to the Applicable Financial Reporting Framework (Ref: Para. 95(c)(v)b)

A150. The identification of the applicable financial reporting framework in the auditor's conclusion on the interim financial information is intended to advise users of the interim review report of the context in which that conclusion is expressed. It is not intended to limit the determination required by paragraph 25(a).

A151. The applicable financial reporting framework is identified in such terms as:

- "... in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board;"
- "... in accordance with accounting principles generally accepted in Jurisdiction X ..."

A152. When the applicable financial reporting framework encompasses financial reporting standards and legal or regulatory requirements, the framework is identified in terms such as "... in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of Jurisdiction X Corporations Act."

Basis for Conclusion (Ref: Para. 95(d))

A153. The reference to the standard used by the auditor for the review of interim financial information conveys to the users of the auditor's interim review report that the interim review engagement has been conducted in accordance with established standards.

A154. The auditor's interim review report states that the auditor's responsibility is to express a conclusion on the interim financial information based on the review performed, to contrast the auditor's responsibility with management's responsibility for preparation of the interim financial information.

A155. The description of the nature of an interim review engagement in the auditor's interim review report explains the scope and limitations of the engagement for the benefit of the readers of the report. This explanation clarifies, for avoidance of doubt, that the interim review engagement is not an audit and that accordingly, the auditor does not express an audit opinion on the interim financial information.

Management's Responsibility for the Interim Financial Information (Ref: Para. 95(f))

A156. The description of management's responsibilities in the auditor's interim review report provides context for readers of the report about management's responsibilities as they relate to the engagement performed.

A157. The auditor's interim review report need not refer specifically to "management" but instead may use the term that is appropriate in the context of the legal framework in the particular jurisdiction. In some jurisdictions, the appropriate reference is to those charged with governance of the entity.

A158. There may be circumstances when it is appropriate for the auditor to add to the description of management's responsibilities as described in this ISRE, to reflect additional responsibilities that are relevant to the preparation of the interim financial information in the context of a jurisdiction, or due to the type of entity.

A159. In some jurisdictions, law or regulation prescribing management's responsibilities may specifically refer to a responsibility for the adequacy of the accounting books and records, or accounting system. As books, records and systems are an integral part of internal control, this ISRE does not use these descriptions or make any specific reference to them.

Signature of the Auditor (Ref: Para. 95(g))

A160. The auditor's signature is either in the name of the audit firm, the personal name of the auditor, or both, as appropriate. In addition to the auditor's signature, the auditor may be required to state in the auditor's interim review report the auditor's professional accountancy designation or the fact that the auditor or firm, as appropriate, has been recognized by the appropriate licensing authority.

A161. In some cases, law or regulation may allow for the use of electronic signatures in the auditor's interim review report.

Name of the Engagement Partner (Ref: Para. 96)

A162. ISA 700 (Revised) explains that law, regulation or national auditing standards may also require that the auditor's report include the name of the engagement partner responsible for audits other than those of financial statements of publicly traded entities. This may also be the case for the auditor's interim review report on the interim financial information of entities that are not publicly traded entities. ISA 700 (Revised) provides additional guidance that may be useful in those circumstances, including the rare circumstances in which disclosure of the name of the engagement partner may lead to a significant personal security threat.²⁵

Expressing the Auditor's Interim Review Conclusion

Unmodified Conclusion (Ref: Para. 98)

A163. In the case of interim financial information prepared in accordance with a fair presentation framework, the "[...]" in paragraph 98(a) is replaced with a description of the matters that the interim financial information is designed to present. For example, in the case of interim financial statements prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board, the "[...]" would be replaced with a reference to *the financial position of the entity as at the end of the period and the entity's financial performance and cash flows for the period then ended*.

A164. Whether the phrase "present fairly, in all material respects," or the phrase "gives a true and fair view" is used in a particular jurisdiction is determined by the law or regulation governing the review of the interim financial information in that jurisdiction, or by generally accepted practice in that jurisdiction. If law or regulation requires the use of different wording, this does not affect the requirement in this ISRE for the auditor to evaluate the fair presentation of the interim financial information prepared in accordance with a fair presentation framework.

Modified Conclusion (Ref: Para. 99)

A165. If the auditor expresses a modified conclusion and management issues the interim financial information without including the modified interim review report in the document containing the interim financial information, the auditor may consider seeking legal advice to determine the appropriate course of action in the circumstances, or the possibility of resigning from the appointment to audit the annual financial statements.

Interim financial information is materially misstated (Ref: Para. 101)

A166. Examples of a qualified conclusion on the interim financial information due to a material misstatement: (Ref: Para. 101(a))

- (a) For a fair presentation framework – "Based on our review, except for the effects of the matter(s) described in the Basis for Qualified Conclusion section, nothing has come to our attention that causes us to believe that the interim financial information does not present fairly, in all material respects, [...] in accordance with [the applicable financial reporting framework]"; or

²⁵ ISA 700 (Revised), *Forming an Opinion and Reporting on Financial Statements*, paragraphs A63-A64

- (b) For a compliance framework – “Based on our review, except for the effects of the matter(s) described in the Basis for Qualified Conclusion section, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with [the applicable financial reporting framework].”

A167. Examples of an adverse conclusion on the interim financial information due to a material misstatement: (Ref: Para. 101(b))

- (a) For a fair presentation framework - “Based on our review, due to the significance of the matter(s) described in the Basis for Adverse Conclusion section, the interim financial information does not present fairly, in all material respects, ... in accordance with [the applicable financial reporting framework];” or
- (b) For a compliance framework - “Based on our review, due to the significance of the matter(s) described in the Basis for Adverse Conclusion section, the interim financial information is not prepared, in all material respects, in accordance with [the applicable financial reporting framework].”

A168. Disclosing the omitted information within the Basis for Conclusion section would not be practicable if:

- (a) The disclosures have not been prepared by management or the disclosures are otherwise not readily available to the auditor; or
- (b) In the auditor's judgment, the disclosures would be unduly voluminous in the auditor's interim review report.

Inability to obtain sufficient appropriate evidence (Ref: Para 103-105)

A169. Example wording for a qualified conclusion due to an inability to obtain sufficient appropriate evidence is the same as in paragraphs A166(a) and (b), except that the word “effects” would be replaced with “possible effects.”

A170. In the circumstances described by paragraph 105, the auditor may also need to consider the implications for the audit of the entity's annual financial statements and, more broadly, continuance of the relationship with the audit client.

A171. Withdrawal from the interim review engagement may not be possible, for example, because there is a legal or regulatory requirement for the auditor to issue an interim review report. If the auditor has substantially completed the interim review, the auditor may decide to complete the review to the extent possible, disclaim a conclusion and explain the scope limitation in the Basis for Disclaimer of Conclusion section of the interim review report, in addition to communicating these matters to those charged with governance in accordance with paragraph 38.

Disclaimer of conclusion – multiple uncertainties (Ref: Para. 106)

A172. In extremely rare circumstances involving multiple uncertainties, the auditor may conclude that, notwithstanding having obtained sufficient appropriate evidence regarding each of the individual uncertainties, it is not possible to form a conclusion on the interim financial information as a whole

due to the potential interaction of the uncertainties and the possible cumulative effect on the interim financial information.

Going Concern (Ref: Para. 108-114)

A173. The information required by paragraphs 108-114 represents the minimum information that is to be presented in the auditor's interim review report in each of the circumstances described. The auditor may provide additional information, for example, drawing attention to key aspects of the related disclosure(s), such as management's judgments. Illustrations 1 and 2 in Appendix 2 provide examples of the Going Concern section of the interim review report in the circumstances described in paragraphs 109 and 110 respectively. Appendix 1 includes illustrative interim review reports containing examples of the Going Concern section in the circumstances described in paragraphs 108 (see illustrations 1-3 and 5-6) and 112 (see illustration 4).

Other Circumstances Related to Going Concern (Ref: Para. 111)

A174. Circumstances in which the auditor may consider that it is appropriate to draw users' attention to a matter related to going concern, other than a material uncertainty, may include:

- The auditor's report on the most recent annual financial statements of the entity included a Material Uncertainty Related to Going Concern section, and the events or conditions that led the auditor to conclude that a material uncertainty existed at that date have been resolved in the interim period, and the resolution has been disclosed in the interim financial information in accordance with the applicable financial reporting framework.
- Significant judgments were made by management in concluding that there is no material uncertainty at the interim reporting date related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern, and adequate disclosure about such judgments was provided in the interim financial information in accordance with the requirements of the applicable financial reporting framework. Illustration 3 in Appendix 2 provides an example of the Going Concern section of the interim review report in these circumstances.

A175. If the auditor's evaluation in accordance with paragraph 65 indicates that a disclosure about significant judgments made by management in concluding that there is no material uncertainty is inadequate, and the auditor determines that the interim financial information is materially misstated, the auditor is required to express a modified conclusion in accordance with paragraph 99(a). In such circumstances, the requirements in paragraph 108 apply and the auditor may also include a reference to the Basis for Qualified Conclusion section from within the Going Concern section.

Considerations If the Auditor Disclaims a Conclusion on the Interim Financial Information (Ref: Para. 114)

A176. Including a separate section on going concern in the auditor's interim review report when the auditor disclaims a conclusion on the interim financial information would be inconsistent with the disclaimer of conclusion on the interim financial information as a whole, and may suggest that the interim financial information is more credible in relation to those matters.

Other Reporting Responsibilities (Ref: Para. 115)

- A177. In some jurisdictions, the auditor may have additional responsibilities to report on other matters that are supplementary to the auditor's responsibility under this ISRE. Law or regulation may require or permit the auditor to report on these other responsibilities within the auditor's interim review report, or in a separate report.
- A178. If required or permitted to report on these other responsibilities in the auditor's interim review report, creating separate sections in the report for the "Report on the Interim Financial Information" and the "Report on Other Legal and Regulatory Requirements" clearly distinguishes the auditor's responsibility under this ISRE to report on the interim financial information from other responsibilities. Such a separate section may contain sub-heading(s) that describe(s) the content of the other reporting responsibility paragraph(s).

Date of the Auditor's Review Report (Ref: Para. 95(i), 116)

- A179. The date of the auditor's interim review report informs intended users that the auditor has considered the effect of events and transactions of which the auditor became aware and that occurred up to that date.
- A180. Since the auditor's conclusion is provided on the interim financial information and the interim financial information is the responsibility of management, the auditor is not in a position to conclude that sufficient appropriate evidence has been obtained until evidence is obtained that all the statements and disclosures that comprise the interim financial information have been prepared and management has accepted responsibility for them.
- A181. Law or regulation may identify the individuals or bodies (e.g., the directors) that are responsible for concluding that all the statements and disclosures that comprise the interim financial information have been prepared, and may specify the necessary approval process. In such cases, evidence is obtained of that approval before dating the review report on the interim financial information. However, the approval process may not be prescribed in law or regulation. In such cases, the auditor may consider the procedures the entity follows in preparing and finalizing its interim financial information, in view of its management and governance structures, to identify the individuals or body with the authority to conclude that all the statements and disclosures that comprise the interim financial information, including the related notes, have been prepared.
- A182. Paragraph A109 explains the date of approval of the interim financial information for purposes of this ISRE.

Auditor's Review Report Prescribed by Law or Regulation (Ref: Para. 31-32, 95)

- A183. When specific requirements in a particular jurisdiction do not conflict with this ISRE, adoption of the layout and wording used in this ISRE assists intended users of the auditor's review report to more readily recognize the auditor's interim review report as a report on a review of interim financial information, conducted in accordance with this ISRE. Paragraphs 31-32 address circumstances in which law or regulation prescribes the layout or wording of the auditor's interim review report in terms that are significantly different from the requirements of this ISRE.

Documentation

Form, Content and Extent of Engagement Documentation (Ref: Para. 120-123)

A184. An important factor in determining the form, content and extent of engagement documentation related to significant matters arising during the engagement is the extent to which the matters involved the exercise of professional judgment. Documenting significant professional judgments made serves to explain the auditor's conclusions, and to reinforce the quality of the judgments and support the auditor's overall conclusion on the interim financial information.

Assembly of the Engagement Documentation (Ref: Para. 124-125)

A185. The firm's policies or procedures may address the assembly of engagement documentation, including that engagement documentation is assembled on a timely basis after the date of the auditor's interim review report, and is appropriately maintained and retained to meet the needs of the firm and comply with law, regulation, relevant ethical requirements, or professional standards.²⁶

A186. Such policies or procedures may also include specific considerations for the auditor to address when audit procedures for the annual financial statements are performed concurrently with the review of interim financial information (see paragraph A92). Maintaining separate documentation for each engagement allows the auditor to clearly distinguish the evidence obtained from procedures performed for purposes of the respective engagements. This separation assists the auditor with complying with paragraph 120, which specifies that the documentation for the interim review engagement evidences the basis for the auditor's limited assurance conclusion.

²⁶ ISQM 1, paragraph 31(f)

Appendix 1

(Ref: Para. A146)

Illustrations of Independent Auditor's Reports on Interim Financial Information

- **Illustration 1:** An interim review report on the condensed consolidated interim financial information of a publicly traded entity (a group) containing an unmodified conclusion. The interim financial information was prepared in accordance with a fair presentation framework.
- **Illustration 2:** An interim review report on the condensed interim financial information of an entity other than a publicly traded entity containing an unmodified conclusion. The interim financial information was prepared in accordance with a compliance framework.
- **Illustration 3:** An interim review report on the condensed consolidated interim financial information of a publicly traded entity (a group) prepared in accordance with a fair presentation framework. The auditor's report contains a qualified conclusion due to a material misstatement of the interim financial information. The auditor concluded that the misstatement was material but not pervasive to the interim financial information as a whole.
- **Illustration 4:** An interim review report on the condensed interim financial information of a publicly traded entity prepared in accordance with a fair presentation framework. The auditor's report contains a qualified conclusion due to inadequate disclosure of a material uncertainty related to going concern. The auditor concluded that the effects of the inadequate disclosure are material but not pervasive to the interim financial information as a whole.
- **Illustration 5:** An interim review report on the condensed interim financial information of a publicly traded entity prepared in accordance with a fair presentation framework. The auditor's report contains a qualified conclusion due to an inability to obtain sufficient appropriate evidence. The auditor concluded that the possible effects of the inability to obtain sufficient appropriate evidence could be material but not pervasive to the interim financial information as a whole.
- **Illustration 6:** An interim review report on the interim financial information of an entity other than a publicly traded entity prepared in accordance with a compliance framework. The auditor's report contains an adverse conclusion due to the non-consolidation of subsidiaries required to be consolidated in accordance with the applicable financial reporting framework. The auditor concluded that the effects were material and pervasive to the interim financial information as a whole.

Illustration 1 – An Interim Review Report on the Condensed Consolidated Interim Financial Information of a Publicly Traded Entity Prepared in Accordance with a Fair Presentation Framework Containing an Unmodified Conclusion

For purposes of this illustrative interim review report, the following circumstances are assumed:

- Review of the condensed consolidated interim financial information of a publicly traded entity prepared in accordance with a fair presentation framework. The entity is a group.
- The terms of the engagement reflect the description of management's responsibility for the interim financial information in paragraph 25(b) of this ISRE.
- Based on the evidence obtained, nothing has come to the auditor's attention that caused the auditor to believe that the interim financial information is not prepared, in all material respects, in accordance with the applicable financial reporting framework (i.e., an unmodified conclusion is appropriate).
- The relevant ethical requirements that apply to the interim review engagement comprise the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code). The IESBA Code requires the auditor to publicly disclose that the independence requirements applicable to audits or reviews of public interest entities were applied.
- Based on the evidence obtained, nothing has come to the auditor's attention that caused the auditor to believe that management's use of the going concern basis of accounting in the preparation of the consolidated interim financial information is inappropriate. In addition, nothing has come to the auditor's attention to indicate that a material uncertainty related to going concern exists in the interim period.
- In addition to the review of the consolidated interim financial information, the auditor has other reporting responsibilities required under local law or regulation.

INDEPENDENT AUDITOR'S INTERIM REVIEW REPORT

To [Appropriate Addressee]

Report on the Review of the Consolidated Interim Financial Information²⁷

Conclusion

We have reviewed the accompanying consolidated interim financial information of ABC Company (the Company) and its subsidiaries (the Group), which comprises the condensed²⁸ consolidated statement of financial position as at March 31, 20X1, and the related condensed consolidated statements of comprehensive income, changes in equity and cash flows for the three-month period then ended, and the notes to the consolidated interim financial information, including material accounting policy information.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information does not [*either* "present fairly, in all material respects," *or* "give a true and fair view of"] the consolidated financial position of the Group as at March 31, 20X1, and [of] its consolidated financial performance and its consolidated cash flows for the three-month period then ended, in accordance with [the applicable financial reporting framework].

