

# Agenda Item

## 6-B

### ISRE 2410<sup>1</sup> – Explanation of Significant Changes

This agenda item explains the significant changes and the rationale for the changes that have been made by the ISRE 2410 project team to the drafting of selected paragraphs of Proposed ISRE 2410 (Revised) that were discussed by the IAASB in June and September 2025 (Agenda Items [7-A](#) and [6-A](#), respectively). Minor editorial or structural changes are not addressed.

This agenda item also does not address paragraphs in **Agenda Items 6-A.1 and 6-A.2** that will be discussed for the first time in December 2025. Refer to **Agenda Item 6** for an explanation of the issues and project team recommendations related to those paragraphs.

Paragraph references in this paper are to the respective paragraphs in **Agenda Items 6-A.1 and 6-A.2**, unless otherwise indicated.

Reference to “offline comments” relate to comments from Board members submitted offline before or after the June or September 2025 meetings.

Paragraph(s)	Significant Changes and the Rationale for Those Changes
<b>Introduction</b>	
1	<p><i>Introductory Paragraph</i></p> <ul style="list-style-type: none"> <li>Revised the language in response to Board comments in June asking the project team to clarify that the scope of the ISRE is limited to interim review engagements performed by the independent auditor of an entity’s annual financial statements.</li> <li>Described a review of interim financial information performed by the independent auditor of the financial statements of the entity as an “interim review engagement” for ease of reference throughout the proposed standard.</li> </ul> <p><i>Application Material</i></p> <p>Paragraph A1a</p> <ul style="list-style-type: none"> <li>New paragraph to replace paragraph 25(a). This was added in response to offline comments describing various scenarios and practical considerations related to the timing of the auditor’s engagement to audit the annual financial statements of an entity or perform an interim review engagement.</li> </ul>

<sup>1</sup> International Standard on Review Engagements (ISRE) 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*

Paragraph(s)	Significant Changes and the Rationale for Those Changes
	<p>Paragraph A1b</p> <ul style="list-style-type: none"> <li>• New application material to explain the relationship between the requirements in this ISRE and the requirements in the International Standards on Auditing (ISAs). It explains that the ISAs have been written for audits of historical financial information and do not apply to other assurance engagements. However, the ISAs may provide guidance related to certain aspects of an interim review engagement because such engagement is performed by the auditor of the entity's annual financial statements, and the engagement to review interim financial information may be included in the terms of engagement for the audit.</li> <li>• Although some Board members did not support including a broad reference to the ISAs, the project team was of the view that application material in the spirit of paragraphs A21-A22 of ISAE 3000 (Revised)<sup>2</sup> would be helpful. The project team also noted that some Board members considered that a few targeted references to the ISAs in the application material of proposed ISRE 2410 (Revised) may be appropriate to provide context for the requirements, and has done so in various places in <b>Agenda Item 6-A.2</b>.</li> </ul>
2	<ul style="list-style-type: none"> <li>• Deleted changed references to 'audit client' to 'the entity' in response to comments that the term "audit client" may not be appropriate or clearly understood in the context of an interim review engagement.</li> </ul>
3	<p><i>Introductory Paragraph</i></p> <ul style="list-style-type: none"> <li>• See the explanation for paragraph 1.</li> </ul> <p><i>Application Material</i></p> <p>Paragraph A2</p> <ul style="list-style-type: none"> <li>• Removed references to the term "audit-level understanding" as the Board was concerned that the term may not be consistently understood.</li> </ul>
4	<ul style="list-style-type: none"> <li>• Deleted the paragraph as several Board members indicated that it may cause confusion. Although the Board agreed with the intent of the paragraph, the second sentence in particular was deemed to be unclear because auditors may in fact refer to the ISAs for guidance when performing interim review engagements. The project team is instead proposing new</li> </ul>

<sup>2</sup> International Standard on Assurance Engagement (ISAE) 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*

