

**PROPOSED INTERNATIONAL STANDARD ON REVIEW
ENGAGEMENTS (ISRE) 2410 (REVISED), *REVIEW OF INTERIM
FINANCIAL INFORMATION PERFORMED BY THE INDEPENDENT
AUDITOR OF THE ENTITY'S ANNUAL FINANCIAL STATEMENTS*
[MARKED – APPROVED TEXT]**

APPLICATION MATERIAL

This agenda item shows in mark-up changes made to **Agenda Item 2-G.1**

Application and Other Explanatory Material

Scope of this ISRE (Ref: Para. 1)

A1. [NOT USED]

- A1a. This ISRE applies to interim review engagements performed by the auditor of the entity's annual financial statements. In many cases, the auditor will have audited the entity's previous annual financial statements and be engaged to audit the current-period annual financial statements, or the auditor may expect to be engaged to do so (e.g., the auditor's appointment 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 these circumstances, the auditor may perform an interim review engagement in accordance with this ISRE to provide for an appropriate transition until the appointment of the successor auditor becomes effective.
- 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, certain aspects of an interim review engagement in accordance with this ISRE may be addressed in connection with the audit engagement (e.g., requirements related to acceptance and continuance of the engagement). Accordingly, the auditor may find it useful to refer to the ISAs for guidance on those aspects of the interim review engagement.

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

- A2. Through performing the audit of the entity's 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. Accordingly, when the auditor is engaged to perform an interim review engagement for that entity in accordance with this ISRE, the auditor updates this understanding, which assists the auditor with designing the review procedures to be performed.
- A2a. A practitioner who is not the auditor of the entity's annual financial statements does not ordinarily have this level of understanding of the entity and its environment, the applicable financial reporting

framework and the entity's system of internal control. Therefore, that practitioner performs an interim review engagement in accordance with ISRE 2400 (Revised).

Relationship with ISQM 1 (Ref: Para. 5)

- A2b. 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.

An Interim Review Engagement

A3. [NOT USED]

A4. [NOT USED]

The Applicable Financial Reporting Framework for Interim Financial Information (Ref: Para. 8)

- A5. Local law or regulation, securities regulation, stock exchange rules, or jurisdictional standards may specify the financial reporting framework used to prepare the interim financial information, the period for which it is prepared (e.g. quarterly or half-yearly), or whether the interim financial information is required to be reviewed, or possibly audited, by the independent auditor of the entity's annual financial statements.
- A6. The applicable financial reporting framework may, for example, consist of recognized financial reporting standards supplemented by other requirements in law or regulation relating to interim financial reporting.
- A7. The applicable financial reporting framework may require, or may permit, an entity to provide less information at interim dates than in its annual financial statements. In addition, the requirements for preparing interim financial information may be different from those for a complete set of annual financial statements. For example, the financial reporting framework may permit a greater use of estimates than in the annual financial statements, or permit the interim financial information to be presented in the form of condensed financial statements and explanatory notes. Certain disclosures may not be required in condensed interim financial statements, which are focused on new activities, events, and circumstances since the previous annual reporting period. In these circumstances, the financial reporting framework may require, or management may choose to include, in the interim financial information, a statement that the condensed interim financial information is to be read in conjunction with the latest annual audited financial statements. This also presumes that the users of the interim financial information will have access to the latest audited financial statements, such as is the case with publicly traded entities.

Objectives (Ref: Para. 14)

- A7aa. In certain circumstances, law or regulation may not permit withdrawal from the engagement. For example, this may be the case in the public sector, where the option of withdrawing from the engagement may not be available because of the nature of the applicable legal mandate based on public interest considerations, or in jurisdictions where an auditor is appointed for a specific period

and is prohibited from withdrawing before the end of that period. In these circumstances, the auditor may consider it necessary to include an Other Matter paragraph in the auditor's interim review report in accordance with paragraph 105A, to explain why it is not possible to withdraw from the engagement.

Definitions

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

- A7a. Depending on law, regulation or custom in a particular jurisdiction, other information may include, for example, management commentary, performance summaries, or a [chairperson's](#) ~~chairman's~~ statement, when included in the document that also contains the interim financial information and the auditor's report thereon.
- A7b. Documents such as, for example, preliminary announcements of financial information and securities offering documents, including prospectuses, that may include interim financial information, are not considered other information for the purpose of this ISRE.

Group Interim Review Engagements (Ref: Para 15A)

- A7b. The Glossary 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 ISRE

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 which are intended to assist the auditor in understanding what needs to be accomplished in an interim review engagement.
- 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 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.
- A8b. In performing an interim review engagement, the auditor may be required to comply with legal or regulatory requirements, which may differ from the requirements established in this ISRE. This ISRE does not override law or regulation that governs a review of interim financial information. In the event that such law or regulation differs from the requirements of this ISRE, an interim review engagement conducted only in accordance with such law or regulation will not necessarily comply with this ISRE.