Basis for Conclusion

We conducted our review in accordance with ISRE 2410 (Revised) *Review of Interim Financial Information Performed by the Independent Auditor of the Entity's Annual Financial Statements*. We are responsible for expressing a conclusion on the consolidated interim financial information based on our review. A review of interim financial information performed in accordance with this ISRE is a limited assurance engagement. A review involves performing procedures, primarily consisting of inquiries and analytical procedures, and evaluating the evidence obtained. The procedures performed in a review of interim financial information vary in nature and timing from, and are less in extent than, those performed in an audit conducted in accordance with International Standards on Auditing. Consequently, a review of interim financial information does not enable us to become aware of all significant matters that might be identified in an audit. Accordingly, the level of assurance obtained in a review of interim financial information is substantially lower than in an audit, and therefore we do not express an audit opinion on the consolidated interim financial information.

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), as applicable to audits or reviews of public interest entities, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

²⁷ The sub-title "Report on the Review of the Consolidated Interim Financial Information" is unnecessary in circumstances when the second sub-title "Report on Other Legal and Regulatory Requirements" is not applicable. See paragraph A178.

²⁸ If the interim financial information comprises a complete set of interim financial statements, the references to "condensed" in the Conclusion section of the interim review report would be excluded.

Going Concern

In the context of our review of the consolidated interim financial information, and in forming our conclusion thereon, nothing has come to our attention that causes us to believe that management's use of the going concern basis of accounting in the preparation of the consolidated interim financial information is inappropriate. Based on the evidence obtained, nothing has come to our attention to indicate that a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern.

Our statements are based on the evidence obtained up to the date of our interim review report and are not a guarantee as to the Group's ability to continue as a going concern.

Management's Responsibility for the Consolidated Interim Financial Information

Management is responsible for the preparation and fair presentation of the consolidated interim financial information in accordance with [the applicable financial reporting framework] and for such internal control as management determines is necessary to enable the preparation and fair presentation of consolidated interim financial information that is free from material misstatement, whether due to fraud or error.

In preparing the consolidated interim financial information, management is responsible for assessing the Group's ability to continue as a going concern, as well as disclosing, if applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Report on Other Legal and Regulatory Requirements

[The form and content of this section of the interim review report would vary depending on the nature of the auditor's other reporting responsibilities prescribed by local law, regulation, or national auditing standards.]

The engagement partner on the engagement resulting in this independent auditor's interim review report is [name].

[Auditor's signature]

[Auditor's address]

[Date of the auditor's interim review report]

Illustration 2 – An Interim Review Report on the Condensed Interim Financial Information of an Entity Other Than a Publicly Traded Entity Prepared in Accordance with a Compliance Framework Containing an Unmodified Conclusion

For purposes of this illustrative interim review report, the following circumstances are assumed:

- Review of the condensed interim financial information of an entity other than a publicly traded entity prepared in accordance with a compliance framework. The entity is not a group.
- The terms of the engagement reflect the description of management's responsibility for the interim financial information in paragraph 25(b) of this ISRE.
- Based on the evidence obtained, nothing has come to the auditor's attention that caused the auditor to believe that the interim financial information is not prepared, in all material respects, in accordance with the applicable financial reporting framework (i.e., an unmodified conclusion is appropriate).
- The relevant ethical requirements that apply to the interim review engagement comprise the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), together with the ethical requirements relating to the audit in the jurisdiction, and the auditor refers to both.
- Based on the evidence obtained, nothing has come to the auditor's attention that caused the auditor to believe that management's use of the going concern basis of accounting in the preparation of the interim financial information is inappropriate. In addition, nothing has come to the auditor's attention to indicate that a material uncertainty related to going concern exists in the interim period.
- In addition to the review of the interim financial information, the auditor has other reporting responsibilities required under local law or regulation.

INDEPENDENT AUDITOR'S INTERIM REVIEW REPORT

To [Appropriate Addressee]

Report on the Review of the Interim Financial Information²⁹

Conclusion

We have reviewed the accompanying interim financial information of ABC Company (the Company), which comprises the condensed³⁰ statement of financial position as at March 31, 20X1, and the related condensed statements of comprehensive income, changes in equity and cash flows for the three-month period then ended, and the notes to the interim financial information, including material accounting policy information.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with [the applicable financial reporting framework].

Basis for Conclusion

We conducted our review in accordance with ISRE 2410 (Revised) *Review of Interim Financial Information Performed by the Independent Auditor of the Entity's Annual Financial Statements*. We are responsible for expressing a conclusion on the interim financial information based on our review. A review of interim financial information performed in accordance with this ISRE is a limited assurance engagement. A review involves performing procedures, primarily consisting of inquiries and analytical procedures, and evaluating the evidence obtained. The procedures performed in a review of interim financial information vary in nature and timing from, and are less in extent than, those performed in an audit conducted in accordance with International Standards on Auditing. Consequently, a review of interim financial information does not enable us to become aware of all significant matters that might be identified in an audit. Accordingly, the level of assurance obtained in a review of interim financial information is substantially lower than in an audit, and therefore we do not express an audit opinion on the interim financial information.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), together with the ethical requirements that are relevant to interim review engagements in [jurisdiction], and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Going Concern

In the context of our review of the interim financial information, and in forming our conclusion thereon, nothing has come to our attention that causes us to believe that management's use of the going concern basis of accounting in the preparation of the interim financial information is inappropriate. Based on the evidence obtained, nothing has come to our attention to indicate that a material uncertainty exists related

²⁹ The sub-title "Report on the Review of the Interim Financial Information" is unnecessary in circumstances when the second sub-title "Report on Other Legal and Regulatory Requirements" is not applicable. See paragraph A178.

³⁰ If the interim financial information comprises a complete set of interim financial statements, the references to "condensed" in the Conclusion section of the interim review report would be excluded.

to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

Our statements are based on the evidence obtained up to the date of our interim review report and are not a guarantee as to the Company's ability to continue as a going concern.

Management's Responsibility for the Interim Financial Information

Management is responsible for the preparation of the interim financial information in accordance with [the applicable financial reporting framework] and for such internal control as management determines is necessary to enable the preparation of interim financial information that is free from material misstatement, whether due to fraud or error.

In preparing the interim financial information, management is responsible for assessing the Company's ability to continue as a going concern, as well as disclosing, if applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Report on Other Legal and Regulatory Requirements

[The form and content of this section of the interim review report would vary depending on the nature of the auditor's other reporting responsibilities prescribed by local law, regulation, or national auditing standards.]

The engagement partner on the engagement resulting in this independent auditor's interim review report is [name].

[Auditor's signature]

[Auditor's address]

[Date of the auditor's interim review report]

Illustration 3 – An Interim Review Report on the Condensed Consolidated Interim Financial Information of a Publicly Traded Entity Containing a Qualified Conclusion Due to a Material Misstatement

For purposes of this illustrative interim review report, the following circumstances are assumed:

- Review of the condensed consolidated interim financial information of a publicly traded entity prepared in accordance with a fair presentation framework. The entity is a group.
- The terms of the engagement reflect the description of management's responsibility for the interim financial information in paragraph 25(b) of this ISRE.
- The auditor has concluded that the interim financial information is materially misstated due to a departure from the applicable financial reporting framework related to the non-capitalization of certain lease obligations. A qualified conclusion is being expressed because the auditor concluded that the effects on the interim financial information are material but not pervasive to the interim financial information as a whole.
- The relevant ethical requirements that apply to the interim review engagement comprise the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code). The IESBA Code requires the auditor to publicly disclose that the independence requirements applicable to audits or reviews of public interest entities were applied.
- Based on the evidence obtained, nothing has come to the auditor's attention that caused the auditor to believe that management's use of the going concern basis of accounting in the preparation of the consolidated interim financial information is inappropriate. In addition, nothing has come to the auditor's attention to indicate that a material uncertainty related to going concern exists in the interim period.
- In addition to the review of the consolidated interim financial information, the auditor has other reporting responsibilities required under local law or regulation.

INDEPENDENT AUDITOR'S INTERIM REVIEW REPORT

To [Appropriate Addressee]

Report on the Review of the Consolidated Interim Financial Information³¹

Qualified Conclusion

We have reviewed the accompanying consolidated interim financial information of ABC Company (the Company) and its subsidiaries (the Group), which comprises the condensed³² consolidated statement of financial position as at March 31, 20X1, and the related condensed consolidated statements of comprehensive income, changes in equity and cash flows for the three-month period then ended, and the notes to the consolidated interim financial information, including material accounting policy information.

Based on our review, except for the matter described in the Basis for Qualified Conclusion section of our report, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information does not [*either* "present fairly, in all material respects," *or* "give a true and fair view of"] the consolidated financial position of the Group as at March 31, 20X1, and [of] its consolidated financial performance and its consolidated cash flows for the three-month period then ended, in accordance with [the applicable financial reporting framework].

Basis for Qualified Conclusion

Based on information provided to us by management, the consolidated interim financial information excludes certain lease obligations that we believe should be capitalized to conform with [the applicable financial reporting framework]. If these lease obligations were capitalized at March 31, 20X1, property would be increased by xxx, long-term debt by xxx, and net income and earnings per share would be increased (decreased) by xxx and xxx, respectively, for the three-month period then ended.

We conducted our review in accordance with ISRE 2410 (Revised) *Review of Interim Financial Information Performed by the Independent Auditor of the Entity's Annual Financial Statements*. We are responsible for expressing a conclusion on the consolidated interim financial information based on our review. A review of interim financial information performed in accordance with this ISRE is a limited assurance engagement. A review involves performing procedures, primarily consisting of inquiries and analytical procedures, and evaluating the evidence obtained. The procedures performed in a review of interim financial information vary in nature and timing from, and are less in extent than, those performed in an audit conducted in accordance with International Standards on Auditing. Consequently, a review of interim financial information does not enable us to become aware of all significant matters that might be identified in an audit. Accordingly, the level of assurance obtained in a review of interim financial information is substantially lower than in an audit, and therefore we do not express an audit opinion on the consolidated interim financial information.

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International*

³¹ The sub-title "Report on the Review of the Consolidated Interim Financial Information" is unnecessary in circumstances when the second sub-title "Report on Other Legal and Regulatory Requirements" is not applicable. See paragraph A178.

³² If the interim financial information comprises a complete set of interim financial statements, the references to "condensed" in the Conclusion section of the interim review report would be excluded.

Independence Standards) (IESBA Code), as applicable to audits or reviews of public interest entities, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our qualified conclusion.

Going Concern

In the context of our review of the consolidated interim financial information, and in forming our conclusion thereon, nothing has come to our attention that causes us to believe that management's use of the going concern basis of accounting in the preparation of the consolidated interim financial information is inappropriate. Based on the evidence obtained, nothing has come to our attention to indicate that a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern.

Our statements are based on the evidence obtained up to the date of our interim review report and are not a guarantee as to the Group's ability to continue as a going concern.

Management's Responsibility for the Consolidated Interim Financial Information

Management is responsible for the preparation and fair presentation of the consolidated interim financial information in accordance with [the applicable financial reporting framework] and for such internal control as management determines is necessary to enable the preparation and fair presentation of consolidated interim financial information that is free from material misstatement, whether due to fraud or error.

In preparing the consolidated interim financial information, management is responsible for assessing the Group's ability to continue as a going concern, as well as disclosing, if applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Report on Other Legal and Regulatory Requirements

[The form and content of this section of the interim review report would vary depending on the nature of the auditor's other reporting responsibilities prescribed by local law, regulation, or national auditing standards.]

The engagement partner on the engagement resulting in this independent auditor's interim review report is [name].

[Auditor's signature]

[Auditor's address]

[Date of the auditor's interim review report]

Illustration 4 – An Interim Review Report on the Condensed Interim Financial Information of a Publicly Traded Entity Containing a Qualified Conclusion Due to Inadequate Disclosure of Material Uncertainty Related to Going Concern

For purposes of this illustrative interim review report, the following circumstances are assumed:

- Review of the condensed interim financial information of a publicly traded entity prepared in accordance with a fair presentation framework. The entity is not a group.
- The terms of the engagement reflect the description of management's responsibility for the interim financial information in paragraph 25(b) of this ISRE.
- The relevant ethical requirements that apply to the interim review engagement comprise the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code). The IESBA Code requires the auditor to publicly disclose that the independence requirements applicable to audits or reviews of public interest entities were applied.
- Based on the evidence obtained, the auditor's evaluation has indicated that a material uncertainty related to going concern exists. Note C to the interim financial information indicates that the Company's financing arrangements are set to expire and that the Company has been unable to conclude renegotiations or obtain replacement financing. However, the interim financial information does not include a discussion of the impact or the availability of refinancing or characterize this situation as a material uncertainty.
- The interim financial information is materially misstated due to the inadequate disclosure of the material uncertainty related to going concern. A qualified conclusion is being expressed because the auditor concluded that the effects on the interim financial information of this inadequate disclosure are material but not pervasive to the interim financial information as a whole.
- Based on the evidence obtained, nothing has come to the auditor's attention that caused the auditor to believe that management's use of the going concern basis of accounting in the preparation of the interim financial information is inappropriate.
- In addition to the review of the interim financial information, the auditor has other reporting responsibilities required under local law or regulation.

INDEPENDENT AUDITOR'S INTERIM REVIEW REPORT

To [Appropriate Addressee]

Report on the Review of the Interim Financial Information³³

Qualified Conclusion

We have reviewed the accompanying interim financial information of ABC Company (the Company), which comprises the condensed³⁴ statement of financial position as at March 31, 20X1, and the related condensed statements of comprehensive income, changes in equity and cash flows for the three-month period then ended, and the notes to the interim financial information, including material accounting policy information.

Based on our review, except for the incomplete disclosure of the information referred to in the Basis for Qualified Conclusion section of our report, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not [*either* “present fairly, in all material respects,” *or* “give a true and fair view of”] the financial position of ABC Company as at March 31, 20X1, and [of] its financial performance and its cash flows for the three-month period then ended, in accordance with [the applicable financial reporting framework].

Basis for Qualified Conclusion

As disclosed in Note C in the accompanying interim financial information, the Company's financing arrangements expire and amounts outstanding are payable on March 19, 20X2. The Company has been unable to conclude renegotiations or obtain replacement financing. This situation indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. The interim financial information does not adequately disclose this matter.

We conducted our review in accordance with ISRE 2410 (Revised) *Review of Interim Financial Information Performed by the Independent Auditor of the Entity's Annual Financial Statements*. We are responsible for expressing a conclusion on the interim financial information based on our review. A review of interim financial information performed in accordance with this ISRE is a limited assurance engagement. A review involves performing procedures, primarily consisting of inquiries and analytical procedures, and evaluating the evidence obtained. The procedures performed in a review of interim financial information vary in nature and timing from, and are less in extent than, those performed in an audit conducted in accordance with International Standards on Auditing. Consequently, a review of interim financial information does not enable us to become aware of all significant matters that might be identified in an audit. Accordingly, the level of assurance obtained in a review of interim financial information is substantially lower than in an audit, and therefore we do not express an audit opinion on the interim financial information.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), as applicable to audits or reviews of public interest entities, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

³³ The sub-title “Report on the Review of the Interim Financial Information” is unnecessary in circumstances when the second sub-title “Report on Other Legal and Regulatory Requirements” is not applicable. See paragraph A178.

³⁴ If the interim financial information comprises a complete set of interim financial statements, the references to “condensed” in the Conclusion section of the interim review report would be excluded.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our qualified conclusion.

Material Uncertainty Related to Going Concern

As described in the Basis for Qualified Conclusion section of our report, a material uncertainty related to going concern exists that has not been adequately disclosed in the interim financial information.

In the context of our review of the interim financial information, and in forming our conclusion thereon, nothing has come to our attention that causes us to believe that management's use of the going concern basis of accounting in the preparation of the interim financial information is inappropriate.

Our statements are based on the evidence obtained up to the date of our interim review report and are not a guarantee as to the Company's ability to continue as a going concern.

Management's Responsibility for the Interim Financial Information

Management is responsible for the preparation and fair presentation of the interim financial information in accordance with [the applicable financial reporting framework] and for such internal control as management determines is necessary to enable the preparation and fair presentation of interim financial information that is free from material misstatement, whether due to fraud or error.

In preparing the interim financial information, management is responsible for assessing the Company's ability to continue as a going concern, as well as disclosing, if applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Report on Other Legal and Regulatory Requirements

[The form and content of this section of the interim review report would vary depending on the nature of the auditor's other reporting responsibilities prescribed by local law, regulation, or national auditing standards.]

The engagement partner on the engagement resulting in this independent auditor's interim review report is [name].

[Auditor's signature]

[Auditor's address]

[Date of the auditor's interim review report]

Illustration 5 – An Interim Review Report on the Condensed Interim Financial Information of a Publicly Traded Entity Containing a Qualified Conclusion Due to an Inability to Obtain Sufficient Appropriate Evidence

For purposes of this illustrative interim review report, the following circumstances are assumed:

- Review of the condensed interim financial information of a publicly traded entity prepared in accordance with a fair presentation framework. The entity is not a group.
- The terms of the engagement reflect the description of management's responsibility for the interim financial information in paragraph 25(b) of this ISRE.
- The auditor was unable to complete the review of accounts receivable at a branch location due to a fire at that location that destroyed its accounts receivable records. A qualified conclusion is being expressed because the auditor concluded that the possible effects on the interim financial information could be material but not pervasive to the interim financial information as a whole.
- The relevant ethical requirements that apply to the interim review engagement comprise the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code). The IESBA Code requires the auditor to publicly disclose that the independence requirements applicable to audits or reviews of public interest entities were applied.
- Based on the evidence obtained, nothing has come to the auditor's attention that causes the auditor to believe that management's use of the going concern basis of accounting in the preparation of the interim financial information is inappropriate. In addition, nothing has come to the auditor's attention to indicate that a material uncertainty related to going concern exists in the interim period.
- In addition to the review of the interim financial information, the auditor has other reporting responsibilities required under local law or regulation.