Paragraph(s)	Significant Changes and the Rationale for Those Changes
	<p>application material in paragraph A1b as explained above.</p> <ul style="list-style-type: none"> <li>The project team also noted that further explanation could be provided in the explanatory memorandum to the exposure draft, and in the Basis for Conclusions for the final revised standard.</li> </ul>
5	<p><i>Introductory Paragraphs</i></p> <ul style="list-style-type: none"> <li>Revised to focus on the firm being subject to ISQM 1<sup>3</sup> and to align the wording more closely with ISA 220 (Revised).<sup>4</sup></li> </ul> <p><i>Application Material</i></p> <p>Paragraph A2a</p> <ul style="list-style-type: none"> <li>Added to explain when national requirements are “at least as demanding” as those in ISQM 1.</li> </ul>
6	<ul style="list-style-type: none"> <li>Deleted as there is no corresponding paragraph in the introduction sections of ISRE 2400 (Revised)<sup>5</sup> or ISA 220 (Revised). The project team concluded that paragraph 21 is clear that the auditor is required to comply with relevant ethical requirements, including those related to independence.</li> </ul>
8	<p><i>Application Material</i></p> <p>Paragraph A7</p> <ul style="list-style-type: none"> <li>Revised to focus more directly on how financial reporting framework for interim financial information may differ from the framework used to prepare annual financial statements. The revisions also addressed a Board comment to use caution in not repeating wording from any specific financial reporting framework to maintain the framework neutrality of the standard.</li> </ul>
10-11	<ul style="list-style-type: none"> <li>Several Board members provided comments during the June plenary discussion and offline about the clarity of these paragraphs, including requesting the project team to further consider articulating the difference between an audit</li> </ul>

<sup>3</sup> International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*

<sup>4</sup> ISA 220 (Revised), *Quality Management for an Audit of Financial Statements*

<sup>5</sup> ISRE 2400 (Revised), *Engagements to Review Historical Financial Statements*

Paragraph(s)	Significant Changes and the Rationale for Those Changes
	<p>(reasonable assurance engagement) and an interim review (limited assurance engagement). The project team noted that there are likely different ways to explain the differences between an audit and an interim review engagement, but was of the view that these introductory paragraphs should be concise and remain consistent with paragraphs 8 and 9 of extant ISRE 2410. The project team also noted that the introduction of the revised standard is not the place to provide educational material on the differences between an audit and a review engagement, or between reasonable and limited assurance engagements.</p>
<b>Definitions</b>	
15	<p>15(b1): <i>Definition of Engagement risk</i></p> <ul style="list-style-type: none"> <li>Added in response to a Board member comment for consistency with ISRE 2400 (Revised).</li> </ul> <p>15(d): <i>Definition of Interim financial information</i></p> <ul style="list-style-type: none"> <li>Simplified by deleting ‘comprising either a complete or a condensed set of financial statements’ as that is explained in paragraph A7. A reference to that application material paragraph was added to the definition.</li> </ul> <p>15(e1): <i>Definition of other information</i></p> <ul style="list-style-type: none"> <li>Added the definition consistent with the September 2025 issues paper (Agenda Item 6 for the September meeting) as agreed by the Board. Application material was also added (paragraph A7b) to provide examples of other information in the context of interim reporting.</li> </ul>
15B	<ul style="list-style-type: none"> <li>As discussed with the Board in September, the project team considered adding definitions of relevant terms related to group interim review engagements. The project noted that doing so would likely add at least five or six group-related definitions to proposed ISRE 2410 (Revised). Rather than add a number of individual definitions, the project team instead decided on a creative approach to add a paragraph indicating that certain terms used in this proposed ISRE are similar to existing terms in the Handbook’s Glossary of Terms<sup>6</sup> relating to a group audit engagement, and should be read and applied in the context of the review of interim financial information of the group. The group-related terms from the Glossary are included in application material (paragraph A7b).</li> </ul>

<sup>6</sup> The Glossary of Terms relating to International Standards issued by the IAASB in the Handbook of International Quality Management, Auditing, Review, Other Assurance, and Related Services Pronouncements (the Glossary).

