Audit Management's Views on the Draft Update to the International Standard on Review Engagements (ISRE 2410 Revised) – Review of Interim Financial Information Performed by the Independent Auditor of the Entity

Having reviewed the exposure draft, we would like to offer the following comments:

First: Strengthening the Distinction Between Review and Audit

We support the efforts made to clarify the nature of a review engagement as a limited assurance engagement. However, we recommend adding further illustrative examples and additional application guidance to help investors, board members, audit committees, and regulators understand the scope of work performed and the fundamental difference between the results of a review and those of a full audit of the financial statements.

Second: Balancing Quality Enhancement Without Turning the Review into an Audit

While we recognize the importance of strengthening the review requirements relating to going concern, fraud, and non-compliance with laws and regulations, we recommend that the standard more clearly affirm the Proportionality Principle, so that the new requirements do not, in practice, expand the scope of the review to a level approaching that of an audit — which could increase costs and effort without a material change in the level of assurance provided.

Third: Risks of Fraud and Non-Compliance with Laws and Regulations

We support the inclusion of clearer requirements regarding consideration of the risks of fraud and non-compliance with laws and regulations (NOCLAR), given their particular importance in regulated financial sectors.

We also recommend providing additional application guidance specifying the minimum expected level of inquiry, analysis, and follow-up procedures, in order to achieve consistency of application across different professional firms and to reduce variation in professional practice.

Fourth: Supporting Governance and Regulatory Oversight Needs

We recommend that the standard give greater consideration to the needs of regulators, audit committees, and boards of directors by encouraging clear disclosure of significant matters brought to attention during the review — particularly those related to going concern, regulatory risks, or potential instances of non-compliance.

This would enhance the added value of review reports and support regulators in exercising their oversight role, without compromising the nature of the review engagement as a limited assurance engagement.

Fifth: Review of Interim Financial Information for Groups and Subsidiaries

We support the enhancement of guidance relating to groups and subsidiaries, and we recommend further clarification of the group auditor's responsibilities when relying on the work of other auditors or reviewers, particularly for groups operating in more than one country or subject to multiple regulatory frameworks.

Sixth: The Review Report

We support the proposed amendments aimed at enhancing the transparency of the review report, and we recommend standardizing the key wording of the report as much as possible, which would help improve comparability between reports issued by different professional firms and reduce differences in interpretation by users of the reports.

We support the general direction of the proposed amendments and believe they will contribute to raising the quality of review engagements and enhancing the confidence of users of interim financial information. We also emphasize the importance of preserving the original nature of the review engagement as a limited assurance engagement, while achieving an appropriate balance between enhancing quality and the requirements of efficiency and practical cost of implementation.

Please accept our highest respect and appreciation.

Audit Management

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