INDEPENDENT AUDITOR'S INTERIM REVIEW REPORT

To [Appropriate Addressee]

Report on the Review of the Interim Financial Information³⁵

Qualified Conclusion

We have reviewed the accompanying interim financial information of ABC Company (the Company), which comprises the condensed³⁶ statement of financial position as at March 31, 20X1, and the related condensed statements of comprehensive income, changes in equity and cash flows for the three-month period then ended, and the notes to the interim financial information, including material accounting policy information.

Based on our review, except for the adjustments to the interim financial information that we might have become aware of had it not been for the situation described in the Basis for Qualified Conclusion section of our report, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not [*either* "present fairly, in all material respects," or "give a true and fair view of"] the financial position of ABC Company as at March 31, 20X1, and [of] its financial performance and its cash flows for the three-month period then ended, in accordance with [the applicable financial reporting framework].

Basis for Qualified Conclusion

As a result of a fire in a branch office on (date) that destroyed its accounts receivable records, we were unable to complete our review procedures for accounts receivable totaling xxx included in the interim financial information. The entity is in the process of reconstructing these records and is uncertain as to whether these records will support the amount shown and the related allowance for uncollectible accounts. Had we been able to complete our review procedures for accounts receivable, we might have become aware of matters indicating that material adjustments were necessary to the interim financial information.

We conducted our review in accordance with ISRE 2410 (Revised) *Review of Interim Financial Information Performed by the Independent Auditor of the Entity's Annual Financial Statements*. We are responsible for expressing a conclusion on the interim financial information based on our review. A review of interim financial information performed in accordance with this ISRE is a limited assurance engagement. A review involves performing procedures, primarily consisting of inquiries and analytical procedures, and evaluating the evidence obtained. The procedures performed in a review of interim financial information vary in nature and timing from, and are less in extent than, those performed in an audit conducted in accordance with International Standards on Auditing. Consequently, a review of interim financial information does not enable us to become aware of all significant matters that might be identified in an audit. Accordingly, the level of assurance obtained in a review of interim financial information is substantially lower than in an audit, and therefore we do not express an audit opinion on the interim financial information.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International*

³⁵ The sub-title "Report on the Review of the Interim Financial Information" is unnecessary in circumstances when the second sub-title "Report on Other Legal and Regulatory Requirements" is not applicable. See paragraph A178.

³⁶ If the interim financial information comprises a complete set of interim financial statements, the references to "condensed" in the Conclusion section of the interim review report would be excluded.

Independence Standards) (IESBA Code), as applicable to audits or reviews of public interest entities, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our qualified conclusion.

Going Concern

In the context of our review of the interim financial information, and in forming our qualified conclusion thereon, nothing has come to our attention that causes us to believe that management's use of the going concern basis of accounting in the preparation of the interim financial information is inappropriate. Based on the evidence obtained, nothing has come to our attention to indicate that a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

Our statements are based on the evidence obtained up to the date of our interim review report and are not a guarantee as to the Company's ability to continue as a going concern.

Management's Responsibility for the Interim Financial Information

Management is responsible for the preparation and fair presentation of the interim financial information in accordance with [the applicable financial reporting framework] and for such internal control as management determines is necessary to enable the preparation and fair presentation of interim financial information that is free from material misstatement, whether due to fraud or error.

In preparing the interim financial information, management is responsible for assessing the Company's ability to continue as a going concern, as well as disclosing, if applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Report on Other Legal and Regulatory Requirements

[The form and content of this section of the interim review report would vary depending on the nature of the auditor's other reporting responsibilities prescribed by local law, regulation, or national auditing standards.]

The engagement partner on the engagement resulting in this independent auditor's interim review report is [name].

[Auditor's signature]

[Auditor's address]

[Date of the auditor's interim review report]

Illustration 6 – An Interim Review Report on the Consolidated Interim Financial Information of an Entity Other Than a Publicly Traded Entity Containing an Adverse Conclusion Due to Non-Consolidation of Controlled Entities

For purposes of this illustrative interim review report, the following circumstances are assumed:

- Review of the consolidated interim financial information of an entity other than a publicly traded entity prepared in accordance with a compliance framework. The entity is a group.
- The terms of the engagement reflect the description of management's responsibility for the interim financial information in paragraph 25(b) of this ISRE.
- Based on the evidence obtained, the auditor concluded that the consolidated interim financial information did not include the financial information of certain entities under the control of the Company, which is not in accordance with the requirements of the applicable financial reporting framework.
- The relevant ethical requirements that apply to the interim review engagement comprise the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), together with the ethical requirements relating to the audit in the jurisdiction, and the auditor refers to both.
- Based on the evidence obtained, nothing has come to the auditor's attention that caused the auditor to believe that management's use of the going concern basis of accounting in the preparation of the consolidated interim financial information is inappropriate. In addition, nothing has come to the auditor's attention to indicate that a material uncertainty related to going concern exists in the interim period.
- In addition to the review of the consolidated interim financial information, the auditor has other reporting responsibilities required under local law or regulation.

INDEPENDENT AUDITOR'S INTERIM REVIEW REPORT

To [Appropriate Addressee]

Report on the Review of the Consolidated Interim Financial Information³⁷

Adverse Conclusion

We have reviewed the accompanying consolidated interim financial information of ABC Company (the Company) and its subsidiaries, which comprises the consolidated statement of financial position as at March 31, 20X1, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three-month period then ended, and the notes to the consolidated interim financial information, including material accounting policy information.

Based on our review, due to the significance of the matter described in the Basis for Adverse Conclusion section of our report, the accompanying consolidated interim financial information is not prepared, in all material respects, in accordance with [the applicable financial reporting framework].

Basis for Adverse Conclusion

The consolidated interim financial information does not include the financial information of XYZ Company and BCD Company (the non-consolidated subsidiaries), which are controlled by ABC Company. This is not in accordance with [the applicable financial reporting framework]. It is not practicable, in the context of our review engagement, to quantify in full the financial effects of this matter. Had the financial information of the non-consolidated subsidiaries been included, nearly every area of the consolidated interim financial information would have been materially different.

We conducted our review in accordance with ISRE 2410 (Revised) *Review of Interim Financial Information Performed by the Independent Auditor of the Entity's Annual Financial Statements*. We are responsible for expressing a conclusion on the consolidated interim financial information based on our review. A review of interim financial information performed in accordance with this ISRE is a limited assurance engagement. A review involves performing procedures, primarily consisting of inquiries and analytical procedures, and evaluating the evidence obtained. The procedures performed in a review of interim financial information vary in nature and timing from, and are less in extent than, those performed in an audit conducted in accordance with International Standards on Auditing. Consequently, a review of interim financial information does not enable us to become aware of all significant matters that might be identified in an audit. Accordingly, the level of assurance obtained in a review of interim financial information is substantially lower than in an audit, and therefore we do not express an audit opinion on the consolidated interim financial information.

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), together with the ethical requirements that are relevant to interim review engagements in [jurisdiction], and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

³⁷ The sub-title "Report on the Review of the Consolidated Interim Financial Information" is unnecessary in circumstances when the second sub-title "Report on Other Legal and Regulatory Requirements" is not applicable. See paragraph A178.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our adverse conclusion.

Going Concern

In the context of our review of the consolidated interim financial information, and in forming our conclusion thereon, nothing has come to our attention that causes us to believe that the Group's use of the going concern basis of accounting in the preparation of the consolidated interim financial information is inappropriate. Based on the evidence obtained, nothing has come to our attention to indicate that a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern.

Our statements are based on the evidence obtained up to the date of our interim review report and are not a guarantee as to the Group's ability to continue as a going concern.

Management's Responsibility for the Consolidated Interim Financial Information

Management is responsible for the preparation of the consolidated interim financial information in accordance with [the applicable financial reporting framework] and for such internal control as management determines is necessary to enable the preparation of consolidated interim financial information that is free from material misstatement, whether due to fraud or error.

In preparing the consolidated interim financial information, management is responsible for assessing the Group's ability to continue as a going concern, as well as disclosing, if applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Report on Other Legal and Regulatory Requirements

[The form and content of this section of the interim review report would vary depending on the nature of the auditor's other reporting responsibilities prescribed by local law, regulation, or national auditing standards.]

The engagement partner on the engagement resulting in this independent auditor's interim review report is [name].

[Auditor's signature]

[Auditor's address]

[Date of the auditor's interim review report]

Appendix 2

(Ref: Para. A173, A174)

Illustrations of Going Concern Sections of the Independent Auditor's Interim Review Report

- **Illustration 1** (see paragraph 109):

The going concern section of an interim review report with an unmodified conclusion, when the auditor's report on the most recent annual financial statements of the entity included a Material Uncertainty Related to Going Concern section and:

- The events or conditions that led the auditor to conclude that a material uncertainty existed remain at the interim reporting date, and
- Management has identified and adequately disclosed a material uncertainty related to going concern in the interim financial information.

- **Illustration 2** (see paragraph 110):

The going concern section of an interim review report with an unmodified conclusion, when the auditor's report on the most recent annual financial statements of the entity did not include a Material Uncertainty Related to Going Concern section and:

- Events or conditions have been identified in the interim period that may cast significant doubt on the entity's ability to continue as a going concern and
- Management has identified and adequately disclosed a material uncertainty related to going concern in the interim financial information.

- **Illustration 3** (see paragraph 111):

The going concern section of an interim review report with an unmodified conclusion, when:

- Significant judgments were made by management in concluding that there is no material uncertainty at the interim reporting date related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern;
- Management's disclosures are adequate; and
- In the auditor's judgment, the significant judgments made by management are fundamental to users' understanding of the interim financial information.

Illustration 1

Material Uncertainty Related to Going Concern

Our auditor's report on the Company's audited financial statements as at December 31, 20X0 and for the year then ended included a Material Uncertainty Related to Going Concern section, which referred to Note 4 of those financial statements. Note 4 indicated that [*describe the events or conditions*].

We draw attention to Note C in the accompanying interim financial information, which indicates that the Company incurred a net loss of xxx during the three-month period ended March 31, 20X1 and, as of that date, the Company's current liabilities exceeded its total assets by xxx. Note C also states that these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

Our conclusion is not modified in respect of this matter.

In the context of our review of the interim financial information, and in forming our conclusion thereon, nothing has come to our attention that causes us to believe that management's use of the going concern basis of accounting in the preparation of the interim financial information is inappropriate.

Our statements are based on the evidence obtained up to the date of our interim review report and are not a guarantee as to the Company's ability to continue as a going concern.

Illustration 2

Material Uncertainty Related to Going Concern

We draw attention to Note C in the accompanying interim financial information, which indicates that [*describe the events or conditions*]. Note C also states that these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

Our conclusion is not modified in respect of this matter.

In the context of our review of the interim financial information, and in forming our conclusion thereon, nothing has come to our attention that causes us to believe that management's use of the going concern basis of accounting in the preparation of the interim financial information is inappropriate.

Our statements are based on the evidence obtained up to the date of our interim review report and are not a guarantee as to the Company's ability to continue as a going concern.

Illustration 3

Going Concern

We draw attention to Note C in the accompanying interim financial information, which describes the uncertainties faced by the Company, the significant judgments made by management in assessing the entity's ability to continue as a going concern and the range of mitigating actions that have been deployed to address the effects on the Company's business activities.

Our conclusion is not modified in respect of this matter.

In the context of our review of the interim financial information, and in forming our conclusion thereon, nothing has come to our attention that causes us to believe that management's use of the going concern basis of accounting in the preparation of the interim financial information is inappropriate. Based on the evidence obtained, nothing has come to our attention to indicate that a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

Our statements are based on the evidence obtained up to the date of our interim review report and are not a guarantee as to the Company's ability to continue as a going concern.

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Explanatory Memorandum

Proposed International Standard on
Review Engagements 2410 (Revised)

*Review of Interim
Financial Information
Performed by the
Independent Auditor of
the Entity's Annual
Financial Statements*

MAY 2026

COMMENTS DUE: SEPTEMBER 3, 2026



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International Auditing and Assurance Standards Board
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The objective of the IAASB is to serve the public interest by setting high-quality auditing, assurance, and other related services standards and by facilitating the convergence of international and national auditing and assurance standards, thereby enhancing the quality and consistency of practice throughout the world and strengthening public confidence in the global auditing and assurance profession.

The IAASB develops auditing and assurance standards and guidance under a shared standard-setting process involving the Public Interest Oversight Board, which oversees the activities of the IAASB, and the IAASB Stakeholder Advisory Council, which provides public interest input into the development of the standards and guidance.

REQUEST FOR COMMENTS

This Explanatory Memorandum (EM) accompanies, and should be read along with, the Exposure Draft (ED) of Proposed International Standard for Review Engagements (ISRE) 2410 (Revised), *Review of Interim Financial Information Performed by the Independent Auditor of the Entity's Annual Financial Statements* (ED-2410), which was developed and approved by the International Auditing and Assurance Standards Board® (IAASB®). This publication and ED-2410 may be downloaded from the IAASB website: www.iaasb.org.

The approved text is published in the English language. The proposals set out in the ED may be modified, based on comments received, before being issued as a final pronouncement.

Comments are requested by September 03, 2026.

Use of the Response Form

We welcome comments on all matters addressed in ED-2410, and we encourage all respondents to submit their comments electronically using the Response Form, which may be downloaded from the IAASB website: www.iaasb.org. Using the response form facilitates consistency in the structure of responses received from all our stakeholders, which assists us greatly in the timely and effective analysis of the responses.

The response form includes all questions in **Section II** of this EM. You may respond to all questions or only those questions for which you have specific comments.

All responses will be considered a matter of public record and will ultimately be posted on the IAASB website.

You can further assist our review and analysis by ensuring that your submission responds directly to the questions in the form, and includes the rationale for your answers:

- If you disagree with the proposals in the ED, please provide specific reasons for your disagreement and include specific suggestions for changes (including specific wording) that may be needed to the requirements or application material.
- If you agree with the proposals, it will be helpful for the IAASB to be made aware of this view as support for the IAASB's proposals cannot always be inferred when not stated.

Throughout, please be specific about the sections, headings or paragraphs in the ED that your responses relate to.

Please refrain from inserting tables or text boxes in your responses.

When submitting a completed response form, it is not necessary to include a covering letter containing a summary of your key issues. The form provides an opportunity to include any other views you wish to place on the public record, should you choose to do so.

The completed response form can be uploaded using the “Submit Comment” link on [the Proposed ISRE 2410 \(Revised\) webpage](#).

EXPLANATORY MEMORANDUM

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Introduction

1. This memorandum provides background to, and an explanation of, the Exposure Draft of Proposed International Standard for Review Engagements (ISRE) 2410 (Revised), *Review of Interim Financial Information Performed by the Independent Auditor of the Entity's Annual Financial Statements* (ED-2410), which was unanimously approved for exposure by the IAASB in March 2026.

Background

2. Within an entity's annual reporting cycle, an entity may be required, or voluntarily elect, to issue interim financial information providing regular and timely updates about its financial position and performance. An engagement to review such information by the auditor of the entity's annual financial statements ("interim review engagement") is intended to enhance intended users' confidence in the reported information and support their capital allocation decisions, thereby contributing to market stability.
3. ISRE 2410, which applies to such engagements, has not been revised since it was issued in 2005, while the financial reporting ecosystem has continued to evolve. In the intervening period, the IAASB's Clarity project¹ was completed, the International Framework for Assurance Engagements was revised, ISRE 2400 (Revised)² was issued (see also paragraphs 8-10 below), and a number of the International Standards on Auditing (ISAs) were revised as a result of public interest issues that may also be relevant to interim financial information and interim review engagements. Additionally, new drafting guidelines and principles³ were issued to support consistent drafting of clearer standards.
4. ISRE 2410 has not been subject to conforming and consequential amendments in recent projects of the IAASB to avoid giving the impression that it is up to date or that the standard has been revised more holistically. However, in this time, certain jurisdictions have revised their equivalent interim review standard or issued application guidance to support practitioners in their jurisdictions to evaluate the possible effect of some of these matters on interim review engagements. As a consequence, there have been inconsistencies arising in global practice in the work effort performed in, and in the reporting on, interim review engagements.

