

PROPOSED INTERNATIONAL STANDARD ON REVIEW ENGAGEMENTS (ISRE) 2410 (REVISED), *REVIEW OF INTERIM FINANCIAL INFORMATION PERFORMED BY THE INDEPENDENT AUDITOR OF THE ENTITY*

APPLICATION MATERIAL

(Marked from selective drafting presented to the Board in September 2025. Paragraphs A1-A20 were discussed at the June 2025 meeting.)

Application and Other Explanatory Material

Scope of this **Proposed ISRE**¹ (Ref: Para. 1)

A1. In performing a review of interim financial information, the auditor may be required to comply with legal or regulatory requirements, which may differ from the requirements established in this **proposed ISRE**. While the auditor may find aspects of this **proposed ISRE** helpful in these circumstances, it is the responsibility of the auditor to ensure compliance with all relevant legal, regulatory and professional obligations. [ISRE 2400 (Revised), paragraph A1]

A1a. Interim review engagements in accordance with this ISRE are required to be performed by the auditor of an entity's annual financial statements. In many cases, the auditor will have audited the entity's previous annual financial statements and will have been engaged to audit the current-period annual financial statements, or expects to be engaged to do so (e.g., the auditor 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 those circumstances, the auditor may still perform an interim review engagement in accordance with this ISRE to provide for an appropriate transition until the engagement of the successor becomes effective. [New paragraph to replace paragraph 25(a)]

A1b. 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, the engagement to review interim financial information may be included in the terms of engagement for the audit of the entity's annual financial statements, and certain aspects of an interim review engagement, for example, engagement-level quality management and engagement acceptance and continuance, may be addressed in connection with the audit engagement. Accordingly, the ISAs may provide guidance related to those aspects of the interim review engagement. [ISAE 3000 (Revised), paragraphs A21-A22]

¹ In this document, references to ISRE 2410 or "this ISRE" are to be read as "Proposed ISRE 2410 (Revised)."

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

- A2. ISRE 2410 applies to reviews of interim financial information performed by the entity's auditor. Through performing the audit of the 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 ~~(sometimes referred to as an audit-level understanding)~~. When the auditor is engaged to review ~~the~~ interim financial information, this understanding is updated through inquiries made in the course of the review, which assists the auditor in focusing the inquiries to be made and the analytical procedures and other review procedures to be applied. A practitioner who is not the auditor of the entity's annual financial statements does not ordinarily have this same ~~audit-level of~~ understanding. Therefore, that practitioner is required to perform the review engagement in accordance with ISRE 2400 (Revised) and will need to perform different inquiries and procedures to meet the objective of that standard. [Extant paragraph 3]

Relationship with ISQM 1

- A2a. 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. [ISA 220 (Revised), paragraph A3]

An Interim Review Engagement (Ref: Para. 8)

Management's Responsibility for the Interim Financial Information

- A3. [Not used. Explained in **Agenda Item 6-B**]

- A4. [Moved to paragraph A42]

The Applicable Financial Reporting Framework

- A5. Local law or regulation, securities regulation, stock exchange rules, or jurisdictional standards may affect the financial reporting framework used to prepare the interim financial information, the period for which it is prepared (e.g. quarterly or half-yearly), and whether the interim financial information is required to be reviewed, or possibly audited, by the independent auditor of the entity.
- A6. The applicable financial reporting framework for the preparation of interim financial information in a jurisdiction may, for example, encompass recognized financial reporting standards and may be supplemented by other requirements in law or regulation relating to interim financial reporting.
- A7. ~~The requirements for preparing interim financial information may be different from those for a complete set of annual financial statements.~~ Due to considerations such as timeliness and cost, and to avoid repetition of information previously reported as part of the annual financial statements, an entity may be ~~able~~ required to or may elect to provide less information at interim dates as compared with its annual financial statements. For example, the financial reporting framework may permit the interim financial information to be presented in the form of condensed financial statements and explanatory notes. In addition, the requirements for preparing interim financial information may be different from those for a complete set of annual financial statements. For example, certain disclosures may not be required in condensed interim financial statements and the interim financial

information may require a greater use of estimates than in the annual financial statements. Jurisdictions that require interim financial reporting ordinarily do not require complete sets of financial statements to be provided at interim dates. Due to considerations such as timeliness and cost, and to avoid repetition of information previously reported as part of the annual financial statements, an entity may be able to provide less information at interim dates as compared with its annual financial statements. Interim financial information typically provides an update on the latest complete set of annual financial statements, focusing on new activities, events, and circumstances, and does not duplicate information previously reported.

Definitions

Other Information (Ref: Para. 15(e1))

A7a. Depending on law, regulation or custom in a particular jurisdiction, other information may include, for example, interim management commentary, performance summaries, or a chairman's statement.

Group Interim Review Engagements (Ref: Para 15A)

A7b. The Handbook's Glossary of Terms 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 ~~Proposed~~ ISRE (Ref: Para. 16-20)

Text of this ISRE (Ref: Para. 16)

A8. 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 are intended to assist the auditor in understanding what needs to be accomplished in an interim review engagement. [ISRE 2400 (Revised), paragraph 10]

A8a. 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 itself 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. [ISRE 2400 (Revised), paragraphs 11-12]

A8b. This ~~proposed~~ ISRE does not override laws and regulations that govern a review of interim financial information. In the event that those laws and regulations differ from the requirements of this ~~proposed~~ ISRE, a review conducted only in accordance with laws and regulations will not automatically comply with this ~~proposed~~ ISRE. [ISRE 2400 (Revised), paragraph A13]

Complying with Relevant Requirements (Ref: Para. 17-19)

A9. 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. [ISSA 5000, paragraph A56]

Documentation of a Departure from a Relevant Requirement (Ref: Para. 20)

- A10. The engagement documentation requirements apply only to requirements that are relevant in the circumstances. A requirement is not relevant only when 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, and there is no such inability). [ISSA 5000, paragraph A57]

Relevant Ethical Requirements (Ref: Para. 21)

- A11. 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 International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) in Part 4A of the IESBA Code apply to both audit and review engagements unless otherwise stated. The IESBA Code also sets out fundamental principles that establish the standard of behavior expected of a professional accountant. The fundamental principles are: 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. [ISRE 2400 (Revised), paragraph A14; ISSA 5000, paragraph A58]
- A12. 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. [ISRE 2400 (Revised), paragraph A15]

Professional Skepticism and Professional Judgment

Professional Skepticism (Ref: Para. 22) [ISRE 2400 (Revised), paragraphs A16-A19]

- A13. Professional skepticism is necessary for the critical assessment of evidence in an interim review. This includes questioning inconsistencies and investigating contradictory evidence, and questioning the reliability of responses to inquiries and other information obtained from management and those charged with governance. It also includes consideration of the sufficiency and appropriateness of evidence obtained in the light of the engagement circumstances.
- A14. Professional skepticism includes being alert to, for example:
- Evidence that is inconsistent with other evidence obtained.
 - Information that calls into question the reliability of documents and responses to inquiries to be used as evidence.
 - Conditions that may indicate possible fraud.
 - Any other circumstances that suggest the need for additional procedures.
- A15. Maintaining professional skepticism throughout the interim review is necessary if the auditor is 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 performed in the review, and evaluating the results thereof.