Complying with Relevant Requirements (Ref: Para. 19, 20)

- 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. A requirement is relevant unless 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 is not relevant when there is no such inability.

A10. [NOT USED]

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 IESBA Code apply to both audit and review engagements unless otherwise stated. The IESBA Code sets out fundamental principles that establish the standard of behavior expected of a professional accountant: 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.
- 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.

Professional Skepticism and Professional Judgment

Professional Skepticism (Ref: Para. 22)

- A13. Professional skepticism is necessary for the critical assessment of evidence. This includes:
- Considering all evidence obtained, including evidence that appears inconsistent with other evidence, and evidence that appears to contradict what is presented in the interim financial information;
 - Questioning the reliability of information intended to be used as evidence, including responses to inquiries, obtained from management and those charged with governance; and
 - Considering the sufficiency and appropriateness of evidence obtained in light of the engagement circumstances.
- A14. Professional skepticism includes being alert to, for example:
- Information that calls into question the reliability of information intended to be used as evidence, including responses to inquiries.
 - Conditions that may indicate possible misstatement due to fraud or error.
 - Any other circumstances that suggest the need for additional procedures.
- A15. Maintaining professional skepticism throughout the interim review engagement is necessary 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 to be performed, and in 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, nor allow the auditor to be satisfied with evidence that is inadequate for the purpose of the interim review engagement.

A16a. ISA 220 (Revised)¹ includes application material describing possible impediments to the exercise of professional skepticism at the engagement level. The auditor may find it useful to refer to such guidance when considering such matters in the context of an interim review engagement.

Professional Judgment (Ref: Para. 23)

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

A17A. 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. [NOT USED]

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

- Knowledge acquired from previous audits and interim reviews engagements, 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.

¹ ISA 220 (Revised), *Quality Management for an Audit of Financial Statements*, paragraphs A34-A36.

- The extent to which the preparation and presentation of the interim financial information in accordance with the applicable financial reporting framework requires the exercise of management judgment.

A20. 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.

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. The engagement partner may assign 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. However, this does not diminish the requirement for the engagement partner 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.

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.
 - (a1) Exercising professional skepticism throughout the engagement.
- (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.

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.

A23. [NOT USED]

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

engagements. Under ISQM 1,² the objective of the firm is to design, implement and operate a system of quality management that provides the firm with reasonable assurance that:

- (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

A25. Within the context of the firm's system of quality management, the engagement team, led by the engagement partner, has a responsibility to implement the firm's policies or procedures applicable to the interim review engagement, and 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.

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

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 auditor of the entity's annual financial statements.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.

² ISQM 1, paragraph 1

³ ISQM 1, paragraph 14

⁴ ISA 220 (Revised) deals with the specific responsibilities of the auditor regarding quality management at the engagement level for an audit of financial statements.

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, in some jurisdictions, may form part of, the terms agreed upon for the audit of the annual financial statements. See also paragraphs 27-36A of this ISRE.
- 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.
- 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 engagement is the first engagement performed for a new audit client. 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.
- A30. The auditor's consideration of acceptance and continuance of client relationships and interim review engagements, occurs throughout the engagement, as conditions and changes in circumstances occur.

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 determining 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.

A30b. As described in ISQM 1,⁵ engagement resources include human, technological and intellectual resources. In determining that sufficient appropriate resources are made available to the engagement team to perform the engagement in a timely manner, the engagement partner may consider, for example, whether technological tools that have been approved for use by the firm, and which the engagement team has expertise in, are available.

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

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 standards and applicable legal and regulatory requirements, or that the auditor's interim review report was not appropriate.

Acceptance and Continuance of the Interim Review Engagement

A33. [NOT USED]

A34. [NOT USED]

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.

⁵ ISQM 1, paragraph 32

⁶ ISQM 1, paragraph 2

⁷ ISQM 2, *Engagement Quality Reviews*

⁸ ISQM 2, paragraph 27

⁹ ISQM 1, paragraph 16(a)

- A36. A condition for acceptance and continuance of an assurance engagement is that the criteria are suitable and available to intended users. 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 (see paragraph 15(b)). 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.
- 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 (e.g., 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).
- A38. The auditor's determination of the acceptability of the financial reporting framework to be applied in the preparation of the interim financial information may include consideration of factors such as:
- The purpose of the interim financial information (e.g., 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 (e.g., 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.
- 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 in accordance with paragraph 36A, to agree the new terms of the interim review engagement with management to reflect the change in the applicable financial reporting framework.

Responsibilities of Management (Ref: Para. 27(b))

A40. [NOT USED]

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 law or regulation that govern their respective responsibilities. An interim review engagement in accordance with this 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.

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.¹⁰ 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 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.

Other Factors Affecting Acceptance of the Interim Review Engagement (Ref: Para. 29A-29C)

A42b. Whether the engagement exhibits a rational purpose may be influenced by 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.