Paragraph(s)	Significant Changes and the Rationale for Those Changes
<b>Requirements</b>	
<b>Conduct of an Interim Review Engagement in Accordance with this ISRE</b>	
16	<p><i>Application Material</i></p> <p>Paragraphs A8-A8a</p> <ul style="list-style-type: none"> <li>Added new application material based on similar material included in other IAASB standalone or overarching standards relating to the authority of the standard. These paragraphs are the equivalent to the 'Authority of this ISRE' section (paragraphs 9-12) of ISRE 2400 (Revised).</li> </ul>
<b>Engagement-Level Quality Management</b>	
24-24A	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>At the September 2025 meeting, the Board raised various comments about the level of detail in the requirement, including whether it included all aspects of paragraph 25 of ISRE 2400 (Revised) that would also be relevant for an interim review engagement. The Board ultimately agreed to have the project team explore an overarching requirement relating to engagement-level quality management, with application material to support consistent application.</li> <li>The Project team considered a single overarching requirement (e.g., along the lines of ISA 220 (Revised), paragraph 13), but concluded that the requirement should continue to address the various aspects of engagement-level quality management. However, the project team has: <ul style="list-style-type: none"> <li>Added additional sub-requirements to paragraph 24, consistent with ISRE 2400 (Revised);</li> <li>Streamlined the wording, recognizing that the interim review engagement is performed by the auditor of the entity's annual financial statements, who should already be familiar with the requirements in ISA 220 (Revised); and</li> <li>Added a requirement (paragraph 24A) for the engagement partner shall consider the information from the firm's monitoring and remediation process.</li> </ul> </li> </ul>

Paragraph(s)	Significant Changes and the Rationale for Those Changes
	<ul style="list-style-type: none"> <li>With these revisions, the project team is of the view that the requirement adequately addresses the relevant aspects of engagement-level quality management for an interim review engagement. See below for additions and clarifications to the related application material.</li> </ul> <p><i>Application Material</i></p> <p>Paragraph A21</p> <ul style="list-style-type: none"> <li>Revised to align more closely with ISA 220 (Revised), paragraph 9, to address offline comments.</li> </ul> <p>Paragraph A22</p> <ul style="list-style-type: none"> <li>Added based on offline comments. Although the project team initially did not believe this was necessary because the auditor should already be familiar with the concept of sufficient and appropriate involvement, it was ultimately concluded that the paragraph would be helpful in view of the requirement in paragraph 87(d)(i).</li> </ul> <p>Paragraph A23</p> <ul style="list-style-type: none"> <li>Deleted in response to concerns raised by Board members that the paragraph was confusing. The project team has instead added a broader reference to the ISAs in paragraph A1b, as explained above.</li> </ul> <p>Paragraph A24</p> <ul style="list-style-type: none"> <li>Revised to align with ISQM 1, as that wording was deemed to be more appropriate.</li> </ul> <p>Paragraph A25</p> <ul style="list-style-type: none"> <li>Revised to align with ISRE 2400 (Revised), paragraph A26.</li> </ul> <p>Paragraph A26</p> <ul style="list-style-type: none"> <li>Revised in response to an offline comment noting inconsistencies in the wording of equivalent paragraphs in ISA 220 (Revised) and ISRE 2400 (Revised). The project team changed to ‘policies or procedures’ to align with ISA 220 (Revised), consistent with other references in the proposed ISRE. Also included the example from ISA 220 (Revised), paragraph A10, to help illustrate the second bullet point.</li> </ul>