A16. 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 or allow the auditor to be satisfied with evidence that is inadequate for the purpose of the interim review engagement.

Professional Judgment (Ref: Para. 23) [ISRE 2400 (Revised), paragraphs A20-A24]

A17. Professional judgment is essential to the proper conduct of an interim review engagement. 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.
- 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.

A18. 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. 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.

A19. The exercise of professional judgment by the auditor is based on the facts and circumstances of the interim review engagement, including:

- Knowledge acquired from the preceding year's audit and interim reviews of prior interim period(s) in the current year, 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 require the exercise of management judgment.

- A20. Professional judgment needs to be appropriately documented in accordance with the requirements of this ~~proposed~~ ISRE.

Engagement-Level Quality Management

Managing and Achieving Quality on the Engagement (Ref: Para. 24(a))

- A21. ~~The engagement partner remains ultimately responsible, and therefore accountable, for compliance with the requirements of this ISRE. Paragraph 24 requires the engagement partner to take overall responsibility for managing and achieving quality on the engagement. If the engagement partner may~~ assigns 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 ~~to assist the engagement partner in complying with that requirement. However, this does not diminish the requirement for~~ the engagement partner ~~shall continue~~ 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. [New paragraph, based on ISA 220 (Revised), paragraph 9]
- A22. 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) Complying with the firm's quality management policies or procedures as applicable.
 - (c) Issuing an interim review report that is appropriate in the circumstances.
 - (d) The engagement team's ability to raise concerns without fear of reprisals.

[ISRE 2400 (Revised), paragraph A27]

A22a. 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; and
- Varying the nature, timing and extent of such direction, supervision and review in the context of the nature and circumstances of the engagement.

[ISA 220 (Revised), paragraph A31]

- A23. [NOT USED. Explained in **Agenda Item 6-B**]

Engagement Performed in Accordance with the Firm's Quality Management Policies or Procedures (Ref: Para. 24(b))

- A24. 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 ~~for~~

~~audit and review engagements.² Under ISQM 1, the objective of the firm is to design, implement and operate a system of quality management that provides the firm with reasonable assurance that: This responsibility includes designing and implementing policies or procedures to ensure the firm and its personnel fulfill their responsibilities in accordance with professional standards, and applicable legal and regulatory requirements, and that engagement reports issued by the firm are appropriate in the circumstances.~~

~~(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.³~~

[ISQM 1, paragraphs 1 and 14]

A25. Within the context of the firm's system of quality management, the engagement team has a responsibility to:

~~(a) Implement the firm's policies or procedures applicable to the interim review engagement; and~~

~~(b) Determine whether to design and implement responses at the engagement level beyond those in the firm's policies or procedures, given the nature and circumstances of the interim review engagement; and [ISA 220, paragraph A7];~~

~~(c) 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.~~

[ISRE 2400 (Revised), paragraph A26]

A26. Ordinarily, the engagement team may depend on the firm's ~~system of~~ 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).~~

[ISRE 2400 (Revised), paragraph A28, ISA 220 (Revised), paragraph A10]

~~A26a. 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~~

² ISQM 1, paragraph 1

³ ~~ISQM 1, paragraph 14~~

auditor of the entity.⁴ 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.
- 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.

[ISRE 2400 (Revised), paragraph A28]

Firm Policies or Procedures for the Acceptance and Continuance of Interim Review Engagements (Ref: Para. 24(b)(i))

A27. 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 form part of, the terms agreed upon for the audit of the annual financial statements. See also paragraphs 27-36A of this ISRE. [New paragraph]

A28. 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; and
- 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.

[ISRE 2400 (Revised) paragraph A31]

A28a. 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.

A29. The firm's policies or procedures may also address circumstances in which the interim review

⁴ ISA 220 (Revised), *Quality Management for an Audit of Financial Statements*, deals with the specific responsibilities of the auditor regarding quality management at the engagement level for an audit of financial statements.

engagement is the first engagement performed for a new audit client.⁵ 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 40. [New paragraph]

- A30. The auditor's consideration of acceptance and continuance of client relationships and interim review engagements, and relevant ethical requirements, including independence, occurs throughout the engagement, as conditions and changes in circumstances occur. [ISRE 2400 (Revised) paragraph A33, first sentence]

Sufficient and Appropriate Resources to Perform the Engagement (Ref: Para 24(b)(ii))

A30a. 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 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 37A.

Engagement Quality Review for the Interim Review Engagement (Ref: Para. 24(b)(iv))

- A31. ISQM 1⁶ 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 2⁷ deals with the appointment and eligibility of the engagement quality reviewer, and the performance and documentation of the engagement quality review.
- A32. 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.⁸ Therefore, this ISRE requires that the interim review report not be dated until the completion of the engagement quality review (see paragraph 87(e)).

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

A32a. In considering information from the firm's monitoring and remediation process that may affect the interim review engagement, the engagement partner may consider deficiencies⁹ 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

⁵ ISA 210, *Agreeing the Terms of Audit Engagements*, deals with matters (including preconditions) that are within the control of the entity and upon which it is necessary for the auditor and the entity's management to agree. See ISA 210, paragraphs 1 and 3.

⁶ ISQM 1, paragraph 2

⁷ ISQM 2, *Engagement Quality Reviews*

⁸ ISQM 2, paragraph 27

⁹ ISQM 1, paragraph 16(a)

standards and applicable legal and regulatory requirements, or that the auditor's interim review report was not appropriate. [ISRE 2400 (Revised), paragraph A28 hanging paragraph, and paragraph A29]

Acceptance and Continuance of the Interim Review Engagement (Ref: Para. 25)

~~*Factors Affecting Acceptance and Continuance of Client Relationships and Interim Review Engagements (Ref: Para. 25)*~~

A33. [Moved to paragraph A42a]

A34. [Moved to paragraph A42b]

~~*Firm Engaged to Perform an Audit of the Entity's Annual Financial Statements (Ref: Para. 25(a))*~~

A35. [Not Used]

Preconditions for Accepting an Interim Review Engagement

The Applicable Financial Reporting Framework (Ref: Para. 27(a))

A35a. 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. [ISRE 2400 (Revised), paragraph A40]

A36. A condition for acceptance and continuance of an assurance engagement is that the criteria¹⁰ are suitable and available to intended users.¹¹ For purposes of this ISRE, the requirements of the applicable financial reporting 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 A7). Some financial reporting frameworks are fair presentation frameworks, while others are compliance frameworks. For purposes of this ISRE, 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. [ISRE 2400 (Revised), paragraph A39]

Acceptability of the applicable financial reporting framework

A37. In many cases, in the absence of any indications to the contrary, the auditor may presume that the applicable financial reporting framework is acceptable (for example, 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). [ISRE 2400 (Revised), paragraph A42]

A38. Factors that are relevant to the auditor's determination of the acceptability of the financial reporting framework to be applied in the preparation of the interim financial information include:

- ~~• The nature of the entity (for example, whether it is a business enterprise, a public sector entity or a not-for-profit organization).~~

¹⁰ Assurance Framework, paragraph 42

¹¹ Assurance Framework, paragraph 22(b)(ii)

- The purpose of the interim financial information (for example, 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 (for example, 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.