A42c. An example of an interim review engagement that may not have a rational purpose may be when the 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 rather than reviewed.

A43. [NOT USED]

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

A44. As explained in paragraph A27, 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 of a single engagement letter. In some jurisdictions, it may be necessary to address the terms of the engagement to review interim financial information in a separate engagement letter because the audit of the financial statements may be required by corporate or commercial law, 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 appropriate circumstances.

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

A45. Agreeing the terms of the engagement in a written engagement letter prior to commencing the interim review engagement helps to avoid misunderstandings between the auditor and the entity's management or, as applicable, those charged with governance with respect to the interim review engagement.

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 paragraph 34, an engagement letter may address, for example:

¹⁰ ISA 210, paragraph 6(b)

- 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.
- The intended use and distribution of the interim financial information, and any restrictions on the 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 interim 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.
- Agreement from management and, where appropriate, those charged with governance that, if any document containing the interim financial information indicates that the interim financial information has been reviewed by the entity's auditor, the interim review report will also be included in that document.

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 paragraph 27(b).

Recurring Engagements (Ref: Para. 35)

A48. Whether the interim review engagement is addressed in a separate engagement letter or as 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. Factors that 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, may include, for example:

- 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.

Change in 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.

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.

Communications with Management and Those Charged with Governance (Ref: Para. 37)

A50a. 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 arising and to develop a constructive working relationship for the engagement.

A50b. 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, who have responsibility for overseeing the financial reporting and disclosure process, while some matters may only need to be brought to management's attention. The appropriate timing of communications will vary depending on considerations such as the nature and significance of the matter, and the action expected to be taken by management or those charged with governance.

Examples

Matters that may be significant for the responsibilities of those charged with governance:

- Any identified or suspected fraud involving management or employees with significant roles in internal control, that has come to the auditor's attention (see paragraph 51)
- Identified or suspected fraud that has come to the auditor's attention, that involves other parties, that is not clearly inconsequential (see paragraph 51)
- Matters involving non-compliance with laws and regulations that have come to the auditor's attention, other than when these matters are clearly inconsequential (see paragraph 51)
- Significant matters discussed with management, such as, for example:

- Significant events or transactions in the period that were brought to the auditor's attention;
- Areas of disagreement with management, including any areas of management bias
- Significant difficulties encountered during the engagement, such as, for example:
 - Significant delays by management, the unavailability of entity personnel, or an unwillingness by management to provide information necessary for the auditor to perform procedures.
 - An unreasonably brief time within which to complete the engagement.
 - Extensive unexpected effort required to obtain sufficient appropriate evidence.
 - The unavailability of expected information.

Planning and Performing the Engagement

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

A51a. [NOT USED]

A51b. The objective in a group interim review engagement is to obtain limited assurance about whether the group interim financial information as a whole is free of material misstatement. In applying the requirements of paragraph 24(b), 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, and often will, determine that component auditors are to be involved. For example, component auditors may be asked to provide information, or to perform review procedures at a component related to a specific matter affecting the group interim financial information

A51c. In determining the nature, timing and extent of involvement of component auditors, if any, the group auditor may consider factors such as for example, whether:

- The component auditors are involved in performing the audit of the group's annual financial statements, and if so, the reasons for that involvement, and whether those reasons may also be relevant in the context of the interim review engagement.
- The component is a new component of the group.
- An element of unpredictability is necessary.
- Significant events or transactions have occurred in a component since the date of the most recent annual financial statements, and whether information about those events may be available at the group level.
- The interim financial information of the component is significant to the group as a whole.
- It is practicable to perform inquiries and other review procedures at the group level or through shared service centers.

A51d. If component auditors are involved in performing procedures to obtain evidence in an interim review engagement, the group engagement partner remains responsible, and therefore accountable, for obtaining sufficient appropriate evidence as the basis for the conclusion on the group interim financial information. Clear and timely communication between the auditor and component auditors about their respective responsibilities, supports achieving this objective. For example, communications that provide clear direction to component auditors about the nature, timing and extent of their involvement in the interim review engagement, and the matters expected to be communicated to the group auditor and the form of such communications, support establishing the basis for effective two-way communication. Such communications may also include communications about the relevant ethical requirements, including those related to independence, that apply to the group interim review engagement.

Materiality (Ref: Para. 38)

A52. The auditor's determination of materiality is a matter of professional judgment that involves quantitative and qualitative considerations. The determination is affected by the auditor's perception of the financial information needs of users of the interim financial information and is made in the context of the applicable financial reporting framework used in preparing the interim financial information and of the periods covered therein.

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.

A53. In the audit of the entity's annual financial statements, the auditor may have applied a percentage to a chosen benchmark as a starting point in determining a quantitative materiality for the financial statements as a whole.¹¹ In an interim review engagement, the auditor may decide to use the same benchmark and an appropriate percentage as a starting point in determining a quantitative materiality for the interim financial information as a whole, or may consider other factors.

