# ED-2410 RESPONSE FORM

May 2026

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

## 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) | PricewaterhouseCoopers International Limited |
| Name(s) of person(s) responsible for this submission (or leave blank if the same as above) | Andrew Hammond, Global Assurance Leader<br>Sarah Isted, Global Policy & Regulation Leader |
| Name(s) of contact(s) for this submission (or leave blank if the same as above) | |
| E-mail address(es) of contact(s) | andrew.r.hammond@pwc.com<br>sarah.t.isted@pwc.com |
| 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. | Global |
| | If "Other", please clarify |
| 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. | Accounting firm |
| | If "Other", please specify |
| Should you choose to do so, you may include information about your organization (or yourself, as applicable). | N/A |

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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:**

N/A

## 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 comments below**

**Detailed comments (if any):**

We support the objectives of the project and the priority issues the IAASB has sought to address. Modernising a standard that has not been substantively revised since 2005 will help promote greater clarity and consistency, for all stakeholders, regarding the expected work effort to be performed in an interim review engagement and provide enhanced reporting transparency for users of the auditor's interim review report. We agree that the incorporation of core foundational concepts, quality management principles and enhancements to areas of engagement performance, grounded in more recent IAASB standard revisions, will support more consistent performance of interim review engagements globally and enhance engagement quality.

We agree, in principle, with the importance of consistency across the IAASB's standards and with the intent to align, where appropriate, with ISRE 2400 (Revised). However, appropriately leveraging the auditor's existing knowledge obtained from the audit is a defining feature of an interim review engagement performed under ED-2410 and is a key point of distinction from a review performed in accordance with ISRE 2400 (Revised). While both are limited assurance engagements and consequently share a number of common principles and concepts, they each address a unique set of engagement circumstances and different purpose. How the limited assurance nature of these engagements is described in the context of those respective circumstances and purposes is important to stakeholder understanding and avoiding the risk of creating a new, or exacerbating any existing, user expectation gap about the work performed in an interim review. We consider that this distinction could be reflected more consistently throughout the standard (see our response to questions 4 and 6). We also note that ISRE 2400 (Revised) is itself now dated in some respects, and we encourage the IAASB to have regard to this when drawing on ISRE 2400 (Revised) as a source of foundational principles or drafting.

Revisions to the standard need to remain proportionate to the limited assurance nature of an interim review engagement, the nature and purpose of such an engagement, and the fact that it can only be performed by the auditor of the entity's financial statements. We note that the perceived length of the standard and overall increase in the volume of requirements is likely to create perceptions that the standard is neither proportionate nor scalable. However, subject to the observations in this response (see in particular our response to question 2), we consider the standard broadly achieves the Board's qualitative standard-setting characteristics. We recommend that, upon finalisation of the standard, the Board illustrate, through relevant implementation support materials, the scalability and proportionality aspects of the standard. Our responses to the remaining questions include suggestions for areas of the standard where requirements or application material could be consolidated or clarified.

While we consider that the standard overall is responsive to the public interest and related standard setting actions identified in the project proposal, we specifically draw attention to our responses to questions 2, 4, 13(a) and 13(b). We believe the proposed new reporting requirements in respect of going concern require revision to avoid the unintended consequence that users infer a level of assurance beyond that provided by a limited assurance interim review engagement.

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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):**

We agree that, viewed individually, the requirements in ED-2410 appear reasonable and justifiable. Broadly, the standard strikes an appropriate balance on enhancing key concepts and areas of an interim review engagement that warrant additional focus, compared to the limited content included in the extant standard, while remaining commensurate with the nature of a limited assurance engagement performed by the auditor of the entity's annual financial statements.

We support addressing in the standard recent enhancements to the ISAs to respond to key public interest issues relating to fraud, non-compliance with laws and regulations, and going concern. Given the inter-relationship between an interim review engagement and the audit, the auditor's work effort in these areas is relevant to both engagements. We consider the majority of the proposed requirements to be appropriate, in the context of a limited assurance review engagement, however we have included a number of recommendations in our responses to questions 11-13. We also support the position (as set out in paragraphs A91-A92) that the ISRE should not require the auditor to undertake incremental work necessary for the forthcoming audit engagement, as part of the interim review. That would go beyond the scope of the standard and is solely an efficiency matter at the discretion of the auditor.

