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)	Ernst & Young Global Limited
Name(s) of person(s) responsible for this submission (or leave blank if the same as above)	
Name(s) of contact(s) for this submission (or leave blank if the same as above)	Amy King, Global Assurance Vice Chair- Professional Practice
E-mail address(es) of contact(s)	Amy.King@eyg.ey.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).	Ernst & Young Global Limited is the central coordinating entity of the Ernst & Young organization

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

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

Click or tap here to enter text.

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

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

Overall Impact

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 support the International Auditing and Assurance Standard Board's (IAASB) issuance of ED-2410 and agree that updates to the standard are necessary to establish a global baseline for consistent performance and reporting on interim review engagements. However, we have some overarching concerns about whether the proposal is responsive to the public interest, as described below.

Description of the level of limited assurance needed for an interim review engagement

Given the qualitative standard-setting characteristics identified as being of most relevance in the project proposal (per Appendix 1 of the Explanatory Memorandum), particularly the implementability of ED-2410, its ability to be applied consistently and globally operable across entities of varying sizes and jurisdictions, and its coherence with the broader suite of IAASB standards, we believe it would be in the public interest for the IAASB to provide further clarification regarding the level of limited assurance expected in an interim review engagement.

We note that ED-2410 states that limited assurance is a level of assurance that is, in the auditor's professional judgment, meaningful, and that to be meaningful, the level of assurance obtained by the auditor is likely to enhance the intended users' confidence about the interim financial information to a degree that is clearly more than inconsequential (ED- 2410.13(f)). Consistent with both the *International Framework for Assurance Engagements* and ISRE 2400 (Revised), *Engagements to Review Historical Financial Statements*, the level of assurance provided in limited assurance engagements may vary across a spectrum, ranging from a level only marginally above that which is clearly more than inconsequential to a level approaching, but remaining below, reasonable assurance (International Framework for Assurance Engagements, paragraph 16).

While we agree with the description of limited assurance in the context of assurance engagements generally, we believe ED-2410 presents an opportunity for the IAASB to provide greater direction regarding where an interim review engagement is expected to fall within that spectrum. In our view, such clarification would promote more consistent application of the standard globally, enhance its operability across a wide range of circumstances and achieve greater alignment with the IAASB's stated public-interest objectives.

Specifically:

- The proposed requirements substantially expand and strengthen the work effort expected in an interim review engagement, including new or enhanced requirements addressing materiality, fraud, non-compliance with laws and regulations (NOCLAR), going concern, related parties, comparative information and group interim reviews. Given the nature and extent of these requirements, we do not believe it is appropriate to imply that an engagement performed in accordance with ED-2410 could result in a level of assurance that is only marginally above "clearly more than inconsequential".

- In our view, there is a disconnect between the breadth and depth of the procedures contemplated by ED-2410 and the broad range of limited assurance levels described in the *International Framework for Assurance Engagements*. We believe the IAASB has an opportunity to further clarify the level of assurance expected under ISRE 2410 by more clearly articulating where an interim review engagement is intended to fall within the spectrum of limited assurance, given the nature and extent of the procedures required by the standard. We also encourage the IAASB to provide guidance to assist auditors in considering the characteristics of the entity and the needs and expectations of intended users when exercising professional judgment about the appropriate level of assurance to be obtained within that spectrum.

Absent such clarification, there is a risk that auditors performing engagements for similar entities under ED-2410 could issue reports based on substantially different levels of assurance. We do not believe such variability would be consistent with the IAASB's objective of establishing a global baseline for the consistent performance of interim review engagements. We also note that, unlike certain other limited assurance standards (e.g., ISSA 5000), ED-2410 does not require the auditor's report to include a summary of the work performed to support the limited assurance conclusion. While paragraph 95(d)(iii) of ED-2410 requires a statement regarding limited assurance, the prescribed wording is necessarily generic and may be interpreted inconsistently by intended users. This further underscores the importance of clearly articulating the level of assurance expected under ED-2410 and the nature of the work effort that supports that conclusion.

