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

Your organization's name (or your name if you are making a submission in your personal capacity)	Grant Thornton International Ltd
Name(s) of person(s) responsible for this submission (or leave blank if the same as above)	Katherine Schamerhorn
Name(s) of contact(s) for this submission (or leave blank if the same as above)	Claire Revenig
E-mail address(es) of contact(s)	Claire.Revenig@us.gt.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).	

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:

Our suggested drafting changes present additions in **bold and underline** and deletions in ~~strikethrough~~.

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

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? (*See Section I-A and the Appendix in the EM)*

Overall response: **Neither agree/disagree, but see comments below**

Detailed comments (if any):

We agree that extant ISRE 2410 needs to be updated and modernized since it has not been updated to reflect the IAASB's CUSP Drafting Principles and Guidelines or to reflect relevant revisions from other ISA projects. However, we are concerned that some of the proposed requirements and related application material are not operational and that the proposed updates are incomplete as the standard still uses outdated terminology, references from previous versions of the ISAs, and there are no references to the use of technology on such engagements. We also question whether the proposed volume of application material is appropriate and aligned with the IAASB's CUSP Drafting Principles and Guidelines.

We agree with the project objective and proposed actions as described in the project proposal. However, we have concerns about how some of those proposed actions were executed as described in the EM-2410 Appendix. For example, Proposed action 2.1 says "this may include considering whether new requirements or application material are necessary to address the following…" and proposed actions in the 3 series begin with "Explore." However, in each of these examples, both new requirements and application material were added to ED-2410. We question whether such results reflect appropriate challenge to proposed requirements and consideration of whether such additions were truly necessary or agreed upon by a majority of board members. In our observation of public meetings, there did not seem to be board member consensus on certain topics, such as materiality, but EM-2410 does not discuss the differing views held on such topics which may unduly influence the views of stakeholders who do not follow all public meetings and related discussion papers.

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: **Neither agree/disagree, but see comments below**

Detailed comments (if any):

We are concerned that the work effort required in ED-2410, including related to going concern exceeds the work effort necessary to express a limited assurance conclusion over interim financial information. We believe that intended users, preparers, and auditors view the level of assurance obtained on an interim review engagement to be fixed at a particular level, that which is likely to enhance the intended users' confidence about the interim financial information to a degree that is clearly more than inconsequential. Our belief differs from the view taken by the IAASB when drafting ISSA 5000, wherein the IAASB viewed limited assurance on a sliding scale which "can vary from just above the assurance that is likely to enhance the intended users' confidence about the sustainability information to a degree that is clearly more than inconsequential to just below reasonable assurance" (ISSA 5000, paragraph A210L). EM-2410 acknowledges that ISSA 5000 was considered when deliberating and drafting certain issues in ED-2410, such as auditor reporting. We believe such views about the sliding scale of assurance may have knowingly or unknowingly influenced the proposed requirements related to going concern performance and reporting requirements for interim review engagements, with the result that the related work effort does not strike an appropriate balance for such topics.

Refer to our responses to Questions 5, 6, 8, 12, 13, and 16 for detailed responses and suggestions for work effort requirements that we believe are more appropriate when expressing a limited assurance conclusion which explicitly states the work performed is substantially less than in an audit.

Professional Skepticism and Professional Judgment

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?

   (See Section I-B, paragraph 22(a) in the EM)

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

Detailed comments (if any):

We support the requirements in ED-2410 paragraphs 21-22 related to the auditor's responsibilities to plan and perform the engagement using professional skepticism and exercising professional judgment. We make the following drafting suggestions to clarify certain matters within the related application material:

a. We question whether the guidance in ED-2410 paragraph A19 bullet two could be misinterpreted as contradicting the later guidance in paragraph A83 which says the auditor is not required to corroborate management's responses. We believe ED-2410 paragraph A20 bullet one sufficiently addresses when it may be necessary for the auditor to corroborate responses to inquiries. Additionally, we believe paragraph A19 bullet 3 is sufficiently addressed by the guidance in paragraph A20. As such, we suggest moving A19 bullet one to paragraph A20 and deleting A19 bullets two and three. Relocating this bullet from paragraph A19 to be the first bullet in paragraph A20 would also be more consistent with the presentation of such guidance in ISA 220 paragraph A21.

b. As drafted, we are concerned guidance in ED-2410 paragraph A20 bullet two contradicts the objective of the auditor to provide negative assurance on whether they became aware of information that the interim financial information may be materially misstated. We suggest revising this bullet to read: "Conditions that may indicate possible **<u>material</u>** misstatement due to fraud or error."

c. We believe the footnote reference in ED-2410 paragraph A23 to ISA 220 should be revised to reference only paragraph A35. We believe the guidance in ISA paragraphs A34 and A36 are specific to audit engagements and not applicable to the context of an interim review engagement based on the references to designing and performing procedures, the presumption that the auditor is performing detailed procedures when actively searching for evidence to obtain reasonable assurance, and referring to ISA 300.

d. Given the auditor does not perform risk assessment procedures for an interim review engagement, we suggest that it would be more accurate to discuss professional judgments related to materiality and the review procedures to perform in separate bullets. We suggest revising ED-2410 paragraph A25, bullet one to read as follows: "Regarding decisions about materiality~~, and about the nature, timing, and extent of procedures performed.~~" And adding a separate bullet that reads: "**<u>Regarding decisions about whether procedures beyond inquiry and analytical procedures are necessary</u>**."

e. The auditor does not provide a separate conclusion on the reasonableness of estimates made by management in an interim review engagement and there are no performance requirements to evaluate estimates; we believe this is appropriate for this particular type of engagement. As such, we suggest deleting such considerations from ED-2410 paragraph A25, bullet four and revising the bullet to read: "When forming the conclusion on the interim financial information based on the evidence obtained~~, including considering the reasonableness of the estimates made by management in preparing the interim financial information~~." See also our response to Question 16 related to other references to the reasonableness of estimates.

Fundamental Principles of an Interim Review Engagement

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? *(See Section I-B in the EM)*

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

Detailed comments (if any):

We agree with the introduction section of ED-2410 in paragraphs 5-9 and related application material. We agree that such introduction is important to include as a foundational context for the nature and objective of an interim review engagement.

However, based on the premise in EM-2410 that ED-2410 was drafted with the understanding that the auditor as practitioner has audit expertise, we believe explicit cross-references to the ISAs are unnecessary and could lead to confusion about the work effort and the level of assurance provided. We are concerned that such cross-references undermine the ability of ED-2410 to stand alone and may have the unintended consequence of auditors turning to the ISAs in other areas where such references are not explicitly included, which could lead to inconsistencies in practice. We would prefer to see such explicit references removed from ED-2410 and relevant guidance, if any, adapted to the context of interim review engagements and added to ED-2410.

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?
>
> *(See Section I-F, paras. 44-47 in the EM)*

Overall response: **<u>No, with comments below</u>**

Detailed comments (if any):

We agree with the requirement in ED-2410 paragraph 44 and related application material in paragraphs A80-A85. However, we do not believe the reference to "other review procedures" in paragraph 44 is clear based on the definition of review procedures. For example, it is unclear if "other review procedures" includes those related to other specified procedures in ED-2410 (such as those related to fraud, NOCLAR, and going concern). If such procedures are considered "other review procedures" the standard should clearly state as such. Alternatively, based on the guidance in paragraphs A86 bullet four and A87, does "other review procedures" include analytical procedures similar to those performed as part of the defined "review procedures"? Based on the description of various types of analytical procedures that may be performed as "review procedures" in paragraph A87, it's unclear if this guidance would also be applicable to "other review procedures." We understand this similar concept exists in ISA 500 and is clearly understood in the ISAs based on the nature of an audit of the annual financial statements. We don't think this concept is relevant to interim review engagements. As such, we suggest deleting such references in paragraph 44 and throughout ED-2410.