[ISRE 2400 (Revised), paragraph A43]

A39. If the financial reporting framework used to prepare the interim financial information is not acceptable in view of the purpose of the interim financial information and management will not agree to use of a financial reporting framework that is acceptable in the auditor's view, the auditor is required under this ISRE to decline the interim review engagement. [ISRE 2400 (Revised), paragraph A44]

A39a. 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 under this ISRE to agree the new terms of the interim review engagement with management to reflect the change in the applicable financial reporting framework. [ISRE 2400 (Revised), paragraph A45]

Responsibilities of Management and Those Charged with Governance (Ref: Para. 27(b))

A40. [NOT USED. Explained in **Agenda Item 6-B**]

A41. [NOT USED]

A42. 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 laws and regulations that govern their respective responsibilities. An interim review engagement in accordance with this ~~proposed~~ 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. [ISRE 2400 (Revised), paragraph A46. Last two sentences moved from paragraph A4]

A42a. The responsibilities of management outlined in paragraph 27(b) are similar to those that management acknowledges and understands it has in connection with the audit of the financial statements.¹² However, the responsibilities in paragraph 27(b) are related specifically to the preparation of interim 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

¹² ISA 210, paragraph 6(b)

writing, but management's agreement is subsequently recorded within the written terms of the engagement. As explained in paragraph A27, 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. [ISRE 2400 (Revised), paragraph A48]

Other Factors Affecting Acceptance of the Interim Review Engagement

~~A42b. A characteristic that is relevant w~~When considering whether to accept or continue an interim review engagement, it is relevant for the auditor to consider ~~is~~ whether the engagement exhibits a rational purpose.¹³ in view of 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. [Moved from paragraph A33] [New paragraph based on the Assurance Framework, paragraph 22 and ISSA 5000, paragraph A207]

~~A42c. An E~~examples of ~~indications that~~ an interim review engagement that may not have a rational purpose may ~~include~~ be when :

- ~~(a) — There is a significant limitation on the scope of the auditor's work;~~
- ~~(b) — The auditor suspects the engaging party intends to associate the auditor's name with the interim financial information in an inappropriate manner; or~~
- ~~(c) — T~~he 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.

[Moved from A34] [ISRE 2400 (Revised), paragraph A35]

Additional Considerations When the Wording of the Auditor's Review Report Is Prescribed by Law or Regulation (Ref: Para. 30–32)

A43. Law or regulation may prescribe the layout or wording of the auditor's review report in a form or in terms that are significantly different from the layout or wording required by this ISRE, which would ordinarily cause the auditor to decline the engagement were it possible to do so. In accordance with paragraph 18 of this ISRE, an interim review conducted in these situations does not comply with this ISRE and the auditor cannot represent compliance with this ISRE in the auditor's interim review report issued for the engagement. The auditor is nonetheless encouraged to apply this ISRE, including the reporting requirements, to the extent practicable. To prevent potential misunderstanding, the auditor may consider including a statement in the auditor's interim review report indicating that the interim review was not conducted in accordance with this ISRE. [ISRE 2400 (Revised), paragraph A50]

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

A44. As explained in paragraph A27 above, 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 a single engagement letter. However, in some jurisdictions, it may be necessary to treat the review of interim financial information as a separate engagement because the audit of the

¹³ Assurance Framework, paragraph 22

financial statements may be required by corporate or commercial law (i.e., statutory audits), 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 the appropriate circumstances. [New paragraph except the last sentence derived from extant, paragraph 11 grey letter (last sentence of hanging paragraph)]

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

- A45. Agreeing the terms of the engagement in ~~Sending~~ a written engagement letter prior to commencing the interim review engagement ~~may helps to~~ avoid misunderstandings with respect to the scope of the interim review engagement, between the auditor and the entity's management or, as applicable, those charged with governance. [ISRE 2400 (Revised), paragraph A51]

Form and content of the engagement letter

- A46. The form and content of the engagement letter may vary for each engagement. In addition to the matters required by this ISRE, 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.
- [Moved to paragraph 34(d1)]
- The intended use and distribution of the interim financial information, and any restrictions on 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 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.

[ISRE 2400 (Revised), paragraph A52]

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

- A47. 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 this ISRE. [ISRE 2400 (Revised), paragraph A53]

Recurring Engagements (Ref: Para. 35)

A48. Whether the interim review engagement is addressed in a separate engagement letter or part of the engagement letter for the audit, the practitioner may decide not to send a new engagement letter or other written agreement each period. The following factors 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:

- 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.

[ISRE 2400 (Revised), paragraph A55]

~~Acceptance of a~~ Change in the Terms of the Interim Review Engagement

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

A49. 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. [ISRE 2400 (Revised), paragraph A57 and A58]

Considerations Specific to Public Sector Entities

A50. 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. [Extant Public Sector Perspective paragraph 1, modified with reference to ISA 210, paragraph A29]

A51. [NOT USED]

Planning and Performing the Engagement

Group Interim Review Engagements (Ref: Para. 37A)

A51a. Paragraph 24(b)(ii) 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 those related to determining that sufficient and appropriate resources to perform the engagement are assigned or made available to the engagement team in a timely manner. In a group interim review engagement, such resources may include component auditors. Therefore, paragraph 37A explicitly requires the group engagement partner to determine whether it is necessary to involve component

auditors; and, if so, the nature, timing and extent of such involvement. [Based on ISA 600 (Revised), paragraph 6]

A51b. For a group interim review engagement, the auditor's objective is to obtain limited assurance about whether the group interim financial information as a whole is free of material misstatement. 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 determine that, in order to obtain sufficient appropriate evidence on the interim financial information as a whole, it is necessary for procedures to be performed at one or more components. For example, component auditors may be asked to provide information, or to perform specific procedures at a component to obtain evidence that is necessary to support the limited assurance conclusion on the group interim financial information. [Based on ISA 600 (Revised), paragraph 7]

A51c. In determining whether to involve component auditors, and if so, the nature, timing and extent of their involvement, factors the group engagement partner may consider include, for example, whether:

- Component auditors are involved in performing the audit of the annual financial statements, the reasons for that involvement, and whether those reasons may also be relevant to the interim review engagement.
- The component is a new component of the group.
- An element of unpredictability is deemed necessary.
- Material events or conditions have arisen in a specific component since the date of the most recent annual financial statements, and whether information about those events may be available centrally (i.e., at the group level).
- The significance of the interim financial information of the component to the group as a whole.
- It is practicable to perform inquiries and other review procedures centrally (i.e. at group level) or through shared service centers.
- Time and cost constraints of the interim review engagement may make it impracticable to involve component auditors.