Paragraph(s)	Significant Changes and the Rationale for Those Changes
	<p>Paragraph A26a</p> <ul style="list-style-type: none"> <li>• New application material added to more fully align with ISRE 2400 (Revised), as paragraph A26 included only the first part of paragraph A28 of ISRE 2400 (Revised).</li> <li>• The paragraph indicates that the firm's policies or procedures may address audit and interim review engagements separately or together. A footnote has also been added to refer to the auditor's responsibilities under ISA 220 (Revised) as certain policies or procedures applicable to interim reviews may, to some extent, be addressed by those established for audit engagements.</li> </ul> <p>Paragraph A28a</p> <ul style="list-style-type: none"> <li>• New paragraph added in response to an offline comment that the results of the procedures for acceptance or continuance of the interim review engagement may have implications for the acceptance or continuance of the related audit engagement.</li> </ul> <p>Paragraph A30a</p> <ul style="list-style-type: none"> <li>• New paragraph, linked to the new requirement in paragraph 37A, indicating that the resources needed to perform a group interim review engagement may include component auditors.</li> </ul> <p>Paragraph A32a</p> <ul style="list-style-type: none"> <li>• Added to support the new requirement in paragraph A24. This paragraph is based on ISRE 2400 (Revised) (paragraph A28 hanging paragraph and paragraph A29).</li> </ul>
<b>Acceptance and Continuance of the Interim Review Engagement</b>	
	<p><i>Overall comment</i></p> <ul style="list-style-type: none"> <li>• In September, the Board asked the project team to consider the appropriate level of detail in requirements and application material related to client acceptance and continuance, recognizing that some matters may already be addressed in connection with the audit client relationship. The project team further considered this, and has proposed a number of</li> </ul>

Paragraph(s)	Significant Changes and the Rationale for Those Changes
	<p>revisions with a view toward simplicity and alignment with the concepts in ISA 210,<sup>7</sup> while retaining some measure of consistency with the concepts and requirements in ISRE 2400 (Revised).</p>
25	<ul style="list-style-type: none"> <li>• The project team concluded that paragraph 25 could be deleted as each of the matters in the requirement is addressed elsewhere or in a different manner in the proposed revised standard, as discussed further below.</li> <li>• Board members had mixed views on paragraph 25(a). Some indicated a preference to address this point in the scope section of the standard, while others agreed with including the requirement as part of the acceptance of the interim review engagement. However, offline comments were received indicating that, as drafted, the requirement did not address various scenarios and practical considerations related to the timing of the auditor's engagement. The project team concluded that, on balance, the best approach was to delete the requirement and address the scenarios and practical considerations in application material (see the explanation above for paragraph A1a). The project team acknowledges that some Board members may still be of the view that a requirement is needed to prevent inappropriate use of the standard, and therefore would be interested in additional input from the Board on this matter.</li> <li>• Paragraph 25(b) was deleted as paragraph A11 explains that relevant ethical requirements may include provisions that apply for both audit and review engagements, and the auditor would have considered compliance with relevant ethical requirements, including those related to independence, when accepting the audit engagement.</li> <li>• Paragraph 25(c) was retained but moved to paragraph 29B to improve the structure and flow of the section (i.e., preconditions followed by other factors affecting acceptance and continuance of the interim review engagement).</li> </ul>
26	<ul style="list-style-type: none"> <li>• The paragraph was retained but moved to paragraph 29C.</li> </ul>
27	<p><i>Application Material</i></p> <p>Paragraph A35a</p> <ul style="list-style-type: none"> <li>• New paragraph added in response to offline comments to be consistent with ISRE 2400 (Revised), paragraph A40. The offline comments also suggested including paragraph A41 from ISRE 2400 (Revised), but the team concluded that it was not necessary as the needs of users are addressed in paragraph A38.</li> </ul>