Additionally, we believe the language in paragraph 48 directly contradicts the expected work effort for a review of interim financial information since it includes the language "may not be prepared in all material respects" instead of "may be materially misstated." The language "in all material respects" is used in paragraph 8 to describe the evidence the auditor obtains in an audit of the annual financial statements. We suggest revising ED-2410 paragraph 48 to read: "The auditor shall read the interim financial information~~,~~ and consider whether there is anything that causes the auditor to believe that the interim financial information may ~~not be prepared, in all material respects, in accordance with the applicable financial reporting language~~ **<u>be materially misstated</u>**."

Furthermore, we believe certain application material paragraphs may introduce confusion and lead to inconsistent application of the proposed standard. For example, we raise the following concerns:

a. Paragraphs A82-A83 are hooked to the definition of review procedures in paragraph 13, however the application material in those paragraphs is not directly related to inquiry and review procedures; as such, we suggest removing the reference to such application material from paragraph 13. We believe the application material is appropriately hooked to the requirement in paragraph 44.

b. Paragraph A85 discusses performing some of the review procedures earlier in the interim period to assist in the identification and consideration of significant matters affecting the interim financial information. It is unclear if this is intended to indicate a different work effort than described in the definition of review procedures or if this is intended to indicate a different purpose of review procedures than that described in paragraph 44. We suggest revising paragraph A85 to read: "…Performing ~~some of the~~ **<u>such</u>** review procedures earlier in the interim period may also assist with ~~identification and consideration of significant matters affecting the interim financial statements~~ **<u>identifying where material misstatements in the interim financial information are likely to arise</u>**." (see also our response to Question 16).

c. Paragraph A88 does not reference advanced data analytics (ADAs) and such a reference would have been helpful as part of an effort to modernize extant ISRE 2410.

d. Paragraphs A91-A92 could be more explicit in describing that performing such procedures early represents an acceleration of procedures performed for the audit of the annual financial statements and as such is not work performed for the interim review engagement and thus is not documented in the interim review engagement file. Including a cross-reference to the guidance in paragraph A186 would address this.

See our responses to Questions 11-14 below related to the nature of procedures related to fraud, NOCLAR, and going concern and specific drafting suggestions. We are concerned that the volume of such requirements and related application material in ED-2410 leaves the impression that such procedures are "above and beyond" review procedures as defined in paragraph 13.

Approaching an Interim Review Engagement in Accordance with ED-2410

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? *(See Section I-B and Section I-F, paragraphs 44-52 in the EM)*

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

Detailed comments (if any):

We agree it is clear that, for recurring engagements, the auditor leverages the knowledge and understanding obtained from previous audits and interim review engagements for the entity when determining the work effort necessary to achieve the objectives of an interim review engagement. We support the application material in ED-2410, paragraphs A72-A73 and A75-A76 which compare and contrast the purpose for which the auditor obtains an understanding of the entity and its environment, the applicable financial reporting framework, and the entity's system of internal control as it relates to both an audit engagement and an interim review engagement and describes the typical work effort and procedures the auditor may perform to update the understanding obtained from previous audit and interim review engagements.

Related to ED-2410, paragraph A74, we make the following drafting suggestions to clarify certain items that we believe may be misunderstood as proposed:

a. Revise sub-bullet four which currently includes footnotes cross-referencing ISA 315 (Revised 2019) and ISA 240 (Revised) because we are concerned the footnote cross-references may be misinterpreted as directing the auditor to refer to these ISAs when planning and performing the interim review engagement (see also our response to Question 4). We suggest revising the sub-bullet to read: "Significant risks,~~[18]~~ including risks of material misstatement due to fraud**,**~~[19]~~ **identified in the preceding year's annual audit**." We believe the proposed change does not take away from the understanding of the sub-bullet, given the "auditor-as-the-practitioner lens" used to draft ED-2410, which is premised on the practitioner's audit expertise and knowledge of the entity obtained in previous annual audits or interim review engagements as described in EM-2410 paragraph 10(b).

b. Clarify bullet six related to inquiring of management for group interim review engagements regarding significant differences in consolidation adjustments to those processed in connection with the annual financial statements or previous interim periods. ED-2410 appears to use the phrase "significant differences" to refer to those differences that are quantitatively significant and the phrase "significant changes" to refer to those differences that are qualitatively significant. Given the different periods of time covered by an annual audit compared to an interim review, we would expect consolidation adjustments to be quantitatively different in an interim review compared to an annual audit, and it may not be unusual to see for there to be quantitatively significant fluctuations between interim periods, especially for those entities which experience seasonality. Given the related requirement in paragraph 43 is to obtain an understanding of the entity and its environment, we suggest revising the bullet to read: "For group interim review engagements… and about any significant ~~differences~~ **changes** to **the nature of** those processed in connection with the annual financial statements or interim periods." We believe this proposed change appropriately focuses the inquiry on understanding the nature of the consolidation process; the requirement in ED-2410, paragraph 69 already addresses significant consolidation entries in the interim review period.

c. Revise sub-bullet seven (related to significant changes in the entity's system of internal control) or add a new sub-bullet nine to inquire of management about matters such as "significant changes related to the preparation and presentation of the annual financial statements." Currently, sub-bullet seven only addresses significant changes in the preparation and presentation of the interim financial information, but the requirement in paragraph 43(a) also includes the preparation and presentation of annual financial statements.

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):

We agree with the considerations that apply when the review of interim financial information is the first engagement performed by the client. We also support the new sub-header *Additional considerations for first-time review engagements* within the application material to highlight the considerations in A77-A79.

Related to ED-2410, we make the following drafting suggestions:

a. Revise the last sentence of paragraph A77 which currently includes a footnote cross-referencing ISA 315 (Revised 2019) because we are concerned the footnote cross-reference may be misinterpreted as directing the auditor to refer to the ISA when planning and performing the interim review engagement rather than acknowledging that the auditor may decide to accelerate performing procedures for the audit of the annual financial statements (see also our response to Question 5). Such footnote reference is not necessary given the "auditor-as-the-practitioner" lens used to draft ED-2410, which is premised on the practitioner's audit expertise and knowledge of the entity obtained in previous annual audits or interim review engagements" as described in EM-2410 paragraph 10(b). We suggest revising the last sentence of paragraph A77 to read: "The auditor may decide to perform the procedures needed to obtain the understanding of the entity and its environment and the entity's system of internal control required for purposes of the audit of the annual financial statements, **refer to paragraphs A91-A92**.~~[20]~~ … We believe the proposed change, combined with the proposed change to paragraph A92 in our response to Question 5, clarifies the purpose and work effort of procedures performed for the interim review engagement.

b. Revise paragraph A79 to clarify the expected work effort when the auditor does not review the predecessor auditor's working papers. We are concerned that the proposed drafting in ED-2410 blurs the work effort associated with obtaining this understanding for the interim review engagement and the audit engagement and contradicts the guidance in paragraphs A91-A92. We suggest revising paragraph A79 to read: "If the predecessor auditor does not respond to the incoming auditor's inquiries or does not allow the auditor to review the predecessor auditor's working papers, the auditor may inquire as the reasons why ~~and perform other procedures to obtain the understanding required by paragraph 43~~. In such circumstances, the auditor ~~may have no alternative but to perform~~ **performs** procedures ~~needed~~ to obtain the understanding of the entity and its environment and the entity's system of internal control ~~required for purposes of the audit~~ **as it relates to the preparation** of the annual financial statements **required by paragraph 43**."