Clarity of the meaning of "likely" in the assurance standards

Paragraph 44 of ED-2410 states that "The auditor shall design and perform inquiries, analytical procedures and other review procedures that focus on addressing areas in the interim financial information where material misstatements are *likely* to arise." Similarly, paragraph 70 of ED-2410 states that "If the auditor becomes aware of a matter(s) that causes the auditor to believe the interim financial information may be materially misstated, the auditor shall design and perform additional procedures to obtain further evidence until the auditor is able to conclude that the matter(s) is *not likely* to cause the interim financial information as a whole to be materially misstated…".

We acknowledge that this same terminology is used in both ISRE 2400 paragraph 57 and ISSA 5000, *General Requirements for Sustainability Assurance Engagements,* paragraph 148L. However, we believe the IAASB has an opportunity to clarify the meaning of **"likely"** in the context of limited assurance engagements, similar to the clarification provided in ISA 200 regarding the meaning of **"could"** in the ISAs. As part of the ISA 315 (Revised 2019), *Identifying and Assessing the Risks of Material Misstatement,* project, ISA 200, *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing,* was revised to clarify that "could" equates to a "reasonable possibility" (refer to ISA 200 paragraphs 13(n), 13(e) and A16).

Clarifying the meaning of "likely" would promote more consistent judgments regarding the areas that should be the focus of review procedures, when additional procedures are necessary, and when sufficient appropriate evidence has been obtained. Because the same terminology is used in other IAASB limited assurance standards, such clarification could also support more consistent application of limited assurance standards more broadly.

We believe any clarification of the term **"likely"** should articulate a threshold that is higher than the **"could"** or **"reasonable possibility"** threshold used in the ISAs. As acknowledged in paragraph A72, ED-2410 does not require the auditor to identify and assess risks of material misstatement, and the requirement to focus review procedures on areas where material misstatements are **likely** to arise is therefore distinct from the audit risk assessment model. Accordingly, "likely" should not be interpreted as encompassing all areas that could reasonably give rise to a material misstatement. A clearer distinction between these concepts would help ensure that the nature and extent of review procedures remain aligned with the objectives and proportionate nature of a limited assurance engagement.

Concerns regarding the Going Concern reporting proposals

As it relates to the reporting proposals included in ED-2410, we do not believe that certain of the proposals related to Going Concern are in the public interest. Refer to our response to Question 13.

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

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

Detailed comments (if any):

Provided the clarifications discussed in our response to Question 1 are made to narrow the range of limited assurance for an interim review engagement, we agree that the proposed standard achieves an appropriate balance between the need for more robust requirements in the public interest in certain areas and the work effort to express a limited assurance conclusion. In particular, we believe further clarification is necessary to avoid any implication that the level of limited assurance in an interim review engagement could be only marginally above a “more than clearly inconsequential” threshold.

It is also important that users of the interim financial information clearly understand the distinction in work effort by the auditor between an audit and an interim review. An interim review involves significantly less work effort than an audit and should not be viewed as an update of the conclusions reached for the audit of the annual financial statements. Accordingly, the auditor's review report should communicate the nature and limitations of the engagement, as well as matters fundamental to user’s understanding of the interim financial information, in a clear and understandable manner that does not risk a widening of the expectation gap. Refer to our comments on going concern reporting in response to Question 13.

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: **Yes (with no further comments)**

Detailed comments (if any):

Click or tap here to enter text.

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: **Yes, with comments below**

Detailed comments (if any):

While we are supportive of the enhancements to the introduction section of ED-2410, we believe certain paragraphs in the introduction section and throughout the standard could be clarified to better align with the wording in the auditor's conclusion in the interim review report and provide greater consistency throughout the standard.

Paragraph 97 of ED-2410 requires the auditor to express an unmodified conclusion when the auditor concludes, "based on the procedures performed and evidence obtained, that nothing has come to the auditor's attention that causes the auditor to believe that the interim financial information is not prepared, in all material respects, in accordance with the applicable financial reporting framework."

