

**DRAFT PROPOSAL FOR A PROJECT TO REVISE ISRE 2410, *REVIEW OF INTERIM FINANCIAL INFORMATION PERFORMED BY THE INDEPENDENT AUDITOR OF THE ENTITY***

This project proposal was developed [and approved] by the International Auditing and Assurance Standards Board (IAASB).

The IAASB develops auditing and assurance standards and guidance for use by all professional accountants under a shared standard-setting process involving the Public Interest Oversight Board (PIOB), which oversees the activities of the IAASB, and the Stakeholder Advisory Council (SAC), which provides public interest input at the strategic level into the development of standards and guidance.

The objective of the IAASB is to serve the public interest by setting high-quality auditing, assurance, and other related 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.

**I. Subject**

1. This project proposal addresses the revision of ISRE 2410 and conforming and consequential amendments to other IAASB standards.

**II. Introduction**

2. Interim financial reporting within the annual reporting cycle provides regular and timely updates about an entity's financial position and performance that inform users' capital allocation decisions, contributing to market stability. While management is responsible for the preparation of interim financial information, the review of that information by the auditor of the entity, under ISRE 2410, is intended to enhance the confidence of intended users of that information.
3. ISRE 2410 has remained largely unchanged since it was issued in 2005.<sup>1</sup> Since its release the financial reporting ecosystem has continued to evolve, the IAASB has issued ISRE 2400 (Revised)<sup>2</sup> (which addresses review engagements of historical financial information performed by a practitioner who is not the auditor of an entity's annual financial statements), and there have been revisions of certain International Standards on Auditing (ISAs) that may be of relevance to interim review engagements. This has led to issues and challenges in the application of ISRE 2410, resulting in inconsistencies in global practice in the work effort for, and reporting on, these engagements.
4. Recognizing the public interest in retaining a consistent global baseline for these engagements, the [IAASB's Strategy and Work Plan for 2024-2027](#) approved in December 2023 included a project to revise ISRE 2410, starting with information-gathering activities to appropriately scope such a project.

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<sup>1</sup> ISRE 2410 is in a pre-Clarity format (the IAASB's [Clarity project](#) was completed at the end of 2008) and 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.

<sup>2</sup> ISRE 2400 (Revised), *Engagements to Review Historical Financial Statements*

5. Information-gathering activities (summarized in **Appendix 1**) performed between October 2024 and March 2025 have identified issues and challenges relating to ISRE 2410 and its application, that are appropriate to address in a project to revise ISRE 2410.

### III. Project Objective that Supports the Public Interest

#### *The Overarching Public Interest Issue to be Addressed*

6. On the basis of the information-gathering activities performed, the core public interest issue to be addressed through this project is identified inconsistencies in practice between, and within, jurisdictions globally relating to the performance of and reporting on engagements to review interim financial information undertaken by the independent auditor of an entity. This diversity in practice results in questions about the extent to which the financial information needs of users, and other stakeholders' expectations about these engagements, are being met.

#### *Project Objective*

7. In light of the above overarching public interest issue, the objective of this project is to modernize and revise ISRE 2410 to:
  - (a) Meet heightened stakeholder expectations regarding matters to be addressed in an interim review engagement while remaining proportionate to the purpose of an interim review engagement; and
  - (b) Promote consistent practice by the independent auditor of the entity when designing and performing procedures and reporting on engagements to review interim financial information.

#### *Assessing the Revised Standard's Responsiveness to the Stated Project Objective*

8. The qualitative standard-setting characteristics<sup>3</sup> of most relevance to the project, and against which the proposed revised standard's responsiveness to the stated objective will be assessed, are:
  - (a) 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. The concept of **proportionality** is important to support achieving this characteristic.
  - (b) The **coherence** of the proposed revised standard with the overall body of standards issued by the IAASB, reducing variability in practice by enhancing linkages and the clarity of relationships between standards that address the same subject matter (historical financial information) and level of assurance (limited assurance) (e.g., ISRE 2400 (Revised)).

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<sup>3</sup> The Public Interest Framework (PIF) sets out a framework for the development of high-quality international standards by the IAASB that are responsive to the public interest. Among other matters, the PIF explains for whom standards are developed, clarifies whose interests need to be served, and includes a set of qualitative characteristics used to assess the public interest responsiveness of its standards. These are referred to herein as "the qualitative standard-setting characteristics." The operationalization of the PIF has been incorporated into the IAASB's Due Process, and forms part of the **Integrated Due Process and PIF Operating Procedures**.