Materiality

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? *(See Section I-F, paragraphs 41-43 in the EM)*

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

Detailed comments (if any):

We strongly disagree with the proposed requirement for the auditor to determine materiality for the interim review engagement and the proposed conditional requirement to revise materiality in certain circumstances because we believe the proposed requirements impose audit-like rigor on a limited assurance engagement. Additionally, we are concerned that the proposed requirements and application material as drafted in ED-2410 are incomplete and inoperable for the following reasons:

a. Guidance related to materiality considerations when component auditors are involved in the interim review engagement uses a different benchmark compared to ISA 600 (Revised). Based on the nature of the interim review engagement, we have not suggested guidance for this circumstance in our drafting suggestions below as we do not believe such guidance is necessary.

b. There is no guidance on how to treat uncorrected misstatements identified during the previous audit of the annual financial statements that were below performance materiality for the annual audit but exceed the materiality for the interim review. We are concerned such misstatements may be considered as material for the interim financial information, even when such misstatements are self-reversing for the annual audit. Furthermore, judgmental or projected misstatements identified during the previous audit of the financial statements may be common as it relates to accounting estimates or audit procedures that involve sampling; such misstatements are often not corrected by management since they are not factual misstatements. If the requirement to determine materiality is retained as proposed, we believe guidance is necessary because such uncorrected misstatements would likely be larger than the trivial amount established for the interim review based on the proposed application material for determining materiality for the interim review.

c. Proposed application material implies that pro-rating the materiality determined for the previous audit of the annual financial statements is typically expected because the results of an interim period are almost always going to differ significantly from the expected results for the annual period due to the differing lengths of each period. Such guidance would increase the work effort for the interim review engagement without a clear reason to do so. Further, this approach may be inappropriate for entities with large balance sheets, where a pro-rated materiality threshold cannot reasonably be applied to both income statement and balance sheet financial statement line items. Although ISA 320 supports multiple materiality thresholds for specific classes of transactions, account balances, and disclosures, it does not support using a different materiality for different financial statements and ED-2410 does not include the notion of a lower materiality threshold for a specific class of transaction, area of the interim review, or different financial statements.

d. Based on the nature of the review procedures performed, we believe it is unlikely that the auditor will identify an actual misstatement in the interim financial information unless that misstatement is material. However, there is no guidance on how to treat misstatements identified during the interim review engagement that are lower than the determined materiality amount for the interim review and also below performance materiality and/or trivial for the audit engagement. It is unclear whether the IAASB intends for such misstatements to be recorded by management or carried forward to the audit of the annual financial statements and re-evaluated by the auditor at that time. Based on the purpose of the interim review engagement, we do not support a requirement to request management to adjust the interim financial information in such circumstances.

e. The guidance to communicate uncorrected misstatements to those charged with governance implies that the auditor would expect management to correct all misstatements and the cross-reference to paragraph A62 further implies that failure to do so is a disagreement with management or indicator of bias. We do not believe it is appropriate for management to correct likely misstatements or necessary for management to correct misstatements that will be clearly trivial for purposes of the audit of the annual financial statements (see also our response to item 8(b).

f. Given the nature of review procedures and the work effort necessary to obtain limited assurance that the interim financial information is not materially misstated, we question when the auditor would become aware of information that would cause them to have determined a different materiality. We believe the conditional requirement to revise materiality is unnecessary in an interim review engagement.

Instead, we support a requirement and related application materiality to consider materiality when determining the review procedures to perform. We believe other jurisdictions have relevant requirements and application material for the auditor to consider materiality for the interim review engagement which could be incorporated in ED-2410 to supplement the guidance in extant ISRE 2410. Specifically, we believe the qualitative considerations in the PCAOB's AS 4105 which is applicable for publicly traded entities, the AICPA's AU-C section 930, effective December 15, 2012, and subsequently updated for revisions to the auditing standards, and Rule 10-01(a)(5) of SEC Regulation S-X provide meaningful guidance that is appropriate given the nature of the interim review engagement.

We suggest deleting the proposed requirements and application material related to determining materiality and evaluating misstatements in totality and replacing them with the following, which was drafted referencing extant ISRE 2410, ED-2410, and the jurisdictional standards described above:

Materiality

41. The auditor shall consider materiality with reference to the applicable financial reporting framework as it relates to the interim financial information to assist in performing review procedures and evaluating the results obtained from those procedures, including the effect of misstatements. (Ref: para. A66) [*Revert to extant ISRE 2410, paragraph 15 bullet four]*

42. [Unused]

A66. The auditor's consideration of materiality is a matter of professional judgment that involves quantitative and qualitative considerations. The consideration is affected by the auditor's perception of the financial information needs of intended users of the interim financial information; such consideration is made in the context of the applicable financial reporting framework used in preparing the interim financial information and the periods covered therein. The auditor may presume that intended users of the interim financial information have read or have access to the audited financial statements for the preceding fiscal year.

A67. Some financial reporting frameworks may include a discussion of the concept of materiality in the context of the preparation and presentation of interim financial information that provides a frame of reference for the consideration of materiality by the auditor. In the absence of materiality being addressed in the applicable financial reporting framework, the following principles may be applied:

- Misstatements, including omissions, are considered material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of intended users
- Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both; and
- Judgments about matters that are material to intended users of the interim financial information are based on a consideration of the common financial information needs of intended users as a group. The possible effect of misstatements on specific individual users, whose needs may vary widely, is not considered.

A68 – A71. [Unused]

Accumulation of Identified Misstatements

81. The auditor shall evaluate, individually and in the aggregate, whether uncorrected misstatements, including inadequate disclosures, that have come to the auditor's attention are material to the interim financial information. (Ref. para. A127) [*Revert to extant ISRE 2410, paragraph 30 and add notion of inadequate disclosure]*

81A. The auditor shall use professional judgment in evaluating the materiality of misstatements that the entity has not corrected.

A127. The auditor's evaluation of the effect of uncorrected misstatements involves professional judgment and ordinarily includes matters such as:

- The nature, cause (if known), and amount of the misstatements, including those related to disclosures
- Whether the misstatements originated in the preceding year or interim periods of the current year
- Materiality judgments made in conjunction with the current or prior year's annual audit

- The potential effect of the misstatements on future interim or annual periods
- The appropriateness of offsetting a misstatement of an estimated amount with a misstatement of an item capable of precise measurement
- Recognition that an accumulation of immaterial misstatements in the balance sheet could contribute to material misstatements in future periods.

A128. [Unused]

Communicating and Correcting Identified Material Misstatements

82. The auditor shall communicate on a timely basis all material misstatements accumulated during the interim review engagement with the appropriate level of management and shall request management to correct those misstatements.

83. If management refuses to correct some or all of the material misstatements, the auditor shall obtain an understanding of management's reasons for not doing so, and shall consider that understanding when concluding whether the interim financial information is free from material misstatement in accordance with paragraph 91.

84.Unless prohibited by law or regulation, the auditor shall communicate with those charged with governance uncorrected material misstatements and the effect that they, individually or in aggregate may have on the conclusion in the auditor's interim review report. (Ref. para. A129) *[From ED-2410 and add notion of material misstatements]*

A129. The auditor's communication with those charged with governance in respect of uncorrected material misstatements may include matters such as the reasons for, and the implications of, a failure to correct misstatements, having regard to the size and nature of the misstatement judged in the surrounding circumstances. See also paragraph A62. *[From ED-2410 and add notion of material misstatements]*

A130. [Unused]

Group Interim Review Engagements

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

Overall response: **Neither agree/disagree, but see comments below**

Detailed comments (if any):

We agree that adding certain requirements related to group audits is in the public interest, especially as certain jurisdictional standards have already included additional application material related to group interim review engagements. We also agree that the concepts and principles in ED-2410 should apply equally to group interim review engagements as well as to single entity interim review engagements. However, we are concerned that ED-2410, as proposed, does not achieve appropriate jurisdictional neutrality and may result in further inconsistencies in practice by incorporating concepts from the previous version of ISA 600.

Related to jurisdictional neutrality, we are aware of differences in practice as it relates to the involvement of component auditors in an interim review engagement ranging from component auditors rarely being involved in the interim review engagement (even though such component auditors are involved in the audit of the annual financial statements) to component auditors commonly being involved in the interim review engagement. We urge the IAASB to draft requirements related to component auditors in a manner that is easily scalable according to jurisdictional practice and that reflects the principles in ISA 600 (Revised) as described in our response to Question 10.