<sup>7</sup> ISA 210, *Agreeing the Terms of Audit Engagements*



Paragraph(s)	Significant Changes and the Rationale for Those Changes
	<p>Paragraph A38</p> <ul style="list-style-type: none"> <li>• An offline comment questioned the relevance of this paragraph as ISRE 2410 is rarely applied when not mandated by law or regulation. It was noted that the related procedures are typically conducted alongside audit acceptance and continuance activities. While the project team agreed with these points, it was of the view that most of this material is relevant to the acceptability of the interim review framework. However, the project team deleted the first bullet in view of the point noted in paragraph A37 that, in many cases, the financial reporting framework for interim reporting may be prescribed by law or regulation and therefore presumed to be acceptable, in the absence of any indications to the contrary.</li> <li>• First bullet point deleted as it was deemed to be less relevant in the context of an interim review engagement.</li> </ul> <p>Paragraph A39a</p> <ul style="list-style-type: none"> <li>• Added in response to an offline comment that ISRE 2410 applies not only to statutory interim financial reports but also voluntary reporting. In the absence of prescribed requirements for interim financial reporting within certain financial reporting frameworks, entities preparing voluntary reports may develop their own basis of preparation, which may differ from the framework used for annual financial statements.</li> </ul> <p>Paragraph A40</p> <ul style="list-style-type: none"> <li>• Moved from paragraph A3 but subsequently deleted as it simply repeats management's responsibilities described in the requirement.</li> </ul> <p>Paragraph A42</p> <ul style="list-style-type: none"> <li>• Revised to fully align with ISRE 2400 (Revised), paragraph A46.</li> </ul> <p>Paragraph A42a</p> <ul style="list-style-type: none"> <li>• Added in response to an offline comment. The paragraph explains that, while 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, the fact is that management's responsibilities for the interim financial information are specific to the preparation of that information and need to be addressed separately in the terms of engagement.</li> </ul>

Paragraph(s)	Significant Changes and the Rationale for Those Changes
29A	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>In the September indicative drafting, the project team addressed the concept of rational purpose in application material (paragraphs A33-A34 in the September drafting). It was noted in an offline comment that the application material was not linked to a specific requirement, as it is in ISRE 2400 (Revised). The project team agreed and added this new requirement based on ISRE 2400 (Revised), paragraph 29(a)(i). The application material in the September draft has been moved to support this new requirement, as further discussed below.</li> </ul> <p><i>Application Material</i></p> <p>Paragraph A42b</p> <ul style="list-style-type: none"> <li>Revised to enhance clarity.</li> </ul> <p>Paragraph A42c</p> <ul style="list-style-type: none"> <li>Although an offline comment raised doubts about the necessity of this paragraph, the project team concluded that providing an example of when there may not be a rational purpose may be helpful, and retained example (c) from ISRE 2400 (Revised), paragraph A35, as it was deemed to be most relevant in the context of an interim review engagement.</li> </ul>
34	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>Revised the lead-in wording to align with ISRE 2400 (Revised).</li> <li>In response to Board comments, added a new sub-requirement for the term of engagement to include a statement that the engagement is not an audit, and that the practitioner will not express an opinion on the interim financial information. This was elevated from application material paragraph A46 (bullet point 4) to align with ISRE 2400 (Revised).</li> <li>Revised paragraphs 34(b) and (e) to align with ISRE 2400 (Revised).</li> <li>An offline comment questioned why the point in paragraph 37(a) of ISRE 2400 (Revised) has not been included related to the intended use and distribution of the interim financial information. The project team previously decided not to include the point as it is not included in ISA 210, paragraph 10, and interim financial information ordinarily would be general purpose information.</li> </ul>