A53a. In some circumstances, such as when an entity's operations are subject to cyclical variations, or when the financial results for the current interim period differ significantly from the prior interim period

¹¹ See ISA 320, *Materiality in Planning and Performing an Audit*, paragraphs A4-A8.

or the expected results for the current year, the auditor may, in applying their professional judgment, conclude that it is appropriate to determine a materiality using a normalized amount.

A53b. [NOT USED]

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. The auditor may consider designating an amount, lower than materiality for the group interim financial information as a whole, to be used by component auditors, for example, for purposes of communicating matters identified in the component financial information to the group auditor.

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. Such changes may result from matters such as:

- 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).

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

A54a. When performing an audit of the entity's 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 as it relates to the preparation of the annual financial statements, and identifies and assesses the risks of material misstatement of the financial statements.¹² This ISRE does not require the identification and assessment of the risks of material misstatement of the interim financial information. However, the auditor's risk assessment procedures and other work performed for the most recent annual audit inform the auditor's identification of areas in the interim financial information where material misstatements are likely to arise and therefore provide a basis for designing review procedures to address those areas.

A54b. In performing the interim review engagement, the auditor fulfills the requirement in paragraph 40 by updating the understanding and leveraging the knowledge obtained from the previous annual audits (and previous interim review engagements performed during the period since that date—). As a practical matter, the auditor's understanding is obtained and updated on an iterative basis throughout the engagement, and is updated as changes in conditions and circumstances occur. See also paragraphs A60-A60a related to considerations for first-time interim review engagements.

A55. [NOT USED]

A56. [NOT USED]

¹² See ISA 315 (Revised 2019), *Identifying and Assessing the Risks of Material Misstatement*

A57. The nature and extent of procedures performed by the auditor to obtain or 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. Ordinarily, such procedures 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 accounting estimates.
 - Significant risks¹³, including risks of material misstatement due to fraud.¹⁴
 - 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.
 - Whether significant changes in the entity's system of 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.
- 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.

This is not an exhaustive list, nor a prescriptive list of procedures the auditor may deem necessary to perform in all circumstances.

¹³ ISA 315 (Revised 2019), paragraph 12(l)

¹⁴ ISA 240 (Revised), *The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements*, paragraph 39(b)

A57a. Paragraph 40 requires the auditor to obtain an understanding of the entity's system of internal control as it relates to the preparation of both annual and interim financial information because accounting principles and practices used in the preparation of interim financial information may differ from 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 require a detailed understanding of each of the components of internal control nor does it require performing procedures to obtain evidence about the design and implementation of controls. The auditor's primary consideration is whether the understanding provides a basis for the auditor to identify areas in the interim financial information where material misstatements are likely to arise, and to inform the auditor's approach to designing and performing review procedures.

A58. [NOT USED]

A59. [NOT USED]

Additional Considerations for First-Time Interim Review Engagements

A60. If the interim review is the first engagement performed after being engaged to audit the entity's annual financial statements, the auditor is still required to obtain 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 do so are a matter of professional judgment. Procedures such as those described in paragraph A57 are also relevant in these circumstances. The auditor may decide 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.¹⁵

A60a. Additional considerations for first-time interim review engagements may include 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 significant issues discussed with management in connection with the initial appointment as the entity's auditor.

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 other 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.

¹⁵ See ISA 315 (Revised 2019), paragraphs 19-26

A62. [NOT USED]

Designing and Performing Review Procedures (Ref: Para. 41)

A63. The review procedures are designed and performed for the purpose of obtaining sufficient appropriate evidence as the basis for a conclusion on the interim financial information as a whole. The nature and extent of procedures performed are 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.

A64. For group interim review engagements, 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 in the context of the group interim financial information.

A65. [NOT USED]

A66. [NOT USED]

A67. The circumstances of interim review engagements may vary and, accordingly, in certain circumstances the auditor may decide to design and perform procedures other than inquiries, analytical procedures, and the procedures specifically required by this ISRE, to obtain sufficient appropriate evidence as the basis for the auditor's limited assurance conclusion. For example, if the auditor becomes aware of a significant contract when obtaining an understanding of the entity, the auditor may decide to read the contract. The auditor may also determine that such procedures are necessary when attempting to obtain further evidence in accordance with the requirement of paragraph 81A; or when additional procedures are required to be performed in accordance with paragraph 60. 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.

A67a. While the auditor is not required to corroborate management's responses to inquiries by inspecting documents and records, performing interim review procedures includes a consideration of the reasonableness and consistency of management's responses to other inquiries and the results of other review procedures, and the auditor's understanding of the entity and its environment.

A68. An interim review does not ordinarily involve performing tests of controls or substantive procedures that would be performed during an audit.

A69. The auditor may perform certain 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.