[Based on ISA 600 (Revised), paragraph 5]

A51d. When component auditors are involved in performing procedures to obtain evidence in an interim review engagement, the engagement partner remains responsible, and therefore accountable, for obtaining sufficient appropriate evidence as the basis for the conclusion on the interim financial information. Therefore, the engagement partner's determination of the nature, timing and extent of the involvement of component auditors in an interim review engagement also includes a consideration of the nature, timing and extent of communications with the component auditors that may be necessary in the circumstances. [Based on ISA 600 (Revised), paragraph 11]

Materiality (Ref: Para. 38)

A52. The auditor's determination of materiality is a matter of professional judgment and is made in the context of the applicable financial reporting framework as it relates to the interim financial information

(i.e. the quarterly or half-yearly financial information that is the subject of the interim review engagement). [Extant paragraph 15, bullet point 4 (grey letter); ISA 320, paragraph A7]

A52a. 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. and
- ~~Judgments about materiality are based on the interim financial information for the particular interim period under review. As may be explained in the applicable financial reporting framework, an overriding consideration is whether the interim financial information includes all information that may be relevant to the users to understand an entity's financial position and performance during the interim period; and~~
- ~~Judgments about materiality are made taking into consideration that interim measurements may rely on estimates to a greater extent than measurements of annual financial information.~~

[ISRE 2400 (Revised), paragraph A68-A69, modified; ISSA 5000, paragraph A296]

A53. ~~Ordinarily, the~~ The auditor may consider that it is appropriate to use the same benchmark and percentage¹⁴ as those applied in the previous annual audit of the entity's annual financial statements ~~(e.g., a percentage of profit before tax from continuing operations), as a starting point in determining materiality for the interim financial information as a whole. This benchmark is then ordinarily applied to the appropriate interim period amounts (e.g., quarterly or half-year) to determine materiality for the interim review engagement. Using a benchmark based on income statement measures (such as profit before tax from continuing operations or revenues) for the interim period may result in a lower level of materiality for the interim review engagement than that determined for the audit. This is appropriate, as materiality represents what is deemed to be important to the intended users of the interim financial information.~~ [New paragraph based on ISA 320, paragraphs A5 and A7; jurisdictional interim review standards]

A53a. ~~However, if~~ If circumstances have changed since the previous annual audit or the entity's operations are subject to cyclical variations, the auditor may need to consider whether a different benchmark may be more appropriate. For example, if the auditor may have determined materiality for the audit of the annual financial statements based on a percentage of profit before tax from continuing

¹⁴ See ISA 320, *Materiality in Planning and Performing an Audit*, paragraphs A4-A8.

operations. If the entity's operations are subject to cyclical variations, or if the financial results for the current interim period show a significant decrease or increase compared to the prior interim period, ~~and/or the~~ expected results for the current year, the auditor may conclude that materiality is more appropriately determined using a normalized figure for the period purposes of the interim review. [New paragraph based on ISA 320, paragraphs A5-A6; jurisdictional interim review standards]

A53b. As explained in paragraph A7, the interim financial information may require a greater use of estimates than in the annual financial statements. This may affect the auditor's application of materiality for the purpose of designing and performing review procedures for certain accounting estimates.

A53c. In a group interim review engagement, the materiality determined in accordance with paragraph 38 is the materiality for the group interim financial information as a whole. If component auditors are involved in performing procedures at the component level, the auditor may consider designating a lower amount for materiality to be used by component auditors in designing or performing review procedures or designating a lower amount for purposes of communicating matters identified in the component financial information to the group auditor. [Based on ISA 600 (Revised), paragraph 35(b)]

Revising Materiality (Ref: Para. 39)

A54. The auditor's determination of materiality for the interim financial information as a whole may need to be revised during the engagement as a result of:

- 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).

[ISRE 2400 (Revised), paragraph A72]

Obtaining an Understanding of the Entity and Its Environment, the Applicable Financial Reporting Framework and the Entity's System of Internal ~~e~~Control (Ref: Para. 40)

A54a. An auditor who has performed the audit of the entity's annual financial statements for one or more annual periods would have acquired 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.¹⁵ Accordingly, in performing the interim review engagement, the auditor updates this understanding and leverages the knowledge obtained from the previous annual audit (or previous interim review engagements performed during the year) to provide a basis for a more focused approach to the inquiries, analytical procedures and other review procedures to be performed. See also paragraphs A60-A60a related to considerations for first-time interim review engagements. [First two sentences moved from paragraph A58. Last sentence moved

¹⁵ ISA 315 (Revised 2019), Identifying and Assessing the Risks of Material Misstatement

to paragraph A57a.] [Extant paragraphs 13-14 (grey letter)]

- A55. The ~~auditor uses professional judgment to determine the extent of the understanding of the entity and its environment, the applicable financial reporting framework and the entity's system of internal control~~ required to perform the review of the entity's interim financial information in accordance with this ISRE is a matter of professional judgment. The breadth and depth of the overall understanding that the auditor obtains is less than that possessed by management in managing the entity, and less than that required to perform an audit of the entity's annual financial statements. [Penultimate sentence moved to paragraph A57a] [ISRE 2400 (Revised), paragraphs A73 and A75]
- A56. ~~As a practical matter, Obtaining a sufficient understanding is a continual dynamic process of gathering, updating and analyzing information throughout the engagement. T~~he auditor's understanding is obtained and updated applied on an iterative basis throughout the engagement, and is updated as changes in conditions and circumstances occur. [Last sentence now incorporated into paragraph A54a] [ISRE 2400 (Revised), paragraph A74]
- A57. The procedures performed by the auditor to 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 but ordinarily may 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 risks, ¹⁶ including risks of material misstatement due to fraud.¹⁷
 - 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.
 - The results of management's assessment of the risk that the interim financial information may be materially misstated as a result of fraud.

¹⁶ ISA 315 (Revised 2019), paragraph 12(l)

¹⁷ ISA 240 (Revised), The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements, paragraph 39(b)

- Whether significant changes in 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, ~~to which the interim financial information is agreed or reconciled.~~
- For group interim review engagements, inquiries of management about the nature of consolidation adjustments relevant to the preparation of the group's interim financial information, and about any significant differences to those processed in connection with the annual financial statements or previous interim periods.

[Extant paragraph 15 (grey letter), with modifications based on various jurisdictional interim review standards]

A57a. Paragraph 40 requires the auditor to obtain an ~~The required understanding also includes a sufficient understanding of the entity's system of internal control as it relates to the preparation of both annual and interim financial information. Internal control related to the preparation of interim financial information may differ from internal control for the preparation of annual financial statements because certain accounting principles and practices used for interim financial information which may differ from internal control related to those used in the preparation of the annual financial statements, as permitted by the applicable financial reporting framework.~~

A57b. 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 contemplate a detailed understanding of each of the components of internal control or performing procedures to obtain evidence about the design and implementation of controls for purposes of the interim review engagement. The auditor's primary consideration is whether the understanding required by paragraph 40 obtained is sufficient for the auditor to be able to identify areas in the interim financial information where material misstatements are likely to arise, to inform the auditor's approach to designing and performing review procedures to address those areas. [Last sentence moved from paragraph A55.]