Paragraph(s)	Significant Changes and the Rationale for Those Changes
	<p><i>Application Material</i></p> <p>Paragraph A46</p> <ul style="list-style-type: none"> <li>The fourth bullet was moved to the requirement in paragraph 34 as noted above.</li> </ul>
35	<p><i>Application Material</i></p> <p>Paragraph A48</p> <ul style="list-style-type: none"> <li>Added the first sentence from ISRE 2400 (Revised), paragraph A55, in response to an offline comment to provide context and appropriate linkage to recurring engagements.</li> </ul>
36A	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>Added to address an offline comment regarding the need to agree on and record changes in the terms of engagement in an engagement letter or other suitable form of written agreement.</li> </ul>
<b>Communication with Management and Those Charged with Governance</b>	
37	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>The project team repositioned this section to precede the 'Forming a Conclusion on the Interim Financial Information' section. The project team acknowledges that the Board may have different views about the geography of this section and would be interested in further input on the positioning.</li> </ul> <p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>See part <b>A.8</b> of <b>Agenda Item 6</b> for a discussion of the application material to this requirement</li> </ul>
<b>Planning and Performing the Engagement</b>	
37A	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>As described in the issues paper for the September 2025 meeting (<a href="#">Agenda Item 6</a>, paragraph 63), the project team added a new requirement for the engagement partner to determine whether it is necessary to involve component auditors</li> </ul>

Paragraph(s)	Significant Changes and the Rationale for Those Changes
	<p>and if so, the nature, timing and extent of such involvement. This is based, at least in concept, on paragraph 22 of ISA 600 (Revised)<sup>8</sup> and paragraph 96 of ISSA 5000.<sup>9</sup></p> <p><i>Application Material</i></p> <p>Paragraphs A51a</p> <ul style="list-style-type: none"> <li>• New paragraph to clarify the rationale for the proposed requirement of paragraph 37A.</li> </ul> <p>Paragraph A51b</p> <ul style="list-style-type: none"> <li>• New paragraph to highlight that the decision to use component auditors is a professional judgment that is made by considering what is needed to obtain sufficient appropriate evidence that the group interim financial information as a whole is free of material misstatement. It highlights that sometimes, the group engagement partner may determine that it is necessary to obtain information from a component via a component auditor, or to obtain evidence that is specific to a component and that doing so would be more effectively achieved by requesting that a component auditor do so.</li> </ul> <p>Paragraph A51c</p> <ul style="list-style-type: none"> <li>• New paragraph that sets out some examples of considerations relevant to the professional judgment about whether to involve component auditors in an interim review engagement.</li> </ul> <p>Paragraph A51d</p> <ul style="list-style-type: none"> <li>• New paragraph to clarify that it remains the group engagement partner's responsibility to obtain sufficient appropriate evidence in a group interim review engagement even when component auditors are involved, and therefore in determining the nature, timing and extent of their involvement, the communication with component auditors is also a relevant matter to consider.</li> </ul>

<sup>8</sup> ISA 600 (Revised), *Special Considerations—Audits of Group Financial Statements (Including the Work of Component Auditors)*

<sup>9</sup> ISSA 5000, *General Requirements for Sustainability Assurance Engagements*

Paragraph(s)	Significant Changes and the Rationale for Those Changes
<i>Materiality</i>	
38	<p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>At the September 2025 meeting, the Board asked the project team to revise the application material in paragraph A53 and clarify further how the auditor may address challenges that may arise from the fact that the determination of materiality for the interim review engagement is done with reference to the interim financial information, rather than annual financial information. Accordingly, the project team revised the application material as follows:</li> </ul> <p>Paragraphs A52-A52a</p> <ul style="list-style-type: none"> <li>Split paragraph A52 into separate paragraphs to enhance clarity and readability.</li> <li>Added additional wording to paragraph A52 (based on ISA 320,<sup>10</sup> paragraph A7) to clarify that materiality relates to the financial information that is the subject of the interim review engagement (e.g., for the quarter or half-year period).</li> <li>Deleted the last two bullets in paragraph A52a so that bullet points are consistent with ISA 320, paragraph 2. The project team concluded that the fourth bullet was not needed as the points are sufficiently clear and more succinctly addressed in paragraphs A52a-A53a. The fifth bullet was deleted in response to concerns raised in offline comments and replaced with new paragraph A53b (see further discussion below).</li> </ul> <p>Paragraphs A53-A53a</p> <ul style="list-style-type: none"> <li>Split paragraph A53 into separate paragraphs to enhance clarity and readability.</li> <li>Revised paragraph A53 to clarify that the auditor may consider it appropriate to use the same benchmark and percentage as those applied in the previous annual audit of the entity's annual financial statements, as a starting point in determining materiality for the interim financial information as a whole. In response to Board feedback from the September 2025 meeting, the example benchmark included in the original drafting was deleted as it was noted that it may cause confusion. Instead, the project team added a footnote reference to relevant application material in ISA 320 (paragraphs A4-A5) that deals with factors that may affect the identification of an appropriate benchmark and examples of benchmarks that may apply depending on the circumstances of the entity.</li> </ul>

