# EXPOSURE DRAFT OF PROPOSED ISRE 2410 (REVISED), *REVIEW OF INTERIM FINANCIAL INFORMATION PERFORMED BY THE INDEPENDENT AUDITOR OF THE ENTITY'S ANNUAL FINANCIAL STATEMENTS*

***Response Form***

## Guide for Respondents

Comments are requested by **September 3, 2026**. *Note that requests for extensions of time cannot be accommodated due to the timeline for finalization of this proposed revised standard.*

This form is for providing comments on the Exposure Draft of proposed International Standard on Review Engagements™ (ISRE) 2410*, Review of Interim Financial Information Performed by the Independent Auditor of the Entity's Annual Financial Statements* (ED-2410), in response to the questions set out in the Explanatory Memorandum (EM) to ED-2410. It also allows for respondent details, demographics and other comments to be provided. Use of this form will facilitate the IAASB's analysis of the responses.

You may respond to all questions or only those questions for which you have specific comments.

To assist our consideration and analysis of your comments, please:

- For each question, start by indicating your overall response using the drop-down menu under each question. Include any detailed comments below that, as indicated.
- When providing comments, respond directly to the questions and:
    - Provide the rationale for your answers. If you disagree with the proposals in ED-2410, please provide specific reasons for your disagreement and include specific suggestions for changes (including specific wording) that may be needed to the requirements, application material or appendices. If you agree with the proposals, it will be helpful for the IAASB to be made aware of this view as support for the IAASB's proposals cannot always be inferred when not stated.
    - Be specific about the sections, headings or paragraphs in ED-2410 to which your responses relate.
    - Refrain from inserting tables or text boxes in your responses.

**It is not necessary to include a cover letter containing a summary of your key issues.** The response form provides the opportunity to include any other views you wish to place on the public record, should you choose to do so. All responses will be considered a matter of public record and will ultimately be posted on the IAASB website.

Use the "**Submit Comment**" button on the web page for proposed ISRE 2410 (Revised) to upload the completed form.

***Responses to IAASB's Request for Comments in the EM for ED-2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity's Annual Financial Statements***

**PART A: Respondent Details and Demographic information**

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|---|---|
| Your organization's name (or your name if you are making a submission in your personal capacity) | Auditing and Assurance Standards Board (AASB) of the Institute of Chartered Accountants of India (ICAI)<br>(These comments have been finalised based on the inputs received from a study group constituted by the AASB, and comprising practitioners from across India) |
| Name(s) of person(s) responsible for this submission (or leave blank if the same as above) | Secretary, AASB |
| Name(s) of contact(s) for this submission (or leave blank if the same as above) | Secretary, AASB |
| E-mail address(es) of contact(s) | aasb@icai.in |
| Geographical profile that best represents your situation (i.e., the geographical perspective from which are you providing feedback on ED-2410). Select the most appropriate option. | Asia Pacific |
| The stakeholder group to which you belong (i.e., the perspective from which are you providing feedback on ED-2410). Select the most appropriate option. | Professional accountancy or professional organization (PAO)<br>Click or tap here to enter text. |
| Should you choose to do so, you may include information about your organization (or yourself, as applicable). | |

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| Should you choose to do so, you may provide overall views or additional background to your submission. **Please note that this is optional**. The IAASB's preference is that you incorporate all your views in your comments to the questions (also, Question 16 in Part B allows for raising any other matters in relation to ED-2410). |

**Information, if any, not already included in responding to the questions in Part B:**

Click or tap here to enter text.

## PART B: Responses to Questions in the EM for ED-2410

***For each question, please start with your overall response by selecting one of the items in the drop-down list under the question. Provide your detailed comments, if any, below as indicated.***

***Overall Impact***

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|---|---|
| 1. | Do you agree that ED-2410 is **responsive to the public interest**, considering the qualitative standard-setting characteristics and the standard-setting actions in the project proposal?<br>(*See Section I-A and the Appendix in the EM)* |

**Overall response:** **Agree (with no further comments)**

**Detailed comments (if any):**

We agree that the proposed revisions to ISRE 2410 respond to a public interest need. The extant ISRE 2410 was issued in 2005, and there is a clear need to modernize the Standard and promote globally consistent practice. We support the proposed enhancements relating to engagement-level quality management, acceptance and continuance, fraud and NOCLAR, going concern, other information, documentation and reporting.