A58. [First two sentences moved to paragraph A54a. Last sentence moved to paragraph A57a]

A59. This ISRE does not require the auditor to identify and assess the risks of material misstatement as is required when performing an audit engagement in accordance with the ISAs. However, the auditor's risk assessment procedures and other work performed for the most recent annual audit may inform the auditor's identification of areas in the interim financial information where material misstatements are likely to arise and thereby provide a basis for designing review procedures to address those areas. [New paragraph]

Additional Considerations for First-Time Interim Review Engagements

A60. If the interim review is the first engagement performed for a new client (i.e., the auditor has not yet audited the entity's annual financial statements), the auditor is still required by this ISRE to obtain ing

the understanding required by paragraph 40 as it relates to the preparation of both annual and interim financial information. ~~The nature and extent of the procedures needed to obtain the understanding for a first-time interim review engagement are a matter of professional judgment, but procedures such as those described in paragraph A57 would also be relevant in these circumstances. Accordingly, the procedures to obtain the understanding in these circumstances may involve a~~Additional considerations ~~for first-time interim review engagements may include such as~~ 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 major issues ~~(including the application of accounting principles or of auditing and reporting standards)~~ discussed with management in connection with the initial appointment as the entity's auditor.
- ~~Obtaining an understanding, through inquiry, of the following components of the entity's system of internal control: the control environment, the entity's risk assessment process, the entity's process to monitor the system of internal control, and the information system and communication.~~

~~The nature and extent of the procedures needed to obtain the understanding for a first-time interim review engagement are a matter of professional judgment. However, the understanding needs to be sufficient for the auditor to be able to identify areas in the interim financial information where material misstatements are likely to arise, to inform the auditor's approach to designing and performing procedures to address those areas.~~ [Last bullet above now addressed in paragraph A57 and A61. Hanging paragraph addressed in paragraph A57b.]

[New paragraph based partly on extant paragraph 17 (black letter) and the concepts in ISA 300.A24]

- A61. 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 alternative procedures to obtain the understanding required by paragraph 40. In such circumstances, the auditor may have no alternative but 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.¹⁸ [New paragraph based on jurisdictional interim review standards]
- A62. The auditor may also decide to perform certain audit procedures associated with the audit of the annual financial statements concurrently with the first interim review engagement for the entity, for examples, procedures relating to opening balances (see also paragraph A68). [New paragraph based on jurisdictional interim review standards]

Designing and Performing Inquiry, Analytical and Other Review Procedures (Ref: Para. 41)

- A63. The inquiry, analytical and other review procedures are performed to obtain sufficient appropriate evidence as the basis for a conclusion on the interim financial information as a whole, and are

¹⁸ See ISA 315 (Revised 2019), paragraphs 19-26

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. [ISRE 2400 (Revised), paragraph A77]

A64. When the auditor is engaged to review the interim financial information of a group, 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, but in the context of the group interim financial information. [ISRE 2400 (Revised), paragraph A78]

A65. The auditor's understanding obtained in accordance with paragraph 40, along with the assessment of the risks of material misstatement made during the previous audit of the annual financial statements, allows the auditor to tailor the inquiries made, and the analytical procedures and other interim review procedures performed, to the circumstances of the engagement. [Extant paragraph 20]

A66. An interim review does not involve certain procedures performed during an audit, such as:

- Tests of details of transactions, balances or disclosures through inspection, observation, or confirmation.
- Tests of controls to evaluate their operating effectiveness.
- Corroboration of management's responses to the auditor's inquiries by inspecting documents and records. However, performing interim review procedures includes a consideration of the reasonableness and consistency of management's responses in light of the results of other inquiries and review procedures, and the auditor's understanding of the entity and its environment.

[Extant paragraph 20; last sentence of third bullet taken from ISRE 2400 (Revised), paragraph A83; jurisdictional standard]

A67. The circumstances of interim review engagements may vary and, accordingly, in certain circumstances the auditor may consider it effective to design and perform other procedures. For example, if in the course of obtaining an understanding of the entity, the auditor becomes aware of a significant contract, the auditor may choose to read the contract. [ISRE 2400 (Revised), paragraph A79]

A68. 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. [ISRE 2400 (Revised), paragraph A80]

A69. The auditor may perform many of the 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 also may assist early

identification and consideration of significant matters affecting the interim financial information.
[Extant paragraph 22, grey letter]

Relationship with Procedures for the Audit of the Annual Financial Statements

A70. The auditor may decide to perform certain audit procedures associated with the audit of the annual financial statements concurrently with the review of interim financial information. For example, information gained from reading the minutes of meetings of the board of directors in connection with the interim review may also be relevant to the annual audit. The auditor may also decide to perform, at the time of the interim review, auditing procedures that would need to be performed for the purpose of the audit of the annual financial statements, for example, performing audit procedures on:

- (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.

[Extant paragraph 23, grey letter; jurisdictional standards]

Inquires (Ref: Para. 42)

A71. 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. Evaluating the responses provided is integral to the inquiry process.
[ISRE 2400 (Revised), paragraph A82]

A72. Depending on the engagement circumstances, inquiries may also include inquiries 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. When performing such further inquiries, the auditor considers the reasonableness and consistency of management's responses in light of the results obtained from other procedures, and the auditor's knowledge and understanding of the entity and the industry in which it operates.

[ISRE 2400 (Revised), paragraph A83]

A73. Examples of significant, unusual or complex transactions, events or matters that have affected or may affect the entity's interim financial information, and which 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.
- Effects or possible implications for the entity of transactions or relationships with related parties.
- Material non-monetary transactions or transactions for no consideration.

[ISRE 2400 (Revised), paragraph 48, modified based on various jurisdictional standards]

A74. 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. 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.

[ISRE 2400 (Revised), paragraph A84]

A75. Performing inquiries assists the auditor also in obtaining or updating the auditor's understanding of the entity and its environment, the applicable financial reporting framework and the entity's system of internal control, to be able to identify areas where material misstatements are likely to arise in the interim financial information. [ISRE 2400 (Revised), paragraph A85]

Inquiry concerning litigation or claims (Ref: Para. 42(k))

A76. In an interim review engagement, the auditor is not required to corroborate inquiries, including those relating to litigation or claims. Accordingly, 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. [Extant paragraph 24, grey letter]

Analytical Procedures (Ref: Para. 43)

A77. 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, including to be able to identify 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.
- Providing evidence that may corroborate or contradict information obtained through other inquiries, analytical or other review procedures.