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

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

Detailed comments (if any):

We are concerned that ED-2410 appears to presume that component auditors will be involved in group interim review engagements. Such a presumption is inconsistent with the guidance in ISA 600 (Revised) which indicates that there are many considerations and professional judgments which may influence the group auditor's determination of whether component auditors are to be involved in the audit engagement. In practice, we find that there are many group audit engagements across various jurisdictions where the group auditor is able to obtain sufficient appropriate audit evidence without the involvement of component auditors. We would expect that the decision not to involve a component auditor would be equally, if not more, common for an interim review engagement, considering the objective of the engagement and that management's process for preparing interim financial information may differ from the process of preparing the annual financial statements and may rely less on component management. Related to the involvement of component auditors, we have the following drafting suggestions related to ED-2410:

a. Paragraph 39: We are concerned that the work effort verb "determine" is more prescriptive than necessary for an interim review engagement and includes an embedded documentation requirement that does not reflect the jurisdictional differences that exist related to how common it is to involve a component auditor in the interim review engagement. We suggest deleting the requirement and hooking the guidance in A63-A64 to the requirement in paragraph 23(c)(ii).

b. Paragraph A63: We do not agree with the inclusion of the phrase "and often will" to describe when the engagement partner may decide to involve component auditors in the group interim review engagement. Such phrase is not used in ISA 600 (Revised) as it relates to the group auditor's determination of resources needed, and as noted in our response to Question 10, is not consistent with common practice under ISA 600 (Revised) for group audit engagements or interim review engagements. We suggest deleting the phrase "and often will" from the guidance.

c. Paragraph A64: The factors to consider do not reflect concepts in ISA 600 (Revised) and we believe all factors should be deleted or revised as follows:

i. Bullet one: See our response above; we do not believe involvement of component auditors in the audit of the annual financial statements should drive whether component auditors are involved in the group interim review engagement based on the different objectives and work effort for each type of engagement as well as potential differences in management's process for preparing interim financial information. We suggest deleting this bullet.

ii. Bullets two, three, and four: These bullets do not reflect considerations in ISA 600 (Revised). We suggest deleting these bullets as we do not believe it is appropriate for ED-2410 to introduce new considerations for the involvement of component auditors compared to ISA 600 (Revised). Additionally, the concept of unpredictability is not relevant to interim review engagements.

iii. Bullet five: This bullet is outdated as it reflects concepts from the previous version of ISA 600 related to significance of the component that were not brought forward into ISA 600 (Revised). We suggest deleting this bullet.

iv. Bullet six: we are unclear what is intended by "other review procedures at the group level." We suggest revising this bullet to align more closely with the definition of review procedures in ED-2410 and guidance in ISA 600 (Revised) to read: "It is ~~practicable~~ **possible for the group auditor** to perform ~~inquires and other~~ review procedures ~~at the group level or through shared service centers~~ **centrally or at the components without involving component auditors**."

v. Suggested new factor to consider #1: Add guidance that reflects the risk-based principles in ISA 600 (Revised) used to scope a group audit and determine appropriate resources. We suggest adding a bullet that reads: "**Material misstatements are likely to arise in the component's interim financial information, and the group auditor will be unable to obtain sufficient evidence without the involvement of a component auditor.**"

vi. Suggested new factor to consider #2: Add guidance that reflects the concept from ISA 600 (Revised) that the component auditor is a member of the engagement team. A key consideration related to this concept is the group auditor's involvement in the work of the component auditor. We suggest adding a bullet that reads: "**The group auditor will be able to be sufficiently and appropriately involved in the work of the component auditor.**"

d. Paragraph A65: We are concerned that this guidance is too vague and when read with paragraph 14, may result in some group auditors going back to ISA 600 (Revised) to draft communications to the component auditor. Additionally, the last sentence contradicts the requirements in paragraphs 94(a) to confirm component auditors have complied with the relevant ethical requirements, including those related to independence and 95(d)(iv) which requires the auditor to include a statement in their interim review report that the auditor is independent. We suggest deleting the last sentence from A65 and adding the matter to the requirement in paragraph 40: "If component auditors are involved, the group auditor shall communicate with the component auditors about **the relevant ethical requirements, including those related to independence,** the work to be performed…"

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

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

Overall response: **Neither agree/disagree, but see comments below**

Detailed comments (if any):

We support the IAASB's decision to add requirements and application material to promote consistent understanding and application of the auditor's responsibilities in an interim review engagement when fraud or suspected fraud or identified or suspected NOCLAR are identified. However, we believe the requirements and application material require further revision in order to be clearly understood and consistently applied. We are concerned that the proposed requirements and application material shifts the auditor's focus away from forming a conclusion about whether the interim financial information is free from material misstatement and introduces procedures to determine whether fraud or NOCLAR has a material effect (which would include such instances which are appropriately accounted for and introduces audit-like procedures that might be interpreted as providing more than limited assurance. Additionally, based on the discussion in the project plan and EM-2410, we expected the requirements and application material related to fraud and suspected fraud and identified and suspected NOCLAR in paragraphs 54-56 to be more parallel in construction. For example, as it relates to NOCLAR, there is no requirement to consider the possible effect on the reliability of managements representations even though such a requirement exists in ISA 250 (Revised). Additionally, several considerations related to the impact of NOCLAR on the interim review engagement are also applicable to the impact of instances of fraud. Should Staff disagree with the combined presentation below, we suggest identical separate requirements from paragraphs 54 and 55 to be presented for NOCLAR. We also identified inconsistencies in terminology and examples as compared to the ISAs, including references to immaterial office supplies instead of immaterial assets, references to identified or suspected non-compliance with laws and regulations, and the inclusion of a reference to clearly inconsequential instead of clearly trivial as described in ED-2410.

Related to ED-2410, we make the following drafting suggestions:

Fraud **and non-compliance with laws and regulations**

54. If the auditor becomes aware of fraud or suspected fraud **or identified or suspected non-compliance with laws and regulations**, the auditor shall: (Ref: Para. A99)

a. Obtain an understanding about the matter, including ~~about~~ **the nature of the matter and the circumstances in which it occurred,** the entity's process to investigate the matter and any remedial actions taken; and

b. Unless the fraud or suspected fraud **or identified or suspected non-compliance with laws and regulations** is clearly ~~inconsequential~~ **trivial**, obtain further information to evaluate ~~whether~~ **the possible effect of** the fraud or suspected fraud **or identified or suspected non-compliance**

with laws and regulations ~~may have a material effect~~ on the interim financial information. (Ref: Para. A100-**A100A**)

54A. If the auditor's understanding obtained in accordance with paragraph 54 indicates that the interim financial information may be materially misstated, the auditor is required to perform additional procedures in accordance with paragraph 70.

55. If the auditor identifies a misstatement due to fraud **or identified or suspected non-compliance with laws and regulations**, the auditor shall consider **the following in addition to the requirements in paragraphs 81 - 81B**: **(Ref. Para. A101-A102)**

a. the implications of the misstatement in relation to other aspects of the interim review engagement; and

b. The possible effect on the reliability of management's **written** representations.

~~Noncompliance with laws and regulations~~

~~56. The auditor shall respond appropriately to non-compliance or suspected non-compliance with laws and regulations identified during the interim review engagement by obtaining:~~

~~a. An understanding of the nature of the act and the circumstances in which it occurred; and~~

~~b. Further information to evaluate the possible effect on the interim financial information.~~

57. If the auditor becomes aware of instances of fraud or suspected fraud, or of ~~noncompliance~~ **identified** or suspected non-compliance with laws and regulations, the auditor shall:

a. Unless prohibited by law or regulation, communicate such matters on a timely basis with the appropriate level of management or with those charged with governance, as appropriate; and (Ref: Para. A103)

b. Determine whether law, regulation or relevant ethical requirements: (Ref: Para. A104-A106)

i. Require the auditor to report to an appropriate authority outside the entity; or

ii. Establish responsibilities or rights under which reporting to an appropriate authority outside the entity may be appropriate in the circumstances.