The Project to Revise ISRE 2410

5. The IAASB's [Strategy and Work Plan for 2024–2027](#) included a project to revise ISRE 2410 and the IAASB approved a [project proposal](#) for this revision in June 2025. The objective of the project is to establish a global baseline for the consistent performance and reporting on interim review engagements. More specifically, modernizing and revising ISRE 2410 seeks to:
 - (a) Address stakeholder expectations regarding matters to be addressed in an interim review engagement, while remaining proportionate to the purpose of such an engagement; and

¹ Extant ISRE 2410 is presented in a "pre-Clarity format." International standards in the pre-Clarity format contain basic principles and essential procedures (identified in bold type lettering and by the word "should," often referred to as "black letter requirements") together with related guidance in the form of explanatory and other material (often referred to as "grey letter material)," including appendices. See also paragraph 15 of the Preface to the International Quality Management, Auditing, Review Other Assurance and Related Services Pronouncements included in the [IAASB Handbook](#).

² ISRE 2400 (Revised), *Engagements to Review Historical Financial Statements*

³ See the IAASB's [Complexity Understandability Scalability Proportionality \(CUSP\) Drafting Principles and Guidelines](#)

- (b) Promote consistent practice by independent auditors when designing and performing procedures for, and reporting on, engagements to review interim financial information.
6. The approved project proposal provides further background about the scope of the project, including the issues that were identified, an explanation of the information-gathering, targeted outreach, and other activities that formed the basis for the project proposal.

Priority Issues to be Addressed in ED-2410

7. The priority issues to be addressed, as identified in the project proposal included:
- (a) Clarifying principles and concepts relevant to interim review engagements;
 - (b) Modernizing ISRE 2410 to meet the expectations of intended users of interim financial information about the auditor's responsibilities for the review of interim financial information;
 - (c) Clarifying reporting and communication requirements to enhance the clarity of information for the intended users of interim financial information, including about the nature and scope of an interim review engagement; and
 - (d) Addressing, to the extent that is appropriate in a principles-based standard, certain practical challenges arising from differing interpretations or application of existing requirements.

Approach to Developing ED-2410

8. The IAASB's approach to developing ED-2410 required:
- (a) Setting up a skeleton standard based on the adoption of 'Clarity' conventions, enhanced by the IAASB's CUSP Drafting Principles and Guidelines;
 - (b) Identifying relevant terms, concepts or principles that have been subject to enhancements or revisions through other IAASB standards in the period since ISRE 2410 was issued, and considering whether the public interest rationale for those enhancements or revisions is relevant to interim review engagements; and
 - (c) Drafting additional material where necessary to support a comprehensive standard that would address key public interest matters, in the context of enabling it to achieve the overarching project objective.

The diagram below sets out the primary sources used in developing ED-2410.



9. In addressing the priority issues described, the IAASB acknowledged the unique nature and purpose of engagements performed in accordance with ED-2410 in the context of an entity's annual reporting cycle. In particular, the overarching purpose of an interim review engagement is to increase intended users' confidence in historical financial information that covers a period shorter than a year and which may not be presented as a complete set of financial statements (hence, interim financial *information*).
10. Accordingly, the IAASB's consideration of the completeness of requirements and application material in ED-2410, and their proportionality to the circumstances of interim review engagements, was done through two lenses:
 - (a) The 'review engagement' lens. This lens considered the performance requirements necessary to enable consistent interpretation and application of review procedures that are necessary and sufficient to obtain limited assurance over the historical financial information subject to review.
 - (b) The 'auditor-as-the-practitioner' lens. This lens considered the need to recognize both (i) the practitioner's audit expertise; and (ii) the auditor's knowledge of the entity obtained in previous annual audits or interim review engagements. Both of these factors provide for a more robust basis for the design and performance of procedures to obtain limited assurance than engagements performed in accordance with ISRE 2400 (Revised), which are performed by a practitioner who is not the auditor of the entity's annual financial statements.
11. In addition, the IAASB agreed that ED-2410 should remain a standalone standard, covering all aspects of the interim review engagement from acceptance to reporting.

Coordination with International Ethics Standards Board for Accountants (IESBA)

12. During the development of ED-2410, there was ongoing coordination between IESBA and IAASB technical staff on matters relevant to the interoperability of ED-2410 with the IESBA Code.⁴ Matters for discussion included the possible interaction of ED-2410 with the IESBA's standards addressing non-compliance with laws and regulations, and group audit engagements. Specific matters discussed included:
 - (a) The requirement in paragraph 20 of ED-2410 for the auditor to comply with relevant ethical requirements, including those related to independence.⁵
 - (b) The applicable requirements in the Code when information concerning non-compliance or suspected non-compliance with laws and regulations comes to the attention of the auditor during the performance of an interim review engagement in accordance with ED-2410 (see paragraphs 52 to 57 of ED-2410).

⁴ The IESBA's International Code of Ethics for Professional Accountants (including International Independence Standards), referred to herein as "the IESBA Code" or "the Code."

⁵ ED-2410 defines "relevant ethical requirements" as "principles of professional ethics and ethical requirements that are applicable to professional accountants when undertaking the interim review engagement. Relevant ethical requirements ordinarily comprise the provisions of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) related to audit and review engagements, together with national requirements that are more restrictive."

- (c) The applicable requirements in the Code when an auditor performs a review of the interim financial information of a group (a “group interim review engagement”) in accordance with ED-2410.
13. As a result of these discussions, in March 2026 the IESBA supported seeking information from its stakeholders regarding the application of the Code in two circumstances:
- (a) When an auditor performs an engagement to review group interim financial information, especially when component auditors perform certain procedures at the component level for the purpose of the group interim review engagement, and those component auditors are not a network firm, or when those component auditors are not component auditors that the auditor involves for the purpose of the group audit; and
 - (b) When the auditor of the entity’s financial statements becomes aware of information concerning non-compliance or suspected non-compliance with laws and regulations during the performance of interim review engagements.
14. Accordingly, **Question E.1** in **Section II** below focuses on these matters. Additional contextual information is included in **Section I-C** below.

Key Stakeholder Engagement

15. The project proposal for the revision of ISRE 2410 identified the interests of three stakeholder groups as being most likely affected by the project objective: the intended users of interim financial information, those responsible for adoption and implementation of the IAASB’s standards, and the profession. The IAASB has engaged in outreach with key stakeholders throughout the development of ED-2410, including with the IAASB’s Stakeholder Advisory Council, jurisdictional and national standard-setters, international groups representing other stakeholders, such as the Forum of Firms, and jurisdictional groups representing various stakeholder views.
16. Targeted outreach with stakeholders will continue during and after the exposure period.

Section I - Significant Matters

A. The Public Interest of Proposed ISRE 2410 (Revised)

17. The project proposal included standard-setting actions that sought to address certain issues and challenges identified through the information-gathering process.⁶ The **Appendix** to this EM sets out a table that maps the key proposals in ED-2410 to the standard-setting actions in the project proposal, thereby supporting achieving the public interest objective of the project. The **Appendix** also highlights the qualitative standard-setting characteristics that were considered to be the criteria of most relevance with which to assess the proposed standard’s responsiveness to the public interest.

B. Clarity of Foundational Concepts in an Interim Review Engagement

18. The IAASB recognized the need to clearly establish the scope and applicability of ED-2410 to address challenges with understanding the nature and scope of the auditor’s work in these engagements, including how an interim review engagement differs from an audit of financial statements. The introductory paragraphs in ED-2410 seek to do so, drawing on wording in extant ISRE 2410 as well as other IAASB standards.

⁶ Refer to the approved Project Proposal, paragraph 13.

Core Principles of an Interim Review Engagement in Accordance with ED-2410

19. The IAASB discussed whether, and the extent to which, the core principles underlying a review engagement performed in accordance with ISRE 2400 (Revised) are relevant and applicable to interim review engagements performed in accordance with ED-2410. In doing so, the IAASB reaffirmed the core principles of a review engagement, as described in paragraphs 5-7 of ED-2410, as including the following:
- (a) A review engagement is a limited assurance engagement, where the subject matter information is historical financial information prepared in accordance with an applicable financial reporting framework.
 - (b) In a review engagement, the practitioner's objective is to obtain sufficient appropriate evidence to provide a basis for concluding, with limited assurance, about whether historical financial information is free of material misstatement.
 - (c) The practitioner obtains this evidence by performing the procedures deemed necessary to meet the objective of a review engagement, which are primarily inquiries and analytical procedures. The nature, timing and extent of procedures required to be performed in a review engagement, to obtain limited assurance, are different from those required to be performed in an audit in accordance with the International Standards on Auditing (ISAs), because they are not performed for the purpose of concluding with reasonable assurance. These principles are also reflected in the definitions of "limited assurance" and "engagement risk" in paragraphs 13(f) and 13(c), respectively, of ED-2410.

Differences between an Interim Review Engagement and a Review Engagement in Accordance with ISRE 2400 (Revised)

20. The IAASB recognized the differences between an interim review engagement and a review engagement performed in accordance with ISRE 2400 (Revised). The core difference is that an engagement under ED-2410 is performed by the auditor of the entity's annual financial statements. Accordingly, unlike a practitioner commencing an engagement under ISRE 2400 (Revised), an auditor starts an interim review engagement in accordance with ED-2410 with a foundational level of knowledge about the entity and its environment, its system of internal control, and its financial reporting practices that informs the auditor's work on the interim review engagement.

Differences between an Interim Review Engagement and an Audit of Financial Statements

21. The IAASB also noted the need to emphasize the substantial differences between an interim review engagement and an audit of financial statements in accordance with the ISAs, notwithstanding that it is the auditor of the entity's annual financial statements who performs the engagement in accordance with ED-2410. Therefore the IAASB determined that it was appropriate to:
- (a) Include, in paragraphs 8 and 9 of ED-2410, a description of the differences from an audit of financial statements; and
 - (b) Be selective about the nature and extent of cross-references in ED-2410 to any ISAs, considering carefully those that may contain principles or concepts of relevance for the auditor to take into account when performing the interim review engagement.

22. Accordingly, cross-references to the ISAs in ED-2410 have been limited to the following instances:
- (a) ISAs that address core concepts or principles that are relevant to both the audit of financial statements and an interim review engagement, or that address specific circumstances that may also be relevant to the interim review engagement:
- Paragraphs 21 and 22 of ED-2410 set out requirements related to professional skepticism and the exercise of professional judgment. The related application material includes a cross-reference to concepts described in the application material of ISA 220 (Revised),⁷ as those concepts are equally relevant to the auditor's mindset in applying ED-2410.
 - Paragraphs 23 and 24 and related application material reflect foundational principles of quality management at the engagement level, consistent with ISA 220 (Revised).
 - Paragraph A107 of ED-2410 refers to ISA 570 (Revised 2024)⁸ regarding requirements of financial reporting frameworks for management's assessment of the entity's ability to continue as a going concern.
 - Paragraph A162 of ED-2410 includes application material from ISA 700 (Revised)⁹ related to including the name of the engagement partner in the auditor's report, which may be useful in the context of the interim review engagement.
- (b) Considerations relevant to acceptance and continuance of the interim review engagement, recognizing the proximity to the auditor's acceptance and continuance of the audit engagement related to the entity's annual financial statements.
- Paragraphs 25-37 of ED-2410 set out overall principles of acceptance and continuance of an interim review engagement. While in some jurisdictions the terms of engagement for an audit and interim review engagements may need to be addressed separately, ED-2410 only applies to interim review engagements performed by the auditor of the entity's annual financial statements. Accordingly, the decision to accept an interim review engagement in accordance with ED-2410 cannot be taken without also having performed procedures required to accept an audit engagement in accordance with the ISAs. Similarly, the decision to continue an interim review engagement in accordance with ED-2410 is not independent from the decision to continue an audit engagement. As noted in the application material, acceptance and continuance procedures required by ED-2410 may be performed concurrently with the acceptance and continuance procedures required for the audit engagement. Therefore, the application material in ED-2410 refers to relevant principles in ISA 210,¹⁰ while retaining the necessary requirements for the interim review engagement.

⁷ ISA 220 (Revised), *Quality Management for An Audit of Financial Statements*

⁸ ISA 570 (Revised 2024), *Going Concern*

⁹ ISA 700 (Revised), *Forming an Opinion and Reporting on Financial Statements*

¹⁰ ISA 210, *Agreeing the Terms of Audit Engagements*

- (c) Considerations for first-time interim review engagements. Paragraph A77 of ED-2410 refers to ISA 315 (Revised 2019)¹¹ relating to obtaining an understanding of the entity and its environment and the entity's system of internal control.
- (d) ISAs addressing work that the auditor may have performed for purposes of the audit of the entity's annual financial statements and whether, and if so, how or the extent to which such work may be relevant to the interim review engagement:
 - Paragraph A68 in relation to ISA 320.¹²
 - Paragraphs A72 and A74 in relation to ISA 315 (Revised 2019).
 - Paragraph A74 in relation to ISA 240 (Revised).¹³
 - Paragraph A115 of ED-2410 in relation to ISA 620.¹⁴

C. Complying with Relevant Ethical Requirements

- 23. Paragraph 4 of extant ISRE 2410 indicates that the auditor “should comply with the ethical requirements relevant to the audit of the annual financial statements of the entity.” The IAASB noted that relevant ethical requirements in different jurisdictions may address interim review engagements in different ways. Therefore, the requirement in paragraph 20 of ED-2410 has been drafted in a more general way, consistent with the drafting of the related requirement in other recent IAASB standards. This also affects the statement about relevant ethical requirements in the auditor's interim review report: that the auditor is independent of the entity in accordance with relevant ethical requirements, and that the auditor has complied with their other ethical responsibilities in accordance with those requirements.
- 24. The use of the phrase “relevant ethical requirements, including those related to independence” recognizes that it is not within the IAASB's remit to specify *which* ethical requirements may apply in the context of a particular engagement in a given jurisdiction. This ethical framework-neutrality recognizes that ethical standards, codes or provisions in different jurisdictions may establish different ethical requirements for a given engagement, including the possibility that requirements that are relevant when performing an audit engagement may not apply, or apply in the same manner, when performing an interim review engagement for the same entity. For example, while the International Independence Standards in Part 4A of the IESBA Code apply to both audit and review engagements unless otherwise stated,¹⁵ other parts of the Code do not treat the terms “audit” and “review” as equivalent and therefore may not necessarily apply in the same way to both audit engagements and interim review engagements.
- 25. IAASB and IESBA staff noted that the formulation of paragraph 20 is consistent with how compliance with ethical requirements is typically framed in IAASB standards. The application material in ED-2410 (see, for example, paragraphs A17-A18) positions the Code as an example of relevant ethical requirements and explains the applicability of the independence provisions in Part 4A of the Code.

¹¹ ISA 315 (Revised 2019), *Identifying and Assessing the Risks of Material Misstatement*

¹² ISA 320, *Materiality in Planning and Performing an Audit*

¹³ ISA 240 (Revised), *The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements*

¹⁴ ISA 620, *Using the Work of an Auditor's Expert*

¹⁵ IESBA Code, paragraph 400.2

Accordingly, the IAASB was of the view that the construct of the baseline requirement in paragraph 20 does not inherently pose any interoperability concerns with the IESBA Code.

A Request for Information from the IESBA

26. Notwithstanding the interoperability of paragraph 20 of ED-2410 with the IESBA Code, the IAASB acknowledged that compliance with that paragraph requires an auditor to be able to determine which requirements of the IESBA Code apply in the circumstances of the engagement. In this regard, IESBA staff highlighted that it is the nature of the engagement, and not whether it is the auditor who is performing the engagement, that drives the identification of the applicable requirements of the IESBA Code. In some circumstances, however, questions may arise about how the IESBA Code applies in the context of an interim review engagement performed by the auditor of the entity's annual financial statements.
27. The following are two such circumstances that were identified in discussions between the IAASB and IESBA:
 - (a) When the auditor is performing an interim review engagement for a group; and
 - (b) When the auditor becomes aware of NOCLAR or suspected NOCLAR when performing an interim review engagement, which is a non-audit service.
28. In relation to group interim review engagements, the question arises from the fact that Section 405 of the Code, including new definitions of relevant terms, was developed in the context of group audits performed in accordance with ISA 600 (Revised),¹⁶ or other equivalent auditing standard, and includes specific references to ISA 600 (Revised). Section 405, however, does not explicitly exclude from its scope group interim review engagements performed in accordance with ISRE 2410, including circumstances involving component auditors.
29. In relation to NOCLAR, IESBA staff explained that there are different requirements in Section 360 that apply when a professional accountant is performing an audit of financial statements, compared to when a professional accountant is performing any other professional service (i.e., a non-audit service). Specifically, the provisions applicable to the interim review engagement are paragraphs R360.29 to 360.40 A1, and not paragraphs R360.10 to 360.28 A1, which apply to the audit. IESBA staff noted that, in practice, there should ultimately be no divergence in how the firm would respond to the NOCLAR or suspected NOCLAR in the context of the interim review engagement vs. in the context of the audit engagement. This is because, pursuant to paragraph R360.31(a), the professional accountant performing the interim review engagement would, unless prohibited by law or regulation, be required to communicate the NOCLAR or suspected NOCLAR within the firm in accordance with the firm's protocols or procedures, or in the absence of such protocols and procedures, directly to the audit engagement partner.
30. The IESBA considered these matters during its March 2026 [meeting](#)¹⁷ and determined that it would be appropriate to collaborate with the IAASB to seek input from stakeholders regarding whether the application of the IESBA Code is sufficiently clear in these two circumstances.
31. This will enable the IESBA to determine whether any clarifications to the Code or other actions are needed regarding the application of the Code in these two circumstances.