We suggest the IAASB better align the descriptions of the auditor's conclusions throughout the standard to the wording in the interim review report as follows:

- Paragraph 6: In an interim review engagement, the auditor expresses a conclusion designed to enhance the degree of confidence of intended users about an entity's interim financial information, prepared by management in accordance with an applicable financial reporting framework. The auditor's conclusion, *as to whether anything has come to the auditor's attention that causes the auditor to believe that the interim financial information is not prepared, in all material respects, in accordance with the applicable financial reporting framework,* is based on obtaining limited assurance *from the performance of review procedures* ~~about whether the interim financial information as a whole is free from material misstatement. The auditor performs review procedures to obtain sufficient appropriate evidence as the basis for the limited assurance conclusion~~.
- Paragraph 11: In conducting a review of interim financial information, which is a limited assurance engagement, the objectives of the auditor are:

  (a) To obtain *sufficient appropriate evidence*, ~~limited assurance *engagement*~~, ~~about whether the interim financial information as a whole is free from material misstatement, whether due to fraud or~~

~~error, thereby~~ to enable the auditor to express a conclusion about whether anything has come to the auditor's attention that causes the auditor to believe that the interim financial information is not prepared, in all material respects, in accordance with an applicable financial reporting framework; and…

- Paragraph 89: The auditor shall evaluate whether sufficient appropriate evidence has been obtained from the review procedures performed to enable the auditor to form a conclusion on the interim financial information…[no changes proposed, included for context]
- Paragraph 91: The auditor shall form a conclusion, *based on the evidence obtained, as to whether anything has come to the auditor's attention that causes the auditor to believe that the interim financial information is not prepared, in all material respects, in accordance with the applicable financial reporting framework* ~~about whether the interim financial information is free from material misstatement~~.

In addition, paragraph 9 states that an interim review engagement "does not provide a basis for expressing an audit opinion about whether the interim financial information is free from material misstatement". We suggest that the IAASB align this wording with ISA 700.25 and ISA 700.26, for example, by stating that an interim review does not provide a basis for expressing an opinion on whether the financial information is presented fairly (or is prepared), in all material respects, in accordance with the applicable financial reporting framework.

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: **Yes, with comments below**

Detailed comments (if any):

We agree that ED-2410 is sufficiently clear that all procedures performed for the purpose of achieving the overall objective of the interim review engagement are "review procedures". However, we encourage the IAASB to clarify the meaning of **"areas in the interim financial information"**, which is central to the risk-focused approach in paragraphs 43(b) and 44.

While this concept is not currently explained in the proposed standard, paragraph 47 of the Explanatory Memorandum provides useful guidance by noting that an area may be broader than a class of transactions, account balance, or disclosure and, depending on the circumstances, may comprise individual line items and related disclosures or groups of such items.

We recommend incorporating similar guidance into the application material of ED-2410. Doing so would promote a more consistent understanding and application of the concept and provide auditors with a clearer basis for identifying the areas on which review procedures should be focused.

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 no further comments)**

Detailed comments (if any):

Click or tap here to enter text.

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 no further comments)**

Detailed comments (if any):

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

Detailed comments (if any):

Click or tap here to enter text.

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: **Agree, with comments below**

Detailed comments (if any):

As review engagements are fundamentally different from audits, both in their objective and in the nature of the procedures performed, group auditors should retain flexibility to determine the most appropriate approach for obtaining limited assurance based on the facts and circumstances of the group interim review engagement.

In many group interim review engagements, review procedures, including inquiries and analytical procedures, can be performed effectively at the group level without involvement of component auditors, which is acknowledged in ED-2410 paragraph A63.

We are concerned, however, that the statement in paragraph A63 indicating that component auditors "often will" be involved in a group interim review engagement may overstate the extent to which such involvement is typically necessary. To avoid implying a presumption of component auditor involvement and to preserve the flexibility and scalability intended by paragraph 39, we suggest the following revision to paragraph A63:

> "…Alternatively, the group engagement partner may~~, and often will,~~ determine that the component auditors are to be involved…"

When component auditors are involved, we believe ED-2410 would benefit from additional application material related to the communication between the group auditor and the component auditor as well as the involvement of the group auditor in the work of the component auditor as part of a group interim review engagement.

- Communication - For a group interim review engagement, we suggest expanding the application material to paragraph 40 (paragraph A65) to address:
    - The group auditor's responsibility to communicate the materiality amounts (or testing thresholds) that component auditors are expected to apply when performing assigned procedures.
    - Significant matters to be communicated between the group auditor and component auditors.
- Responsibility - We suggest adding application material to clarify that the group auditor is actively involved in planning, directing, supervising, reviewing, and evaluating the work performed by component auditors while recognizing that the engagement partner retains overall responsibility for the group interim review engagement.