Analytical Procedures in an Interim Review Engagement

A69a. 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, and identifying 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.
- Obtaining evidence that may corroborate or contradict information in the interim financial information, or be consistent or inconsistent with other evidence obtained.
- Obtaining evidence in accordance with paragraph 60, when the auditor becomes aware of matter(s) that cause the auditor to believe that the interim financial information may be materially misstated.

A69b. Various methods may be used to perform analytical procedures. Such methods range from performing simple comparisons and ratio analysis, to using statistical techniques, such as trend analysis or regression analysis. Analytical procedures may be performed manually, or using technological tools. The auditor's use of technological tools to perform analytical procedures does not change the auditor's intended purpose in performing these procedures.

A69c. Examples of analytical procedures the auditor may consider when performing a review of interim financial information include:

- Comparing the current period interim financial information with:
 - The interim financial information of the immediately preceding interim period.
 - The interim financial information of the corresponding interim period of the preceding financial year.
 - The interim financial information that was expected by management for the current period, based on forecasts or budgets.
 - The most recent audited annual financial statements.
- Comparing current interim financial information with relevant non-financial information
- Comparing the recorded amounts, or ratios developed from recorded amounts, to expectations about those amounts or ratios, developed by the auditor. The auditor may develop such expectations by identifying and applying relationships that may reasonably be expected to exist based on the auditor's understanding of the entity and of the industry in which the entity operates (see also paragraph A69e).
- 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. (e.g., comparing ratios of expenses by type as a percentage of sales, assets by type as a percentage of total assets, or the percentage of change in sales to percentage of change in receivables.)

A69d. Such analytical procedures may be performed at a disaggregated level. For example:

- By period (e.g., revenue or expense items, disaggregated into quarterly, monthly, or weekly amounts).
- By different operational activity (e.g., product line or source of revenue.)
- By location (e.g., by geographical region, or by component).
- By attributes of transactions (e.g., revenue from contracts for services, generated by designers, architects, or craftsmen.)

A69e. When the auditor develops expectations in performing analytical procedures in an interim review engagement, such expectations 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 may be designed to support expectations about the direction of trends, relationships and ratios. Examples of sources of information the auditor 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.

Relationship with Procedures for the Audit of the Annual Financial Statements

A70. Certain procedures performed for the purpose of the interim review engagement (e.g., reading the minutes of meetings of the board of directors) may also provide information that is relevant to the audit of the annual financial statements.

A70a. In addition, while not required to do so by this ISRE, the auditor may decide to perform, at the time of the interim review, certain procedures that would need to be performed for the purpose of the audit of the annual financial statements, for example, procedures related to:

- (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.

In these circumstances, the auditor may also obtain information relevant to the understanding of the entity that may further inform the inquiries, analytical and other review procedures to be performed.

Inquiries (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.

A72. Depending on the engagement circumstances, the auditor may also inquire 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.

A73. Examples of significant, unusual or complex transactions, events or matters 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.
- Material non-monetary transactions, or transactions for no consideration.

A74. The 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.

A75. [NOT USED]

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

A76. In an interim review engagement, 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 in applying paragraph 60.

Information Used in Performing Analytical Procedures (Ref: Para. 43)

A77. [NOT USED]

A78. [NOT USED]

A79. [NOT USED]

A80. The auditor's consideration of whether information to be used for analytical procedures is adequate for the intended purposes 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. It is influenced by the nature and source of the information and by the circumstances in which the information is obtained. Relevant considerations may include, for example:

- The source of the information. For example, information may be more reliable when it is obtained from independent sources outside the entity.
- The 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.
- The 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.
- The reliability of the information, including the knowledge and expertise involved in the preparation of the information, and related controls that are designed to ensure its integrity (completeness, accuracy and validity). Such controls may include, for example, controls over the preparation, review and maintenance of budgetary information.

Fraud and Non-Compliance with Laws and Regulations (Ref: Para. 48-51)

Fraud (Ref: Para. 49A-49B)

A80a. The procedures performed in accordance with paragraph 49A are for the purpose of helping the auditor evaluate whether the fraud or suspected fraud may have a material effect on the interim financial information. If this evaluation causes the auditor to believe that the interim financial information may be materially misstated, the auditor is required to perform additional procedures in accordance with paragraph 60.

A80a1. The auditor's understanding obtained in accordance with paragraph 49A may indicate that the fraud or suspected fraud is clearly inconsequential. For example, management's follow up on information from the entity's whistleblower program may indicate that the suspected fraud was clearly inconsequential because it was limited to a misappropriation of certain low-value office supplies.

A80b. Because fraud involves incentive or pressure to commit fraud, a perceived opportunity to do so or some rationalization of the act, an instance of fraud is unlikely to be an isolated occurrence. Therefore, when a misstatement due to fraud is identified, the reliability of management's responses to inquiries and information obtained from other review procedures, and the reliability of written representations to be obtained in accordance with paragraphs 65 and 66 may be called into question.

Non-compliance with laws and regulations (Ref: Para. 50)

A81. Responding appropriately to 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.
- Reading 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.