Specifically, with respect to going concern, we agree with the premise in the Explanatory Memorandum that the required work effort in ED-2410 is not intended to enable the auditor to conclude with a reasonable level of assurance that management's use of the going concern basis of accounting is appropriate or that required disclosures are adequate. In that regard, while we agree with the majority of the proposed revisions to the requirements in this area, we believe there is a risk that stakeholders may misinterpret the proposed new going concern conclusions within the interim review report and infer a greater level of work by the auditor than is the case under a limited assurance engagement. We explain our concern in our response to questions 13(a) and (b).

*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><br>*(See Section I-B, paragraph 22(a) in the EM)* |

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

**Detailed comments (if any):**

We consider that ED-2410 appropriately addresses professional scepticism and professional judgement. Recognising that these are established foundational concepts known to the auditor, the IAASB has struck an appropriate balance of highlighting in the standard the need to apply these concepts in an interim review engagement, while referring back to the ISAs for more detailed guidance. As noted in our response to question 16, we recommend that definitions of these terms be included within the standard.

*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 section generally provides a clear description of the nature and purpose of an interim review engagement and how it differs from an audit of financial statements. We support the inclusion of the critical characteristics: that an interim review engagement is a limited assurance engagement and that the procedures the auditor performs vary in nature and timing from, and are less in extent than, those performed in an audit. However, we consider certain language that has been included in paragraph 6 to be unhelpful when describing the objective of an interim review engagement and believe this risks creating confusion for stakeholders about the extent of work that is undertaken. The use of the phrase (emphasis added) *"The auditor's conclusion is based on obtaining limited assurance <u>about whether the interim financial information as a whole is free from material misstatement"</u>,* without the additional context of the nature of the auditor's conclusion, may imply a level of work that is more commensurate with a positive opinion, as expressed in a reasonable assurance engagement. We believe the description in the Introduction section should remain closely aligned with the nature of the conclusion expressed by the auditor and the objective of the standard. Furthermore, as the Introduction section precedes the definitions, where the concept of "review procedures" is first explained, the meaning of those words may not be well understood by users absent making a clear connection to the definition. We therefore recommend the following edits:

- **Paragraph 6:** "In an interim review engagement, the auditor expresses a conclusion designed to enhance the degree of confidence of intended users about an entity's interim financial information, prepared by management in accordance with an applicable financial reporting framework. The auditor's conclusion is based on obtaining limited assurance ~~about whether the interim financial information as a whole is free from material misstatement~~. The auditor performs review procedures <u>(see paragraph 13(i))</u> to obtain sufficient appropriate evidence as the basis for <u>expressing a</u> ~~the~~ limited assurance conclusion as to whether anything has come to the auditor's attention that causes the auditor to believe that the interim financial information is not prepared, in all material respects, in accordance with the applicable financial reporting framework."

For the same reasons described above, we believe it is important that the objective of the engagement also reflects the limited nature of the work performed as a basis for the conclusion to be expressed. This would also maintain consistency with ISRE 2400 (Revised) and avoid implying that the scope of work in an interim review engagement exceeds that performed under an ISRE 2400 (Revised) review engagement. We recommend the following edit:

- **Paragraph 11(a):** "To obtain limited assurance, by performing review procedures, about whether the interim financial information as a whole is free from material misstatement, whether due to fraud or error, thereby enabling the auditor to express a conclusion about whether anything has come to the auditor's attention that causes the auditor to believe that the interim financial information is not prepared, in all material respects, in accordance with an applicable financial reporting framework;"

See also our recommendation in our response to question 16 with respect to paragraph 91, where we believe this requirement also needs to be rearticulated for the same reasons as those described above.

We also recommend the following editorial amendments to the Introduction section:

- **Paragraph 1 (hanging paragraph):** "The term "auditor" is used in this ISRE because this ISRE applies to a review of interim financial information that is performed by the independent auditor of the entity's annual financial statements ("interim review engagement"), not because the auditor is performing an audit of interim financial information."
- **Paragraph A3:** "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~~ in designing the review procedures to be performed."
- **Paragraphs A6-A8:** We recommend paragraphs A6-A8 be appended to the definition of "applicable financial reporting framework" (paragraph 13(b)), rather than paragraph 6. The focus of paragraph 6 is the nature of the auditor's limited assurance conclusion rather than the nature of the applicable financial reporting framework for interim financial information. Such application material, describing characteristics of an interim financial reporting framework, is directly related to the definition of the term.

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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):**

We consider ED-2410 to be 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 constitute "review procedures." The definition in paragraph 13(i), read together with the requirement in paragraph 44 and the application material in paragraphs A82-A84, establishes an appropriate frame of reference for understanding the nature of review procedures in the context of an interim review engagement.