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| 2. | Do you agree that ED-2410 strikes **an appropriate balance** between the work effort required to express a limited assurance conclusion on the interim review engagement, and more robust requirements in the public interest in certain areas (e.g., going concern, fraud and non-compliance with laws and regulations)? You are invited to include as part of your response insights on **the implications or effects** of implementing the proposed standard. |

**Overall response:** **Agree, with comments below**

**Detailed comments (if any):**

The Standard establishes inquiries and analytical procedures as the primary review procedures. However, a potential imbalance may arise from paragraphs 43 and 44, which require the auditor to identify areas where material misstatements are likely to arise and to design review procedures focused on those areas. In practice, this could result in a work programme that resembles an audit programme.

Review teams may interpret these requirements as implying that every identified area should be addressed through evidence-gathering procedures and that management's explanations should ordinarily be corroborated. Such an approach could inadvertently transform the engagement into an audit. Although an interim review is a limited assurance engagement, the negative form conclusion is expressed by reference to whether anything has come to the auditor's attention that causes the auditor to believe that the interim financial information is materially misstated. This wording may influence the expectations and mindset of auditors, engagement teams, reviewers and inspectors.

We suggest that the work effort may be organised around the following sequence:

- Use the understanding obtained from the most recent annual audit.
- Update that understanding for relevant changes in the entity and its environment, financial reporting process and internal controls.

- Perform analytical procedures across the interim financial information using appropriate period, budget, forecast, non-financial and annual financial statement comparisons.
- Perform the mandatory inquiries and targeted inquiries arising from unexpected movements, transactions, disclosures or other matters identified.
- Evaluate whether management's explanations are plausible and consistent with the auditor's cumulative knowledge and other information obtained.
- Perform additional procedures only where a matter warrants further investigation, including where explanations are incomplete, inconsistent or implausible, or the matter is inherently complex or unusual.

This approach would retain the public interest enhancements while preserving the fundamental distinction between a limited assurance engagement and an audit and avoiding the baseline review engagement becoming a mini audit.

***Professional Skepticism and Professional Judgment***

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| 3. | Does ED-2410 appropriately address the foundational concepts of professional skepticism and professional judgment, and the importance of applying these concepts throughout the interim review engagement? If not, what more might be needed in this regard?<br>*(See Section I-B, paragraph 22(a) in the EM)* |

**Overall response:** **Yes, with comments below**

**Detailed comments (if any):**

The proposed requirements and application material appropriately address the concepts of professional skepticism and professional judgment. We support the requirements to consider all evidence, including evidence that may be inconsistent, and to critically evaluate the reliability of responses obtained through inquiries.

However, additional application material could be provided to clarify the practical application of the matters set out in paragraph A83, which states as follows:

*"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."*

The application material could also clarify that professional skepticism is not demonstrated merely by increasing the extent of review procedures. Rather, it is demonstrated through developing informed expectations, making appropriate inquiries, identifying inconsistencies, critically evaluating implausible explanations, and undertaking further procedures or escalating matters when warranted.

*Fundamental Principles of an Interim Review Engagement*

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| 4. | Does the Introduction section of ED-2410 provide a clear description of the nature and purpose of an interim review engagement, and how it differs from an audit of financial statements, to provide foundational context for the work effort needed to achieve the objective of the engagement?<br>*(See Section I-B in the EM)* |

**Overall response:** **Yes, with comments below**

**Detailed comments (if any):**

The Introduction appropriately states that an interim review is a limited assurance engagement, that the nature, timing and extent of its procedures differ from and are less extensive than those performed in an audit, and that it does not provide a basis for expressing an audit opinion.

However, the operative workflow contemplated by paragraphs 43 and 44 may resemble an audit workflow, namely, understanding the entity, identifying areas where material misstatements are likely to arise, and designing procedures to address those areas. Even where the procedures are limited, this structure may encourage engagement teams to approach the review primarily as an exercise in identifying risks and obtaining responsive evidence.

For example, in relation to revenue from service contracts, circumstances may arise where revenue increases significantly compared with the preceding quarter and the corresponding quarter of the previous year. The auditor performs an analytical procedure and asks management for an explanation. Management explains that the increase is attributable to the completion of certain long-term service milestones during the period. The explanation appears reasonable based on the information available to the auditor, and no contradictory information comes to the auditor's attention. In such circumstances, the auditor would not ordinarily be required, in a limited assurance engagement, to corroborate the explanation through detailed inspection of customer contracts, milestone completion certificates, supporting invoices or underlying revenue recognition calculations.'