Communication with management and those charged with governance and reporting to an appropriate authority (Ref: Para 51)

- A82. In determining the appropriate level of management or those charged with governance with whom to communicate instances of fraud or non-compliance or with laws and regulations, the auditor may consider whether management may have been involved in the fraud or non-compliance with laws and regulations and whether any of those charged with governance are involved in managing the entity.
- 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.
- A84. The determination required by paragraph 51(b) may involve complex considerations and significant 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.

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.

Going Concern (Ref: Para. 52A-56A)

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.¹⁶ 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. [NOT USED]

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.

A89. For purposes of this ISRE, the date of approval of the interim financial information is the date on which those with the recognized authority for the interim financial information determine that the interim financial information is complete and has been prepared in accordance with the applicable financial reporting framework and have asserted that they have taken responsibility for them.

Events or conditions that may cast significant doubt about an entity's ability to continue as a going concern (Ref: Para. 53)

A90. If the inquiries performed in accordance with paragraph 53 indicate that events or conditions that existed at the date of the assessment of the most recent annual financial statements or previous interim review have resolved, the auditor may decide to perform other procedures to obtain additional evidence about their resolution.

Example

In response to the auditor's 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 relevant documentation to obtain evidence about the transaction.

Procedures relating to management's plans to address events or conditions identified (Ref: Para. 55)

A90a. 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

¹⁶ ISA 570 (Revised 2024), *Going Concern*, paragraph 3.

course of action may provide relevant information to corroborate the evidence obtained through inquiry.

- A91. The auditor's decision to perform other procedures regarding management's plans is a matter of professional judgment. Such procedures are designed and performed for the purpose of providing the auditor with a basis for the auditor's evaluation in accordance with paragraph 56.

Examples

- When management's plans include obtaining financial support from other parties, the auditor may perform procedures to obtain evidence of the intent and ability of those parties to maintain or provide such support.
- When management's plans involve significant assumptions and complex models, the auditor may recalculate aspects of the model for mathematical accuracy and to obtain evidence that the calculations were applied in accordance with the assumptions and methods selected.

The adequacy of disclosures relating to going concern (Ref: Para. 56A)

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

- A92a. If a matter comes to the auditor's attention that causes the auditor to believe that the interim financial information may be materially misstated or misleading in relation to going concern, the auditor is required to perform additional procedures in accordance with paragraph 60.

Using the Work of an Auditor's Expert (Ref: Para. 57)

- A93. The auditor may have determined that it is necessary to use the work of an auditor's expert to assist the auditor in obtaining evidence for purposes of the audit of the entity's annual financial statements, or may have used an auditor's 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 620.¹⁷ However, the facts and circumstances giving rise to the need to involve an expert in the interim review engagement may be different. Accordingly, paragraph 57(a) requires the auditor to evaluate whether the expert has the necessary competence, capabilities and objectivity for the auditor's purposes in the interim review engagement. 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.

¹⁷ ISA 620, Using the Work of an Auditor's Expert

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.¹⁸

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

- A96. The auditor may obtain 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).
- A96a. The extent of the procedures to be performed in accordance with paragraph 59A is a matter of professional judgment, taking into account the auditor's understanding of the entity's process for preparing the interim financial information, and whether a material misstatement of the interim financial information is likely to arise in the consolidation process (e.g., due to issues identified in previous audit or interim review engagements). For example, the auditor may decide that it is appropriate to agree the interim financial information of selected components to the consolidation schedule. If component auditors have been involved in performing review procedures, the auditor may also consider obtaining confirmation from the component auditors that the information included in the consolidation schedule for those components reconciles to the underlying records at those components.

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.
- 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 factors such as
- 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.

¹⁸ See, for example, paragraph R390.21 of the IESBA Code related to using the work of an external expert.

- 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.

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 include:

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

A99a. The auditor may determine that, having performed additional procedures to address a matter in accordance with paragraph 60, it is not possible or practicable to obtain sufficient appropriate evidence that would enable the auditor to either conclude that the matter is unlikely to cause the interim financial information to be materially misstated, or to determine that a material misstatement exists. In such circumstances, the auditor may be unable to conclude that sufficient appropriate evidence has been obtained in accordance with paragraphs 81 and 81A. Paragraph 94 establishes requirements that apply when the auditor is unable to obtain sufficient appropriate evidence.

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.

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.

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.

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 to~~ 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, relevant considerations include 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.

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.

A105a. The auditor’s communication with those charged with governance in respect of uncorrected misstatements may include matters such as the reasons for, and the implications of, a failure to correct misstatements, having regard to the size and nature of the misstatement judged in the surrounding circumstances. See also paragraph A50b.

A106. [NOT USED]

A107. The auditor’s evaluation of the effect of uncorrected misstatements involves professional judgment and ordinarily takes into account matters such as:

- (a) The nature and amount of the misstatements, including those related to disclosures, 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.