*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):**

As noted in our response to question 1, the defining feature of ISRE 2410 is that the interim review engagement is performed by the auditor of the entity's financial statements. We therefore agree that the requirements should be premised on the auditor's existing knowledge obtained from the audit (other than in first-time interim review engagements – see our response to question 7).

We believe there are a few opportunities within the standard to reinforce this concept. For example, we recommend the following:

- **Paragraph 43(a):** "The auditor shall:
  - (a) Update the ~~Obtain an~~ auditor's 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 both annual and interim financial information; and"
- **Paragraph 58:** "The auditor shall inquire whether, in preparing the interim financial information, management has ~~performed an~~ updated its assessment of the entity's ability to continue as a going concern since the date of the most recent annual financial statements."
- **Paragraph 59:** "If management has not yet done so, the auditor shall request management to ~~make~~ update its assessment, covering a period of at least twelve months from the date of approval of the interim financial information."

With respect to fraud and NOCLAR, we recommend the requirement in paragraph 52 incorporate obtaining an understanding of the current status, when applicable, of the entity's process or other actions taken, with respect to any ongoing identified or suspect fraud that was identified in the audit of the most recent financial statements.

With respect to the auditor's work effort in relation to events or conditions that may cast significant doubt about the entity's ability to continue as a going concern, specifically paragraphs 62-63, we believe additional clarity could be provided about the expected work effort relating to events or conditions that existed at the date of the assessment for the most recent annual financial statements. See our response to question 12 for details.

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| 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?<br><br>*(See Section I-F, paras. 48-52 in the EM)* |

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

**Detailed comments (if any):**

The proposed application material in paragraphs A77-A79 addresses an area where there has been confusion in the applicability of ISRE 2410 to first-time interim review engagements. We agree that the targeted application material is a proportionate response that provides flexibility for the auditor to determine an approach that best facilitates their planning for the interim review and forthcoming audit engagement.

*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><br>*(See Section I-F, paragraphs 41-43 in the EM)* |

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

**Detailed comments (if any):**

We support the requirement for the auditor to determine materiality for the interim financial information as a whole and the related application material describing the relevant principles. This addresses a gap in extant ISRE 2410 while retaining a principles-based approach and avoiding undue prescription. Specific approaches to determining materiality for an interim review engagement are best addressed through appropriate firm methodology.

*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><br>*(See Section I-F, paragraphs 37-40 in the EM)* |

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

**Detailed comments (if any):**

The concepts and principles in ED-2410, together with the targeted group-specific requirements, are capable of being applied to reviews of interim financial information of groups. See our response to question 10 for our recommendation for an amended requirement to underpin engagement quality management.

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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>*(See Section I-F, paragraphs 37-40 in the EM)* |

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

**Detailed comments (if any):**

We support the limited targeted requirements addressing group engagements and the approach to leveraging terms defined in the Handbook Glossary. Introducing a proliferation of group-specific requirements or definitions would add undue length and complexity to the standard without a commensurate incremental benefit to engagement performance.

Notwithstanding, we suggest that the requirement to evaluate the evidence obtained be amended as follows:

- **Paragraph 89:** "The auditor shall evaluate whether sufficient appropriate evidence has been obtained from the review procedures performed, including, when applicable, from the work performed by component auditors in a group interim review engagement, to enable the auditor to form a conclusion on the interim financial information. In making this evaluation, the auditor shall consider all evidence obtained, including evidence that is consistent or inconsistent with other evidence, regardless of whether it appears to corroborate or to contradict the interim financial information as prepared by management."

We believe this would be a proportionate response, aligned with paragraph 51 of ISA 600 (Revised), that reinforces an important quality management responsibility, in lieu of incorporating the detailed evaluation and communication requirements in relation to the adequacy of the work of component auditors specified by ISA 600 (Revised).

We also note the following observations with respect to the application material relating to group interim review engagements:

- **Paragraph A63:** Given the nature of an interim review engagement, we consider the language that states (emphasis added) *"Alternatively, the group engagement partner may, and often will, determine that component auditors are to be involved"* is unwarranted. This is an auditor judgement, and the interim review of a smaller- medium- sized group may well be performed by the group auditor alone. These words may be viewed as setting expectations, which we do not believe was the intent.

- **Paragraph A64:** In the context of using component auditors, taking into account the nature of procedures performed in an interim review engagement, we do not consider "an element of unpredictability" to be a relevant factor, or that this would ever be considered "necessary". We recommend this bullet is deleted.