¹⁶ ISA 600 (Revised), *Special Considerations—Audits of Group Financial Statements (Including the Work of Component Auditors)*

¹⁷ See [Agenda Item 5](#) of the March 2026 IESBA meeting.

D. Engagement-Level Quality Management

32. The project proposal included an action to consider whether new requirements or application material were necessary to address the relationship between ISRE 2410 and ISA 220 (Revised) in relation to quality management at the engagement level.
33. Extant ISRE 2410 has a single requirement for the auditor to implement quality control procedures applicable to the individual engagement.¹⁸ The IAASB considered introducing a single, high-level requirement to address quality management at the engagement level in ED-2410 (e.g., for the engagement partner to take overall responsibility for quality management at the engagement level), with a cross-reference in application material to the principles, concepts and requirements in ISA 220 (Revised). However, the IAASB noted that it was in the public interest for ED-2410 to include appropriate granularity in engagement-level quality management requirements to drive consistent performance of high-quality interim review engagements, especially considering that such engagements are ordinarily performed for publicly traded entities.
34. Accordingly, paragraph 23 of ED-2410 establishes requirements for the engagement partner to take overall responsibility for managing and achieving quality on the engagement, including being sufficiently and appropriately involved throughout the engagement, as well as taking responsibility for the engagement being performed in accordance with the firm's quality management policies or procedures. These requirements are patterned on the conforming amendments made to ISRE 2400 (Revised) as a result of the quality management standards.

E. Acceptance and Continuance of the Interim Review Engagement

35. Extant ISRE 2410 has only a single requirement related to acceptance or continuance: for the auditor and the client to agree on the terms of the engagement.¹⁹ The project proposal included an action to explore clarifications or enhancements to requirements or application material regarding this topic.
36. The IAASB considered that, in practice, a firm's policies or procedures for the acceptance and continuance of audit client relationships and audit engagements may also address interim review engagements for the entity. In addition, the terms of the audit engagement and interim review engagements may be addressed together in a single engagement letter (see paragraph A54 of ED-2410). However, the IAASB acknowledged that, in some jurisdictions, it may be necessary to treat the audit and interim review engagements separately (e.g., to meet requirements of different laws or regulations). ED-2410 therefore includes specific requirements relating to acceptance and continuance related to the interim review engagement (paragraphs 25 to 37), including preconditions for accepting the engagement that are consistent with the preconditions in ISA 210, modified as appropriate to reflect the circumstances of an interim review engagement.

F. Planning and Performing the Engagement

Group Interim Review Engagements

37. Entities that are required under law or regulation to prepare interim financial information are often groups that prepare consolidated financial information for interim periods. Extant ISRE 2410 has

¹⁸ ISRE 2410, paragraph 5

¹⁹ ISRE 2410, paragraph 10

limited references and includes no requirements specifically related to groups.²⁰ The project proposal includes an action to explore possible requirements or application material for group interim review engagements, as the IAASB concluded that it is in the public interest to do so.

38. The IAASB determined that the concepts and principles in ED-2410 would apply equally to group interim review engagements performed by the auditor of the group's annual financial statements. The IAASB also acknowledged that adding certain requirements to recognize the special circumstances for group engagements would help to drive more consistent performance, similar to the approach taken in ISSA 5000.²¹ The IAASB also noted that certain jurisdictional interim review standards have included additional application material related to groups.
39. As a result, ED-2410 includes requirements and application material related to the following aspects of group interim review engagements:
- (a) For the engagement partner to take responsibility for determining whether sufficient and appropriate resources are assigned or made available in a timely manner, including component auditors (see paragraph 24(c)(ii))
 - (b) For the group auditor to determine the nature, timing and extent of the involvement of component auditors (see paragraph 39);
 - (c) If component auditors are involved, for the group auditor to communicate with the component auditors about the work to be performed, and to establish expected communications about the results of that work (see paragraph 40);
 - (d) For the auditor to agree group interim financial information to the underlying consolidation schedules (see paragraph 69); and
 - (e) For the group engagement partner to take responsibility for confirming that component auditors have complied with relevant ethical requirements, including those related to independence (paragraph 94(a)).
40. Rather than including definitions for a number of terms related to group interim review engagements, the IAASB opted for the approach in paragraph 14 of ED-2410, which explains that terms used in ED-2410 related to groups, that are defined in the Handbook's Glossary of Terms²² in the context of group audit engagements, are intended to be read and applied in the context of a group interim review engagement.

Materiality

41. Extant ISRE 2410 does not contain explicit requirements relating to materiality,²³ but includes guidance to *consider* materiality with reference to the applicable financial reporting framework as it relates to interim financial information. The project proposal includes an action to clarify or strengthen, as appropriate, requirements and application material relating to materiality that may support the auditor's determination of materiality in the specific circumstances of interim review engagements.

²⁰ See paragraphs 16 and 21 of extant ISRE 2410.

²¹ ISSA 5000, *General Requirements for Sustainability Assurance Engagements*

²² The Glossary of Terms relating to International Standards issued by the IAASB in the Handbook of International Quality Management, Auditing, Review, Other Assurance, and Related Services Pronouncements (the Glossary).

²³ Extant ISRE 2410, paragraph 15 (bullet point four)

This action reflected input from stakeholders that highlighted practical challenges with consistently interpreting how principles and concepts in ISA 320 and ISA 450²⁴ applied to interim review engagements, including questions about the implications of designating a different quantitative materiality for an interim review engagement than for the annual audit.

42. To address this issue, the IAASB considered how requirements in jurisdictional equivalent standards had been revised to address materiality in the context of an interim review engagement, and also considered the requirements related to materiality in ISRE 2400 (Revised). Recognizing that auditors in practice ordinarily determine materiality for purposes of designing and evaluating the results of review procedures, the IAASB determined that it was appropriate for ED-2410 to include a requirement to determine materiality for the interim financial information as a whole (see paragraph 41 of ED-2410). Application material was added that reflects the principles and concepts of materiality in ISA 320. Consistent with other IAASB standards, the application material does not provide detailed guidance for, or examples of, how materiality may be determined for an interim review engagement. Instead, the application material highlights that materiality is to be determined by reference to the interim financial information (as distinct from annual financial information) and describes the importance of considering qualitative and quantitative factors, and focusing on users' needs from the interim financial information.
43. These paragraphs therefore intend to provide auditors with a consistent frame of reference through which to make decisions about materiality for an interim review engagement. They also provide essential context for evaluating the results of procedures performed, including if the auditor becomes aware of a matter that causes the auditor to believe the interim financial information may be materially misstated, and for evaluating whether identified misstatements are material.

The Basis for the Auditor's Interim Review Procedures

44. The requirements in paragraphs 43 and 44 of ED-2410 set up a clear framework for determining the work effort that is necessary to achieve the objectives of an interim review engagement, recognizing that it is a limited assurance engagement. These requirements operate together so that auditors focus their work effort on the areas of the interim financial information where material misstatements are likely to arise. When establishing these requirements, the IAASB also took into account that the auditor already possesses a level of knowledge about the entity and its environment, and its system of internal control, as explained in paragraph 10 above.
45. This work effort is reflected in the procedures that the auditor designs and performs, which are primarily inquiries and analytical procedures. They may also include other procedures (e.g., reading a document, observing a process, recalculating the mathematical accuracy of a schedule that reconciles accounting records with the interim financial information) when, in the auditor's professional judgment, such procedures are necessary for the purpose of obtaining evidence that is sufficient and appropriate as a basis for forming a limited assurance conclusion. See paragraphs A82-A83 of ED-2410 for a further explanation of circumstances in which the auditor may decide to design and perform other procedures.
46. The requirement in paragraph 43 of ED-2410 moves away from the phrase 'types of potential material misstatement' in paragraph 12(a) of extant ISRE 2410 and instead aligns the wording with that in

²⁴ ISA 450, *Evaluation of Misstatements Identified during the Audit*

ISRE 2400 (Revised)²⁵ and the International Framework for Assurance Engagements. The IAASB considered whether to define or describe the term 'areas' and concluded it was not necessary to do so, because the term is intended to have a plain English meaning.

47. By using this language, the IAASB intended to:
- (a) Support that the auditor is required to identify, and focus their attention and work on, *areas* in the interim financial information *where* material misstatements are likely to arise, and
 - (b) Reflect that 'areas' may have a wider meaning than 'classes of transactions, account balances and disclosures' in an audit engagement under the ISAs. For example, depending on the nature of the interim financial information, areas may be individual line items in the interim financial information together with the disclosures related to the items, or groups of such items, or may refer to individual classes of transactions, account balances, or disclosures.

First-Time Interim Review Engagements

48. The project proposal included an action to clarify how the auditor may be expected to perform an interim review engagement in accordance with ED-2410 when the auditor is newly appointed, and has not yet performed an audit of the entity's annual financial statements. The IAASB affirmed that the underlying principles of ED-2410 apply irrespective of whether the auditor has previously audited the entity's annual financial statements or is newly appointed and the interim review is the auditor's first assurance engagement for the entity. Accordingly, the Board determined that any special considerations relevant to first-time interim review engagements would be introduced through explanations in targeted application material, rather than through additional requirements that would be specific to those circumstances.
49. Application material in paragraphs A77 to A79 of ED-2410 establishes that the requirement of paragraph 43 applies in first-time interim review engagements, and includes understanding the preparation of both annual and interim financial information; and that the nature, timing and extent of procedures to obtain such an understanding is a matter of professional judgment. This recognizes that in order to obtain an understanding of the entity that enables the auditor to identify areas of the interim financial information where material misstatements are likely to arise, an auditor may determine that it is not necessary to perform the same procedures that an auditor would perform in an audit in accordance with the ISAs. In this regard, paragraph A72 of ED-2410 explicitly notes that the auditor is not required to identify and assess the risks of material misstatement as they would when performing an audit engagement in accordance with the ISAs. However, paragraph A92 also recognizes that in some cases, the auditor may determine that it is appropriate or necessary to perform certain procedures that are required to be performed the purpose of the audit, at the same time as procedures specifically required for the interim review engagement.

Designing and Performing Inquiries, Analytical and Other Review Procedures

50. In addition to the core requirement in paragraph 44 to design and perform inquiries, analytical and other review procedures that focus on addressing areas where the auditor has identified that a material misstatement is likely to arise, ED-2410 includes requirements in paragraphs 45 to 70 for the auditor to perform specific inquiries, or carry out other actions, in order to achieve the engagement objective. For example:

²⁵ ISRE 2400 (Revised), paragraph 45

- (a) Paragraph 45 includes certain inquiries that are based on those in paragraph 21 of extant ISRE 2410, and on other inquiries identified in jurisdictional interim review standards. The IAASB was of the view that such inquiries are consistent with those performed in practice today and it is in the public interest to include them as required inquiries.
 - (b) Paragraph 46 reflects that analytical procedures are a core part of an interim review engagement and therefore it is appropriate for ED-2410 to include a requirement for auditors to consider the adequacy of information used in performing analytical procedures. The additional material related to analytical procedures that was included in Appendix 2 of extant ISRE 2410 has been substantially retained as application material in ED-2410 (see paragraphs A87 to A89) to support consistent practice.
 - (c) Paragraphs 49 to 69 include requirements for the auditor to perform certain procedures in specific circumstances or related to specific matters, based on input from stakeholders and to address actions in the project proposal that are responsive to the public interest.
51. Additionally, in paragraph 70, the IAASB has retained the “deep-dive” principle reflected in paragraph 29 of extant ISRE 2410, redrafted to align with wording used in other IAASB standards. This paragraph requires the auditor to perform additional procedures when a matter comes to the auditor’s attention that causes them to believe that there may be a material misstatement of the interim financial information. These procedures are referred to as *additional* procedures to recognize that *they add to* the procedures otherwise required by ED-2410. They are not inherently a *category* of procedures. These are procedures that are only performed if something comes to the auditor’s attention while performing the engagement that causes the auditor to believe that there may be a material misstatement. If no such matters come to the auditor’s attention, then nothing further needs to be done.
52. When additional procedures are performed in accordance with paragraph 70, the auditor is required to obtain further evidence until the auditor is able to conclude that the matter(s) is not likely to cause the interim financial information as a whole to be materially misstated (i.e., an unmodified assurance conclusion is appropriate), or determine that the matter(s) causes the interim financial information as a whole to be materially misstated (i.e., a qualified or adverse conclusion is needed). The requirement also provides auditors with criteria that may be useful when applying the later requirement in paragraph 89 of ED-2410 to evaluate the sufficiency and appropriateness of evidence obtained.

Specific Topics in the Public Interest: Non-Compliance with Laws and Regulations (NOCLAR), Fraud and Going Concern

53. In revising ED-2410, the IAASB has enhanced the auditor’s work effort related to matters of substantial importance in the public interest: fraud and non-compliance with laws and regulations that affect the interim financial information; and going concern.

Fraud and Non-Compliance with Laws and Regulations

54. Extant ISRE 2410 includes requirements for the auditor to perform inquiries relating to fraud and NOCLAR, with no requirements that apply in the event that fraud or suspected fraud, or identified or suspected NOCLAR, comes to the auditor’s attention in an interim review engagement.

55. The IAASB determined that the public interest rationale for revisions reflected in ISA 240 (Revised)²⁶ and ISA 250 (Revised)²⁷ should be considered with an 'interim review engagement lens' in developing ED-2410. In particular, because ED-2410 is applied by the auditor of the entity's annual financial statements, the IAASB considered intended users' expectations about the auditor's response if a fraud or suspected fraud, or NOCLAR or suspected NOCLAR, came to the auditor's attention while performing an interim review engagement.
56. The IAASB is of the view that the requirements for fraud and NOCLAR in paragraphs 52-57 of ED-2410 are consistent with the principles of ISA 240 (Revised) and ISA 250 (Revised). The requirements establish a proportionate work effort consistent with the overall objective of an interim review engagement (i.e., a limited assurance engagement), yet support a more robust work effort related to fraud and NOCLAR than in the extant standard. Additionally, the application material in paragraph A99 establishes a link between the requirements in paragraphs 54-55, and the requirement of paragraph 70, which applies when a matter comes to the auditor's attention that causes the auditor to believe that there may be a material misstatement of the interim financial information.

Going Concern

57. Extant ISRE 2410, paragraph 27, requires the auditor to inquire about whether management has changed its assessment of the entity's ability to continue as a going concern. If, as a result of this inquiry or other review procedures, the auditor becomes aware of events or conditions that may cast significant doubt on the entity's ability to continue as a going concern, the auditor is required to inquire about management's plans and to consider the adequacy of any disclosures about such matters in the interim financial information.
58. Given the fundamental nature of the going concern assumption to the preparation of financial information, both annual and interim, the IAASB recognized that the auditor's work effort relating to going concern is a matter of public interest in the context of any assurance engagement on general purpose historical financial information. Therefore, stakeholders' heightened expectations about the auditor's work effort and communications in this area, which were a driver for the IAASB's revisions in ISA 570 (Revised 2024), are also relevant to interim review engagements. Accordingly, the project proposal includes an action to explore enhancements to clarify the auditor's responsibilities relating to management's assessment of an entity's ability to continue as a going concern in an interim review engagement, and to communicate going concern-related matters in the auditor's interim review report.
59. ED-2410 includes such enhancements, with a focus on maintaining proportionality in the circumstances of an interim review engagement. In this context, while ED-2410 reflects the principles of ISA 570 (Revised 2024), the required work effort in ED-2410 (paragraphs 58 to 65) is not intended to enable the auditor to conclude with a reasonable level of assurance that management's use of the going concern assumption is appropriate, or that required disclosures about going concern are adequate. Rather, in the context of obtaining sufficient appropriate evidence as a basis for a limited assurance conclusion on the interim financial information, the intended *outcome* of the auditor's work effort relating to going concern, is for the auditor to be able to:

²⁶ ISA 240 (Revised), *The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements*, paragraphs 55-57

²⁷ ISA 250 (Revised), *Consideration of Laws and Regulations in an Audit of Financial Statements*, paragraphs 19-22

- (a) Determine whether anything has come to the auditor's attention that affects the auditor's judgments about the appropriateness of management's use of the going concern basis of preparation, or about whether a material uncertainty exists; and
- (b) Consider the adequacy of the disclosures in the interim financial information, in accordance with the requirements of the applicable financial reporting framework.

The evidence obtained for these judgments then provides a basis for the proposed statements to be made related to going concern in the interim review report (see **Section I-H** below).