A material misstatement arising from fraud or error may nevertheless exist. Where management's explanation appears plausible and no contradictory information comes to the auditor's attention, the requirement in paragraph 70 to perform additional procedures may not be triggered. Consequently, the auditor may comply with the Standard and yet a material misstatement may remain undetected. This is an inherent limitation of a limited assurance engagement. Accordingly, the key reporting consideration is not whether the conclusion indicates the absence of material misstatement, but whether the report appropriately communicates the limited assurance nature and inherent limitations of the engagement.

The Standard should retain the limited assurance objective. However, the objective could be articulated more clearly by adding the following paragraph before paragraph 97:

*"An unmodified conclusion is expressed when the procedures performed did not identify any unresolved matter requiring a material adjustment to, or disclosure in, the interim financial information."*

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| 5. | Is ED-2410 sufficiently clear that while the auditor performs primarily inquiries and analytical procedures, *all procedures* performed for the purpose of achieving the overall objective of the interim review engagement are "review procedures"? If not, what suggestions do you have to make this clearer?<br>*(See Section I-F, paras. 44-47 in the EM)* |

**Overall response:** **Yes, with comments below**

**Detailed comments (if any):**

It would be appropriate to clarify that review procedures are not necessarily limited to inquiries and analytical procedures. Depending on the circumstances, other procedures—for example, reading a contract, inspecting documentation, recalculating a schedule or involving an expert—may also be necessary.

However, the broad proposition that any procedure performed to achieve the objective of the review constitutes a "review procedure" may create a risk that a substantially audit-style programme is effectively characterised as a review. The Standard should therefore clearly distinguish between:

- Baseline review procedures, consisting principally of analytical procedures and mandatory and targeted inquiries;
- Other procedures specifically required by the Standard; and
- Additional procedures performed only when a particular matter warrants further investigation.

Although a particular procedure may resemble an audit procedure, its purpose, extent and context should remain directed towards addressing a specific matter within the framework of a limited assurance engagement. The application material should clarify that the need to perform audit-like procedures in relation to a particular matter does not justify routine audit-style verification across all material areas.

For example, in the case of a significant unusual related-party transaction, circumstances may arise where inquiries alone may not be sufficient. The auditor may need to inspect the relevant agreement, understand the nature and terms of the transaction, evaluate the related-party disclosures and, where necessary, inspect supporting documentation. Such procedures may resemble audit procedures in relation to that transaction. However, they are performed because the circumstances warrant further investigation and do not, by themselves, convert the engagement into an audit.

***Approaching an Interim Review Engagement in Accordance with ED-2410***

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| 6. | Is it sufficiently clear that, for recurring engagements, the auditor leverages the knowledge and understanding obtained from previous annual audits and interim review engagements for the entity? If not, what suggestions do you have to make this clearer?<br>*(See Section I-B and Section I-F, paragraphs 44-52 in the EM)* |

**Overall response:** **Yes, with comments below**

**Detailed comments (if any):**

The Exposure Draft recognizes that the auditor begins with a foundational level of knowledge and updates that understanding for purposes of the interim review. This aspect should be highlighted more prominently, as it is a fundamental characteristic of an interim review performed by the independent auditor of the entity's annual financial statements.

The annual audit provides the auditor with cumulative knowledge of the entity, its business and industry, governance and management, financial reporting process, internal controls, significant estimates and judgments, corrected and uncorrected misstatements, fraud risks and control deficiencies. It also provides direct experience regarding the reliability of management's information and explanations.

This cumulative knowledge should be used to develop expectations, design analytical procedures, determine the nature and focus of mandatory and targeted inquiries, and assess the plausibility and consistency of management's responses. It should not merely serve as an input for constructing a new audit-style risk map of areas where material misstatements are likely to arise.

Accordingly, paragraph 43 should emphasize that the auditor updates the understanding obtained from the most recent annual audit and prior interim reviews and uses that updated understanding to develop expectations about amounts, movements, relationships, transactions and disclosures in the current interim financial information.