Fraud **and non-compliance with laws and regulations** (Ref. Para. 54-55)

~~A99. The procedures performed in accordance with paragraph 54 are for the purpose of helping the auditor evaluate whether the fraud or suspected fraud may have a material effect on the interim financial information. If this evaluation causes the auditor to believe that the interim financial information may be materially misstated, the auditor is required to perform additional procedures in accordance with paragraph 70.~~

A100. The auditor's understanding obtained in accordance with paragraph 54(b) may indicate that the fraud or suspected fraud **or identified or suspected non-compliance with laws and regulations** is clearly inconsequential. For example, management's follow up on information from the entity's whistleblower program may indicate that the suspected fraud was clearly inconsequential because it was limited to ~~a~~ **the** misappropriation of ~~certain low value office supplies~~ **immaterial assets by employees**.

A100A. [Relocated from A102 and shown with changes marked against A102] Responding appropriately to **identified or suspected** non-compliance with laws and regulations~~,~~ identified during the engagement~~,~~ may include taking action, such as:

- ~~Discussing the matter with management or those charged with governance, as applicable.~~ *[Deleted, addressed in paragraph 57b]*
- Requesting the entity to consult with an appropriately qualified third party, such as the entity's legal counsel or a regulator.
- Reading correspondence, if any, with the relevant licensing or regulatory authorities.
- ~~Considering the implications of the matter in relation to other aspects of the interim review engagement, including the auditor's identification of the areas in the interim financial information where material misstatements are likely to arise and the reliability of written representations from management.~~ *[Relocated to A101A and 55b]*
- ~~Considering the implications for the engagement to audit the entity's annual financial statements.~~ *[Deleted, the ISAs address the impact on the audit engagement and it is not appropriate to infer that ED-2410 includes requirements or guidance to consider when performing an audit of the annual financial statements]*
- ~~Obtaining legal advice about the consequences of different courses of action.~~ *[Relocated to A101A]*
- ~~Withdrawing from the engagement, if possible under law or regulation.~~ *[Relocated to A101A]*

A101. Because fraud involves incentive or pressure to commit fraud, a perceived opportunity to do so or some rationalization of the act, an instance of fraud is unlikely to be an isolated occurrence. Therefore, when a misstatement due to fraud is identified, the reliability of management's responses to inquiries and information obtained from other review procedures~~, and the reliability of written representations to be obtained in accordance with paragraphs 75 and 76,~~ may be called into question.

A101A. Other aspects of the interim review impacted by a misstatement due to fraud or an instance of identified or suspected non-compliance with laws and regulations may include:

- **The auditor's identification of where misstatements in the interim financial information are likely to arise.** *[Relocated from A100A]*
- **Obtaining legal advice about the consequences of different courses of action.** *[Relocated from A100A]*
- **Withdrawing from the engagement, if possible under law or regulation.** *[Relocated from A100A]*

~~Non-compliance with laws and regulations (Ref: Para. 56)~~

A102. [Relocated to A100A]

Communications with management and those charged with governance and reporting to an appropriate authority (Ref: Para. 57)

A103. In determining the appropriate level of management or those charged with governance with whom to communicate instances of fraud **or suspected fraud** or **identified or suspected** non-compliance ~~or~~ with laws and regulations, the auditor may consider whether management may have been involved in the fraud **or suspected fraud** or **the identified or suspected** non-compliance with laws and regulations and whether any of those charged with governance are involved in managing the entity.

A104. Relevant ethical requirements may include a requirement to report identified or suspected noncompliance with laws and regulations to an appropriate level of management or those charged with governance. In some jurisdictions, law or regulation may restrict the auditor's communication of certain matters with management or those charged with governance**.** Law or regulation may specifically prohibit a communication, or other action, that might prejudice an investigation by an appropriate authority into an actual or suspected illegal act, including alerting the entity, **for example, when the auditor is required to report the fraud to an appropriate authority pursuant to anti-money laundering legislation**. In these circumstances, the issues considered by the auditor may be complex and the auditor may consider it appropriate to obtain legal advice.

A105. [No change proposed to ED-2410] The determination required by paragraph 57(b) may involve complex considerations and significant professional judgments. Accordingly, the auditor may consider consulting internally (e.g., within the firm or a network firm) or on a confidential basis with a regulator or professional body (unless doing so is prohibited by law or regulation or would breach the duty of confidentiality). The auditor may also consider obtaining legal advice to understand the auditor's options and the professional or legal implications of taking a particular course of action.

Considerations specific to public sector entities

A106. A public sector entity may be obliged to report on instances of fraud or suspected fraud or ~~non-compliance~~ **identified** or suspected non-compliance with laws and regulations to the legislature or other governing body or to report such instances in the auditor's interim review report.

Going Concern

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: **Disagree, with comments below**

Detailed comments (if any):

We disagree with the proposed work effort requirements in ED-2410 related to going concern; we believe such requirements introduce requirements more akin to a reasonable assurance engagement than a limited assurance engagement. Typically, in a limited assurance engagement there is are conditional requirements to perform additional procedures if something comes to the attention of the practitioner. We are concerned that the introduction of such requirements and the reporting requirements discussed in our response to Question 13 blurs the lines between the purpose and work effort associated with a limited assurance engagement, which is not in the public interest.

We suggest that the public interest related to going concern as described in paragraph 58 of EM-2410 would be better served by using the requirements in paragraphs 43 and 62 as a starting point for going concern procedures. Conditional requirements could then be introduced that apply if a) the auditor believes a material misstatement is likely to arise in the interim financial information related to going concern; b) the auditor becomes aware of events or conditions that may cast significant doubt on the entity's ability to continue as a going concern; or c) management asserts that events or conditions at the date of the assessment for the most recent annual financial statements or interim review period have resolved during the interim period under review. We believe conditional requirements appropriately refocus the auditor's attention on management's disclosures rather than procedures that may suggest to intended users that the auditor is bringing forward their reasonable assurance conclusion from the audit of the annual financial statements. We are supportive of requirements proposed in paragraphs 62 – 65, with the drafting suggestions below, to satisfy these conditional requirements.

Additionally, we disagree with the inclusion of the requirements in paragraphs 58 – 61 which impose requirements on management that are inconsistent with the IASB's interim financial reporting framework. Although we acknowledge such inconsistency exists in ISA 570 (Revised 2024), which we disagreed with in our comment letter on that proposed standard, we believe the inconsistency is more pronounced in ED-2410 based on the nature of an interim review engagement compared to an audit engagement. The guidance in paragraph A108 creates further confusion as it is not clear what additional information management would provide if they have either not made an assessment or made an assessment that covers less than twelve months since the date of approval of the interim financial information since the auditor is still required to ask management to prepare an assessment or extend its assessment.

Related to ED-2410, we suggest deleting the requirements and related application material in paragraphs 58 – 61 and retaining paragraphs 62-65 and related application material, revised for the drafting suggestions below.

a. Add a new paragraph 63(a) to come before proposed paragraphs (a) – (c). The new paragraph would read:

    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 doubt on the entity's ability to continue as a going concern, the auditor shall:

    (a) <u>Inquire of management as to whether it has performed a specific assessment of the entity's ability to continue as a going concern. (Ref: Para. A107). (Ref: Para. A107)</u>

    (b) ~~Perform inquires~~**<u>Inquire</u>** of management as to its plans for future actions…

    […]

b. Revise the application material in paragraph A107 to remove references to the reporting framework for the annual financial statements as such requirements of management are not relevant in the context of the inquiries in paragraph 63. Hook the guidance in this paragraph to the newly proposed paragraph 63(a) as suggested above.

A107. ~~Some financial reporting frameworks contain an explicit requirement for management to make a specific assessment of the entity's ability to continue as a going concern when preparing the annual financial statements and include standards regarding matters to be considered and disclosures to be made in connection with going concern.~~ The financial reporting framework used to prepare the interim financial information may ~~also~~ require management to make an assessment of the entity's ability to continue as a going concern.

c. Revise the application material in paragraph A112 to remove the second example which implies that recalculation is a sufficient response related to management's intent to carry out its stated intentions and plans to address events or conditions identified.

d. Clarify that the work effort in paragraph 64 is focused on determining whether the interim financial information is materially misstated by revising to read:

64. Based on the evidence obtained from the review procedures performed, evaluate whether anything has come to the auditor's attention that **<u>indicates the interim financial information may be materially misstated</u>**:

a. […]

e. Delete paragraph 65 as this is the only review procedure requirement which references the auditor's responsibilities related to disclosures in the interim financial information. While we understand the public interest nature of going concern disclosures, we believe the requirement in paragraph 92(d)(vi) is adequate and the repetition of such requirements in ED-2410 is not consistent with the IAASB's CUSP Drafting Principles and Guidelines.