- (c) 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.
- (d) Implementability and **ability to be consistently applied and 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 entities that perform such engagements.

#### IV. Stakeholders' Needs

9. Under the PIF, standard setting that is in the public interest requires a process that elicits and considers input from all stakeholders, weighing the input received based on the extent to which different stakeholders' interests are affected by the project's objectives, rather than on whether the views represent those of a majority or a minority of stakeholders. This process recognizes the importance of all stakeholders while ensuring their input is considered through an evaluative process centered on meeting the interests of users of interim financial information, thereby supporting the public interest.
10. The PIF identifies broad stakeholder groups (users of financial information; the profession; those in charge of adoption, implementation, and enforcement of standards; preparers of financial information; and others), whose varying perspectives and needs have been considered when determining a project objective that will meet users' needs and serve the public interest.
11. Stakeholders whose interests are most affected by the project objectives are:

Stakeholder group	How they are affected by the project
Investors and users of interim financial information	By enhancing intended users' confidence about interim financial information, through supporting globally consistent performance of, and reporting on, review engagements on interim financial information.
Those responsible for adoption and implementation of standards (Jurisdictional and National Standard Setters)	By developing a modernized standard to reset a more consistent global baseline for the scope of interim review engagements, in a manner responsive to stakeholders' expectations, and proportionate to the circumstances of these engagements, to meet users' needs.
The profession	By developing a modernized standard that is clear in scope and regarding the responsibilities of the auditor, as well as in its relationship with other IAASB standards, including matters related to an audit of annual financial statements that may be relevant to a review engagement of interim financial information.

## V. Scope — Issues and Proposed Actions

12. The table below sets out the specific issues and challenges identified from the information-gathering activities, which the IAASB is proposing to address through actions to revise ISRE 2410, in order to achieve its stated project objective that supports the public interest.

#	Issue	Proposed Actions
<b>Project Objective</b> Modernize ISRE 2410 to: <ul style="list-style-type: none"> <li>(A) Meet heightened stakeholder expectations regarding matters to be addressed in an interim review engagement, proportionate to the purpose of an interim review engagement; and</li> <li>(B) Promote consistent practice by the independent auditor of the entity when designing and performing procedures and reporting on engagements to review interim financial information.</li> </ul>		
<i>The qualitative standard-setting characteristics of most relevance when determining proposed actions to address the Project Objective are <b>scope and proportionality, coherence, comprehensiveness and ability to be consistently applied and globally operable.</b></i>		
1	The relationship between the core principles and concepts in ISRE 2410 and those in other IAASB standards that address limited assurance engagements, including the extent to which it is appropriate that the principles of ISRE 2410 and ISRE 2400 (Revised) align, is not clear.	1.1 Develop a principles-based standard that: <ul style="list-style-type: none"> <li>(a) Aligns with concepts and terms used in the International Framework for Assurance Engagements<sup>4</sup>;</li> <li>(b) Draws on key concepts and principles of ISRE 2400 (Revised), where relevant; and</li> <li>(c) Clarifies in the introductory material the relationship between engagements under ISRE 2410 and other IAASB standards.</li> </ul>
2	ISRE 2410 has not been modernized to meet the heightened expectations of intended users. Since the issuance of ISRE 2410 in 2005, various IAASB standards (including ISRE 2400 (Revised) as well as some ISAs) have been revised,	2.1 Explore the need for and, if so, determine the extent to which recent enhancements need to be addressed in the proposed revised ISRE 2410, giving regard to the nature, purpose and scope of an interim review engagement performed by the auditor.

<sup>4</sup> 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, 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.