7. Do you agree with the considerations that apply when the review of interim financial information is the first engagement performed for the audit client? If not, what suggestions do you have for additional considerations related to first-time interim review engagements?

   *(See Section I-F, paras. 48-52 in the EM)*

**Overall response:** **Agree, with comments below**

**Detailed comments (if any):**

ISRE 2410 is premised on the auditor having audited the entity's most recent annual financial statements. This provides the auditor with a detailed understanding of the entity and its financial reporting process, which is fundamental to an inquiry- and analytical-procedure-led interim review.

In a first-time review engagement, client acceptance procedures, inquiries of management, communication with the predecessor auditor and access to predecessor working papers may provide useful information. However, these sources are not equivalent to the understanding obtained through performing the annual audit. A newly appointed auditor may not yet have evaluated the financial reporting process, tested relevant controls where applicable, performed substantive procedures, evaluated estimates and management judgments, or formed an audit opinion on the latest annual financial statements.

If the incoming auditor performs only the limited procedures contemplated by ISRE 2410, the engagement may lack the foundational understanding on which the Standard is premised. Conversely, if the incoming auditor performs sufficient audit-level procedures to establish that understanding, the engagement could become substantially more extensive than an interim review.

**Paragraphs A77–A79 of proposed ISRE 2410 provide certain special considerations for first-time engagements and state that the nature and extent of procedures necessary in such engagements are matters of professional judgment. Further application guidance could be provided to assist auditors in applying this principle consistently while maintaining the distinction between an interim review and an audit.**

***Materiality***

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| 8. | Do you agree with the requirement for the auditor to determine materiality for the interim review engagement, and the related application material that describes the relevant principles that apply? If not, what would you suggest?<br>*(See Section I-F, paragraphs 41-43 in the EM)* |

**Overall response:** **Agree, with comments below**

**Detailed comments (if any):**

We agree with the requirement for the auditor to determine materiality for the interim review engagement and with the related application material describing the relevant principles.

However, we suggest that the application material include examples of circumstances that may trigger a reassessment of materiality, such as a significant acquisition, a breach of loan covenants or other significant changes during the interim period. It would also be helpful to clarify whether **performance materiality** is required to be determined for an interim review engagement and, if so, the rationale for this requirement.

***Group Interim Review Engagements***

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| 9. | Overall, do you agree that ED-2410 is capable of being applied for the review of interim financial information of groups? If not, please explain your reasons, and provide suggestions for additional requirements or application material that might be needed.<br>*(See Section I-F, paragraphs 37-40 in the EM)* |

**Overall response:** **Agree, with comments below**

**Detailed comments (if any):**

Proposed ISRE 2410 is premised on the auditor having audited the entity's most recent annual financial statements. In this regard, application material may be added to provide thematic guidance on the following practical scenarios in group interim reviews:

- The group auditor is continuing, but one or more component auditor(s) is/are newly appointed.
- The group auditor is newly appointed, but one or more component auditor(s) is/are continuing.
- Both the group auditor and the component auditor(s) are newly appointed.

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| 10. | Are the requirements in ED-2410 that address specific considerations related to group interim review engagements appropriate? If not, please explain your reasons, and provide suggestions for additional requirements or application material that might be needed.<br><br>*(See Section I-F, paragraphs 37-40 in the EM)* | |

**Overall response:** **<u>Yes, with comments below</u>**

**Detailed comments (if any):**

ISRE 2410 should provide special considerations that may be applicable in the following scenarios:

- The component auditor is not part of the engagement team of the group auditor and, accordingly, the group auditor does not have the right to direct and supervise the component auditor or review the component auditor's work.
- The group auditor does not have the right of access to the component auditor's working papers.

***Fraud and Non-Compliance with Laws and Regulations (NOCLAR)***

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| 11. | Do you agree that the work effort requirements related to fraud and NOCLAR are appropriate and proportionate to the circumstances of an interim review engagement, recognizing that the engagement is performed by the auditor of the entity's annual financial statements and has responsibilities related to fraud and NOCLAR in the context of that engagement? If not, please explain your reasons, and provide suggestions for the auditor's approach to fraud and NOCLAR in an interim review engagement.<br><br>*(See Section I-F, paras. 54-56 in the EM)* | |

**Overall response:** **<u>Agree, with comments below</u>**

**Detailed comments (if any):**

We support strengthening the auditor's responsibilities relating to fraud and NOCLAR in the public interest. However, the proposed requirements should clearly distinguish the nature and extent of procedures expected in a limited assurance engagement from those applicable to an audit, so as to avoid creating an unintended expectation of an audit-level response.