- 60. The IAASB determined that the requirements in paragraphs 58-65 of ED-2410 establish a level of work that is necessary to have an appropriate basis for determining whether anything has come to the auditor's attention that causes the auditor to believe that a material misstatement related to going concern may exist. If something does come to the auditor's attention, paragraph 70 requires further work to be performed until the auditor is able to either conclude that it is unlikely that a material misstatement exists, or to determine that there is a material misstatement (see also paragraphs 51-52 above).
- 61. Certain requirements represent an enhancement from the baseline requirement of extant ISRE 2410, and a closer alignment with the principles of ISA 570 (Revised 2024):
 - (a) The requirements in paragraphs 58-61 are aimed at anchoring the auditor's inquiries on management's assessment of the entity's ability to continue as a going concern, with an assessment period covering at least twelve months from the date of approval of the interim financial information. It is not intended that an auditor seek to obtain an assessment that is performed to the same level of detail as that performed for the annual reporting period, nor that it be documented in the same way. However, it is intended to support users' expectations that, if the going concern assumption presumes continued operations for the 'foreseeable future,' this horizon does not change solely because the reporting period changes.
 - (b) Paragraph 63(c) recognizes that, in certain circumstances, the auditor may consider it necessary to perform other procedures (that is, procedures other than the specific inquiries required by ED-2410) in order to obtain evidence to support the auditor's conclusions related to going concern. For example, if the auditor becomes aware of events or conditions that may cast significant doubt on the entity's ability to continue as a going concern, the auditor may consider it appropriate to read a document that provides evidence regarding management's plans to address these events or conditions.
 - (c) Paragraph 65 includes an explicit requirement for the auditor to evaluate the adequacy of disclosures related to going concern. The placement of this requirement is based on a logical workflow: the auditor's evaluation in paragraph 64 about the appropriateness of management's use of the going concern basis of accounting, and whether a material uncertainty exists, is necessary to appropriately evaluate the adequacy of disclosures.

G. Forming a Conclusion on the Interim Financial Information

- 62. As well as addressing the form and content of the auditor's audit report, ISA 700 (Revised) includes a section on forming an opinion on the financial statements, which includes requirements to evaluate whether the evidence obtained from procedures performed is sufficient and appropriate and supports

the auditor's opinion. ISA 705 (Revised)²⁸ includes requirements related to the form and content of the auditor's report when the opinion is modified. Because extant ISRE 2410 has not been updated since 2005, it does not have such sections.

63. Recognizing the need to address the clarity of reporting for users of interim financial information, the IAASB determined that it was appropriate for ED-2410 to include separate sections addressing (a) the need for the auditor to *form* a conclusion on the interim financial information, and (b) the *form and structure of the conclusion*. The section on Forming a Conclusion on the Interim Financial Information (paragraphs 89-94 of ED-2410) therefore includes requirements for the auditor to evaluate whether sufficient appropriate evidence has been obtained from procedures performed and to form a conclusion, based on that evidence, about whether the interim financial information is free from material misstatement. The section on the form of conclusion (paragraphs 97-107 of ED-2410) follows the structure of the similar section in ISRE 2400 (Revised), paragraphs 72-85, but is included in the Preparing the Auditor's Interim Review Report section, which reflects the same approach as was adopted in the recently completed ISSA 5000. See also paragraphs 69-73 below regarding the form of the auditor's interim review conclusion.
64. The stand-back in paragraph 89 of ED-2410 requires the auditor to consider all evidence obtained when making this evaluation, to emphasize the need for professional skepticism in forming a conclusion. If the auditor's evaluation is that the evidence obtained from the procedures performed is not sufficient and appropriate to enable the auditor to form a limited assurance conclusion, paragraph 90 requires the auditor to attempt to obtain further evidence. If the auditor is unable to obtain sufficient appropriate evidence after attempting to obtain further evidence, the auditor is required by paragraph 103 to express either a qualified conclusion or disclaim a conclusion on the interim financial information.

H. The Auditor's Report on the Interim Review Engagement

65. A driver for developing ED-2410 was the need for more clarity, in particular for intended users of interim financial information and auditor's interim review reports, about the:
 - (a) Purpose of an interim review engagement;
 - (b) Difference between the level of assurance that is obtained in an interim review engagement (limited assurance), and that obtained in an audit of annual financial statements (reasonable assurance); and
 - (c) Nature and extent of procedures performed in an interim review engagement compared to an audit of annual financial statements.
66. In its [Auditor Reporting Standards](#) project, the IAASB recognized the communicative value of the auditor's report as the primary deliverable of the audit engagement, to address a lack of clarity among users of financial statements about the purpose, scope and outcome of the audit. The communicative value of the practitioner's reporting is important across assurance engagements, given the common aim of all assurance engagements (audits, reviews and other assurance engagements) for the practitioner to express an opinion or conclusion to enhance the degree of confidence of intended users about the subject matter information. In considering recommendations arising from the [post-implementation review of the Auditor Reporting standards](#) (completed in September 2021), the IAASB

²⁸ ISA 705 (Revised), *Modifications to the Opinion in the Independent Auditor's Report*

recognized that the form, structure and presentation of assurance and audit reports are intentionally different, as this enables users to clearly distinguish their different purpose and scope. However, the IAASB supported exploring stakeholder demand for aligning the form, structure and presentation of assurance reports other than audit reports, with the form, structure and presentation of audit reports, when the applicable assurance standards were next proposed for revision. ED-2410 includes proposals for revisions in the structure, form and content of the auditor's interim review report, and seeks input from stakeholders on this matter.

Key decisions

67. In developing ED-2410, the IAASB:
- (a) Considered the clarity of wording in, and the placement of, the auditor's limited assurance conclusion within the interim review report;
 - (b) Determined that it was necessary to include an explicit statement relating to compliance with relevant ethical requirements, including those related to independence, modelled on the language in ISA 700 (Revised);²⁹
 - (c) Determined that it was necessary and appropriate to introduce additional statements, echoing the revisions made to ISA 570 (Revised 2024), that would communicate the auditor's views, based on the evidence obtained from the procedures performed, relating to management's use of the going concern basis of accounting, and about whether a material uncertainty related to going concern exists; and
 - (d) Agreed not to introduce a section conceptually analogous to the "key audit matters" addressed in ISA 701, in recognition of the circumstances of interim review engagements, and to avoid inadvertently creating a perception that a greater level of assurance than is appropriate has been obtained.
68. Paragraph 95 of ED-2410 sets out the requirements for the elements of the auditor's interim review report. The auditor's interim review Conclusion section is required to be presented first, to give it greater prominence, and is followed by the Basis for Conclusion section, consistent with ISA 700 (Revised).

Form of the Auditor's Interim Review Conclusion

69. ED-2410 also revises the requirements related to the wording of the auditor's conclusion (see paragraph 98 of ED-2410). Under extant ISRE 2410, the wording of the conclusion differs, depending on whether the interim financial information comprises a complete set of general-purpose financial statements prepared in accordance with a financial reporting framework designed to achieve fair presentation, or not.³⁰
70. The IAASB determined that the auditor's conclusion on an interim review engagement should:
- (a) Be expressed in the negative form ("Nothing has come to our attention that causes us to believe that the interim financial information..."); and

²⁹ ISA 700 (Revised), *Forming an Opinion and Reporting on Financial Statements*, paragraph 28(c).

³⁰ Extant ISRE 2410, paragraphs 43(i) and 43(j). See also the proposed definition of 'applicable financial reporting framework' in paragraph 13(b) of ED-2410, which is unchanged.

- (b) Differ depending on whether the applicable financial reporting framework is a fair presentation framework or a compliance framework, as described in the definition in paragraph 13(b) of ED-2410.

Framework Neutrality in the IAASB's Standards

- 71. In considering changes to the requirements related to the form of the auditor's interim review conclusion, the IAASB reaffirmed that it is not within its remit to interpret financial reporting standards, and that the IAASB's standards should remain framework-neutral.
- 72. However, the IAASB also recognized that IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB), and in particular, International Accounting Standard (IAS) 34, *Interim Financial Reporting*, are widely used in the preparation of interim financial reports.³¹ The IAASB acknowledged the diversity of views between and within jurisdictions about whether condensed interim financial reports prepared in accordance with IAS 34 are designed to achieve, or may achieve, fair presentation, and if so, of what. These differences are apparent in how different preparers in different jurisdictions, or even within a jurisdiction, describe the reporting framework used in preparing their interim financial reports; and in how different regulations that apply to the preparation of interim financial reports describe the frameworks.³²
- 73. Because of this, the IAASB acknowledged the risk that assurance conclusions issued in respect of interim financial reports prepared under the same reporting framework may differ between jurisdictions. Noting that consistency of reporting globally is an important feature of the objective of revising ISRE 2410, **Question 15 in Section II** below asks for respondents' views on this matter.

Addressing Going Concern the Auditor's Interim Review Report

- 74. ISA 570 (Revised 2024) introduced requirements for the auditor to include explicit statements in the auditor's report on the entity's annual financial statements about whether:
 - (a) Management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
 - (b) A material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern.It also introduced a requirement to state that such conclusions are based on the audit evidence obtained up to the date of the auditor's report and are not a guarantee as to the entity's ability to continue as a going concern.
- 75. ED-2410 introduces equivalent requirements to make explicit statements related to going concern in the auditor's interim review report that are deemed appropriate for, and proportionate to the work

³¹ IAS 34 permits an entity to publish either a complete or condensed set of interim financial statements, and prescribes the minimum content of an interim financial report and the principles for recognition and measurement in complete or condensed financial statements for an interim period. See the objective and paragraph 7 of IAS 34.

³² For example, the UK's Disclosure and Transparency Rule applicable to Listed Entities requires a statement be made by those responsible for the half-yearly financial report, that confirms that, to the best of their knowledge, "the condensed set of financial statements, which has been prepared in accordance with the applicable set of accounting standards, gives a true and fair view of the assets, liabilities, financial position and profit or loss of the issuer" and specifies that they may "satisfy the requirement to confirm that the condensed set of financial statements give a true and fair view by giving a statement that they have been prepared in accordance with IAS 34."

effort and circumstances of, interim review engagements. In determining that it was appropriate to do so, the IAASB acknowledged the risk that having such statements in an interim review report may unintentionally suggest a greater work effort having been performed on going concern than is necessary to achieve the auditor's objectives in an interim review engagement, which may increase the expectations gap by adding to the challenges for users to understand the nature and scope of an interim review engagement.

76. However, the IAASB determined that the need for transparency that drove the IAASB's decisions in approving ISA 570 (Revised 2024) was equally relevant for interim review engagements. Because interim financial information is intended to provide an update on the latest complete set of annual financial statements, the IAASB acknowledged that failing to provide an update about such matters at the interim date would be unlikely to satisfy the information needs of intended users of the interim financial information and the auditor's interim review report thereon.
77. Accordingly, the IAASB determined that it was appropriate to introduce requirements for clear statements to be made about going concern. Informed by revisions in jurisdictional standards related to interim review engagements,³³ and the circumstances addressed in ISA 570 (Revised 2024), ED-2410 requires the auditor to include explicit statements about whether:
- (a) In the context of the auditor's review of the interim financial information as a whole, and in forming the auditor's review conclusion thereon, anything has come to the auditor's attention that causes them to believe that management's use of the going concern basis of accounting in the preparation of the interim financial information is not appropriate; and
 - (b) Whether anything has come to the auditor's attention that indicates that a material uncertainty exists.

ED-2410 also requires a statement that indicates that those statements are not a guarantee as to the entity's ability to continue as a going concern.

78. The IAASB acknowledged the variety of scenarios related to going concern that may arise in an interim review engagement, and considered which of those needed to be supported by explicit requirements. **Table 1** below includes a summary of the most common scenarios expected to be encountered in performing interim review engagements, and the relevant reporting requirements in ED-2410.
79. The IAASB determined that it was not necessary for ED-2410 to include requirements that specifically address the following two scenarios, because they were not considered to be common occurrences, and the relevant principles are addressed by other requirements:
- (a) The going concern basis of accounting is not appropriate in the circumstances (e.g., because the entity intends to cease trading) but the interim financial information is prepared on a suitable alternative basis, and this is adequately disclosed. In this circumstance, paragraph 117 is likely to apply.
 - (b) The events and conditions that had previously given rise to a material uncertainty related to going concern, or to a previously disclosed "close call" related to going concern, have resolved in the interim period. However, if adequate disclosures about the circumstances are included in the interim financial information, paragraph 111 addresses this scenario.

³³ Refer, for example, to the United Kingdom's ISRE (UK) 2410, paragraph 54-1 and revisions to the illustrative reports.

Table 1: Scenarios addressed in ED-2410

SCENARIOS ADDRESSED			Applicable Requirements in ED-2410
Based on evidence obtained from audit procedures performed for the previous annual audit ...	Based on evidence obtained from review procedures performed for the interim review engagement ...		
	Events or Conditions? ³⁴	MUGC? ³⁵	
“Baseline” Either: No events or conditions identified (and therefore no MUGC exists) or Events and conditions were identified, but no MUGC exists.	No	No	Paragraph 108
	Yes	Yes	Paragraph 110
		No	Paragraph 108 or Paragraph 111 (depending on the circumstances)
“Close Call” Events or conditions identified; but no MUGC exists, and Significant judgments were made in concluding that no MUGC exists, and they are adequately disclosed.	Yes	Yes	Paragraph 110
		No	Paragraph 108 or Paragraph 111 (depending on the circumstances)
	No	No	Paragraph 108
“MUGC” Events or conditions identified. MUGC exists and is adequately disclosed. ³⁶	Yes	Yes	Paragraph 109
		No	Paragraph 108 or Paragraph 111 (depending on the circumstances)
	No	No	Paragraph 108

³⁴ “Events or conditions” is used as shorthand for “events or conditions that were identified that *may* cast significant doubt about the entity’s ability to continue as a going concern

³⁵ MUGC is used as shorthand for “a material uncertainty about the entity’s ability to continue as a going concern.”

³⁶ If the MUGC is not adequately disclosed, paragraph 112 applies.

Other Elements of the Interim Review Report

80. Paragraph 95(f) introduces a requirement for the interim review report to include a section stating management's responsibilities, which is intended to provide a clearer distinction between the responsibilities of management and the responsibilities of the auditor in an interim review engagement.
81. Additionally, ED-2410 introduces a conditional requirement (paragraph 96) for the interim review report to include the name of the engagement partner when the interim review engagements is for a publicly traded entity. This was deemed to be an important disclosure, as users may have an interest in understanding whether the engagement partner for the interim review engagement was the same as for the audit of the annual financial statements.

I. Other Matters

Communications with Management and Those Charged with Governance

82. The IAASB considered different approaches to the requirements for communications with management and those charged with governance. On balance, the IAASB determined that it was appropriate to retain an overarching requirement similar to paragraph 42 of extant ISRE 2410, but positioned earlier in the standard to emphasize the importance of timely communication of relevant matters throughout the engagement. Therefore, paragraph 38 of ED-2410 requires the auditor to communicate on a timely basis, matters that, in the auditor's professional judgment, merit the attention of management or those charged with governance, as appropriate. In making this determination, the IAASB took into account that the matters to be communicated in accordance with ED-2410 would likely be informed by the auditor's communications in the audit of financial statements. ED-2410 includes application material (see paragraph A62) with examples of matters that may be significant to the responsibilities of those charged with governance.

Other Information

83. Paragraphs 36-37 of extant ISRE 2410 address the auditor's responsibility for 'accompanying information,' which, in principle, is the same as 'other information' in the current IAASB standards. The project proposal included an action to explore enhancements to clarify the auditor's responsibility and work related to other information issued by the entity in an interim review engagement.
84. The IAASB determined that it was appropriate to modernize and clarify the terms, while retaining simple, principles-based requirements related to other information in the context of an interim review engagement. Accordingly, ED-2410 includes a definition of "other information" (paragraph 13(g)), and also includes work effort requirements in paragraphs 86 to 88 based on the underlying principles of ISA 720 (Revised),³⁷ which are that:
 - (a) Reading the other information may bring to the auditor's attention a material inconsistency between the other information and the interim financial information. If so, this may undermine the credibility of the interim financial information and the auditor's conclusion thereon and, therefore, the auditor undertakes further work to determine whether a material misstatement of the interim financial information or of the other information may exist; and

³⁷ ISA 720 (Revised), *The Auditor's Responsibilities Relating to Other Information*

- (b) Although other information is not subject to the interim review engagement, relevant ethical requirements ordinarily require that the auditor is not to be associated with misleading information. If there was a material misstatement of the other information in a document containing the interim financial information and the auditor's interim review report thereon, the auditor would be associated with such information.

Effective Date

85. The IAASB anticipates that a final pronouncement will be approved in **June 2027**, and that it is appropriate for the standard to be effective for reviews of interim financial information for periods beginning at least 18 months after the approval of the final pronouncement. This convention of linking the effective date to the start of a reporting period to which an engagement would relate is appropriate because ED-2410 address all stages of an interim review engagement.
86. The IAASB believes that such a time frame appropriately takes into account:
- The effective date of ISA 570 (Revised 2024) and ISA 240 (Revised), given the revisions in ED-2410 related to those topics;
 - The time needed for translation and adoption processes within jurisdictions, and for revisions to firm methodologies, engagement enablement tools and training materials.