#	Issue	Proposed Actions
	with enhancements that, in part, were intended to respond to heightened expectations of intended users about financial information that has been subject to assurance. The subject of these enhancements included:	This may include, though not be limited to, considering whether new requirements or application material are necessary to address the following:
	<ul style="list-style-type: none"> <li>Quality management considerations.</li> <li>The auditor's understanding of the entity and its environment, including the system of internal control.</li> <li>Accounting estimates.</li> <li>Going concern.</li> <li>Fraud.</li> <li>Non-compliance with laws and regulations (NOCLAR).</li> <li>Group engagements.</li> <li>Reporting (Addressed separately under Issue 3 below).</li> </ul> <p>The IAASB has not previously specifically explored these topics in the context of ISRE 2410.</p> <p>While such enhancements may only be applicable to reviews of interim financial information in a manner that is proportionate to the purpose of an interim review engagement, and to users' needs from such an engagement, current practice by auditors and interim review standards in some jurisdictions has evolved to address these areas.</p>	<p><b>Quality management</b></p> <p>(a) The relationship between ISRE 2410 and the quality management standards, including quality management at the engagement level.</p>
		<p><b>Understanding the entity and its environment, including the system of internal control</b></p> <p>(b) The extent to which, and how, the auditor should consider the risk assessment performed in the most recent audit of the financial statements when planning and performing procedures for the interim review engagement.</p>
		<p><b>Accounting estimates</b></p> <p>(c) Auditor's responsibilities relating to accounting estimates, including the nature and extent of procedures to be performed.</p>
		<p><b>Going concern</b></p> <p>(d) Auditor's responsibilities relating to going concern.<sup>5</sup></p> <p>(e) The nature and extent of procedures to be performed over going concern.</p> <p>(f) The timeline over which management's going concern assessment is evaluated.</p>
		<p><b>Fraud</b></p> <p>(g) Auditor's responsibilities in relation to fraud.</p>

<sup>5</sup> Reflecting the importance of this topic, some NSS (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.

#	Issue	Proposed Actions
		<p>(h) The nature and extent of procedures required relating to fraud.</p> <p>(i) The consequences of identifying or suspecting fraud.</p> <p>(j) Communications relating to fraud-related matters with those charged with governance and in the interim review report.</p>
		<p><b>Non-compliance with laws and regulations</b></p> <p>(k) Auditor's responsibilities in relation to NOCLAR</p>
		<p><b>Group engagements</b></p> <p>(l) Special considerations that apply for interim review engagements over group interim financial information.</p>
3	<p>The clarity of reporting and communication requirements in ISRE 2410, including the clarity for intended users about the nature and scope of an interim review engagement, have been challenged.</p> <p>It is in the public interest that users of interim financial information and interim review reports are clear about the:</p> <ul style="list-style-type: none"> <li>• Purpose of such engagements;</li> <li>• Distinctions 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</li> <li>• Nature, timing, and extent of procedures performed in an interim</li> </ul>	<p>3.1 Develop introductory material in the proposed revised standard that clearly describes the purpose of the interim review engagement and how it differs from the audit of the financial statements and from a review of financial statements performed by an assurance practitioner who is not the auditor of the entity.</p> <p>3.2 Consider developing non-authoritative guidance as educational material on this topic.</p> <p>3.3 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. As part of this, consider whether and, if so, how certain matters are to be included in the auditor's review report, such as:</p> <ul style="list-style-type: none"> <li>• Going concern-related matters.<sup>6</sup></li> </ul>

<sup>6</sup> For example, some NSS (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.

#	Issue	Proposed Actions
	<p>review engagement, compared to an audit of annual financial statements.</p> <p>A lack of clear and consistent understanding of these differences may enhance diversity in practice among practitioners across jurisdictions, who may seek to reduce the expectations gap that arises through varied, localized revisions to performance requirements.</p>	<ul style="list-style-type: none"> <li>• Fraud-related matters.</li> <li>• Any other matters, including those reported as “key audit matters” in the auditors’ report on the related audit of the financial statements.</li> </ul>
4	There are continued practical challenges around the application of the concept of materiality when performing engagements under ISRE 2410.	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.
5	<p>Other identified areas of diversity in practice that highlighted a potential lack of clarity about the nature and scope of responsibilities under ISRE 2410, include:</p> <p>(a) Clarity about the work effort relating to acceptance and continuance for the interim review engagements.</p> <p>(b) The extent to which foundational matters such as professional judgment and professional skepticism may need to be addressed.</p> <p>(c) Auditor’s responsibilities relating to related party relationships and transactions in a review of interim financial information.</p> <p>(d) Auditor’s responsibilities relating to comparative information in a review of interim financial information.</p>	5.1 Explore whether and, if so, to what extent and how, these areas may be addressed in requirements or application material in the revision of ISRE 2410.