Lastly, as noted in our response to question E.1(a), further clarification of how the IESBA Code applies to group interim review engagements would complement the requirements in ED-2410.

*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>*(See Section I-F, paras. 54-56 in the EM)* |

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

**Detailed comments (if any):**

We agree that ED-2410 should address the potential implications of identified or suspected fraud or non-compliance with laws and regulations, in a manner aligned with ISA 240 (Revised) and ISA 250 (Revised). Broadly, we consider the proposed work effort in paragraphs 52-57 to be appropriate and proportionate.

With respect to fraud, we note the requirement in paragraph 55(b) is already encompassed within the scope of paragraph 55(a). We acknowledge the intent to draw specific attention to the reliability of management representations, however, recommend this can be addressed by combining paragraphs 55(a) and (b) as follows:

- "If the auditor identifies a misstatement due to fraud, the auditor shall consider:

  (a) The implications of the misstatement in relation to other aspects of the interim review engagement~~; and~~, including

  ~~(b) T~~the possible effect on the reliability of management's representations."

See also our response to question 6 in respect of our recommendation on the scope of the auditor's inquiries in accordance with paragraph 52.

We observe that elements addressed in paragraph A102, described as possible actions in relation to NOCLAR, may equally have relevance when fraud is identified (e.g., implications for the annual audit, obtaining legal advice, withdrawing from the engagement). We suggest these common matters be extracted and address in an application paragraph applicable to both paragraphs 55 and 56. In addition, in light of the specific obligations included within the IESBA Code with respect to NOCLAR, we suggest consideration be given to a brief additional application material paragraph that draws attention to the fact that relevant ethical requirements may also include obligations for the auditor and using the IESBA Code as an example, consistent with other examples across the IAASB standards.

*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.*

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

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

**Detailed comments (if any):**

We agree with the principle that core concepts relating to going concern should be consistent between an audit and an interim review engagement. As reflected in our response to question 6, the auditor's work effort in an interim review engagement should reflect the auditor's existing knowledge in this area obtained from the previous audit. As such, we recommend the following revisions to the requirements (in addition to those described in question 6 with respect to paragraphs 58-59):

- **Paragraph 61:** We recommend that application material be added, based on ISA 570 (Revised 2024) paragraph A33, tailored appropriately to ED-2410. The implications for the interim review engagement need to be addressed in the circumstances when management is unwilling to update or extend its assessment, in particular if there are changes in, or new, events or conditions that may cast significant doubt on the entity's ability to continue as a going concern.
- **Paragraph 63:** We agree with the requirement in paragraph 62, including that the auditor inquires about the status of any existing events or conditions that existed at the previous year end audit, including any changes in circumstances and actions taken to resolve them. However, we believe there may be a lack of clarity about the interplay between paragraphs 62 and 63. For such existing events or conditions, paragraph 63(a) appears to duplicate paragraph 62(b) as it relates to management's actions. We also understand that the intended scope of paragraph 63 is that it applies to all identified events or conditions, including any such existing events or conditions. There may be a risk of misinterpretation that paragraph 63 only applies to new events or conditions and therefore that the auditor does not need to update its consideration of the feasibility of management's plans, likelihood that outcomes would be sufficient to mitigate the effects of the events or conditions, or management's intent and ability, in respect of any pre-existing events or conditions. To resolve this risk, we suggest the following amendment to paragraph 63:

  "If, as a result of the inquiries in paragraph 62 and other review procedures performed, the auditor becomes aware of events or conditions that may cast significant doubt on the entity's ability to continue as a going concern<u>, including events or conditions that existed at the date of the assessment for the most recent annual financial statements or interim period that remain unresolved,</u> the auditor shall:

  …."

Application material could also emphasise that for such existing events or conditions, the auditor may need to reconsider their previous assessment of the feasibility of management's plans, likely outcomes and management's intent and ability, in particular when there are changes in circumstances or in management's plans for future actions.

- **Paragraph 64:** We also suggest that the IAASB consider whether limited additional application material, drawing on ISA 570 (Revised 2024), would support consistent interpretation and application. Relevant matters include (i) circumstances where the auditor is unable to obtain sufficient appropriate evidence regarding the appropriateness of the going concern basis or the existence of a material uncertainty, and (ii) situations involving multiple uncertainties whose interaction may prevent the auditor from forming a conclusion, which may also cross-refer to paragraph A172.