<sup>10</sup> ISA 320, *Materiality in Planning and Performing an Audit*

Paragraph(s)	Significant Changes and the Rationale for Those Changes
	<ul style="list-style-type: none"> <li>○ Added wording in paragraph A53 and revised the wording in paragraph A53a to address various unique considerations in determining materiality for an interim review engagement.</li> </ul> <p>Paragraph A53b</p> <ul style="list-style-type: none"> <li>○ Added in response to an offline comment that the application material did not clearly explain how greater reliance on estimates in interim financial information affects the determination of materiality. The paragraph links back to the discussion in paragraph A7 that indicates that the interim financial information may require a greater use of estimates than in the annual financial statements. An example is provided to illustrate how this may affect the auditor's application of materiality for the purpose of designing and performing review procedures for certain accounting estimates.</li> </ul> <p>Paragraph A53c</p> <ul style="list-style-type: none"> <li>○ New application material related to the application of materiality in a group interim review engagement.</li> </ul>
<p><i>Obtaining an Understanding of the Entity and Its Environment, the Applicable Financial Reporting Framework, and the Entity's System of Internal Control</i></p>	
40	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>• In response to the Board's direction in September 2025, combined subparts (a) and (b) into a single overall requirement, consistent with ISRE 2400 (Revised), paragraph 45.</li> </ul> <p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>• Offline comments suggested that further work was needed to clarify that the auditor who has audited the entity's financial statements for one or more annual periods has obtained an understanding of the entity and its environment, and the entity's system of internal control, in connection with the audit of the previous annual financial statements. Therefore, this understanding will be updated for the purposes of performing the interim review engagement. 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 the understanding required by paragraph 40 as it relates to the preparation of both annual and interim financial information.</li> </ul>

Paragraph(s)	Significant Changes and the Rationale for Those Changes
	<ul style="list-style-type: none"> <li>In response to the comments, the project team reordered the paragraphs in this section to emphasize that a continuing auditor will be updating the understanding and leveraging 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 for purposes of the interim review. The structure now more closely follows the flow in extant ISRE 2410 (paragraphs 12-15).</li> <li>Revisions to specific paragraphs included the following: <ul style="list-style-type: none"> <li>Paragraph A54a <ul style="list-style-type: none"> <li>Added a reference to paragraphs A60-A60a related to considerations for first-time interim review engagements to further emphasize that the auditor is still required to obtain the understanding required by paragraph 40 in those circumstances, although the ‘how’ will be different.</li> </ul> </li> <li>Paragraphs A55-A56 <ul style="list-style-type: none"> <li>Revisions for clarity and brevity.</li> </ul> </li> <li>Paragraph A57 <ul style="list-style-type: none"> <li>A Board member noted in the September meeting that the use of “ordinarily” in the lead-in may not be appropriate. The project team discussed this further, including with the project board members, and concluded that the reference should remain in this instance. The project team noted that the Complexity, Understandability, Scalability and Proportionality (CUSP) <a href="#">Drafting Principles and Guidelines</a> indicate that qualifiers should be avoided in the application material to the extent possible. If needed, the term “ordinarily” is preferred for circumstances when the intent is to send a stronger message, such as in this case regarding the procedures to be performed to update the understanding. Therefore, the term was retained, but wording was also added to emphasize that the procedures are a matter of professional judgment.</li> <li>More broadly, the project team discussed whether the procedures listed in paragraph A57 should remain in application material or be elevated to a requirement. The project team generally prefers the principles-based requirement in paragraph 40 but noted that some jurisdictional standards have a requirement in this regard. The project team further noted the requirement in paragraph 46 of ISRE 2400 (Revised) but had previously opted not to include it in the September selected drafting as it addresses at a higher level the aspects of the understanding that</li> </ul> </li> </ul> </li> </ul>