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

Detailed comments (if any):

We agree that the requirements in ED-2410 that address specific considerations related to group interim review engagements (as summarized in EM paragraph 39) are appropriate, with the exception of our comments below:

- We agree with the use of "group auditor" in ED-2410 paragraph 39 (as this is consistent with the comparable requirement in ISA 600 (Revised), *Special Considerations- Audits of Group Financial Statements (Including the Work of Component Auditors),* paragraph 22), however, the related application material in paragraph A63 should be updated to also refer to the "group auditor", instead of referring to the "group engagement partner".
- Paragraph 69: Clarity should be added to confirm that the responsibility rests with the group auditor, rather than the auditor more generally, which could be interpreted to include the component auditor. We suggest revising the requirement to state, "For a group interim review engagement, the *group auditor* shall…" to clearly identify the group auditor's responsibilities.
- Paragraph A64: We question whether the concept that "an element of unpredictability is necessary" is appropriate in the context of an interim review engagement. Decisions regarding the involvement of component auditors should be driven by the auditor's understanding of the group, and identified areas of potential material misstatement. We believe a risk-based approach is more consistent with the objectives and nature of an interim review engagement.
- Paragraph A65: Suggested edit "…matters expected to be communicated to the group auditor and the *timing and* form of such communications…" to emphasize the fundamental principle of timely communication in a group interim review engagement.
- Paragraph A70: The materiality amount to be used by component auditors should be determined by the group auditor to clarify this responsibility, we suggest revising the wording to state, "The *group* auditor may consider designating an amount…"

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: **Agree, with comments below**

Detailed comments (if any):

We agree that the work effort requirements related to fraud and NOCLAR are appropriate and proportionate in ED-2410.

We have the following suggestions to further enhance or clarify the related application material:

- Paragraph A102: Because ISA 250 (Revised), *Consideration of Laws and Regulations in an Audit of Financial Statements,* paragraph A6 includes fraud as a category of NOCLAR, we suggest that the IAASB clarify that the application material in paragraph A102 is also applicable to fraud.
- Paragraph A104: Auditors may have further obligations to respond to instances of NOCLAR under relevant ethical requirements than are described in this paragraph. We suggest clarifying more generally that further obligations may exist under relevant ethical requirements, which would be consistent with ISA 250 paragraphs 9 and A8 and provide a more complete description of the auditor's potential responsibilities.

Going Concern

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

12.	Do you agree that the work effort requirements related to going concern are appropriate and proportionate to the circumstances of an interim review engagement, recognizing that the engagement is performed by the auditor of the entity's annual financial statements and has responsibilities related to going concern in the context of that engagement? If not, please explain your reasons and provide suggestions for how ED-2410 should address the auditor's responsibilities related to going concern in an interim review engagement. *(See Section I-F, paras. 57-61 in the EM)*

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

Detailed comments (if any):

While we agree that the enhanced work effort related to going concern in ED-2410 is in the public interest and responsive to heightened stakeholder expectations, we believe there needs to be more clarity regarding management's responsibilities for making a going concern assessment for the interim period in the context of the applicable financial reporting framework and the auditor's responsibilities to obtain such an assessment.

While we acknowledge that ED-2410 paragraph A108 includes guidance similar to what is in ISA 570 (Revised) paragraphs A55 and A56 discussing the scalability of management's procedures to *extend* its going concern assessment, we believe it's equally important to explicitly include guidance in ED-2410 that is similar to what is in ISA 570 paragraph A35 discussing more broadly the scalability of management's analysis of the entity's ability to continue as a going concern for the interim period.

Specifically, we suggest that the IAASB include application material to further explain the requirement in paragraph 59 for the auditor to request management to make its assessment covering a period of at least twelve months from the date of approval of the interim financial information. Currently, there is no application material related to this requirement, and we believe it is important to explicitly state in ED-2410 that the formality and level of detail for this assessment will vary. We suggest that the following concepts, revised to be appropriate for an interim review engagement, are added to ED-2410:

- From the Explanatory Memorandum paragraph 61(a): It is not intended that an auditor seek to obtain an assessment that is performed to the same level of detail as that performed for the annual reporting period, nor that it be documented in the same way. However, it is intended to support users' expectations that, if the going concern assumption presumes continued operations for the 'foreseeable future,' this horizon does not change solely because the reporting period changes.