***Going Concern***

*Questions 12 and 13 below address both the auditor's work effort related to going concern in an interim review engagement and transparency about going concern in the interim review report.*

12. Do you agree that the work effort requirements related to going concern are appropriate and proportionate to the circumstances of an interim review engagement, recognizing that the engagement is performed by the auditor of the entity's annual financial statements and has responsibilities related to going concern in the context of that engagement? If not, please explain your reasons and provide suggestions for how ED-2410 should address the auditor's responsibilities related to going concern in an interim review engagement.

    *(See Section I-F, paras. 57-61 in the EM)*

**Overall response:** **Agree (with no further comments)**

**Detailed comments (if any):**

We agree that the going-concern work-effort requirements are appropriate and proportionate to an interim review. Going concern is fundamental to the preparation of both annual and interim financial information, and the requirement for management's assessment to cover at least twelve months from the date of approval of the interim financial information is appropriate.

We support the trigger-based requirements: mandatory inquiries, evaluation of changes and new events or conditions, consideration of management's plans when events or conditions are identified, and other procedures where necessary. The Standard appropriately avoids requiring an annual-audit level of work effort while providing a sufficient basis for the limited assurance statements in the review report.

13. Do you agree with the proposals to introduce a new separate section relating to going concern in the auditor's interim review report? If not, please explain your reasons and provide suggestions for how ED-2410 should address transparency about going concern in the interim review report.

    *(See Section I-H, paragraphs 74-79 in the EM)*

**Overall response:** **Agree (with no further comments)**

**Detailed comments (if any):**

We agree with the introduction of a separate going-concern section in the interim review report and with the proposed limited-assurance wording. The section enhances transparency and appropriately clarifies that the auditor's statements are made in the context of a limited assurance engagement and do not constitute assurance regarding the entity's ability to continue as a going concern in the future.

In particular:

(a) Do you agree with the proposed required statements, appropriately worded for a limited assurance engagement, relating to the going concern basis of accounting and whether a material uncertainty exists? If not, please explain your reasons and provide suggestions for how such statements should be worded in the interim review report.

**Overall response:** **Agree (with no further comments)**

**Detailed comments (if any):**

We agree with the required statements regarding the appropriateness of management's use of the going concern basis of accounting and whether a material uncertainty exists. The negative-form wording is appropriate as the work-effort required by paragraphs 58–65 is directed towards supporting those statements.

(b) Do you agree that the circumstances addressed in the requirements in paragraphs 108-111 of ED-2410 capture the most frequently encountered scenarios in practice? If not, please explain your reasons and provide suggestions for any other scenarios that should be addressed in ED-2410.

**Overall response:** **Agree (with no further comments)**

**Detailed comments (if any):**

We agree that paragraphs 108–111 address the practical scenarios encountered: no material uncertainty, a continuing material uncertainty from the prior annual period, a newly identified material uncertainty in the interim period, and a significant "close call". The provisions dealing with inadequate disclosure, inappropriate use of the going concern basis and a disclaimer are also appropriate.

(c) Do you agree with the requirement in paragraph 111 of ED-2410 to include a reference in the interim review report to disclosure(s) of a going concern matter, other than a material uncertainty (for example, a "close call") only when the matter is, in the auditor's professional judgment, of such importance that it is fundamental to users' understanding of the interim financial information, and to do so in a manner akin to an emphasis of matter paragraph? If not, please explain your reasons and provide suggestions for how such matters should be addressed in ED-2410.

**Overall response:** **Agree (with no further comments)**

**Detailed comments (if any):**

We agree that a going-concern matter other than a material uncertainty should be referred to only where it is fundamental to users' understanding of the interim financial information. This is an appropriate threshold and helps avoid the report becoming a general disclosure of all significant judgments relating to going concern.