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 comments below**

**Detailed comments (if any):**

We agree that providing transparency about the auditor's work on going concern, to a degree that is commensurate with the nature and extent of procedures performed in an interim review engagement, is appropriate, and that this should be informed by and broadly aligned with the enhanced reporting introduced by ISA 570 (Revised 2024) – however, see our response to question 13(a) below where we disagree with the proposed language to be included within the report. Users of interim financial information may reasonably expect to see such reporting by the auditor, particularly where events or conditions exist and/or the auditor's previous report on the audit of the annual financial statements included specific statements about the existence of a material uncertainty or emphasised disclosures made by management about significant judgements made in concluding that there was no material uncertainty. Consistency of reporting between the interim review report and the auditor's report on the annual financial statements is likely to support user understanding.

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:** **Disagree, with comments below**

**Detailed comments (if any):**

We broadly agree with the intent of the proposed statements in paragraph 108, which we note are aligned with the corresponding statements introduced by ISA 570 (Revised 2024) for the auditor's report on the annual financial statements.

However, we consider the proposed language may convey a degree of work and certainty by the auditor that is not commensurate with the review procedures performed and nature of a limited assurance engagement. In particular, reference to whether a material uncertainty "exists" may suggest that the auditor has obtained sufficient evidence to conclude positively (i.e., with reasonable assurance) on such existence. We believe the overall elements of paragraph 108 are broadly correct, but we recommend that the conclusions need to be more explicitly anchored to the nature of a review engagement and the review procedures performed. Such procedures are described in the basis for conclusion section of the report, and we believe reinforcing this link in the going concern section is important in reminding users of the limited nature of the procedures that have been performed as a basis for the conclusions being expressed. It needs to be fully clear to users of the interim review report that the work performed by the auditor in making these conclusions is limited. Otherwise, we believe there is a significant risk of creating a new expectations gap for users.

We strongly recommend that the IAASB consider including additional language similar to what is included in ISRE (UK) 2410, issued by the FRC, to address this risk. We propose the following reformulation of paragraph 108 to avoid unintended interpretations, noting that our use of "may" in several places is intentional and reflective of the nature and extent of procedures that the auditor performs i.e., the auditor cannot conclude on these matters with a reasonable level of assurance. The use of "our" and "us" is intended to align with the language included within the report, reflecting that the requirement is drafted as a "stating that" requirement, which, similar to a "shall state" requirement, implies prescribed language:

- "If nothing has come to the auditor's attention to indicate that a material uncertainty related to going concern may exist~~s~~ in the interim period, the auditor shall include a separate section in the interim review report, with the heading "Going Concern," stating that:

  (a) In the context of ~~the auditor's~~ our review of the interim financial information, and in forming ~~the~~ our conclusion thereon based on the review procedures performed, which are less extensive than those performed in an audit as described in the Basis for Conclusion section of this report, nothing has come to ~~the auditor's~~ our attention that causes ~~the auditor~~ us to believe that:

     (i). ~~m~~Management's use of the going concern basis of accounting in the preparation of the interim financial information ~~is~~ may be inappropriate;

(ii). A ~~(b) Based on the evidence obtained, nothing has come to the auditor's attention to indicate that a~~ material uncertainty may exist~~s~~ related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern; and

~~(c)~~(b) ~~The auditor's~~ Our statements are based on […]."

The above recommended edits apply equally to the illustrative reports presented in the appendices to the ED:

- "In the context of our review of the interim financial information, and in forming our conclusion thereon based on the review procedures performed, which are less extensive than those performed in an audit as described in the Basis for Conclusion section of this report, nothing has come to our attention that causes us to believe that management's use of the going concern basis of accounting in the preparation of the consolidated interim financial information ~~is~~ may be inappropriate~~. Based on the evidence obtained, nothing has come to our attention~~ or to indicate that a material uncertainty may exist~~s~~ related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern.

  Our statements are based on the evidence obtained up to the date of our interim review report and are not a guarantee as to the Group's ability to continue as a going concern."

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| (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 comments below**

**Detailed comments (if any):**

The circumstances addressed by paragraphs 108-111 are, in our view, broadly comprehensive of the scenarios that arise in practice.