- From ISA 570 (Revised), *Going Concern*, paragraph A35: It is not the auditor's responsibility to rectify a lack of analysis by management. In some circumstances, however, a less extensive analysis by management to support its assessment may not prevent the auditor from concluding whether management's use of the going concern basis of accounting is appropriate in the circumstances. For example, when the entity has profitable operations and there are no liquidity concerns, and the entity's risk assessment process has not identified events or conditions that may cast significant doubt on the entity's ability to continue as a going concern, the method, assumptions and data used by management to make its assessment may be less extensive.

The following is an additional comment related to the work effort of the going concern requirements:

- Paragraph 63: We believe that, in addition to new events or conditions the auditor has become aware of, the requirement or application material should be clarified to also explicitly include events and conditions that existed at the date of the assessment for the most recent annual financial statements or interim period that continue to exist in the current interim period.

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: **Disagree, with comments below**

Detailed comments (if any):

We do not believe it is necessary or appropriate to require explicit going concern statements in every interim review report. Unlike an audit, an interim review is a limited assurance engagement and the auditor's responsibilities regarding going concern are intentionally more limited. Although the auditor performs the interim review engagement with the benefit of their understanding of the entity and knowledge obtained during the audit of the annual financial statements, the procedures performed in an interim review are not designed to provide a basis for extending affirmative statements made in the auditor's report regarding going concern.

We are concerned that requiring explicit going concern statements in every interim review report may unintentionally convey precisely that impression. Users may reasonably interpret statements that "nothing has come to our attention" as indicating that the auditor has performed procedures sufficient to extend the conclusions reached for the annual audit that the use of the going concern basis of accounting is appropriate and that a material uncertainty has not been identified. In our view, such an interpretation is not consistent with the nature of an interim review engagement or the procedures required by ED-2410. The proposed reporting therefore risks widening, rather than narrowing, the expectations gap. We do not agree with the IAASB's statement in the Explanatory Memorandum that the benefits of transparency outweigh the risk that such statements may be misinterpreted.

When a material uncertainty exists or when management has disclosed a matter about going concern that is fundamental to users' understanding of the interim financial information, we agree with the required inclusion of a separate Going Concern section in the auditor's interim review report.

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):

See our response to Question 13. We do not believe explicit statements relating to going concern should be made in every interim review report and disagree with the inclusion of paragraph 108 of ED-2410. Refer to (b) below for comments on the requirements in paragraphs 109- 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 do not support the requirement in paragraph 109(c) to reference the annual financial statements and the auditor's report thereon when a material uncertainty related to going concern was reported at year-end. In our view, an interim review engagement should be focused on the interim reporting period and the circumstances existing at the interim reporting date. Management is responsible for reassessing the entity's ability to continue as a going concern and determining whether a material uncertainty exists at the interim reporting date, while the auditor performs review procedures directed to the interim financial information. Accordingly, the auditor's interim review reporting should be based on the outcome of that assessment and the auditor's review procedures, rather than functioning as an update to, or continuation of, the prior year's auditor's report. Such an implication would be inconsistent with the nature of an interim review engagement and could further contribute to the expectations gap discussed in our response to Question 13.

In addition, we question the informational value of requiring the auditor to reference the prior year's auditor's report when management has already evaluated the circumstances as of the interim reporting date and provided the disclosures required by the applicable financial reporting framework. If a material uncertainty exists at the interim reporting date, management would disclose that fact in the interim financial information and the auditor could report in accordance with paragraph 110. In that circumstance, the existence of a material uncertainty in the prior annual financial statements does not appear necessary to understand the auditor's conclusion on the interim financial information. Conversely, if a material uncertainty reported at year-end has been resolved by the interim reporting date, requiring continued reference to the prior year's reporting may place undue emphasis on historical circumstances that are no longer relevant to users' understanding of the entity's current financial position and prospects.