Section II - Questions for Respondents

1. Respondents are asked to respond to the questions below using the **Response Form** as explained in the **Request for Comments** section of this EM, focusing on the clarity, understandability, and implementability of the requirements and application material of ED-2410.

Questions for Respondents	Related Section or Paragraphs in this EM
<i>Overall Impact</i>	
1. Do you agree that ED-2410 is responsive to the public interest , considering the qualitative standard-setting characteristics and the standard-setting actions in the project proposal?	Section I-A and the Appendix
2. Do you agree that ED-2410 strikes an appropriate balance between the work effort required to express a limited assurance conclusion on the interim review engagement, and more robust requirements in the public interest in certain areas (e.g., going concern, fraud and non-compliance with laws and regulations)? You are invited to include as part of your response insights on the implications or effects of implementing the proposed standard.	<i>Overall perspective</i>

Questions for Respondents	Related Section or Paragraphs in this EM
<i>Professional Skepticism and Professional Judgment</i>	
<p>3. Does ED-2410 appropriately address the foundational concepts of professional skepticism and professional judgment, and the importance of applying these concepts throughout the interim review engagement? If not, what more might be needed in this regard?</p>	<p><i>Overall perspective</i> Section I-B, paragraph 22(a)</p>
<p><i>Fundamental Principles of an Interim Review Engagement</i></p> <p>4. Does the Introduction section of ED-2410 provide a clear description of the nature and purpose of an interim review engagement, and how it differs from an audit of financial statements, to provide foundational context for the work effort needed to achieve the objective of the engagement?</p> <p>5. Is ED-2410 sufficiently clear that while the auditor performs primarily inquiries and analytical procedures, <i>all procedures</i> performed for the purpose of achieving the overall objective of the interim review engagement are “review procedures”? If not, what suggestions do you have to make this clearer?</p>	<p>Section I-B Section I-F, paragraphs 44-47</p>
<p><i>Approaching an Interim Review Engagement in Accordance with ED-2410</i></p> <p>6. Is it sufficiently clear that, for recurring engagements, the auditor leverages the knowledge and understanding obtained from previous annual audits and interim review engagements for the entity? If not, what suggestions do you have for making this clearer?</p> <p>7. Do you agree with the considerations that apply when the review of interim financial information is the first engagement performed for the audit client? If not, what suggestions do you have for additional considerations related to first-time interim review engagements?</p>	<p>Section I-B Section I-F, paragraphs 44-52</p>
<p><i>Materiality</i></p> <p>8. Do you agree with the requirement for the auditor to determine materiality for the interim review engagement, and the related application material that describes the relevant principles that apply? If not, what would you suggest?</p>	<p>Section I-F, paragraphs 41-43</p>

Questions for Respondents	Related Section or Paragraphs in this EM
<p><i>Group Interim Review Engagements</i></p> <p>9. Overall, do you agree that ED-2410 is capable of being applied for the review of interim financial information of groups?</p> <p>10. Are the requirements in ED-2410 that address specific considerations related to group interim review engagements appropriate?</p> <p>If not, for each of these questions, please explain your reasons, and provide suggestions for additional requirements or application material that might be needed.</p>	<p>Section I-F, paragraphs 37-40</p>
<p><i>Fraud and Non-Compliance with Laws and Regulations (NOCLAR)</i></p> <p>11. Do you agree that the work effort requirements related to fraud and NOCLAR are appropriate and proportionate to the circumstances of an interim review engagement, recognizing that the engagement is performed by the auditor of the entity's annual financial statements and has responsibilities related to fraud and NOCLAR in the context of that engagement?</p> <p>If not, please explain your reasons, provide suggestions for the auditor's approach to fraud and NOCLAR in an interim review engagement.</p>	<p>Section I-F, paragraphs 54-56</p>
<p><i>Going Concern</i></p> <p><i>The questions below address both the auditor's work effort related to going concern in an interim review engagement and transparency about going concern in the interim review report.</i></p> <p>12. Do you agree that the work effort requirements related to going concern are appropriate and proportionate to the circumstances of an interim review engagement, recognizing that the engagement is performed by the auditor of the entity's annual financial statements and has responsibilities related to going concern in the context of that engagement? If not, please explain your reasons and provide suggestions for how ED-2410 should address the auditor's responsibilities related to going concern in an interim review engagement.</p> <p>13. Do you agree with the proposals to introduce a new separate section relating to going concern in the auditor's interim review report? If not, please explain your reasons and provide suggestions for how ED-2410 should address transparency about going concern in the interim review report.</p> <p>In particular:</p> <p>(a) Do you agree with the proposed required statements, appropriately worded for a limited assurance engagement, relating to the going</p>	<p>Section I-F, paragraphs 57-61</p> <p>Section I-H, paragraphs 74-79</p>

Questions for Respondents	Related Section or Paragraphs in this EM
<p>concern basis of accounting and whether a material uncertainty exists? If not, please explain your reasons and provide suggestions for how such statements should be worded in the interim review report.</p> <p>(b) Do you agree that the circumstances addressed in the requirements in paragraphs 108-111 of ED-2410 capture the most frequently encountered scenarios in practice? If not, please explain your reasons and provide suggestions for any other scenarios that should be addressed in ED-2410.</p> <p>(c) Do you agree with the requirement in paragraph 111 of ED-2410 to include a reference in the interim review report to disclosure(s) of a going concern matter, other than a material uncertainty (for example, a “close call”) only when the matter is, in the auditor’s professional judgment, of such importance that it is fundamental to users’ understanding of the interim financial information, and to do so in a manner akin to an emphasis of matter paragraph? If not, please explain your reasons and provide suggestions for how such matters should be addressed in ED-2410.</p>	
<p><i>The Auditor’s Interim Review Report</i></p> <p>General</p> <p>14. Do you agree with the proposed new structure of the auditor’s interim review report? In particular, consider whether the new structure may be clearer for intended users of the report since it is consistent with the structure of the auditor’s report on the financial statements.</p> <p>If not, please explain your reasons, including any suggestions for how the interim review report can be made clearer for intended users.</p>	<p>Section I-H, paragraphs 65-68</p>
<p>The Auditor’s Interim Review Conclusion</p> <p>15. Do you foresee any practical consequences from the approach in ED-2410 that the auditor’s interim review conclusion would differ, depending on whether the applicable financial reporting framework is a fair presentation framework or a compliance framework, as defined in paragraph 13(b) of ED-2410? Please be as specific as possible in describing any potential issues and suggestions for how the IAASB may address them.</p>	<p>Section I-H, paragraphs 69-73</p>
<p><i>Other Matters</i></p> <p>16. Are there any other matters you would like to raise in relation to ED-2410? If so, please clearly indicate the specific paragraph numbers of any requirements, application material, or Appendix, to which your comments</p>	

Questions for Respondents	Related Section or Paragraphs in this EM
<p>relate. If you provide views on other matters, please use subheadings in your response to clearly identify and distinguish different matters.</p>	
<p><i>Translations</i></p>	
<p>17. Recognizing that many respondents may intend to translate the final standard for adoption in their own environments, have you identified any potential translation challenges or issues?</p> <p>If so, please describe the issue identified and clearly indicate the specific paragraph numbers of any requirements, application material, or specific illustrations or appendices to which your comments relate.</p>	
<p><i>Effective Date</i></p>	
<p>18. The IAASB believes that an appropriate implementation period would be approximately 18 months after the expected date of approval of the proposed revised standard. Do you agree that this will provide a sufficient period to support effective implementation of the proposed standard? If not, what do you propose and why?</p>	<p>Section I-I, paragraphs 85-86</p>

Questions to Inform the International Ethics Standards Board for Accountants (IESBA)	
<p>The IESBA is seeking views from respondents related to the application of the IESBA Code. Respondents for whom these questions are relevant are encouraged to provide answers to these questions to inform the IESBA's consideration of the need for any future actions.</p>	
<p>E.1. Recognizing that ED-2410 requires the auditor to comply with relevant ethical requirements, including those related to independence, when performing an interim review engagement:</p> <p>(a) Given the context set out in Section I-C, paragraph 28, in the EM and taking into account that Part 4A of the Code applies to both audit and review engagements unless otherwise stated, do you believe there is a need to clarify the application of Section 405 with respect to group review engagements, including group interim reviews?</p> <p>(b) Do you believe the application of the Code as described in Section I-C, paragraph 29, in the EM is clear when information concerning non-compliance or suspected non-compliance with laws and regulations comes to the auditor's attention when performing an interim review engagement?</p>	<p>Introduction, paragraphs 12-14</p> <p>Section I-C</p>

<p>If you believe there is a need to clarify the application of the Code in either or both circumstances above, please explain why. Please also explain which clarifications would be useful and whether they should be made inside or outside the Code.</p>	
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Appendix - Mapping Proposed Actions to Relevant Paragraphs of ED-2410

The table in this appendix maps the key aspects of ED-2410 to the proposed standard-setting actions in the [project proposal](#) (see paragraph 13), to support the public interest.

1. The column “Key Revisions Proposed” describes the proposed standard-setting actions in ED-2410, which are designed to achieve the following qualitative standard-setting characteristics (identified as being of most relevance in the project proposal):
 - The **coherence** of the proposed revised standard with the overall body of standards issued by the IAASB, enhancing linkages between standards that address the same subject matter information (historical financial information) and level of assurance (limited assurance).
 - The **appropriateness of the scope** of the proposed revised standard, by taking into account that the engagement is performed by the auditor of the entity’s annual financial statements, and that certain matters in the ISAs may be relevant to an interim review engagement, notwithstanding the different purpose, scope and outcome of the review engagement on interim financial information. Therefore, the concept of **proportionality** is important to support achieving this characteristic.
 - The **comprehensiveness** of the standard, reducing variability in practice by limiting the extent to which there are exceptions to the principles set out in the standard.
 - The **implementability** and **ability to be consistently applied** and be **globally operable** across entities of all sizes and in all regions, taking into account the importance of the varying size and complexity of entities whose financial information necessitates a review engagement under the proposed revised standard, and the varying resources of firms that perform such engagements.
2. Because these characteristics apply to ED-2410 *as a whole*, rather than to any individual section or requirement(s), the characteristics have not been mapped individually to individual standard-setting actions or proposed revisions.
3. All paragraph references herein are to paragraphs in ED-2410 unless otherwise indicated.

Proposed Actions in the Project Proposed	Key Revisions Proposed	
	Explanation	Relevant sections or paragraphs in ED-2410
Project Objective: Establish a global baseline for the consistent performance of interim review engagements.		
1.1 Redraft ISRE 2410 in the “Clarity format.”	ED-2410 has been drafted in the ‘Clarity format,’. The IAASB’s Clarity project was completed at the end of 2008). The Clarity project reviewed the drafting conventions of the ISAs to identify ways to improve the clarity, and therefore the consistent application, of International Standards issued by the IAASB.	Entirety of ED-2410
1.2. Revise ISRE 2410 as necessary so that principles and concepts: (a) Align with concepts and terms used in the International Framework for Assurance Engagements;¹ and (b) Draw on relevant concepts and principles of ISRE 2400 (Revised), and as appropriate, other IAASB standards.	The concepts and terms in ED-2410 are fully aligned with those in ISRE 2400 (Revised), which is the other IAASB standard addressing limited assurance engagements on historical financial information, and other IAASB assurance standards that address limited assurance engagements. In particular, the definition of limited assurance is now consistent with the description in the International Framework for Assurance Engagements.	<u>Introduction:</u> Paras. 5-9, 11 <u>Definitions:</u> Para. 13(f)

¹ For example, the International Framework for Assurance Engagements describes a limited assurance engagement as one in which the practitioner reduces engagement risk to a “level that is acceptable in the circumstances but where that risk is greater than for a reasonable assurance engagement.” In comparison, extant ISRE 2410 describes the aim of an interim review engagement as being to reduce to a “moderate level” the risk of expressing an inappropriate conclusion.

Proposed Actions in the Project Proposed	Key Revisions Proposed	
	Explanation	Relevant sections or paragraphs in ED-2410
Project Objective: Establish a global baseline for the consistent performance of interim review engagements.		
1.3 Explore ways to clarify the relationship between interim review engagements under ISRE 2410 and other IAASB standards.	<ul style="list-style-type: none"> Described the different scope of engagements under ED-2410 and ISRE 2400 (Revised) Described the difference between an interim review engagement performed under ED-2410 and an audit of financial statements performed in accordance with the International Standards on Auditing (ISAs) As explained in paragraph 16 of the project proposal, some of the issues identified may be resolved through the development of non-authoritative guidance materials. This may include, for example, educational material to clarify the relationship between interim review engagements and other engagements performed in accordance with other IAASB standard. 	<u>Introduction:</u> Para. 3, 8-9 <u>Application material:</u> Para. A3-A4
2.1 Determine the extent to which recent enhancements to IAASB standards need to be addressed, in a proportionate manner, in proposed revised ISRE 2410, given the circumstances of an interim review engagement, and the requirements of the applicable financial reporting framework for interim financial information.	General approach: In evaluating the potential impact of revisions to other IAASB standards since the issuance of extant ISRE 2410, the IAASB considered the public interest drivers of those projects, and whether the public interest issues addressed in those projects were also relevant in the context of interim review engagements. If so, the IAASB considered how those public interest	See the paragraph references below for the various sub-actions of proposed action 2.1

Proposed Actions in the Project Proposed	Key Revisions Proposed	
	Explanation	Relevant sections or paragraphs in ED-2410
Project Objective: Establish a global baseline for the consistent performance of interim review engagements.		
This may include considering whether new requirements or application material are necessary to address the following:	issues could be addressed in ED-2410, recognizing the need for proportionality given the circumstances of interim review engagements.	
(a) The relationship between ISRE 2410 and the quality management standards, including quality management at the engagement level.	<ul style="list-style-type: none"> • Introduced enhanced requirements for engagement-level quality management, including for the engagement partner to take overall responsibility for: <ul style="list-style-type: none"> ○ Managing and achieving quality on the engagement, including being sufficiently and appropriately involved throughout the engagement; ○ The direction and supervision of the members of the engagement team and the review of their work, and ○ In specific areas, the engagement being performed in accordance with the firm's quality management policies or procedures. • Also introduced a requirement for the engagement partner to consider the information from the firm's monitoring and remediation 	<u>Requirements:</u> Para. 23-24 <u>Application material:</u> Para. A28-A44

Proposed Actions in the Project Proposed	Key Revisions Proposed	
	Explanation	Relevant sections or paragraphs in ED-2410
Project Objective: Establish a global baseline for the consistent performance of interim review engagements.		
	process and the effect of that information on the interim review engagement.	
(b)(i) The auditor's responsibilities relating to understanding the entity and its environment, the applicable financial reporting framework and the entity's system of internal control.	<ul style="list-style-type: none"> ED-2410 includes core principles that apply irrespective of whether the auditor has previously audited the entity's annual financial statements or is performing a first-time interim review engagement for the entity. The auditor is required to obtain an understanding of the entity and its environment, the applicable financial reporting framework, and the entity's system of internal control relevant to the preparation of both annual and interim financial information. Based on this understanding, the auditor identifies areas in the interim financial information where material misstatements, whether due to fraud or error, are likely to arise. Included application material to address considerations specific to first-time interim review engagements. 	<u>Requirements:</u> 43 <u>Application material:</u> Para. A72-A79
(b)(ii)The auditor's responsibilities relating to accounting estimates.	<ul style="list-style-type: none"> In connection with designing and performing review procedures, ED-2410 requires specific inquiries of management and others within the 	<u>Requirements:</u> Para. 44-45 (in particular, para. 45(d) and 45(e))

Proposed Actions in the Project Proposed	Key Revisions Proposed	
	Explanation	Relevant sections or paragraphs in ED-2410
Project Objective: Establish a global baseline for the consistent performance of interim review engagements.		
	<p>entity, as appropriate, related to accounting estimates, including:</p> <ul style="list-style-type: none"> ○ For significant accounting estimates, inquiries about any changes in management's selection of methods, significant assumptions and data and, if applicable, the intent and ability to carry out specific courses of action, and ○ Whether significant, unusual or complex transactions, events or matters have affected or may affect the entity's interim financial information, including new or revised accounting estimates. <ul style="list-style-type: none"> ● In connection with forming a conclusion about whether the interim financial information is free from material misstatement, included requirements for the auditor to consider: <ul style="list-style-type: none"> ○ Qualitative aspects of the entity's accounting practices, including indicators of possible bias in management's judgments, and ○ Whether, in the context of the requirements of the applicable financial reporting framework and the results of 	<p>Para. 92(b) and (d)(iv)</p> <p><u>Application material:</u></p> <p>Para. A93-A97, A139</p>

Proposed Actions in the Project Proposed	Key Revisions Proposed	
	Explanation	Relevant sections or paragraphs in ED-2410
Project Objective: Establish a global baseline for the consistent performance of interim review engagements.		
	procedures performed, the accounting estimates and related disclosures made by management appear reasonable.	
(b)(iii)The auditor’s responsibilities relating to going concern,² including related to management’s assessment of going concern in the interim financial information.	<ul style="list-style-type: none"> Replaced the single requirement in paragraph 27 of extant ISRE 2410 with more robust requirements, consistent with the concepts and principles in ISA 570 (Revised 2024),³ but proportionate to the circumstances of an interim review engagement. These requirements recognize that going concern is fundamental to the preparation of the interim financial information, and are sufficient to support the auditor’s conclusions about going concern in the interim review engagement, and statements related to going concern in the auditor’s interim review report (see proposed action 3.2 below). Added application material to explain that, if a matter comes to the auditor’s attention that causes the auditor to believe that the interim 	<u>Requirements:</u> Para. 58-65 <u>Application material:</u> Para. A107-A114

² Reflecting the importance of this topic, some JSS (for example, the UK) have amended their local version of ISRE 2410 to clarify or enhance the auditor's responsibility for, and communication of, going concern-related matters in the interim review engagement, while others (for example Australia and New Zealand) expressed their agreement on the need for a global revision on this matter.