With respect to paragraphs 109 & 110, we see opportunity to consolidate these to remove repetition and enhance clarity. We recommend the following single requirement (not shown in mark-up due to the extensive revisions):

- "If events or conditions have been identified in the interim period that may cast significant doubt on the entity's ability to continue as a going concern, and management has identified and adequately disclosed in the interim financial information a material uncertainty related to the entity's ability to continue as a going concern, the auditor shall include a separate section in the interim review report, with the heading "Material Uncertainty Related to Going Concern", that includes:

  (a) A reference to the related disclosure(s) in the interim financial information that describes the events or conditions and states that these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern;

(b) If the auditor's report on the most recent annual financial statements of the entity included a Material Uncertainty Related to Going Concern section in respect of the same events or conditions, a reference to the related disclosure(s) in the annual financial statements and a statement that the auditor's report on those financial statements included a Material Uncertainty Related to Going Concern section;

(c) A statement that the auditor's interim review conclusion is not modified in respect of the matter; and

(d) The statements in paragraphs 108(a) and 108(c)."

In light of our recommendation above, we recommend that illustration 1 in appendix 2 is also modified to switch the order of the first two paragraphs of the going concern illustration.

We also suggest the IAASB consider whether application material should address the circumstance in which management uses a basis of accounting other than going concern (for example, a liquidation basis) and this is appropriate and has been adequately disclosed. Paragraphs 108-113 are premised on management's use of the going concern basis, and ISA 570 (Revised 2024) addresses reporting where the going concern basis is not used. While paragraph 16 sets the principle that a requirement does not apply when not relevant to the engagement circumstances, limited application material explicitly addressing that paragraph 95(e) does not apply in such circumstances would support consistent understanding and application of the requirements.

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| (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 comments below**

**Detailed comments (if any):**

We agree with the requirement in paragraph 111. It applies the general principle applicable to an emphasis of matter paragraph and represents a balanced approach. It acknowledges the equivalent mandatory reporting requirement in ISA 570 (Revised 2024) while recognising that disclosure by entities of such significant judgements may not always be required when preparing interim financial information. We also agree that including a reference to the entity's disclosures within the going concern section, rather than as a separate emphasis of matter paragraph, is appropriate, as it retains all content related to going concern together within the interim review report.

*The Auditor's Interim Review Report*

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| 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:** <u>**Agree, with comments below**</u>

**Detailed comments (if any):**

We agree in principle with the proposed new structure of the auditor's interim review report, including the presentation of the conclusion first. Consistency with the structure of the auditor's report on the annual financial statements is likely to make the interim review report more familiar and navigable for users.

We agree with the decision not to include a section conceptually analogous to Key Audit Matters. In our view, there is insufficient basis for such reporting given the nature and extent of procedures performed in a limited assurance engagement, and doing so could convey a greater level of assurance than is appropriate.

As a related matter, with respect to acceptance and continuance, we recommend that the requirement from ISRE 2400 (Revised) (paragraph 33), consistent with the requirement in paragraph 50 of ISA 700 (Revised), be retained – that the auditor's interim review report shall refer to this ISRE only if the report complies with the requirements of paragraph 95.

We also note the following observation with respect to the primary reporting requirements:

- **Paragraph 95(c)(iii):** We recommend the following amendment:

  "Identifies the interim financial information <u>that has been</u> reviewed, including….."

- **Paragraph 117:** We believe that the condition that the auditor may include an emphasis of matter paragraph only when the auditor has obtained sufficient appropriate evidence to conclude that the matter is not likely to be materially misstated as presented in the interim financial information needs to be retained in the requirement (see ISRE 2400 (Revised) paragraph 87).

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| 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:** **Yes, with comments below**

**Detailed comments (if any):**

Extant ISRE 2410 is clear that, unless the interim financial information comprises a complete set of general purpose financial statements prepared in accordance with a fair presentation framework, the auditor's conclusion is to be expressed in the form "nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with the applicable financial reporting framework". Therefore, established practice is that reports on condensed interim financial information often use this terminology.

Further, we note that, historically, there has been a lack of clarity as to whether IAS 34 is a fair presentation framework.

Setting aside past precedent, we agree with the principle that the IAASB's standards should be framework-neutral and should not impose an interpretation of any given framework. In principle, therefore, we agree with the proposed change: the wording of the auditor's interim review conclusion should be based on the nature of the applicable financial reporting framework.

This may be viewed as the IAASB reversing a previous longstanding position. Therefore, we recommend the IAASB clearly address this matter in the basis for conclusions and also issue, with appropriate consultation with, and support of, the IASB, illustrative implementation support material addressing how the conclusion wording is expected to be expressed for interim financial information prepared in accordance with IAS 34. This would help avoid inconsistent reporting outcomes.