We also have practical concerns regarding the operability of paragraph 109. For example, where the annual financial statements were audited by a predecessor auditor, it may be inappropriate or potentially confusing for the current auditor to include references to another auditor's report within the interim review report. Similarly, there may be circumstances in which multiple events and conditions related to the entity's ability to continue as a going concern existed at year-end, some of which have subsequently been resolved while others remain. The proposed requirement does not clearly address how such situations should be reflected in the interim review report. More fundamentally, we observe that neither extant ISRE 2410 nor ED-2410 otherwise requires the interim review report to refer back to the auditor's report on the annual financial statements, including any modifications, emphasis of matter paragraphs, or other matters. In our view, reporting should remain focused on the conditions, uncertainties, and disclosures relevant to the interim reporting period rather than serving as a bridge to matters reported in prior periods.

Accordingly, we do not believe paragraph 109 is necessary. If a material uncertainty related to going concern exists at the interim reporting date, regardless of whether it was also reported at year-end, the reporting requirements in paragraph 110 can apply.

In addition, we believe the following edit is necessary to paragraph 110 to clarify that the interim review reporting should not depend on the auditor's report on the entity's most recent annual financial statements of the entity:

110. If *during* the *interim period* ~~auditor's report on the most recent annual financial statements of the entity did not include a Material Uncertainty Related to Going Concern section, and~~:

(a) Events or conditions have been identified ~~in the interim period~~ that may cast significant doubt on the entity's ability to continue as a going concern, and

(b) Management has identified and adequately disclosed in the interim financial information a material uncertainty related to the entity's ability to continue as a going concern,…

If no material uncertainty exists at the interim reporting date, we believe the interim review report should not be required to draw attention to uncertainties reported in a prior period that may no longer be relevant to users' decisions. If management has disclosed the resolution of a material uncertainty in the interim financial information, the auditor may reference those disclosures in accordance with the reporting of other circumstances related to going concern under 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: **Agree (with no further comments)**

Detailed comments (if any):

The Auditor's Interim Review Report

General

14. Do you agree with the proposed new structure of the auditor's interim review report? In particular, consider whether the new structure may be clearer for intended users of the report since it is consistent with the structure of the auditor's report on the financial statements. If not, please explain your reasons, including any suggestions for how the interim review report can be made clearer for intended users.

    (See Section I-H, paragraphs 65-68 in the EM)

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

Detailed comments (if any):

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The Auditor's Interim Review Conclusion

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

    (See Section I-H, paragraphs 69-73 in the EM)

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

Detailed comments (if any):

We foresee practical consequences because, absent further guidance, auditors may reach different conclusions about whether interim financial information prepared in accordance with IAS 34 should be reported on using a fair presentation or compliance framework conclusion. In practice, there appear to be diverse interpretations as to whether IAS 34, *Interim Financial Reporting*, represents a fair presentation framework or a compliance framework. As a result, the proposed reporting requirements may lead to inconsistent reporting outcomes for substantially similar interim financial information.

Therefore, we recommend that the IAASB, in collaboration with the IASB, provide additional clarity regarding how the proposed reporting requirements are intended to apply when the interim financial information is prepared in accordance with IAS 34.

Without such guidance, there may be diversity in practice in the form of the auditor's interim review conclusion and how that conclusion interacts with the requirements of IAS 34. We therefore encourage the IAASB to include additional application material or illustrative examples addressing common IAS 34 reporting scenarios. Alternatively, implementation guidance developed in collaboration with the IASB could help promote consistent understanding and application across jurisdictions and enhance the clarity of the reporting model for preparers, auditors and users of interim financial information.

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: **<u>Yes, as further explained below</u>**

Detailed comments (if any):

More substantive comments for the IAASB's consideration:

- Paragraph 1: Clarification may be needed regarding the scope of the standard being limited to the auditor of the entity's *annual* financial statements Extant ISRE 2410 refers more broadly to the auditor of the entity's financial statements. It is unclear whether the reference to "annual" financial statements intentionally excludes auditors that are appointed for an audit of less than a full annual period (e.g., audits of "stub-periods" that may occur in connection with mergers and acquisitions). Refer also to our comments on paragraph 13(e) below.

- Paragraph 13(a): While we acknowledge that the definition of *analytical procedures* in ED-2410 aligns with the definition in paragraph 17(a) of ISRE 2400, we suggest that the IAASB consider the revisions made to proposed ISA 520 (Revised), *Analytical Procedures*, as it relates to the definitions of *analytical procedures* and *substantive analytical procedures* (paragraph 6 and related application material of proposed ISA 520 (Revised). We recommend that application material be added to ED-2410 to clearly state that the analytical procedures used in an interim review engagement do not need to meet the requirements of a *substantive analytical procedure*.