³ ISA 570 (Revised 2024), *Going Concern*

EXPLANATORY MEMORANDUM TO THE ED FOR PROPOSED ISRE 2410 (REVISED), REVIEW OF INTERIM FINANCIAL INFORMATION PERFORMED BY THE INDEPENDENT AUDITOR OF THE ENTITY'S ANNUAL FINANCIAL STATEMENTS)

Proposed Actions in the Project Proposed	Key Revisions Proposed	
	Explanation	Relevant sections or paragraphs in ED-2410
Project Objective: Establish a global baseline for the consistent performance of interim review engagements.		
	financial information may be materially misstated or misleading in relation to going concern, the auditor is required to perform additional procedures (i.e., the “deep dive”) in accordance with paragraph 70.	
(b)(iv)The auditor’s responsibilities relating to fraud and non-compliance with laws and regulations (NOCLAR).	<ul style="list-style-type: none"> • Replaced the single requirement in paragraph 41 of extant ISRE 2410 with more robust requirements, consistent with the concepts and principles in ISA 240 (Revised)⁴ and ISA 250 (Revised),⁵ but proportionate to the circumstances of an interim review engagement. • Included requirements related to communication with management and those charged with governance, and reporting to an appropriate authority. • Added application material to explain that additional procedures are required when the auditor has cause to believe that the interim financial information may be materially misstated. 	<u>Requirements:</u> Para. 52-57 <u>Application material:</u> Para. A99-A106

⁴ ISA 240 (Revised), *The Auditor’s Responsibilities Relating to Fraud in an Audit of Financial Statements*

⁵ ISA 250 (Revised), *Consideration of Laws and Regulations in an Audit of Financial Statements*

Proposed Actions in the Project Proposed	Key Revisions Proposed	
	Explanation	Relevant sections or paragraphs in ED-2410
Project Objective: Establish a global baseline for the consistent performance of interim review engagements.		
(b)(v)The auditor’s responsibilities relating to other information.	<ul style="list-style-type: none"> Defined “other information” to establish a clear boundary for consistent determination of what is considered other information in the context of an interim review engagement. Revised the requirements to align more closely with the principles of ISA 720 (Revised)⁶ related to the auditor’s responsibility to read the other information and consider whether it is materially inconsistent with the interim financial information. If a material inconsistency appears to exist, the auditor is required to discuss the matter with management or those charged with governance, as appropriate, to determine whether a material misstatement of the interim financial information may exist. 	<p><u>Definitions:</u> Para. 13(g)</p> <p><u>Requirements:</u> Para. 86-88</p> <p><u>Application material:</u> Para. A10-A11, A131-A136</p>
(c) Special considerations that apply for interim review engagements related to group interim financial information.	<ul style="list-style-type: none"> In lieu of adding multiple definitions to ED-2410 related to group interim review engagements, added a paragraph in the definitions section to explain that terms used in ED-2410 related to groups that are defined in the Handbook’s 	<p><u>Definitions:</u> Para. 14</p> <p><u>Requirements:</u> Para. 23(c)(ii), 39-40, 69</p>

⁶ ISA 720 (Revised), *The Auditor’s Responsibilities Relating to Other Information*

Proposed Actions in the Project Proposed	Key Revisions Proposed	
	Explanation	Relevant sections or paragraphs in ED-2410
Project Objective: Establish a global baseline for the consistent performance of interim review engagements.		
	<p>Glossary of Terms⁷ are intended to be read and applied in the context of a review of the interim financial information of the group performed by the auditor of the group financial statements (a “group interim review engagement”).</p> <ul style="list-style-type: none"> • Added a requirement related to engagement-level quality management for the engagement partner to take overall responsibility for the engagement being performed in accordance with the firm’s quality management policies or procedures, including determining that sufficient and appropriate resources to perform the engagement are assigned or made available in a timely manner. Application material explains that, for a group interim review engagement, such resources may include component auditors. • Added requirements for the group auditor to: <ul style="list-style-type: none"> ○ Determine the nature, timing and extent of the work to be performed by component auditors, if any, and 	<p><u>Application material:</u> Para. A40, A63-A65, A119</p>

⁷ The Glossary of Terms relating to International Standards issued by the IAASB in the Handbook of International Quality Management, Auditing, Review, Other Assurance, and Related Services Pronouncements (the Handbook).

Proposed Actions in the Project Proposed	Key Revisions Proposed	
	Explanation	Relevant sections or paragraphs in ED-2410
Project Objective: Establish a global baseline for the consistent performance of interim review engagements.		
	<ul style="list-style-type: none"> ○ If component auditors are involved, communicate with them about the work to be performed and expected communications about the results of that work. ● Added a requirement for the auditor to obtain evidence that the group interim financial information agrees or reconciles to the consolidation schedules and to the records of significant consolidation journal entries and adjustments. 	
3.1 Explore enhancements to the form, structure and presentation of the auditor's review report to enhance the understandability and usefulness of the report to users.	<ul style="list-style-type: none"> ● To improve the communicative value of the auditor's interim review report, the requirements in ED-2410 include the following enhancements related to the form, structure and presentation of the report: <ul style="list-style-type: none"> ○ Requires the auditor's conclusion to be presented first, followed by the Basis for Conclusion section. The form of the auditor's conclusion is dependent on whether the interim financial information is prepared in accordance with a fair presentation framework or a compliance framework. 	<u>Requirements:</u> Para. 95-107 <u>Application material:</u> Para. A146-A172

Proposed Actions in the Project Proposed	Key Revisions Proposed	
	Explanation	Relevant sections or paragraphs in ED-2410
Project Objective: Establish a global baseline for the consistent performance of interim review engagements.		
	<ul style="list-style-type: none"> ○ Expands on the wording that describes an interim review engagement and its limitations, including how the interim review engagement differs from an audit of financial statements. ○ The Basis for Conclusion section includes a required statement relating to compliance with relevant ethical requirements including, when applicable, that the auditor applied independence requirements specific to audits or reviews of certain entities (e.g., public interest entities). ○ Requires a separate section describing management's responsibility for the interim financial information, including for assessing the entity's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. ● Added a conditional requirement to include the name of the engagement partner for interim review engagements of publicly traded entities. 	

Proposed Actions in the Project Proposed	Key Revisions Proposed	
	Explanation	Relevant sections or paragraphs in ED-2410
Project Objective: Establish a global baseline for the consistent performance of interim review engagements.		
	<ul style="list-style-type: none"> Included more detailed requirements for expressing a modified conclusion, consistent with the principles in ISA 705 (Revised),⁸ and patterned after the structure of such requirements in other IAASB standards (e.g., ISRE 2400 (Revised)⁹ and ISSA 5000).¹⁰ 	
3.2 Consider whether and, if so, how certain matters are to be included in the auditor's review report, including going concern-related matters.¹¹	<ul style="list-style-type: none"> Added requirements to include a separate section in the auditor's interim review report, with the heading "Going Concern" or "Material Uncertainty Related to Going Concern," as applicable, and the auditor's conclusion, to address the most common scenarios expected in the context of interim review engagements. Requires the auditor to include explicit statements, expressed in a manner consistent with the limited assurance nature of the interim review engagement (i.e., "nothing has come to the auditor's attention") about the 	<u>Requirements:</u> Para. 108-114 <u>Application material:</u> Para. A173-A176

⁸ ISA 705 (Revised), *Modifications to the Opinion in the Independent Auditor's Report*

⁹ ISRE 2400 (Revised), *Engagements to Review Historical Financial Statements*

¹⁰ ISSA 5000, *General Requirements for Sustainability Assurance Engagements*

¹¹ For example, some JSS (Australia, Japan, New Zealand, United Kingdom) have made local modifications to their versions of ISRE 2410, requiring a material uncertainty related to going concern that is adequately disclosed in the interim financial information to be reported under the heading "Material Uncertainty Related to Going Concern," consistent with ISA 570 (Revised), instead of reporting this as an "Emphasis of Matter," as currently required under extant ISRE 2410.

Proposed Actions in the Project Proposed	Key Revisions Proposed	
	Explanation	Relevant sections or paragraphs in ED-2410
Project Objective: Establish a global baseline for the consistent performance of interim review engagements.		
	<p>appropriateness of management's use of the going concern basis of accounting and the existence of a material uncertainty related to going concern.</p> <ul style="list-style-type: none"> Included a conditional requirement for circumstances when a matter related to going concern, other than a material uncertainty, is disclosed in the interim financial information (e.g., a going concern "close call") and, in the auditor's judgment, the matter is of such importance that it is fundamental to users' understanding of the interim financial information. In these circumstances, the auditor is required to include, in the separate Going Concern section, references to the related disclosure(s) in the interim financial information. This approach is akin to an emphasis of matter paragraph. 	
3.3 Explore other ways to promote user understanding of interim review engagements, such as through non-authoritative guidance or implementation support materials.	As explained in paragraph 16 of the project proposal, some of the issues identified may be resolved through the development of non-authoritative guidance materials. This may include, for example, educational material to clarify the relationship between interim	N/A

Proposed Actions in the Project Proposed	Key Revisions Proposed	
	Explanation	Relevant sections or paragraphs in ED-2410
Project Objective: Establish a global baseline for the consistent performance of interim review engagements.		
	review engagements and other engagements performed in accordance with other IAASB standard.	
<p>Materiality</p> <p>4.1 Clarify or strengthen, as appropriate, requirements and application material relating to materiality that may support the auditor's determination of materiality in the specific circumstances of interim review engagements.</p>	<ul style="list-style-type: none"> Introduced a requirement for the auditor to determine materiality for the interim financial information as a whole, and apply this materiality in designing review procedures and evaluating the results obtained from those procedures. Also added a requirement for the auditor to revise materiality as the engagement progresses if information comes to the auditor's attention that would have caused the auditor to determine a different materiality. Added application material to explain that the determination of materiality is a matter of professional judgement that involves quantitative and qualitative considerations. It also explains that the determination of materiality is affected by the auditor's perception of the financial information needs of intended users, and is made in the context of the applicable financial reporting framework used in preparing the interim financial information and of the periods covered therein. 	<p><u>Requirements:</u> Para. 41-42</p> <p><u>Application material:</u> Para. A66-A71</p>

Proposed Actions in the Project Proposed	Key Revisions Proposed	
	Explanation	Relevant sections or paragraphs in ED-2410
Project Objective: Establish a global baseline for the consistent performance of interim review engagements.		
<p>First-time engagements</p> <p>4.2 Explore enhancements to clarify any special considerations related to interim review engagements when the auditor is newly appointed and has not performed an audit of the entity's annual financial statements.</p>	<p>See the explanation above related to first-time interim review engagements in connection with the requirement for the auditor to obtain an understanding of the entity and its environment, the applicable financial reporting framework, and the entity's system of internal control relevant to the preparation of both annual and interim financial information (proposed action 2.1(b)(i)).</p>	<p><u>Requirements:</u> Para. 43</p> <p><u>Application material:</u> Para. A77-A79</p>
<p>Other matters</p> <p>4.3 Explore clarifications or enhancements to requirements or application material relating to:</p> <p>(a) The work effort relating to acceptance and continuance for the interim review engagements.</p>	<ul style="list-style-type: none"> • Replaced the single requirement in paragraph 10 of extant ISRE 2410 with more robust requirements related to acceptance and continuance that are appropriate for a stand-alone standard addressing all aspects of an interim review engagement. • These requirements reflect the key principles of ISA 210,¹² modified as appropriate for the circumstances of an interim review engagement, including in relation to: <ul style="list-style-type: none"> ○ The preconditions for accepting an interim review engagement, and the implications when the preconditions are not present. 	<p><u>Requirements:</u> Para. 25-37</p> <p><u>Application material:</u> Para. A45-A60</p>

¹² ISA 210, *Agreeing the Terms of Audit Engagements*

Proposed Actions in the Project Proposed	Key Revisions Proposed	
	Explanation	Relevant sections or paragraphs in ED-2410
Project Objective: Establish a global baseline for the consistent performance of interim review engagements.		
	<ul style="list-style-type: none"> ○ The terms of engagement. Application material explains that the terms of engagement to review the interim financial information may be combined with the terms of engagement to audit the annual financial statements in appropriate circumstances. However, in some jurisdictions it may be necessary to address the terms of the engagement to review interim financial information in a separate engagement letter. ○ Additional considerations when the wording of the auditor's interim review report is prescribed by law or regulation. 	
<p>(b) The extent to which foundational matters such as professional judgment and professional skepticism may need to be addressed.</p>	<ul style="list-style-type: none"> • Retained the requirement in paragraph 6 of extant ISRE 2410 for the auditor to plan and perform the engagement with professional skepticism recognizing that circumstances may exist that cause the interim financial information to be materially misstated. • Added a requirement for the auditor to exercise professional judgment in planning and performing the engagement. 	<p><u>Requirements:</u> Para. 21-22, 89</p> <p><u>Application material:</u> Para. A19-A27</p>

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	Explanation	Relevant sections or paragraphs in ED-2410
Project Objective: Establish a global baseline for the consistent performance of interim review engagements.		
	<ul style="list-style-type: none"> Added application material based on the concepts in ISA 220 (Revised).¹³ Added a requirement for the auditor's evaluation of the evidence obtained from the review procedures performed to consider all evidence obtained, including evidence that is consistent or inconsistent with other evidence, regardless of whether it appears to corroborate or to contradict the interim financial information as prepared by management. 	
<p>(c) The auditor's responsibilities relating to related party relationships and transactions; and comparative information in a review of interim financial information.</p>	<p><i>Related parties</i></p> <ul style="list-style-type: none"> Added more robust requirements for review procedures regarding related party relationships and transactions, based on procedures in ISRE 2400 (Revised) and jurisdictional interim review standards. <p><i>Comparative information:</i></p> <ul style="list-style-type: none"> Added a conditional requirement for the auditor to obtain evidence about whether comparative information included in the interim financial information agrees with the amounts and other disclosures presented in the prior period, and 	<p><u>Requirements:</u> Para. 49-51, 119</p>

¹³ ISA 220 (Revised), *Quality Management for An Audit of Financial Statements*

Proposed Actions in the Project Proposed	Key Revisions Proposed	
	Explanation	Relevant sections or paragraphs in ED-2410
Project Objective: Establish a global baseline for the consistent performance of interim review engagements.		
	whether the accounting policies reflected in the comparative information are consistent with those applied in the current period.	
(d) The procedures performed for the interim review engagement versus procedures the auditor may elect to perform concurrently for purposes of the audit of the financial statements.	<ul style="list-style-type: none"> • Added application material that explains that: <ul style="list-style-type: none"> ○ Certain procedures performed for the purpose of the interim review engagement may also provide information that is relevant to the audit of the annual financial statements. ○ The auditor may decide to perform, at the time of the interim review, certain procedures that would need to be performed for the purpose of the audit of the annual financial statements. 	<u>Application material:</u> Para. A91-A92
4.4 Explore areas for which public sector considerations may be needed.	<ul style="list-style-type: none"> • Added public sector considerations in the application material related to: <ul style="list-style-type: none"> ○ The option of withdrawing from the engagement. ○ Engagement letters. 	<u>Application material:</u> Para. A9, A60, A106

EXPLANATORY MEMORANDUM TO THE ED FOR PROPOSED ISRE 2410 (REVISED), REVIEW OF INTERIM FINANCIAL INFORMATION PERFORMED BY THE INDEPENDENT AUDITOR OF THE ENTITY'S ANNUAL FINANCIAL STATEMENTS)

Proposed Actions in the Project Proposed	Key Revisions Proposed	
	Explanation	Relevant sections or paragraphs in ED-2410
Project Objective: Establish a global baseline for the consistent performance of interim review engagements.		
	<ul style="list-style-type: none"> ○ Reporting instances of fraud or suspected fraud or non-compliance or suspected non-compliance with laws and regulations. 	

International Standards on Auditing, International Standard on Auditing for Audits of Financial Statements of Less Complex Entities, International Standards on Assurance Engagements, International Standards on Review Engagements, International Standards on Related Services, International Standards on Quality Management, International Auditing Practice Notes, Exposure Drafts, Consultation Papers, and other IAASB publications are copyright of IFAC.

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