In addition, we recommend that paragraph A151 be amended, as follows, to address the very common example of the use of IAS 34 as the applicable financial reporting framework:

- "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 International Accounting Standard 34, "Interim Financial Reporting" as issued by the International Accounting Standards Board";
    - "… in accordance with accounting principles generally accepted in Jurisdiction X …"

We also recommend the application material clarify that the reference in paragraph 95(c)(v)b to IFRS Accounting Standards as issued by the International Accounting Standards Board is intended to be read as also referring to IAS 34, when applicable.

*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):**

**Definitions:**

We note the following with respect to the definitions:

- **Paragraph 13(g):** We appreciate the complexities associated with the concept of other information and the desire, in the context of a limited assurance interim review engagement, to reduce such complexity. The definition and related application material limits the scope of other information to that "in a document containing the interim financial information". We believe it is common for information such as that described in paragraph A10 to be included in a document that accompanies the interim financial information rather than being included in the same document. Therefore, while we agree with the intent of not unduly expanding the scope of what may be considered other information for purposes of the interim review engagement, we believe the following amendment to the definition would be appropriate:
  - "Other information – Information that is not subject to the interim review engagement and is included, whether by law, regulation, or custom, in a document, or combination of documents issued concurrently, containing the interim financial information and the auditor's interim review report thereon."
- The ED uses the term "auditor" and explains the use of this term in paragraph 1. However, we believe the definition of the term, consistent with ISA 200, needs to be included in the standard for the reason stated within the definition – that the standard uses the term "auditor" in the requirements to mean the engagement partner, members of the engagement team or, as applicable the firm. In adopting the recent quality management revisions into ED-2410, specific requirements are now drafted specifically in the context of the engagement partner having sole responsibility. This would also align with the equivalent definition in ISRE 2400 (Revised) ("the Practitioner"). Consequently, we recommend including the following definition:
  - "Auditor – The person or persons conducting the interim review engagement, usually the engagement partner or other members of the engagement team, or, as applicable, the firm. Where this ISRE expressly intends that a requirement or responsibility be fulfilled by the engagement partner, the term "engagement partner" rather than "auditor" is used. "Engagement partner" and "firm" are to be read as referring to their public sector equivalents where relevant."
- For the same reasons noted above, we recommend including the definition of the term "engagement team" within the standard, in particular to explicitly note that this includes, when applicable, component auditors. This would avoid any unintended ambiguity between how the term engagement team is applied across the standard and the limited references, including definitions, relevant to group interim review engagements.

- As fundamental concepts in the performance of an assurance engagement, we recommend the definitions of professional scepticism and professional judgement be included, as included in ISA 200.

**Engagement acceptance:**

We note the following with respect to acceptance and continuance considerations:

- **Paragraph 28:** We recommend that paragraph 28 is amended to also include the condition that the auditor shall not accept an interim review engagement when the auditor has reason to believe that relevant ethical requirements, including independence, will not be satisfied.
- **Paragraph 36:** From a drafting consistency perspective, we note that ISA 210, ISRE 2400 (Revised) and ISSA 5000 all use the construct "when there is no reasonable justification for doing so" in the context of accepting a change in the terms of the engagement.

**Review procedures:**

We note the following with respect to designing and performing review procedures:

- **Paragraph 45(g):** We recommend the following amendment to the requirement as a related matter the auditor should inquire about:
    - "Significant deficiencies in the design or operation of internal control as it relates to the preparation and presentation of both annual and interim financial information and any remedial actions taken to address such deficiencies."
- **Paragraph 44:** The application material (paragraphs A86-A90) provides useful guidance on the nature of analytical procedures and how they may be designed. We consider the lack of any guidance on the outcome of such analytical procedures – specifically expectations for the auditor when encountering a difference from their expectation that would not be considered acceptable without further investigation – to be an omission. Such an outcome may be indicative of a matter triggering paragraph 70 of the proposed standard. At a minimum, we would consider that the auditor would need to make some additional inquiries. Drawing this section of guidance to a logical conclusion by addressing such outcomes and describing factors that may trigger the requirement in paragraph 70 would be appropriate and useful.

**Written representations:**

We note the following with respect to written representations:

- **Paragraph 76:** We consider the use of "it" in respect of the representations to be obtained is inappropriate when referring to those charged with governance. Accordingly, we recommend the drafting of the lead-in to the requirement and use of "it" be revisited.
- **Paragraph 76(d):** This describes a responsibility of management and therefore belongs in paragraph 75.
- **Paragraph 76(v)-(vi):** Certain representations appropriately address whether the matter has been adequately disclosed in accordance with the requirements of the applicable financial reporting framework (e.g., paragraph 76(c)(iv)). We believe the same representation should be included with respect to paragraph 76(e)(v) and (vi). Specifically with respect to subsequent events, the representation should address that management has adjusted or disclosed relevant matters in the interim financial information, not just that they have disclosed such matters to the auditor.