### *Basis of Proposed Actions*

13. The proposed actions have been developed on the basis that they will result in a revised standard that satisfy the qualitative standard-setting characteristics set out in the PIF, thereby supporting the consistent performance of quality engagements (see also **Section III**). Any standard-setting project

also reflects an appropriate balancing of the qualitative standard-setting characteristics in the context of what informed the project, and the nature and extent of the issues being addressed in the project.

14. In developing drafts of proposed revised standards, the IAASB will follow the [Complexity, Understandability, Scalability and Proportionality Drafting \(CUSP\) Principles and Guidelines](#) to the extent applicable, recognizing that the principles and guidelines are written in the context of the ISAs. Among other matters, these principles and guidelines are designed to ensure the development of clear and concise standards, which appropriately take into account scalability and proportionality in assessing the standards' responsiveness to the public interest.

#### *Non-Authoritative Guidance and Other Actions*

15. This project anticipates responding to the issues that have been identified primarily through standard-setting actions set out in paragraph 12. However, as the project progresses, it may become apparent that some of the issues may be resolved through the development of non-authoritative guidance or materials that support the implementation of the IAASB's standards.

#### *Collaboration and Coordination Activities*

##### International Ethics Standards Board for Accountants (IESBA)

16. In delivering on the project, the IAASB will coordinate with IESBA to ensure continued alignment of the IAASB's standards with the *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and on any other matters that may impact the work of each Board.

##### Other Coordination and Collaboration

17. The project will also involve continued collaboration and coordination with specific groups on a timely basis, as appropriate. These may include:
  - (a) Staff leads on the IAASB's recent projects to revise ISA 570 (Revised), *Going Concern* and ISA 240, *The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements*, to appropriately evaluate how recent IAASB decisions on those standards may impact a proportionate response under ISRE 2410.
  - (b) The IAASB's Technology Consultation Group, on matters of relevance to the use of technological resources in the performance of engagements under ISRE 2410.
  - (c) The IAASB's Professional Skepticism Working Group, to inform proposed actions that involve clarifying the need for requirements and application material relating to the exercise of professional skepticism.
  - (d) Staff leads on the IAASB's project on Audit Evidence and Risk Response, to consider the effect, if any, of decisions in that project, to revisions of ISRE 2410, relating to the evaluation of evidence obtained in performing interim review engagements.



## VI. Project Timeline, Project Priorities and Resources

### *Project Timeline and Project Priorities*

18. The project will operate in accordance with the Integrated Due Process and PIF Operating Procedures.
19. The IAASB proposes the following timetable, noting that specific project milestones and outputs may change as the project develops:

Timeline	Proposed Activities and Deliverables
July 2025 – March 2026	<ul style="list-style-type: none"> <li>Develop an Exposure Draft of proposed ISRE 2410 (Revised), including IAASB deliberation of issues, proposals and relevant discussion of the Exposure Draft.</li> <li>Perform outreach activities with key stakeholders on proposals as the Exposure Draft is developed.</li> </ul>
March 2026	<ul style="list-style-type: none"> <li>Approve the Exposure Draft of proposed ISRE 2410 (Revised).</li> </ul>
April 2026 – August 2026	<ul style="list-style-type: none"> <li>Publish the approved Exposure Draft for a 120-day comment period.</li> <li>Perform outreach activities with key stakeholders on proposals.</li> <li>Close the comment period for responses to the Exposure Draft.</li> </ul>
September 2026 – June 2027	<ul style="list-style-type: none"> <li>Analyze comments and deliberate responses to the Exposure Draft and resulting proposed changes to ISRE 2410 (Revised).</li> <li>Perform outreach with key stakeholders on key issues as the final pronouncement is developed.</li> </ul>
June 2027	<ul style="list-style-type: none"> <li>Approve final pronouncement of ISRE 2410 (Revised).</li> </ul>
October 2027	<ul style="list-style-type: none"> <li>PIOB certification.</li> <li>Publish the final revised standard and Basis for Conclusions after PIOB certification.</li> </ul>

### *Project Resources*

20. This project was identified in the IAASB Strategy and Work Plan for 2024-2027 as a candidate for collaboration with National Standard Setters to provide staff resources to assist the IAASB in developing proposed ISRE 2410 (Revised). Staff of the Australian and New Zealand standards setting boards are taking the lead on this project with oversight and support from IAASB staff. Collectively, they are the project team. Two Board members have been assigned to the project to provide strategic and technical advice to the project team.