***The Auditor's Interim Review Report***

| General |
|---|
| 14. Do you agree with the proposed new structure of the auditor's interim review report? In particular, consider whether the new structure may be clearer for intended users of the report since it is consistent with the structure of the auditor's report on the financial statements. If not, please explain your reasons, including any suggestions for how the interim review report can be made clearer for intended users. |
| *(See Section I-H, paragraphs 65-68 in the EM)* |

**Overall response:** **Agree (with no further comments)**

**Detailed comments (if any):**

| The Auditor's Interim Review Conclusion |
|---|
| 15. Do you foresee any practical consequences from the approach in ED-2410 that the auditor's interim review conclusion would differ, depending on whether the applicable financial reporting framework is a fair presentation framework or a compliance framework, as defined in paragraph 13(b) of ED-2410? Please be as specific as possible in describing any potential issues and suggestions for how the IAASB may address them. |
| *(See Section I-H, paragraphs 69-73 in the EM)* |

**Overall response:** **No, with comments below**

**Detailed comments (if any):**

We support retaining different wording of the conclusion for fair-presentation and compliance frameworks because the nature of the applicable criteria differs. However, diversity of views globally as to whether condensed interim financial information prepared under IAS 34, Ind AS 34 or equivalent standards is prepared under a fair-presentation or compliance framework may result in different wording in review reports for substantially identical information.

The classification should be determined by reference to the explicit and implicit characteristics of the applicable financial reporting framework, together with relevant law and regulation, and not merely by the label used by management or the auditor's preferred wording.

The IAASB should add framework-neutral application material, supported by illustrative factors or a decision process, explaining how to evaluate whether the applicable framework acknowledges the need for additional disclosures or, in rare circumstances, departures necessary to achieve fair presentation. The IAASB need not interpret IAS 34; however, it should seek to reduce inconsistent application of its own reporting requirements.

***Other Matters***

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| 16. | Are there any other matters you would like to raise in relation to ED-2410? If so, please clearly indicate the specific paragraph numbers of any requirements, application material, or Appendix, to which your comments relate. If you provide views on other matters, please use subheadings in your response to clearly identify and distinguish different matters. |

**Overall response:** **Yes, as further explained below**

**Detailed comments (if any):**

**(1) Paragraph 12: Objectives**

Paragraph 12 provides that, where limited assurance cannot be obtained and a qualified conclusion is insufficient in the circumstances, the auditor is required to disclaim a conclusion or withdraw from the engagement, where withdrawal is possible under applicable law or regulation.

It is not clear in what circumstances withdrawal from the engagement would be appropriate instead of issuing a disclaimer of conclusion. The Standard should clarify the circumstances in which withdrawal is contemplated as an alternative to a disclaimer of conclusion.

**(2) Paragraph 27**

The paragraph states as follows:

*"If it is discovered after the engagement has been accepted that one or more of the preconditions is not present, the auditor shall discuss the matter with management or those charged with governance, and shall determine:*

(a) *Whether the matter can be resolved;*

(b) *Whether it is appropriate to continue performing the engagement; and*

(c) *Whether and, if so, how to communicate the matter in the auditor's interim review report."*

It is not clear in what circumstances the auditor may determine that it is appropriate to continue the engagement in accordance with paragraph 27(b), despite one or more of the preconditions not being present.

Further, paragraph 27(c) does not provide sufficient clarity regarding the circumstances in which such a matter would need to be communicated in the auditor's interim review report and the manner in which such communication is expected to be made.

Accordingly, application guidance should be provided on the application of paragraphs 27(b) and 27(c).

**(3) Paragraph 36: Change in the Terms of the Interim Review Engagement**

The paragraph states as follows:

*"The auditor shall not agree to a change in the terms of the interim review engagement unless there is reasonable justification for doing so. If the auditor is unable to agree to a request to a change in the terms of the review engagement and is not permitted by management or those charged with*

*governance, as appropriate, to continue the review engagement under the original terms, the auditor shall:*

(a) *Withdraw from the review engagement, when possible under applicable law or regulation; and*

(b) *Determine whether there is any obligation, either contractual or otherwise, to report the circumstances to other parties, such as those charged with governance, owners or regulators."*

Paragraph 36(a) requires the auditor to withdraw from the review engagement when withdrawal is possible under applicable law or regulation. However, it is not clear what course of action the auditor is expected to take where withdrawal is not possible under applicable law or regulation. Accordingly, application guidance should be provided on the auditor's responsibilities in such circumstances.