- Serving as additional procedures in accordance with paragraph 58, when the auditor becomes aware of matter(s) that cause the auditor to believe that the interim financial information may be materially misstated. An example of such an additional procedure is a comparative analysis of monthly revenue and cost figures across, to obtain evidence about certain areas of the interim financial information. [ISRE 2400 (Revised), paragraph A88]

A78. Various methods may be used to perform analytical procedures. These methods range from performing simple comparisons and ratio analysis, to performing complex analysis using statistical techniques such as trend analysis or regression analysis. Analytical procedures may be performed manually or with the use of technological tools. **Appendix 1** to this ISRE contains examples of analytical procedures the auditor may consider when performing a review of interim financial information.

[Extant paragraph 21 bullet point 5, grey letter; ISRE 2400 (Revised), paragraph A89 (first four sentences)]

A79. Expectations developed by the auditor in performing analytical procedures in connection with a review of interim financial information 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 are designed to support expectations about the direction of trends, relationships and ratios. Examples of sources of information the auditor often 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.

[First sentence from a jurisdictional standard and wording derived from ISSA 5000, paragraph A448L; second sentence and bullets from ISRE 2400 (Revised), paragraph A89]

A80. The auditor's consideration of whether information to be used for analytical procedures is adequate for the intended purpose(s) 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, and is influenced by the nature and source of the information, and by the circumstances in which the data are obtained. The following considerations may be relevant:

- Source of the information available. For example, information may be more reliable when it is obtained from independent sources outside the entity;

- 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;
- 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; and
- The knowledge and expertise involved in the preparation of the information, and related controls that are designed to ensure its completeness, accuracy and validity. Such controls may include, for example, controls over the preparation, review and maintenance of budgetary information. [ISRE 2400 (Revised), paragraph A90]

Procedures to Address Specific Circumstances

Fraud and Non-Compliance with Laws and Regulations (Ref: Para. 50-52)

A81. Responding appropriately to identified or suspected fraud or 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.
- Inspecting 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.

[ISSA 5000, paragraph A431]

A82. In determining the appropriate level of management or those charged with governance, with whom to discuss instances of fraud or suspected fraud or non-compliance or suspected non-compliance with laws and regulations, the auditor may consider whether management may have been involved in the fraud or suspected fraud or identified or suspected non-compliance with laws and regulations and whether any of those charged with governance are involved in managing the entity. [Extant paragraph 41, grey letter, ISSA 5000, paragraph A432]

A83. 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. [ISSA 5000, paragraph A163, ISRE 2400 (Revised) paragraph A91]

- A84. The determination required by paragraph 52 may involve complex considerations and 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. [ISRE 2400 (Revised) paragraph A96]

Considerations specific to public sector entities

- A85. 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. [ISSA 5000, paragraph A170]

Going Concern (Ref: Para. 53-56)

- A86. 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.¹⁹ 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.
- A87. Events or conditions that may cast significant doubt about an entity's ability to continue as a going concern may have existed at the date of the most recent annual financial statements or most recent interim financial reporting period, or may have arisen in the current interim period. Therefore, paragraph 53 requires the auditor to inquire about the status of any such events or conditions, and whether any new events or conditions have arisen.
- A88. 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. Where 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. [ISA 570 (Revised), paragraph A56, first sentence, and paragraph A55]
- A89. For purposes of this ISRE, the date of approval of the interim financial information is the earlier date on which those with the recognized authority determine that the interim financial information is

¹⁹ ISA 570 (Revised 2024), *Going Concern*, paragraph 3.

complete and has been prepared in accordance with the applicable financial reporting framework, and that those with the recognized authority have asserted that they have taken responsibility for them. [ISRE 2400 (Revised), paragraph A145, ISA 700 (Revised), paragraph A69,]

- A90. If inquiries performed in accordance with paragraph 52 indicate that events or conditions that existed at the date of the assessment of the most recent annual financial statements have resolved, the auditor may decide to perform other review procedures about their resolution.

Example:

In performing 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 documentation to obtain evidence of the transaction.

- A91. If the auditor identifies events and conditions that may cast significant doubt about the entity's ability to continue as a going concern, the auditor's procedures to support the exercise of professional judgment about the appropriateness of management's assessment of the entity's ability to continue as a going concern at the interim date, may include :

- (a) Inquiries to obtain an understanding of the method selected, including changes from the method used since the last audited financial statements
- (b) Considering whether calculations were applied in accordance with the method selected, and recalculating them for mathematical accuracy.
- (c) Considering the significant assumptions on which management's assessment is based, including their reasonableness and consistency with the auditor's understanding of the entity.
- (d) Considering whether the data used to make the assessment is consistent with the auditor's understanding of the entity. [based on ISRE (UK) 2410 (Revised), paragraph 27-1]

- A92. The adequacy of disclosures is considered in view of the requirements of the applicable financial reporting framework, which may require certain disclosures to be made in interim financial information. For example, these may include disclosures of a material uncertainty related to the entity's ability to continue as a going concern, or disclosures of significant judgments made by management in concluding that there is no material uncertainty.

Using the work of an auditor's expert (Ref: Para. 57)

[IAASB Main Agenda (September 2025), Agenda Item 2-B.2 *Experts Narrow-Scope Amendments*: ISRE 2400 (Revised), paragraphs A97A-A97D]

- A93. The auditor may determine that it is necessary to use the work of auditor's expert to assist the auditor in obtaining evidence for purposes of the audit of the annual financial statements, and may have used an 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 620.²⁰ However, the facts and circumstances giving rise to the need to involve an expert in the interim review engagement may be different. Accordingly, the auditor may nonetheless need to

²⁰ ISA 620, Using the Work of an Auditor's Expert, paragraph

re-evaluate whether the expert has the necessary competence, capabilities and objectivity for the auditor's purposes, and whether the agreement with the expert may need to be revised. In addition, this does not change the requirement in paragraph 57(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. 58)

- A94. 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.
- A95. 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.²¹

Reconciling the Interim Financial Information to the Underlying Accounting Records (Ref: Para 59)

- A96. The auditor ordinarily obtains 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). For group interim financial, this process may include tracing the financial information of components to the consolidation schedules and to the records of significant consolidation journals entries and adjustments.[Extant paragraph 25, grey letter; ISRE 2400 (Revised), paragraph A98; Jurisdictional standards]

Additional Procedures When the Auditor Becomes Aware that the Interim Financial Information May Be Materially Misstated (Ref: Para. 60)

- A97. 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. [ISRE 2400 (Revised), paragraph A100]
- A98. 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:
- 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; and
 - 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.