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: **<u>Disagree, with comments below</u>**

Detailed comments (if any):

We are concerned that the introduction of proposed reporting requirements for engagements where nothing has come to the auditor's attention to indicate that a material uncertainty related to going concern exists in the interim period blur the lines between the purpose and work effort associated with a limited assurance engagement compared to an audit engagement, which is not in the public interest. See also our response to Question 14.

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):

As noted in our overall response to Question 13, we believe the required statements ED-2410 paragraph 108 in the auditor's report for engagements where nothing has come to the auditor's attention to indicate that a material uncertainty related to going concern exists in the interim period may result in an expectations gap for intended users of the interim financial information, even with the caveat in the auditor's report that their statements are not a guarantee as to the entity's ability to continue as a going concern. For an engagement where no material uncertainty exists, including the proposed statements in the auditor's review report may be interpreted as suggesting that, as a result of performing review procedures, the auditor is bringing forward their conclusion related to going concern from the most recent audit of the annual financial statements. As such, we disagree with the IAASB's rationale in EM-2410 paragraph 76. It is not the auditor's remit to provide an update on the latest complete set of annual financial statements; it is the auditor's responsibility to indicate whether anything came to their attention to indicate the interim financial information (which is typically not a complete set of financial statements) may be materially misstated. Furthermore, we believe such requirement contradicts guidance in ED-2410 paragraph A108 which indicates that management may perform, and the auditor may accept, a less robust assessment of the entity's ability to continue as a going concern at an interim date. Since financial reporting frameworks for annual financial statements only include a requirement for management to make one evaluation of the entity's ability to continue as a going concern, we believe it is reasonable to presume that management will ordinarily perform a less robust assessment of the entity's ability to continue as a going concern at an interim date unless the financial reporting framework used to report interim financial information specifies otherwise. We believe the required statements in ED-2410 paragraph 108 should be deleted from the proposed standard, which would also result in ED-2410 being more closely aligned with ISRE 2400 (Revised) which does not include this requirement.

We support the inclusion of an exception-based emphasis of matter or other matter paragraph in the auditor's report for the scenarios described in ED-2410 paragraphs 109 – 114. However, based on the nature of an interim review engagement, we believe caution is needed to avoid such paragraphs being interpreted as a conclusion on a specific matter. As such, we support the proposed requirements in ED-2410 paragraphs 109-110, 113, and 114, except for the requirements in 109(f), 110(f), and 112(c) which require the auditor to include statements in ED-2410 paragraph 108(a) and (c). Refer to our response to Question 13(c) related to ED-2410 paragraph 111.

(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: **Disagree, with comments below**

Detailed comments (if any):

We agree that the scenarios in ED-2410 paragraphs 108-111 are frequently encountered in practice. However, we also believe the scenario in EM-2410 paragraph 79 (events and conditions that previously gave rise to a material uncertainty related to going concern have resolved during the interim period) is also frequently encountered in practice. In our experience, it is common for such matters to be resolved during an interim period as the resolution does not necessarily align with the annual reporting period. For example, debt refinancing transactions and capital infusions commonly occur at dates other than the date of the annual financial statements as management works to secure the entity's financial stability as quickly as possible after material uncertainties related to going concern have been identified. We believe it is appropriate to address such a scenario in ED-2410 via an emphasis of matter or other matter paragraph.

Refer to our response to Question 13(c) related to ED-2410 paragraph 111.

(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: **Disagree, with comments below**

Detailed comments (if any):

We disagree with the requirement in ED-2410 paragraph 111 as we do not think such a matter rises to the level of importance necessary to require an emphasis of matter or other matter paragraph in the auditor's report based on the nature of the interim review engagement. Furthermore, given the guidance in ED-2410 paragraph A108 which indicates that management may perform, and the auditor may accept, a less robust assessment of the entity's ability to continue as a going concern at an interim date, we question whether the auditor would have obtained sufficient information to determine whether a close call does in fact exist.

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: **<u>Disagree, with comments below</u>**

Detailed comments (if any):

Given the fact that many jurisdictions do not currently require the auditor to provide a written review report that accompanies the interim financial information, we believe the proposed structure of the auditor's interim review report in ED-2410 may exacerbate intended users' expectations gap as it relates to the nature and work effort of an interim review engagement based on the similarities in structure of the written report that accompanies the audited annual financial statements. We believe the requirement to provide a written review report should continue to reside with the jurisdiction and the related reporting requirements in ED-2410 should be conditional based on those jurisdictional requirements.

We continue to support the IAASB's recommendations from their post-implementation review of the auditor reporting standards completed in 2021 that the form, structure, and presentation of assurance and audit reports are intentionally different to enable intended users to clearly distinguish their different purpose and scope. Based on the lack of evidence presented in EM-2410 indicating that intended users desire assurance and audit reports to be more closely aligned in form, structure, and presentation and the short period of time that has elapsed since the post-implementation review, we do not believe the proposed requirements in ED-2410 are the appropriate mechanism to explore whether stakeholders disagree with the IAASB's recommendations from the post-implementation review.

Additionally, we are concerned that including seven pages of reporting requirements related to 18 pages of performance requirements is putting a disproportionate focus on the interim review report itself.

If the IAASB chooses to proceed with required reporting, we agree that the following requirements in ED-2410 are appropriate for clarifying the nature and work effort of an interim review engagement for intended users of the interim financial information:

a. Paragraph 95(d)(iii)(a)-(c), which describes the purpose of the interim review engagement, difference between the level of assurance obtained as compared to that obtained in an audit of the annual financial statements, and the nature and extent of procedures performed as compared to an audit.

b. Paragraph 95(f)(i)-(ii), which describes the responsibility of management, or those charged with governance, as appropriate, related to the interim financial information. However, we remain concerned that the requirement in paragraph 95(f)(iii) goes beyond the requirements of management as described in many financial reporting frameworks and thus may not be a technically accurate statement in the auditor's review report.

c. Paragraph 97, which expresses the auditor's conclusion on the interim financial information in the negative form, stating that nothing has come to the auditor's attention, which we believe is important for intended users to understand as the basis for the auditor's conclusion.

Additionally, we agree with the IAASB's decision not to include a section in the auditor's report that is conceptually analogous to key audit matters in ISA 701 for the reasons described in EM paragraph 67(d).

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 believe the application material and illustrative reports in ED-2410 provide sufficient guidance for the auditor's interim review conclusions and related interim review report, whether the applicable financial reporting framework is a fair presentation framework or a compliance framework.