**(4) Paragraph 38: Written communication with those charged with governance**

Paragraph 38 should be strengthened. The auditor should be required to communicate in writing, before those charged with governance approve the interim financial information, significant and judgmental targeted inquiries. The communication should explain why the inquiry was considered necessary, the information or explanation provided by management, the auditor's evaluation, any additional procedures performed, the conclusion reached, and any identified or uncorrected misstatement.

The objective is to provide those charged with governance with a meaningful opportunity to challenge management's explanations and understand the significant matters arising from the review.

**(5) Paragraphs 66-67: Use of experts**

An expert should be involved when a specifically identified matter warrants expert assistance. The Standard should avoid creating an expectation that experts used in the annual audit are automatically required for each interim review.

**(6) Paragraphs 68-69: Reconciliation to accounting records and consolidation schedules**

We support these paragraphs. For group engagements, agreement or reconciliation of the group interim financial information to the consolidation schedules and records of significant consolidation journal entries and adjustments should remain mandatory. The nature and extent of work on significant consolidation journal entries and adjustments should be informed by cumulative audit knowledge, current-period changes and matters arising during the review.

**(7) Paragraphs 71-74: Subsequent Events**

- **Overall comment:**

  There is a need to include examples of subsequent-events procedures appropriate for an interim review, such as inquiries of legal counsel, where relevant, and reading interim public releases.

- **Comment on Paragraph 72**

  The paragraph states as follows:

  *"If the auditor becomes aware of events occurring between the date of the interim financial information and the date of the auditor's interim review report that require adjustment of, or*

*disclosure in, the interim financial information, the auditor shall request management to correct those misstatements."*

The expression "correct those misstatements" may not be appropriate, as the paragraph deals with subsequent events requiring adjustment or disclosure in the interim financial information. Such events may not necessarily constitute misstatements. Accordingly, the wording should be revised appropriately.

- **Comment on Paragraphs 73-74**

  **Existing ISRE 2410**

  Paragraph 26 requires the auditor to inquire whether management has identified all events up to the date of the review report that may require adjustment or disclosure. It then specifically states that it is not necessary for the auditor to perform other procedures to identify events occurring after the date of the review report.

  **Proposed ISRE 2410 (Revised)**

  Paragraphs 73-74 introduces responsibilities where, after the date of the interim review report but before the interim financial information is issued, a fact becomes known to the auditor that may have caused the auditor to amend the review report. In such situation, the auditor is required to discuss the matter with management/those charged with governance, determine whether the interim financial information needs amendment and inquire how management intends to address it. If management does not make the necessary amendment, the auditor must notify management and those charged with governance not to issue the interim financial information and, if it is nevertheless issued, take appropriate action to seek to prevent reliance on the auditor's interim review report.

  **Comment**

  Paragraphs 73–74 significantly extend the auditor's responsibilities beyond the date of the interim review report. The proposed requirements appear onerous in the context of an interim review engagement, which is a limited assurance engagement and involves procedures that are substantially less extensive than those performed in an audit. The responsibilities contemplated by these paragraphs, particularly the requirement to consider amendment of the interim financial information and to take action to prevent reliance on the auditor's interim review report, appear closer to the responsibilities applicable in an audit engagement.

  Accordingly, we suggest that the IAASB reconsider whether these requirements are appropriate and proportionate for an interim review engagement.

**(8) Paragraphs 75-80: Written representations**

The written representation requirements should be retained and strengthened where necessary because the engagement relies substantially on management's information and explanations. The representation letter should cover the completeness and accuracy of information provided in response to significant targeted inquiries and the absence of undisclosed matters that would have affected those responses.

**(9) Paragraph 95 and Appendix 1: Interim Review Report**

- There is a need to provide suitable examples of circumstances in which an Emphasis of Matter or Other Matter paragraph may be appropriate in an interim review report, keeping in view the limited assurance nature of the engagement.
- Appendix 1 currently includes six illustrations of interim review reports covering unmodified, qualified and adverse conclusions. Additional illustrative wording should be provided for modifications arising from pervasive departures, scope limitations and uncorrected misstatements, including their aggregate effect.

**(10) Inclusion of Key Review Matters**

Key review matters identified during the review should be included in the interim review report.

**(11) Comparative information and materiality**

The Standard should explain that materiality reference amounts for comparative interim periods would ordinarily remain those applicable when the information was originally issued, unless the information is restated, new information arises, or the original amount is no longer appropriate. Where a newly appointed auditor has completed the first annual audit and subsequently undertakes an ISRE 2410 engagement containing comparative interim information previously reviewed by another auditor, the auditor should determine the appropriate reference amount in accordance with the revised materiality principles.

