

DRAFT PROPOSAL FOR A PROJECT TO REVISE ISRE 2410, *REVIEW OF INTERIM FINANCIAL INFORMATION PERFORMED BY THE INDEPENDENT AUDITOR OF THE ENTITY* [Marked from Agenda Item 2-A]

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 jurisdictional 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, by an independent assurance practitioner~~ is intended to enhance the confidence of intended users of that information. ISRE 2410 applies to engagements to review interim financial information performed by the auditor of the entity's annual financial statements ("interim review engagements").
3. ISRE 2410 has ~~remained largely unchanged~~not been revised since it was issued in 2005,¹ while the financial reporting ecosystem has continued to evolve. In the intervening period, the IAASB has issued ISRE 2400 (Revised),² which addresses engagements to review historical financial information performed by a practitioner who is not the auditor of an entity's annual financial statements, and has revised certain International Standards on Auditing (ISAs) that may be of relevance to interim review engagements. In addition, certain jurisdictions have ~~modernized~~revised their equivalent interim review standard or issued application guidance to support practitioners in their jurisdictions. 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.

¹ 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.

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

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.
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. Based on the information-gathering activities performed, the core public interest issue to be addressed through this project is the identified inconsistencies in practice between, and within, jurisdictions globally relating to the performance of and reporting on interim review 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 this overarching public interest issue, the objective of this project is to establish a **consistent** global baseline for the consistent performance of interim review engagements.
8. In particular, the project seeks to modernize and revise ISRE 2410 to:
 - (a) Address stakeholder expectations regarding matters to be addressed in an interim review engagement, ~~which is a type of limited assurance engagement~~, while remaining proportionate to the purpose of an interim review engagement; and
 - (b) Promote consistent practice by independent auditors ~~of entities~~ when designing and performing procedures for, and reporting on, engagements to review interim financial information.

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

9. The qualitative standard-setting characteristics³ 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 **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) ~~(e.g., ISRE 2400 (Revised))~~.

³ 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**.

- (b) 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. For example, the extent to which any requirements in the ISAs may be relevant to revising ISRE 2410 will be balanced against the public interest considerations of the timeliness of interim review engagements compared to audits; the differential requirements of financial reporting frameworks ~~applied-for to~~ interim financial information versus ~~those for complete sets of annual~~ financial statements; and the fact that an interim review is a type of limited assurance engagement.
- (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 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.

IV. **Serving Stakeholders' Needs**

10. 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 ~~served-addressed~~ by the project's objective, 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.
11. 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'-stakeholders'~~ needs and serve the public interest.
12. Stakeholders whose interests are most ~~served-affected~~ by the project objective are:

Stakeholder group	How they <u>their needs</u> are served-addressed by the project
Intended U users of interim financial information	By enhancing intended users' confidence about interim financial information, through supporting globally consistent performance of, and reporting on, <u>interim</u> review engagements on-interim financial information .
Those responsible for in <u>charge of</u> adoption and implementation of standards	By developing a modernized standard to re-set <u>establishing a more consistent</u> global baseline for the scope of interim review engagements, in a manner responsive to stakeholders'

Stakeholder group	How they <u>their needs</u> are served <u>addressed</u> by the project
(Jurisdictional Standard Setters)	expectations, proportionate to the circumstances of these engagements, to meet users' needs .
The profession	By developing a modernized standard that is clear in scope 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 <u>a-interim</u> review engagements s-of interim financial information .

V. Scope — Issues and Proposed Actions

13. 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
Project Objective		
Establish a consistent global baseline for <u>the consistent performance of</u> interim review engagements.		
<i>The qualitative standard-setting characteristics of most relevance when determining proposed actions to address the project objective are scope and proportionality, coherence, comprehensiveness and ability to be consistently applied and globally operable.</i>		
1	<p>There is a need to revise ISRE 2410 to clarify the principles and concepts relevant to the interim review engagement.</p> <p>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 always clear.</p>	<p>1.1 Redraft ISRE 2410 in the “Clarity format.”¹</p> <p><u>1.2. revising <u>Revise ISRE 2410</u> it as necessary so that principles and concepts:</u></p> <p>(a) Align with concepts and terms used in the International Framework for Assurance Engagements;⁴ and</p> <p>(b) Draw on <u>key-relevant</u> concepts and principles of ISRE 2400 (Revised), <u>and where-relevant as appropriate, other IAASB standards.</u></p>

⁴ 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
		<p>1.2-3 <u>Explore ways to Clarify-clarify</u> the relationship between <u>interim review</u> engagements under ISRE 2410 and other IAASB standards.</p>
2	<p>ISRE 2410 should be modernized to meet the expectations of intended users about the auditor’s responsibilities for the review of interim financial information.</p> <p>Since the issuance of ISRE 2410 in 2005, various IAASB standards (including ISRE 2400 (Revised) as well as some ISAs) have been revised, with enhancements that, in part, were intended to respond to evolving expectations of intended users of financial information that has been subject to assurance.</p> <p>Certain of these 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 engagements. Nonetheless, current practice by auditors, and interim review standards in some jurisdictions, have evolved to address these areas.</p> <p>The IAASB has not previously specifically explored the effect of these enhancements in the context of ISRE 2410.</p>	<p>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 <u>performed by the auditor, and the requirements of the applicable financial reporting framework for interim financial information</u>.</p> <p>This may include considering whether new requirements or application material are necessary to address the following:</p> <ul style="list-style-type: none"> (a) The relationship between ISRE 2410 and the quality management standards, including quality management at the engagement level. (b) The auditor’s responsibilities relating to: <ul style="list-style-type: none"> (i) Understanding the entity and its environment, the applicable financial reporting framework and the entity’s system of internal control (ii) Accounting estimates (iii) Going concern,⁵ including related to management’s assessment of going concern in the interim financial information (iv) Fraud and non-compliance with laws and regulations (NOCLAR) (v) Other information.

