

INTERNATIONAL STANDARD ON REVIEW ENGAGEMENTS XX (Mark-up)

DOCUMENTATION FOR REVIEWS OF HISTORICAL FINANCIAL INFORMATION

(Effective for reviews of historical financial information for periods commencing on or after [December 15, 2005])

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International Standard on Review Engagements (ISRE) XX, “Documentation for Reviews of Historical Financial Information,” should be read in the context of the “Preface to the International Standards on Quality Control, Auditing, Assurance and Related Services,” which sets out the application and authority of ISREs.

1. The basic principles, essential procedures and guidance in Revised International Standard on Auditing 230, “Audit Documentation,” are applicable in all material respects to reviews of historical financial information, including reviews of financial statements. Subject-matter specific documentation standards and guidance referred to in the Appendix to ISA 230 (Revised), however, are applicable to audit engagements only.
2. Terms in ISA 230 (Revised) that are applicable to audits, such as “audit documentation,” “auditor’s report,” “auditor’s opinion,” “audit procedure,” “audit evidence,” “audit engagement,” “audit team,” and “audits,” are to be read as meaning the equivalent terms for review engagements.
3. The reference to “ISAs” in paragraphs 23 and 65 of ISA 230 (Revised) is to be read as “ISREs” in this ISRE.
4. ISA 220 (Revised), “Quality Control for Audits of Historical Financial Information,” referred to in paragraph 6 of ISA 230 (Revised), only applies to the audits of historical financial information.
5. Paragraph 14 of ISA 230 (Revised) refers to documentation of significant matters, including results of procedures that indicate a need to revise the auditor’s previous assessment of the risks of material misstatement and the auditor’s responses to those risks. In a review engagement, the auditor does not have any responsibility to perform risk assessment procedures of the nature envisaged by ISA 315, “Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement.” ISRE 2400, “Engagements to Review Financial Statements,” however, requires the auditor to apply the same materiality considerations as would be applied if an audit opinion on the financial statements were being given, and to plan review procedures based on such materiality considerations.
64. Because a review engagement is limited primarily to inquiries and analytical procedures, certain types of audit documentation that provide evidence to support the auditor’s report, such as third party confirmations and documentation of the observation of an inventory count, may not be relevant in review engagements.
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