**Concluding**

- **Paragraph 91:** Consistent with our views expressed in responding to question 4, we believe paragraph 91 is drafted in a manner that is not appropriate, as it lacks the relevant context for the basis for the auditor's conclusion. It can be read as a positive conclusion and, in our view, needs to be aligned to the objective of the standard. We recommend the following edit (leveraging our updated formulation of the objective described in our response to question 4):

  "The auditor shall form a conclusion, based on the evidence obtained, about whether ~~the interim financial information is free from material misstatement~~ anything has come to the auditor's attention that causes the auditor to believe that the interim financial information is not prepared, in all material respects, in accordance with the applicable financial reporting framework."

**Comparative information:**

Paragraph 119 addresses comparative information briefly. We suggest the IAASB consider whether limited application material would be useful for common scenarios, including when the corresponding interim period was not previously reviewed, or was reviewed by a predecessor auditor. Such material could support consistent reporting without adding significant complexity to the standard.

*Translations*

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| 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):**

N/A

*Effective Date*

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| 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>*(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 after approval is appropriate. While ED-2410 introduces meaningful changes to both the performance and reporting aspects of the engagement, there are no substantially new concepts being introduced that are not already familiar to the auditor. On that basis, 18 months should provide sufficient time for translation, adoption and updates to firm methodologies, tools and training materials.

We support adopting a "periods beginning on or after [date]" construct, consistent with the IAASB's most recent standard-setting convention. Recognising the benefits of applying the same standard consistently within the same calendar year for entities that prepare quarterly interim financial information, assuming a financial reporting calendar year end, we believe a “periods beginning on or after 15 December 202X” date to be most appropriate. In that context, timing of the approval of the final standard will, in our view, dictate whether December 2028 or 2029 becomes the most appropriate effective date.

## 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:** **<u>Yes, with comments below</u>**

**Detailed comments (if any):**

We have not identified significant practical concerns regarding the application of Section 405 of the Code to group interim reviews. However, the absence of clarity introduces the potential for ambiguity and inconsistent interpretation, not least because Section 405 includes specific references to ISA 600 (Revised). We therefore consider that clarifying Section 405 within the Code to explicitly confirm that it applies to group interim review engagements would be beneficial.

We also suggest that the IESBA clarify the application of provision 400.2. This makes clear that Part 4A applies equally to audit and review engagements. However, given the specific relationship between the audit and an interim review engagement, there is uncertainty about the intended applicability of certain provisions within Part 4A when these have already been, or will be, discharged in relation to the annual audit engagement. For example, with respect to Section 410, compliance with those provisions for purposes of the audit of the annual financial statements of a public interest entity would require disclosure of fees for the provision of the interim review engagement. However, as the interim review is a standalone engagement, there is a lack of clarity about the expected application of Section 410 to the separate interim review engagement that precedes the annual audit. Can disclosure by the entity (or the auditor) of fees for provision of the review services be deemed to be fulfilled by the subsequent disclosure in relation to the audit of the financial statements – both from a timing and classification perspective? Clarification would resolve uncertainty.

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

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| 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:<br>(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, with comments below**

**Detailed comments (if any):**

We consider that there would be benefit in clarifying the application of Section 360 of the Code in the context of interim review engagements. The Explanatory Memorandum explains that, for an interim review engagement, the applicable provisions are paragraphs R360.29 to 360.40 A1, rather than the audit provisions in paragraphs R360.10 to 360.28 A1. However, the "audit" and "non-audit service" pathways in Section 360 have a similar structure but different obligations (for example, the non-audit pathway is framed in terms of escalation to the audit engagement partner, with documentation encouraged rather than required).

In our view, this distinction may not be intuitive to practitioners, particularly because an interim review is performed by the auditor of the entity's annual financial statements and is closely connected with the audit. While the practical outcome may often converge, with communication to the lead audit engagement partner, recognising that the underlying obligations differ, we suggest the IESBA consider how expected practice might best be clarified, with respect to Section 360, when NOCLAR or suspected NOCLAR comes to the auditor's attention during an interim review engagement.

The potential for misinterpretation may be most acute in group engagement scenarios involving component teams. We suggest this specific circumstance also be addressed in clarifying the applicability of the relevant provisions.

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.