Paragraph(s)	Significant Changes and the Rationale for Those Changes
	<p>the auditor is already required to obtain in accordance with ISA 315 (Revised 2019)<sup>11</sup> in connection with the audit of the entity's annual financial statements. The project team welcomes further input from the Board about whether the procedures in paragraph A57 should be elevated to a requirement, in view of the objective of the project to establish a global baseline for the consistent performance of interim review engagements (see paragraph 7 of the <a href="#">approved project proposal</a>).</p> <p>Paragraph A57a</p> <ul style="list-style-type: none"> <li>○ Moved wording from paragraph A54a to emphasize that internal control related to the preparation of interim financial information may differ from internal control for the preparation of annual financial statements. The project team leveraged wording in a jurisdictional standard when revising this paragraph.</li> </ul> <p>Paragraph A57b</p> <ul style="list-style-type: none"> <li>○ Added in response to a Board member comment in September to clarify that the procedures to obtain the required 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 those required for the audit of the entity's annual financial statements. In addition, the paragraph clarifies that the proposed revised standard does not contemplate a detailed understanding of each of the components of internal control, performing procedures to obtain evidence about the design and implementation of controls in the control activities component, or testing the operating effectiveness of controls.</li> </ul> <p><i>Application Material for First-Time Interim Review Engagements</i></p> <ul style="list-style-type: none"> <li>• In September, the Board agreed with the approach to address matters relevant to first-time interim review engagements in the application material. However, various offline comments were received asking the project team to provide some additional guidance for these circumstances. Therefore, the project team revised the application material in this section as follows:</li> </ul> <p>Paragraph A60</p> <ul style="list-style-type: none"> <li>○ Moved wording from the hanging paragraph to the lead-in to clarify that the nature and extent of the procedures needed to obtain the required understanding for a first-time interim review engagement are a matter of professional</li> </ul>

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



Paragraph(s)	Significant Changes and the Rationale for Those Changes
	<p>judgment, but the procedures described in paragraph A57 would also be relevant in these circumstances.</p> <ul style="list-style-type: none"> <li>Deleted the third bullet point and instead added paragraph A60a to provide more targeted application material to clarify that a newly appointed auditor may not have access to a predecessor auditor's working papers and, therefore, may need to 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.</li> <li>Deleted the hanging paragraph as the first sentence was moved to the lead-in and the second sentence is addressed in paragraph A57b.</li> </ul> <p>Paragraph A60a</p> <ul style="list-style-type: none"> <li>See the explanation above for paragraph A60.</li> </ul> <p>Paragraph A60b</p> <ul style="list-style-type: none"> <li>Added to emphasize that 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 example, procedures relating to opening balances.</li> </ul>
<i>Designing and Performing Inquiry, Analytical and Other Review Procedures</i>	
41	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>Streamlined the lead-in wording as the project team is of the view that it is clear from paragraph A61 that the purpose of designing and performing the inquiry, analytical and other review procedures is to obtain sufficient appropriate evidence as the basis for a conclusion on the interim financial information.</li> </ul> <p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>See Part A.1 of <b>Agenda Item 6</b> for a discussion of the application material to this requirement.</li> </ul>