Other Matters

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):

We raise the following additional concerns related to ED-2410 (presented in the order in which the requirement paragraph itself or the requirement paragraph hooked to the identified application material appears in ED-2410):

a. Paragraphs A3-A4 appear to be extraneous based on the statement that ED-2410 does not apply to engagements performed under ISRE 2400 (Revised) in a future project. Such guidance may be more applicable if relocated to ISRE 2400 (Revised). We do not believe the statements in ED-2410 paragraph 3 require any application material and suggest deleting paragraphs A3-A4.

b. Given ED-2410 is drafted with the "auditor as expert" lens, we believe paragraph 4 describing the objective of ISQM 1 and its relevance to review engagements would be more complete if it were replaced with the language from ISA 220 paragraphs 2 and 3.

c. Paragraph A6: We suggest removing the reference to "or possibly audited" as an audit of interim financial information is not within the scope of ED-2410.

d. To the extent proposed definitions in ED-2410 represent a third proposed definition in the Glossary, we express a preference to conform to the most broadly applicable definition in the Glossary to avoid confusion that slight differences in wording may have an outsized impact on the meaning of the term. Specifically, we recommend:

   i. Inquiry: we don't believe the definition of inquiry should be different than the definition used for other assurance and audit engagements and recommend conforming the definition in ED-2410 with the definition in the Glossary. While we note that there is a separate defined term for ISRE 2400 (Revised) engagements, we believe the defined term broadly applicable to other IAASB standards is more relevant to an interim review engagement with the addition of procedures related to fraud and NOCLAR.

   ii. Interim financial information: the proposed term and definition are not consistent with the definition of "interim financial information" in the Glossary and it is unclear why a different definition in ED-2410 is necessary.

   iii. Limited assurance: the proposed definition is not aligned with the definition of "Assurance engagement – Limited assurance engagement" or "Limited assurance (in the context of ISRE 2400 (Revised))" in the Glossary and it is unclear why a different definition in ED-2410 is necessary.

   iv. Other information: the proposed definition is not consistent with the term as defined in the ISAs or in ISAE 3000 (Revised) and it is unclear why a different definition in ED-2410 is necessary.

e. We find paragraph 14 and related application material in paragraph A12 inconsistent with the approach to other terms which are defined in the Glossary but for which an adapted definition has been included in paragraph 13 of ED-2410, including those terms discussed in item d of our response to this question. This drafting approach may cause auditors to have different interpretations of whether other terms in the Glossary should also be adapted and applied to interim review engagements. As such, we suggest deleting this paragraph and either staying silent on group audit related terms in the Glossary or adapting and adding the group audit related terms to ED-2410.

f. Paragraph A41 has been summarized in a manner that is inconsistent with ISQM 1 paragraph 32 to which it refers to. ISQM 1 paragraph 32 indicates that the firm shall establish objectives that address obtaining, developing, using, maintaining, allocating, and assigning resources in a timely manner to enable the design, implementation, and operation of the system of quality management. Within ED-2410, however, the summarized requirement could be read as the engagement partner determining appropriate resources are made available to the engagement team to perform the engagement efficiently, especially given the focus on technological tools in the latter half of the sentence. We believe the focus of paragraph A41 should be on assigning the right resources in a timely manner. We suggest revising ED-2410, paragraph A41 to read: "…In determining that sufficient appropriate resources are made available to the engagement team ~~to perform the engagement in a timely manner~~, the engagement partner may consider…" Additionally, we suggest revising the footnote to refer to ISQM 1 paragraph 32(f) as the focus of the application material is on technological resources.

g. Paragraph A43 indicates that it is ED-2410 which establishes the requirement that the engagement partner is precluded from dating the engagement report until they have been notified that the engagement quality review is complete; however, this requirement is established in ISQM 2. We suggest revising ED-2410 paragraph A43 to read: "When an engagement quality review is performed, the engagement quality reviewer is required to notify the engagement partner when the review is complete.[13] ~~Therefore, this ISRE requires that the interim review report not be dated until the completion of the engagement quality review (see paragraph 95(i))~~ **The engagement parter is precluded from dating the engagement report until notification has been received from the engagement quality reviewer that the engagement quality review is complete.[13A] See also paragraph 116.**" New footnote 13A should refer to ISQM 2 paragraph 24(b). We also believe paragraph 116 is a more relevant internal reference since paragraph 95(i) refers to paragraph 116.

h. Paragraph 26 addresses scenarios when the preconditions in paragraph 25 are not present. ISA 210 paragraphs 19 and 20 include additional requirements when the auditor has determined that the financial reporting framework prescribed by law or regulation would be unacceptable but for the fact that it is prescribed by law or regulation. We believe both paragraphs from ISA 210 are also relevant for review engagements and suggest that the IAASB add such requirements to ED-2410, paragraph 26.

i. Paragraph A50 appears to contradict the requirements in ED-2410 paragraphs 59 and 60 which require the auditor to request management to assess the entity's ability to continue as a going concern for a period of at least twelve months from the date of approval of the interim financial information. We suggest revising paragraph A50 to read as follows: "The interim financial information of an entity is prepared by management of the entity with oversight from those charged with governance. This ISRE ~~does not impose responsibilities on management or those charged with governance, nor~~ does not override law or regulation that govern the responsibilities of management at the entity or those charged with governance. An interim review engagement in accordance with this ISRE is conducted on the premise that management, and where appropriate, those charged with governance have acknowledged certain responsibilities that are fundamental to the conduct of the interim review engagement. The review of the interim financial information by the entity's auditor does not relieve management or those charged with governance of their responsibilities."

j. Paragraph A62 includes a reference to "the nature and significance of the matter" within the lead-in paragraph. We suggest revising to read "the significance and nature of the matter" to match the wording in ISA 260 (Revised), paragraph A49. Within the list of examples, we make the following recommendations:

   i. Bullets one through three: these examples are required communications in ED-2410, paragraph 57. As such, we suggest revising the lead-in to avoid suggesting that such communications are optional since the lead-in includes the phrase "may be significant." We suggest deleting bullets one through three and relocating such bullets to paragraph 57(a) and revising the lead-in to the examples in paragraph A62 to read: "Matters that may be significant for the responsibilities of those charged with governance**, in addition to those matters required to be communicated in accordance with paragraph 57 may include**:.."

   ii. Bullet four, sub-bullet two: ISA 260 (Revised) refers to significant matters on which there was disagreement with management, which is a higher bar compared to the proposed requirement in ED-2410 for an interim review engagement. We suggest revising ED-2410 to read: "Areas of **significant** disagreement with management, including any areas of management bias"

iii. Bullet five, sub-bullet one: We suggest clarifying that the auditor performs review procedures. We suggest revising ED-2410 to read: "Significant delays by management, the unavailability of entity personnel, or an unwillingness by management to provide information necessary for the auditor to perform **review** procedures."

k. Paragraph 43(b) and related paragraphs 43(b), 44, 99(b), A72, A76, A86, and A102: We do not agree with the IAASB's discussion in EM-2410 related to the phrase "areas". The discussion in the EM states that the meaning in ED-2410 is intended to be consistent with the same meaning in the dictionary, however, when we look up the term "area" in the dictionary, that definition does not match the description in the EM. We also do not see where the board members' requested clarification and application material related to how "areas" could be applied differently in practice was added to ED-2410. Our outreach also identified translation concerns related to the term "area," refer to our response to Question 17. We suggest the IAASB remove the reference to "area" in paragraph 43(b) to simplify the requirement and revise to read: "Based on that understanding, identify ~~areas in the interim financial information~~ where material misstatements **in the interim financial information**, whether due to fraud or error, are likely to arise." Other paragraphs referenced at the beginning of this item should be updated to use this same wording. We also request the IAASB add guidance to explain what is meant by the phrase "likely to arise." It is not clear if this phrase is intended to be used as explained in the IAASB's CUSP Drafting Principles and Guidelines to mean more often than unlikely but less than often or if a different threshold is intended.

l. The flow of application material related to the requirements in paragraphs 44 – 46 could be reorganized to improve readability. We believe readability and understanding of the auditor's responsibilities for and execution of analytical procedures would be improved by relocating the requirement in paragraph 46 and related application material to come directly after paragraph 44.

m. Paragraph 49(b) is missing a reference to the applicable financial reporting framework. We suggest revising to read: "Whether related party transactions have been appropriately accounted for and disclosed in the interim financial information **in accordance with the applicable financial reporting framework**."

n. Paragraph 50 includes a typographical error. We suggest revising to read: "The auditor shall remain alert for information that may indicate the existence of related party relationships~~,~~ or transactions that management has not previously identified or disclosed to the auditor."

o. Paragraph A83 is duplicative based on the definition of review procedures in paragraph 13 and guidance in paragraph A63. We suggest deleting paragraph A83.