⁵ 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.

#	Issue	Proposed Actions
		(c) Special considerations that apply for interim review engagements related to group interim financial information.
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:</p> <ul style="list-style-type: none"> • The purpose of such engagements; • The distinction 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 • How the nature, timing, and extent of procedures performed in an interim review engagement differ from an audit of annual financial statements. <p>Diversity in reporting practices among practitioners across jurisdictions, based on localized revisions to performance, reporting and communication requirements, appears to contribute to this lack of clarity.</p>	<p>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.</p> <p>3.2 Consider whether and, if so, how certain matters are to be included in the auditor's review report, such as including: Ggoing concern-related matters.⁶</p> <p>• Fraud-related matters.</p> <p>3.3 Explore other ways to promote user understanding of interim review engagements, <u>such as through non-authoritative guidance or implementation support materials.</u></p>
4	<p>There are continued practical challenges with consistently</p>	<p>Materiality</p> <p>4.1 Clarify or strengthen, as appropriate, requirements and application material relating to</p>

⁶ 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.

#	Issue	Proposed Actions
	<p>interpreting and applying specific aspects of ISRE 2410.</p> <p>These include challenges with the application of the concept of materiality to interim review engagements and matters arising in first-time engagements. These indicate a possible lack of clarity in the standard.</p>	<p>materiality that may support the auditor's determination of materiality in the specific circumstances of interim review engagements.</p> <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 an audit of the financial statements has not yet been performed by the auditor <u>an audit</u> of the entity's <u>annual financial statements</u> (referred to as first-time interim review engagements).</p> <p>Other matters</p> <p>4.3 Explore clarifications or enhancements to requirements or application material relating to:</p> <ul style="list-style-type: none"> (a) The work effort relating to acceptance and continuance for the interim review engagements. (b) The extent to which foundational matters such as professional judgment and professional skepticism may need to be addressed. (c) The auditor's responsibilities relating to related party relationships and transactions; and comparative information in a review of interim financial information. <u>(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.</u> <p>4.4 Explore areas for which public sector considerations may be needed.</p>

Basis of Proposed Actions

14. 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.

15. In developing drafts of proposed revised standards, the IAASB follows 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

16. This project anticipates responding to the issues that have been identified primarily through standard-setting actions set out in paragraph 13. 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)

17. 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

18. 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 other IAASB projects that may include matters of relevance to the revision of 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.

VI. Project Timeline, Project Priorities and Resources

Project Timeline and Project Priorities

19. The project will operate in accordance with the Integrated Due Process and PIF Operating Procedures.
20. 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 – June-March 2026	<ul style="list-style-type: none"> Develop an Exposure Draft of proposed ISRE 2410 (Revised), including IAASB deliberation of issues, proposals and relevant discussion of the Exposure Draft. Perform outreach activities with key stakeholders on proposals as the Exposure Draft is developed.
June-March 2026	<ul style="list-style-type: none"> Approve the Exposure Draft of proposed ISRE 2410 (Revised).
September-April 2026 – December-July 2026	<ul style="list-style-type: none"> Publish the approved Exposure Draft for a 12⁹⁰-day comment period. Perform outreach activities with key stakeholders on proposals. Close the comment period for responses to the Exposure Draft.
January-August 2026 ⁷ – December-March 2027	<ul style="list-style-type: none"> Analyze comments and deliberate responses to the Exposure Draft and resulting proposed changes to ISRE 2410 (Revised). Perform outreach with key stakeholders on key issues as the final pronouncement is developed.
December-March 2027	<ul style="list-style-type: none"> Approve final pronouncement of ISRE 2410 (Revised).
Q1-2028 ⁸ July 2027	<ul style="list-style-type: none"> PIOB certification. Publish the final revised standard and Basis for Conclusions after PIOB certification.

Project Resources

21. This project was identified in the IAASB Strategy and Work Plan for 2024-2027 as a candidate for collaboration with Jurisdictional Standard Setters to provide staff resources to assist the IAASB in developing proposed ISRE 2410 (Revised). Staff of the Office of the Auditing and Assurance Standards Board (Australia) and External Reporting Board (New Zealand) 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.
22. 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.

23. 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

24. 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 9.
25. 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.
26. 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.
27. Following the implementation of the revised standard, the IAASB will determine whether to perform a formal 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 formal 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,⁷ 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 Standards Setters⁸ (JSS), and
 - (ii) Representatives from the Forum of Firms.⁹
2. Additionally, the project team considered relevant academic literature¹⁰ shared by members of the International Association for Accounting Education and Research (IAAER), and other relevant materials issued by JSS members or professional accountancy organizations.
3. Information-gathering activities also included reading the most recent audit quality monitoring inspection reports from various jurisdictions,¹¹ from a range of organizations with responsibility for enforcement of auditing standards. The project team's review of inspection reports, and 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.

⁷ 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.

⁸ The IAASB liaises with JSS 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 [JSS 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.

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

¹⁰ Kajüter, P., Lessenich, A., Nienhaus, M., & van Gemmern, 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>

¹¹ 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.