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

[ISRE 2400 (Revised), paragraph A101]

A99. 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 be:

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

[ISRE 2400 (Revised), paragraph A101]

Written Representations (Ref: Para 65-68)

A100. 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. [ISRE 2400 (Revised), paragraph A104]

A101. 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. [Extant paragraph 35, grey letter; ISRE 2400 (Revised), paragraph A105]

A102. 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. [ISRE 2400 (Revised), paragraph A106]

A103. [NOT USED]

Accumulation and Evaluation of Identified Misstatements (Ref. Paras: 71-74)

A104. The auditor may designate an amount below which misstatements would be clearly trivial and would not need not 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, the auditor considers 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. [Extant paragraph 33]

A105. "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. [New paragraph based on ISA 450, paragraph A2]

A106. A review of interim financial information, in contrast to an audit engagement, is not designed to obtain reasonable assurance that the interim financial information is free from material misstatement. However, misstatements which come to the auditor's attention, including inadequate disclosures, are evaluated individually and in the aggregate to determine whether they are material. [Extant paragraph 31]

A107. The auditor's evaluation of the materiality of any misstatements that the entity has not corrected involves professional judgment. The evaluation ordinarily takes into account matters such as:

- (a) The nature, and amount of the misstatements 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.

[Extant paragraph 32]

Other Information (Ref: Para 75-77)

A108. The auditor is required by paragraph 22 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 the auditor's knowledge about the entity obtained in the interim review engagement or during the previous audit or interim review engagements in the current period. [adapted from ISA 720 (Revised), paragraph A23]

A109. If the auditor identifies a material inconsistency between the other information and the interim financial information, it may be an indication of a material misstatement of the interim financial information or of the other information. [Extant paragraph 36, grey letter]

A110. If the discussions with management or those charged with governance, as appropriate, indicate that a misstatement exists in the interim financial information, and that misstatement is not corrected by management, such a misstatement is evaluated together with any others that have come to the auditor's attention, as required by paragraph 71.

Material Misstatement of the Other Information

A111. 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 the auditor's conclusion that a material misstatement of the other information exists. [ISA

720 (Revised), paragraphs A39-A40]

A112. 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 require the practitioner to avoid being knowingly associated with information that the practitioner 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. [ISSA 5000, paragraph A512]

A113. 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. [ISA 720 (Revised), paragraph A44]

Communication with Management and Those Charged with Governance (Ref: Para. 78-79)

A114. 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 rising and to develop a constructive working relationship for the engagement. [ISRE 2400, paragraph A61]

A115. Timely communication contributes to the achievement of robust two-way dialogue between those charged with governance and the auditor. However, the appropriate timing for communications will vary with the circumstances of the engagement. Relevant circumstances include the significance and nature of the matter, and the action expected to be taken by those charged with governance. [ISA 240 (Revised), paragraph A49]

A116. 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 in overseeing the financial reporting and disclosure process. Such matters may include, for example matters that have come to the auditor's attention relating to going concern, fraud or suspected fraud, or non-compliance or suspected non-compliance with laws or regulations. [Exant paragraph 42 grey letter]

Forming a Conclusion on the Interim Financial Information

Evaluating the Evidence Obtained from the Procedures Performed (Ref: Para. 81)

A117. 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 addressing specific circumstances. In these circumstances, the auditor may either extend the work performed or perform additional procedures as necessary in the circumstances to obtain sufficient appropriate evidence to be able to form a conclusion on the interim financial information. This situation 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 58. [ISRE 2400 (Revised), paragraph A107]

A118. 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. [ISRE 2400 (Revised), paragraph A108]

Concluding

Qualitative Aspects of the Entity's Accounting Practices (Ref: Para. 82(c))

A119. 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 the following:

- The selective correction of apparent misstatement brought to management's attention during the interim review (for example, 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 85(b)(iv)). They may, however, affect the auditor's consideration of whether the interim financial information as a whole may be materially misstated [ISRE 2400 (Revised), paragraphs A115-A116]

Description of the Applicable Financial Reporting Framework (Ref: Para. 83(a))

A120. The description of the applicable financial reporting framework in the interim financial information is important because it 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 is important as the special purpose interim financial information may not be appropriate for any use other than the intended use identified for the special purpose financial statements. [ISRE 2400 (Revised), paragraph A110]

A121. A description of the applicable financial reporting framework that contains imprecise qualifying or limiting language (for example, "the financial statements are in substantial compliance with International Financial Reporting Standards") is not an adequate description of that framework as it

may mislead intended users of the interim financial information. [ISRE 2400 (Revised), paragraph A111]

Disclosure of Effects of Material Transactions and Events on Information Conveyed in Interim Financial Information (Ref: Para. 83(b)(vi), 84)

A122. 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. [ISRE 2400 (Revised), para A113]

A123. It will be extremely rare for the auditor to consider interim financial information prepared in accordance with a compliance framework to be misleading if, in accordance with this ISRE, the auditor has determined at the time of engagement acceptance that the framework is acceptable. [ISRE 2400 (Revised), para. A114]

Taking Overall Responsibility for Managing and Achieving Quality (Ref: Para. 85)

A124. Relevant considerations in fulfilling the requirement in paragraph 85 include determining how the engagement partner has complied with the requirements of this ISRE, given the nature and circumstances of the interim review engagement and how the engagement documentation evidences the engagement partner's involvement throughout the engagement. [ISA 220 (Revised), paragraph A114)]

A125. Indicators that the engagement partner may not have been sufficiently and appropriately involved 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.

[ISA 220 (Revised), paragraph A115]

Preparing the Auditor's Interim Review Report

A126. A written report encompasses reports issued in hard copy format and those using an electronic medium. [ISRE 2400 (Revised), paragraph A122]

Title (Ref: Para. 86(a))

A127. A title indicating the report is the report of an independent auditor, for example, "Independent Auditor's Review Report," affirms that the auditor has met all of the relevant ethical requirements regarding

independence and, therefore, distinguishes the independent auditor's review report from reports issued by others. [ISRE 2400 (Revised), paragraph A123]

Addressee(s) (Ref: Para. 86(b))

A128. Law or regulation may specify to whom the auditor's review report is to be addressed in that particular jurisdiction. The auditor's review report is normally addressed to those for whom the report is prepared, often either to the shareholders or to those charged with governance of the entity whose interim financial information is being reviewed. [ISRE 2400 (Revised), paragraph A124]

Identification of the Interim Financial Information Reviewed (Para. 86(c)(iii))

A129. 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 are presented. This helps users to identify the interim financial information to which the auditor's review report relates. [ISRE 2400 (Revised), paragraph A125]

Reference to the Applicable Financial Reporting Framework (Ref: Para. 86(c)(v)b.)