**(12) Prior modified annual report**

Application material should address eligibility and work effort where the latest annual audit report was modified. A qualification or adverse opinion should not automatically preclude the engagement, but continuing effects should be appropriately addressed. A prior disclaimer resulting from a pervasive inability to obtain sufficient appropriate evidence may, however, indicate that the foundational understanding required by the Standard is absent.

**(13) Paragraphs 120-125: Documentation**

It may be clarified that interim review documentation should remain clearly distinguishable from documentation relating to the concurrent annual audit.

**(14) Implementation Support**

The IAASB may consider issuing implementation guidance, FAQs or illustrative examples to support consistent application of the revised Standard, particularly in areas relating to group interim reviews, going concern, fraud and NOCLAR.

Further guidance may also be considered on the application of the Standard to less complex entities and by small and medium-sized practices, while retaining the principles-based nature of the Standard.

*Translations*

| | |
|---|---|
| 17. | Recognizing that many respondents may intend to translate the final standard for adoption in their own environments, have you identified any potential translation challenges or issues?<br>If so, please describe the issue identified and clearly indicate the specific paragraph numbers of any requirements, application material, or specific illustrations or appendices to which your comments relate. |

**Overall response:** **No response**

**Detailed comments (if any):**

This question is not relevant in the Indian context, as IAASB Standards are adopted in India in the same language, i.e., English.

*Effective Date*

| | |
|---|---|
| 18. | The IAASB believes that an appropriate implementation period would be approximately 18 months after the expected date of approval of the proposed revised standard. Do you agree that this will provide a sufficient period to support effective implementation of the proposed standard? If not, what do you propose and why?<br><br>*(See Section I-I, paragraphs 85-86 in the EM)* |

**Overall response:** **Agree, with comments below**

**Detailed comments (if any):**

We agree that an implementation period of approximately 18 months would generally provide sufficient time for firms and jurisdictions to update their methodologies, training and quality management systems.

However, timely issuance of implementation guidance and illustrative examples by the IAASB would further support consistent and effective implementation of the revised Standard.

## Questions to Inform the International Ethics Standards Board for Accountants (IESBA)

The IESBA is seeking views from respondents related to the application of the IESBA Code. Respondents for whom these questions are relevant are encouraged answer these questions to inform the IESBA's consideration of the need for any future actions.

*(See the Introduction, paragraphs 12-14, and Section I-C in the EM)*

*Group Interim Review Engagements*

E.1. Recognizing that ED-2410 requires the auditor to comply with relevant ethical requirements, including those related to independence, when performing an interim review engagement:

(a) Given the context set out in Section I-C, paragraph 28, in the EM and taking into account that Part 4A of the Code applies to both audit and review engagements unless otherwise stated, do you believe there is a need to clarify the application of Section 405 with respect to group review engagements, including group interim reviews? If so, please explain why. Also explain what clarifications would be useful and whether they should be made inside or outside the Code.

**Overall response:** **No response**

**Detailed comments (if any):**

*Non-compliance or Suspected Non-compliance with Laws and Regulations*

E.1. Recognizing that ED-2410 requires the auditor to comply with relevant ethical requirements, including those related to independence, when performing an interim review engagement:

(b) Do you believe the application of the Code as described in Section I-C, paragraph 29, in the EM is clear when information concerning non-compliance or suspected non-compliance with laws and regulations comes to the auditor's attention when performing an interim review engagement? If not, please explain why. Also explain what clarifications would be useful and whether they should be made inside or outside the Code.

**Overall response:** **No response**

**Detailed comments (if any):**

This document was prepared by the Staff of the International Auditing and Assurance Standards Board (IAASB).

The objective of the IAASB is to serve the public interest by setting high-quality auditing, assurance, and other related services standards and by facilitating the convergence of international and national auditing and assurance standards, thereby enhancing the quality and consistency of practice throughout the world and strengthening public confidence in the global auditing and assurance profession.

The IAASB develops auditing and assurance standards and guidance under a shared standard-setting process involving the Public Interest Oversight Board, which oversees the activities of the IAASB, and the IAASB Stakeholder Advisory Council, which provides public interest input into the development of the standards and guidance.