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 with the auditor’s knowledge about the entity obtained in the interim review engagement or during the previous audits or interim review engagements.

A109. Material inconsistencies between the other information and the interim financial information may be an indication of a material misstatement of the interim financial information, or a material misstatement of the other information. The auditor’s discussions in accordance with paragraph 76 enable the auditor to determine, for example, whether additional procedures in accordance with paragraph 60 may be necessary.

A110. If the discussions with management or those charged with governance, as appropriate, or the results of additional procedures performed in the circumstances, indicate that a misstatement exists in the interim financial information, and that misstatement is not corrected by management, such misstatement is evaluated together with any others that have come to the auditor’s attention in accordance with paragraph 74.

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 that a material misstatement of the other information exists.
- 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 may explicitly require the auditor to avoid being knowingly associated with information that the auditor 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.¹⁹
- 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.
- A114. [NOT USED]
- A115. [NOT USED]
- A116. [NOT USED]

Forming a Conclusion on the Interim Financial Information

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

- 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 in this ISRE addressing specific circumstances. This 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 60. In these circumstances, the auditor may determine to either extend the procedures already performed, or perform additional procedures as necessary in the circumstances to obtain sufficient appropriate

¹⁹ See, for example, paragraph R111.2 of the IESBA Code.

evidence to be able to form a conclusion on whether the interim financial information as a whole is free of material misstatement.

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. However, if, having performed further procedures as required by paragraph 81A, the auditor is unable to obtain sufficient appropriate evidence to form a conclusion, paragraph 94 sets out a requirement for the auditor to express a modified conclusion.

Concluding

Qualitative Aspects of the Entity's Accounting Practices (Ref: Para. 82A(c2))

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 selective correction of apparent misstatement brought to management's attention during the interim review (e.g., 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 82A(b)(iv)). They may, however, affect the auditor's evaluation of whether the interim financial information as a whole may be materially misstated.

Description of the Applicable Financial Reporting Framework (Ref: Para. 82A(a))

A120. The description of the applicable financial reporting framework in the interim financial information 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 informs intended users that the special purpose interim financial information may not be appropriate for any other use.

A121. A description of the applicable financial reporting framework that contains imprecise qualifying or limiting language (e.g., "the financial statements are in substantial compliance with IFRS Accounting Standards issued by the International Accounting Standards Board") is not an adequate description of that framework as it may mislead intended users of the interim financial information.

Disclosure of Effects of Material Transactions and Events on Information Conveyed in Interim Financial Information (Ref: Para. 82(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.

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 the auditor has determined at the time of engagement acceptance that the framework is acceptable.

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

A124. When making the determinations in accordance with paragraph 85, the engagement partner may consider, for example, how requirements of this ISRE have been complied with given the nature and circumstances of the interim review engagement, and how the engagement documentation evidences the engagement partner's involvement throughout the engagement.

A125. Indicators that the engagement partner may not have been sufficiently and appropriately involved may 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, including, when relevant, component auditors in a group interim review engagement.

Preparing the Auditor's Interim Review Report (Ref: Para. 86)

A126. A written report encompasses reports issued in hard copy format and those using an electronic medium.

Title (Ref: Para. 86(a))

A127. A title indicating the report is the report of an independent auditor, for example, "Independent Auditor's Interim Review Report," affirms that the auditor has met all of the relevant ethical requirements regarding independence and, therefore, distinguishes the independent auditor's interim review report from reports issued by others.

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

A128. Law or regulation may specify to whom the auditor's interim review report is to be addressed in a particular jurisdiction. The auditor's interim review report is normally addressed to those for whom the report is prepared, often either the shareholders or those charged with governance of the entity whose interim financial information is being reviewed.

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 is presented. This helps users to identify the interim financial information to which the auditor's interim review report relates.

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 interim review report of the context in which that conclusion is expressed. It is not intended to limit the evaluation required in paragraph 27(a).

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;"
- "... in accordance with accounting principles generally accepted in Jurisdiction X ..."

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

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

A133. The reference to the standard used by the auditor for the review of interim financial information conveys to the users of the auditor's interim review report that the interim review engagement has been conducted in accordance with established standards.

A134. The auditor's interim review report states that the auditor's responsibility is to express a conclusion on the interim financial information based on the review performed, to contrast the auditor's responsibility with management's responsibility for preparation of the interim financial information.

A135. The description of the nature of an interim review engagement in the auditor's interim review report explains the scope and limitations of the engagement 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.

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

A136. The description of management's responsibilities in the auditor's interim review report provides context for readers of the report about management's responsibilities as they relate to the engagement performed.

A137. The auditor's interim 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.

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.

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.

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 state in the auditor's interim 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.

A141. In some cases, law or regulation may allow for the use of electronic signatures in the auditor's interim review report.