21. The project team may reach out for technical input or views on balancing of stakeholder interests or the qualitative standard-setting characteristics to any IAASB members or others, as appropriate, with relevant experience and subject-matter expertise throughout the project. In addition, external experts or specialists may be consulted to address targeted issues where specific expertise is required. Throughout the project, other resources may also be engaged to contribute to other actions necessary, for example, for communications with stakeholders.
22. In addition, the IAASB will:
  - (a) Allocate sufficient Board plenary time to deliberate significant matters;
  - (b) Allocate sufficient time to consult with the SAC, as appropriate, to discuss public interest issues requiring significant decisions; and
  - (c) Allocate sufficient time to consult with the PIOB on its public interest issues relevant to the project.

## **VII. Project Output and Impact**

23. The expected output of the project is the approval and issuance of a revised ISRE 2410 and, if determined necessary, conforming and consequential amendments to other IAASB standards, which meets the qualitative standard-setting characteristics in the public interest, based on the criteria described in paragraph 8.
24. Supporting non-authoritative materials (e.g., fact sheets or questions-and-answers) may also be issued as part of the project. The need for any such materials, and their specific nature and timing, will be determined as the project goes on.
25. The IAASB will evaluate the impact of the project by asking specific questions, as part of the Explanatory Memorandum accompanying the Exposure Draft, about whether the revisions will achieve the intended qualitative standard-setting characteristics and project objective.
26. Following the implementation of the revised standard, the IAASB will determine whether to perform a post-implementation review to assess whether the revised standard is being consistently understood and implemented in a manner that supports the achievement of the project objective. Even if a PIR is not undertaken, the IAASB's ongoing monitoring of the environment, including its general outreach program, will provide a feedback mechanism regarding implementation challenges.

## Appendix 1

### Sources of Information for this Project Proposal

1. The primary information-gathering activities performed consisted of:
  - (a) Reading and analyzing stakeholder feedback received from prior consultations and activities,<sup>7</sup> including the Auditor Reporting Post-Implementation Review and the IAASB's Strategy and Work Plan consultations for 2022-2023 and 2024-2027;
  - (b) Targeted outreach activities with:
    - (i) Jurisdictional and National Auditing Standard Setters<sup>8</sup> (NSS), and
    - (ii) Representatives from the Forum of Firms.<sup>9</sup>
2. Additionally, the project team considered relevant academic literature<sup>10</sup> shared by members of the International Association for Accounting Education and Research (IAAER), and other relevant materials issued by NSS members or professional accountancy organizations.
3. Information-gathering activities also included reading the most recent audit quality monitoring inspection reports from various jurisdictions,<sup>11</sup> from a range of organizations with responsibility for enforcement of auditing standards. The project team's review of inspection reports, and in discussion with representative members of this stakeholder group, indicated that, while the interim review engagement is within the remit of the inspection body, any inspections are generally focused on the quality of the annual audit.

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<sup>7</sup> Feedback reviews included reviewing the analysis of feedback performed as appropriate by previous IAASB task forces and working groups as presented in prior IAASB board papers, and the minutes of prior board discussions about such feedback.

<sup>8</sup> The IAASB liaises with NSS from regions that share the common goals of promulgating high quality international and national standards, and promoting convergence of those standards, in the public interest. The IAASB's [NSS liaison group](#) currently comprises standard setters in Australia, Austria, Brazil, Canada, China, France, Germany, Hong Kong SAR, India, Japan, Mexico, New Zealand, Nordic, Saudi Arabia, South Africa, The Netherlands, United Kingdom and United States of America.

<sup>9</sup> See the International Federation of Accountants' (IFAC) Forum of Firms [webpage](#)

<sup>10</sup> Kajüter, P., Lessenich, A., Nienhaus, M., & van Gemmen, F. (2022) Consequences of Interim Reporting: A Literature Review and Future Research Directions, *European Accounting Review*, 31:1, 209-239, <https://doi.org/10.1080/09638180.2021.1872398>

<sup>11</sup> The UK's Financial Reporting Council (FRC), the Australian Securities and Investments Commissions (ASIC), Financial Market Authority (FMA), the Independent Regulatory Board for Auditors (IRBA; South Africa); the Accounting and Corporate Regulatory Authority (Singapore), as well as the Annual Inspection Findings Survey produced by International Forum of Independent Audit Regulators.