p. Paragraph A86, bullet two uses the phrase "may indicate that a material misstatement of the interim financial information may exist." It's unclear if this phrase is intended to have a different meaning than the guidance in bullet one of this same paragraph or the related requirement in paragraph 44. We suggest revising Paragraph A86 bullet two to read: "Identifying **material** inconsistencies or variances from expected trends, values or norms in the interim financial information~~, which may indicate that a material misstatement of the interim financial information may exist~~."

q. Paragraph A86 bullets three and four introduce a new concept for analytical procedures related to "obtaining evidence" as compared to ISRE 2400 (Revised) which may imply the auditor is performing procedures beyond review procedures or otherwise applying concepts from ISA 500. We suggest revising the guidance to align more closely with the concepts in ISRE 2400 (Revised) paragraph A88 bullets three and four as follows:

i. **Providing** ~~Obtaining~~ evidence that may corroborate or contradict information in the interim financial information, or be consistent or inconsistent with ~~other evidence obtained~~ **the results of other review procedures**.

ii. **Serving as additional review procedures** ~~Obtaining evidence~~ in accordance with paragraph 70, when the auditor becomes aware of matter(s) that may cause the auditor to believe that the interim financial information may be materially misstated.

r. Paragraph A98, bullet four discusses the reliability of information as a relevant consideration of whether information to be used for analytical purposes is adequate for the intended purposes of those procedures. The context of the guidance in this bullet could be interpreted to mean that the IAASB intends for auditors to test controls designed to ensure the integrity of such information, which would be inconsistent with the work effort expected for an interim review engagement and may lead some auditors to believe they should be referring to and adapting ISA 500 for purposes of the interim review. We suggest revising the bullet to be more consistent with the guidance in ISRE 2400 (Revised) to read: "~~The reliability of the information, including the~~ **The** knowledge and expertise involved in the preparation of the information, and related controls that are designed to ensure its integrity (completes, accuracy and validity). Such controls may include, for example, controls over the preparation, review and maintenance of budgetary information."

s. Paragraphs 92(d)(v)(ii) and related application material in paragraph A139 bullet two refer to the auditor's considerations of the reasonableness of accounting estimates when forming a conclusion on the interim financial information. Such work effort is not consistent with an interim review engagement and there is no requirement for the auditor to perform specific review procedures related to management's estimates. We also don't believe such requirements are appropriate for interim financial information, which is often not a complete set of financial statements. We suggest deleting paragraph 92(d)(v)(ii) and related application material in paragraph A139 bullet two.

t. Paragraph A145 bullet one references risk assessment procedures performed for the interim review engagement. Such work effort is not consistent with an interim review engagement and there is no corresponding requirement for the auditor to perform such procedures. We suggest revising paragraph A145 bullet one to read: "Lack of timely review by the engagement partner of ~~the risk assessment procedures performed and the planned~~ inquiries, analytical procedures, and other review procedures." We also suggest relocating this bullet to come after bullet three as the engagement partner's review of work comes after supervising and directing them in performing the work.

u. Paragraph 91: We suggest revising so that the conclusion the auditor is required to reach in this paragraph is more closely aligned with the objective of an interim review engagement in ED-2410 paragraph 6. We suggest revising paragraph 91 to read: "The auditor shall form a conclusion about whether the interim financial information **as a whole** is free from material misstatement."

v. Paragraph 92(b): This paragraph requires the auditor to consider qualitative aspects of the entity's accounting practices, however there is no explicit performance requirement for the auditor to consider such matters when performing review procedures. As such, we suggest deleting this paragraph to avoid imposing a requirement upon the auditor that was not explicitly contemplated when performing the interim review.

w. Paragraph 92(d): the required management representation is different than the responsibility that management acknowledges in ED-2410 paragraph 25(b)(ii). We suggest revising paragraph 92(d) to align with paragraph 25(b)(ii) to read: "It acknowledges its responsibility for ~~the design, implementation and maintenance of~~ **such** internal control ~~to prevent or detect~~ **necessary to enable the presentation of interim financial information that is free from material misstatement, whether due to** fraud **or error** and has appropriately fulfilled those responsibilities; and"

x. We identified inconsistencies in how certain phrases and terms are used internally within ED-2410:

i. In several instances, the phrase "an applicable financial reporting framework" is used in paragraph 13(e)instead of "the applicable financial reporting framework." We request the IAASB revise such reference to align the phrase in the identified paragraphs with the definition of "applicable financial reporting framework" in ED-2410 paragraph 13(b) and paragraphs related to professional judgment and professional skepticism.

ii. The phrase "practitioner" is used in paragraph 34(e) instead of "auditor."

iii. We noted that the phrase "annual and interim financial information" is used in paragraphs 43(a), 45(g), A75, and A77 instead of the phrase "annual financial statements and interim financial information." We request such references be corrected to refer to "annual financial statements or interim financial information."

y. We identified several outdated terminology references which are no longer used in the ISAs, including:

a. References to "significant accounting estimates" in paragraphs 45(d) and A74. Such phrase is no longer used in ISA 540 (Revised).

b. References to "meetings of owners" in paragraph A94. The phrase used in recently approved ISAs is "meetings of shareholders."

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? 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: **Yes, see comments on translation below**

Detailed comments (if any):

In our outreach, we heard concern that the phrase "areas where material misstatements are likely to arise" may be difficult to preserve in translation. For example, the most natural Spanish equivalents (such as *partidas*, *rubros*, *cuentas* or *áreas*) may narrow the concept or, in the case of *áreas*, be understood as referring to organizational areas. As noted in our response to Question 16 related to paragraph 43(b), we have suggested drafting language to avoid confusion around what is intended by referencing "areas" in this requirement. Alternatively, the IAASB could add application material clarifying the intended scope of the term to help preserve that meaning consistently across languages.

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? *(See Section I-I, paragraphs 85-86 in the EM)*

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

Detailed comments (if any):

We agree that the 18-month implementation period is sufficient to support effective implementation of ED-2410.

We request the IAASB deliberate whether it is appropriate to coordinate final approval of ED-2410 with the final approval date of the Audit Evidence and Risk Response project given the fundamental nature of that standard, the proposed inclusion of Appendix 3 to ED-500 related to the use of technology, and questions around changes to the definition of "analytical procedures." Given the overlap in comment periods for these two projects, we think it is important for the IAASB to complete its deliberation on comments received related to the Audit Evidence and Risk Response project before approving ED-2410.

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: **Yes, with comments below**

Detailed comments (if any):

We believe it is clear that Section 405 of the IESBA Code applies to group review engagements. However, we considered the IESBA FAQs on group audit engagements and noted that the FAQs do not reference "interim review" and the use of "review" within does not appear in the context of a review engagement. We support a future action by the IESBA to 1) add a reference to interim review engagements within the IESBA FAQs on group audit engagements; and 2) further consider whether clarification between "interim review" and "review" is needed. We believe any such actions should be published and available for practitioners to use at the same time that ED-2410 is approved as final.

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: **Yes, with comments below**

Detailed comments (if any):

We believe further clarification is needed regarding the application of Section 360 related to identified or suspected non-compliance with laws and regulations to interim review engagements for the following reasons:

a. Section 360 sits outside of Part 4A of the IESBA Code, so the definition of "audit" as including "reviews" within Part 4A does not establish the applicability of Section 360 to review engagements.

b. Paragraphs R360.29 – R360.33 address professional services other than financial statement audits, which could reasonably include reviews. However, the related communication examples refer to non-audit services provided to an audit client, potentially suggesting a narrower scope.

c. Paragraph 120 of the IESBA's NOCLAR Basis for Conclusions clarifies that for purposes of Section 225 [now Section 360], a non-audit service may include an assurance engagement other than a financial statement audit, such as a review. Although EM-2410 paragraph 27(b) states that an interim review engagement is a non-audit service, the connection is not intuitive.

Accordingly, we believe the IESBA should consider updating the IESBA Code to explicitly state that non-audit services include review engagements and that the NOCLAR provisions apply to such engagements. Alternatively, the IESBA should consider issuing non-authoritative material to explain the application of the NOCLAR provisions to review engagements. We believe such updates should be published and available for practitioners to use at the same time that ED-2410 is approved as final.

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.