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

A142. ISA 700 (Revised) explains that law, regulation or national auditing standards may also 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.²⁰

Expressing the Auditor's Interim Review Conclusion

Unmodified Conclusion (Ref: Para. 89)

A143. In the case of interim financial information prepared in accordance with a fair presentation framework, the "[...]" in paragraph 89(a) is replaced with a description of the matters that the interim financial information is designed to present. For example, in the case of interim financial statements prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board, the "[...]" would be replaced with a reference to *the financial position of the entity as at the end of the period and the entity's financial performance and cash flows for the period then ended*.[↗](#)

A144. Whether the phrase "present fairly, in all material respects," or the phrase "gives a true and fair view" is used in a 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.

²⁰ ISA 700 (Revised), *Forming an Opinion and Reporting on Financial Statements*, paragraphs A63-A64

Modified Conclusion (Ref: Para. 90)

A144b. If the auditor expresses a modified conclusion and management issues the interim financial information without including the modified interim review report in the document containing the interim financial information, the auditor may consider seeking legal advice to determine the appropriate course of action in the circumstances, or the possibility of resigning from the appointment to audit the annual financial statements.

Interim financial information is materially misstated (Ref: Para. 92)

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 section, nothing has come to our attention that causes us to believe that the interim financial information does not present fairly, in all material respects, [...] 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 section, 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].”

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 section, the interim financial information does not present fairly, in all material respects, ... 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 section, the interim financial information is not prepared, in all material respects, in accordance with [the applicable financial reporting framework].”

A146a. Disclosing the omitted information within the Basis for Conclusion section would not be practicable if:

- (a) The disclosures have not been prepared by management or the disclosures are otherwise not readily available to the auditor; or
- (b) In the auditor’s judgment, the disclosures would be unduly voluminous in the auditor’s interim review report.

Inability to obtain sufficient appropriate evidence (Ref: Para 94-94BA)

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

A148. In the circumstances described by paragraph 94B, 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. Withdrawal from the interim review engagement may not be possible, for example, because 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, in addition to communicating these matters to those charged with governance in accordance with paragraph 37.

Multiple uncertainties (Ref: Para. 95)

A149a. In extremely rare circumstances involving multiple uncertainties, the auditor may conclude that, notwithstanding having obtained sufficient appropriate evidence regarding each of the individual uncertainties, it is not possible to form a conclusion on the interim financial information as a whole due to the potential interaction of the uncertainties and the possible cumulative effect on the interim financial information.

Going Concern (Ref: Para. 98-101)

A150. The information required by paragraphs 98-101 represents 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. Illustrations 1 and 2 in Appendix 2 provide examples of the Going Concern section of the interim review report in the circumstances described in paragraphs 99 and 100.

Other Circumstances Related to Going Concern (Ref: Para. 100A)

A150a. Circumstances in which the auditor may consider that it is appropriate to draw users' attention to a matter related to going concern, other than a material uncertainty, may include:

- The auditor's report on the most recent annual financial statements of the entity included a Material Uncertainty Related to Going Concern section, and the events or conditions that led the auditor to conclude that a material uncertainty existed at that date have been resolved in the interim period, and the resolution has been disclosed in the interim financial information in accordance with the applicable financial reporting framework;
- Significant judgments were made by management in concluding that there is no material uncertainty at the interim reporting date related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern, and adequate disclosure about such judgments was provided in the interim financial information in accordance with the requirements of the applicable financial reporting framework. Illustration 3 in Appendix 2 provides an example of the Going Concern section of the interim review report in these circumstances.

A150b. If the auditor's evaluation in accordance with paragraph 56A indicates that a disclosure about significant judgments made by management in concluding that there is no material uncertainty is

inadequate, and the auditor determines that the interim financial information is materially misstated, the auditor is required to express a modified conclusion in accordance with paragraph 90(a). In such circumstances, the requirements in paragraph 98 apply and the auditor may also include a reference to the Basis for Qualified Conclusion section from within the Going Concern section.

Considerations If the Auditor Disclaims a Conclusion on the Interim Financial Information (Ref: Para. 103)

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.

Other Reporting Responsibilities (Ref: Para. 103A)

A151a. In some jurisdictions, the auditor may have additional responsibilities to report on other matters that are supplementary to the auditor's responsibility under this ISRE. Law or regulation may require or permit the auditor to report on these other responsibilities within the auditor's interim review report, or in a separate report.

A151b. 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).

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.

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.

A154. Law or regulation may identify the individuals or bodies (e.g., 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.

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. When 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 interim 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.

A156a. Appendix 1 contains illustrations of auditor's interim review reports that reflect examples of possible circumstances set out in paragraphs 86-97.

A157. [NOT USED]

A158. [NOT USED]

Documentation

Form, Content and Extent of Engagement Documentation (Ref: Para. 110-112)

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.

Assembly of the Engagement Documentation (Ref: Para. 113-114)

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.²¹

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 A70). 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 110, which specifies that the documentation for the interim review engagement evidences the basis for the auditor's limited assurance conclusion.

²¹ ISQM 1, paragraph 31(f)