A130. 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 auditor's review report of the context in which that conclusion is expressed. It is not intended to limit the evaluation required in paragraph 27(a). [ISRE 2400 (Revised), paragraph A133]

A131. 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;" or
- "... in accordance with accounting principles generally accepted in Jurisdiction X ..." [ISRE 2400 (Revised), paragraph A133]

A132. When the applicable financial reporting framework encompasses financial reporting standards and legal or regulatory requirements, the framework is identified in such terms as "... in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of Jurisdiction X Corporations Act." [ISRE 2400 (Revised), paragraph A134]

Basis for Conclusion (Ref: Para. 86(d))

A133. The reference to the standards used by the auditor for the review of interim financial information conveys to the users of the auditor's review report that the review has been conducted in accordance with established standards. [ISRE 2400 (Revised), paragraph A131]

A134. The auditor's review report states that the auditor's responsibility is to express a conclusion on the financial statements based on the review performed, in order to contrast the auditor's responsibility with management's responsibility for preparation of the financial statements. [ISRE 2400 (Revised), paragraph A130]

A135. The description of the nature of an interim review engagement in the auditor's review report explains the scope and limitations of the engagement undertaken 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. [ISRE 2400 (Revised), paragraph A132]

Management's Responsibility for the Interim Financial Information (Ref: Para. 86(f))

A136. The description of management's responsibilities in the auditor's review report provides context for readers of the report about management's responsibilities, as they relate to the engagement performed. [ISRE 2400 (Revised), paragraph A126, second sentence only]

A137. The auditor's 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. [ISRE 2400 (Revised), paragraph A127]

A138. 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. [ISRE 2400 (Revised), paragraph A128]

A139. 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. [ISRE 2400 (Revised), paragraph A129, ISA 700 (Revised), paragraph A47]

Signature of the Auditor (Ref: Para.86(g))

A140. 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 declare in the auditor's 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. [ISA 700 (Revised), paragraph A64]

A141. In some cases, law or regulation may allow for the use of electronic signatures in the auditor's review report. [ISA 700 (Revised) paragraph A65]

Name of the Engagement Partner (Ref: Para. 87)

A142. ISA 700 (Revised) explains that law, regulation or national auditing standards may 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.²²

A143. [NOT USED]

²² [ISA 700 \(Revised\), Forming an Opinion and Reporting on Financial Statements, paragraphs A63-A64](#)

Expressing the Auditor's Interim Review Conclusion

Unmodified Conclusion (Ref: Para. 88)

A144. Whether the phrase “present fairly, in all material respects,” or the phrase “gives a true and fair view” is used in any 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. (Ref: Para. 89) [ISRE 2400 (Revised), paragraph A118, ISA 700 (Revised), paragraph A24]

Modified Conclusion (Ref: Para. 90-91, 93)

Interim financial information is materially misstated

A145. Examples of a qualified conclusion on the interim financial information due to a material misstatement: (Ref: Para. 92(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 paragraph, nothing has come to our attention that causes us to believe that the interim financial information does not present fairly, in all material respects (or does not give a true and fair view), ... in accordance with [the applicable financial reporting framework]”; or
- (b) For a compliance framework – “Based on our review, except for the effects of the matter(s) described in the Basis for Qualified Conclusion paragraph, 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].”

[ISRE 2400 (Revised), paragraph 78]

A146. Examples of an adverse conclusion on the interim financial information due to a material misstatement: (Ref: Para. 92(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 paragraph, the interim financial information does not present fairly, in all material respects (or does not give a true and fair view), ... 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 paragraph, the interim financial information is not prepared, in all material respects, in accordance with [the applicable financial reporting framework].”

[ISRE 2400 (Revised), paragraph 79]

Inability to obtain sufficient appropriate evidence

A147. Example wording for a qualified conclusion due to an inability to obtain sufficient appropriate evidence would be the same as in paragraphs A145(a) and (b), except that the word “effects” would be replaced with “possible effects.”

Other Circumstances Affecting the Auditor's Interim Review Conclusion (Ref: Para. 97)

A148. In the circumstances described by paragraph 97, 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.

A149. The auditor also may consider whether 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. [Extant paragraph 52; ISRE 2400 (Revised), paragraph A119]

Going Concern (Ref: Para. 98-102)

A150. The information required by paragraphs 98-101 represent 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. [ISA 570 (Revised 2024), paragraph A79]

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

A151. 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. (Ref: Para. 103) [ISA 570 (Revised 2024), paragraph A94 first sentence]

Date of the Auditor's Review Report (Ref: Para. 86(i), 104)

A152. 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. [ISRE 2400 (Revised), paragraph A142]

A153. 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. [ISRE 2400 (Revised) paragraph A143; ISA 700 (Revised), paragraph A67]

A154. Law or regulation may identify the individuals or bodies (for example, 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. [ISRE 2400 (Revised), paragraph A144]

A155. Paragraph A89 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, 86)

A156. The auditor's interim review report may refer to this ISRE when the differences between the legal or regulatory requirements and this ISRE relate only to the layout or wording of the auditor's review report and, at a minimum, the report complies with the requirements of paragraph 86 of this ISRE. Accordingly, in such circumstances the auditor is considered to have complied with the requirements of this ISRE, even when the layout and wording used in the auditor's review report are specified by legal or regulatory reporting requirements. Where 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 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. [ISRE 2400 (Revised), paragraph A146]

Other Reporting Responsibilities (Ref: Para. 107)

A157. In some jurisdictions, the practitioner may have additional responsibilities to report on other matters that are supplementary to the practitioner's responsibility under this ISRE. Law or regulation may require or permit the practitioner to report on these other responsibilities within the practitioner's report on the interim financial information, or in a separate report.

A158. 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). [ISRE 2400 (Revised), paragraphs A139-A141, streamlined]

Documentation

Form, Content and Extent of Engagement Documentation (Ref: Para. 110-114)

A159. 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. [ISSA 5000, paragraph A175; ISA 230, paragraph A9]

Assembly of the Engagement Documentation (Ref: Para. 113)

A160. 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.²³ [ISRE 2400 (Revised), paragraph A149; ISA 230, paragraph A21]

A161. 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 A68). 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 achieving the requirement of paragraph 111, which specifies that the documentation for the interim review engagement evidences the basis for the auditor's limited assurance conclusion. [New paragraph]

²³ ISQM 1, paragraph 31(f)

Appendix 1

Analytical Procedures the Auditor May Consider When Performing a Review of Interim Financial Information

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

- Comparing the interim financial information with the interim financial information of the immediately preceding interim period, with the interim financial information of the corresponding interim period of the preceding financial year, with the interim financial information that was expected by management for the current period, and with the most recent audited annual financial statements.
- Comparing current interim financial information with anticipated results, such as budgets or forecasts (for example, comparing tax balances and the relationship between the provision for income taxes to pretax income in the current interim financial information with corresponding information in (a) budgets, using expected rates, and (b) financial information for prior periods).
- Comparing current interim financial information with relevant non-financial information.
- Comparing the recorded amounts, or ratios developed from recorded amounts, to expectations developed by the auditor. The auditor develops such expectations by identifying and applying relationships that are reasonably expected to exist based on the auditor's understanding of the entity and of the industry in which the entity operates.
- 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, for example, expense by type as a percentage of sales, assets by type as a percentage of total assets, and percentage of change in sales to percentage of change in receivables.
- Comparing disaggregated data. The following are examples of how data may be disaggregated:
 - By period, for example, revenue or expense items disaggregated into quarterly, monthly, or weekly amounts.
 - By product line or source of revenue.
 - By location, for example, by component.
 - By attributes of the transaction, for example, revenue generated by designers, architects, or craftsmen.
 - By several attributes of the transaction, for example, sales by product and month.