- Paragraph 13(e): The definition of *Interim financial information* is stated to include a period or periods shorter than the entity's financial year. However, financial information may be prepared for a period that is less than one year and that information may be subject to an audit. For example, a company that begins operations in March and has a financial year end of December may have financial statements subject to audit as of December. These financial statements should be the equivalent of "annual financial statements" for purposes of this standard. Related to our comment on paragraph 1, if the company also prepares quarterly interim financial information as of June, September and December, the auditor of such "annual" financial statements (even though shorter than one year) should be eligible to be appointed to perform interim review engagements for the quarterly financial information.

- Paragraph 23: For consistency with ISRE 2400 paragraph 25(c) and due to the importance of the engagement partner taking overall responsibility for the review report, we suggest the following is added to paragraph 23:

  (d) <u>The auditor's interim review report being appropriate in the circumstances;</u>

- Paragraph 45(d): We suggest expanding the inquiry related to significant accounting estimates to explicitly address the introduction of *new* significant accounting estimates, in addition to whether there have been changes in management's selection of methods, assumptions, and data. As drafted, the focus on changes may not clearly capture significant estimates that arise for the first time during the interim period.
- Paragraph 45(g): We suggest revising this required inquiry related to significant deficiencies in the design or operation of internal control to include management's remediation efforts related to significant deficiencies previously identified by the auditor or management. "Significant deficiencies in the design or operation of internal control as it relates to the preparation and presentation of both annual and interim financial information *and any remedial actions taken to address such deficiencies*."
- Paragraph 45(k): We believe that the required inquiry related to significant journal entries or other adjustments is broader than necessary. We note that inquiries regarding significant journal entries or other adjustments are addressed in ISRE 2400 (Revised) in the context of inquires performed for the purpose of determining whether there are significant, unusual or complex transactions, events or matters that affected or may affect the financial statements. By contrast, the proposed requirement presents inquiries about significant journal entries as a standalone requirement, which may create uncertainty regarding its intended scope and could be interpreted more broadly than intended. We suggest combining this requirement with the requirement in 45(e) regarding significant, unusual or complex transactions or matters that have affected the financial statements.
- Paragraph 48: It is unclear what the scope of "anything" is within this requirement and the basis of knowledge that the auditor uses to execute this requirement. We suggest revising this requirement to state the following "The auditor shall read the interim financial information and consider whether there is anything *that has come to the auditor's attention in the course of the interim review engagement* 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 framework."
- Paragraph 49(b): We suggest the following revision to this requirement: Whether related party transactions have been appropriately accounted for and disclosed in the interim financial information *when required by the appropriate financial reporting framework*. Because not all financial reporting frameworks require related party disclosures, we believe it's important to clarify that this requirement would not be applicable for all entities.
- Paragraph 76(d): To align with the reporting requirements in paragraph 86 ("for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error"), we suggest that this requirement be updated to state "…internal control to prevent or detect fraud *or error…*"
- Paragraph 76(e)(iv): The scope of this requirement is different than the inquiry requirement in paragraph 52. "Should be considered" implies there is a materiality threshold. The scope of the inquiry requirement and the scope of the management representation should be aligned.
  - Paragraph 52: *The auditor shall inquire of management and others within the entity as appropriate, whether they have knowledge of any fraud or suspected fraud, or any identified or suspected non-compliance with laws and regulations that* ***may affect the interim financial information****.*

  - Paragraph 76(e)(iv*): All known instances of non-compliance or suspected non-compliance with laws and regulations whose* ***effects should be considered when preparing the interim financial information****;*

- Paragraph A29(d): Consistent with our comment above on paragraph 23, we suggest that A29(d) (Issuing an interim review report that is appropriate in the circumstances) be moved from the application material to the requirement in paragraph 23.
- Paragraph A62: Paragraph 57 requires communication of instances of fraud or suspected fraud, or of non-compliance or suspected non-compliance with laws and regulations and this may be the reason that references to paragraph 57 have been inserted at the end of the first three bullets in the examples. However, we do not believe it is appropriate to suggest that communications of these matters to those charged with governance are optional. Therefore, we suggest removing the first three example bullet points in paragraph A62 or better positioning these matters to align with paragraph 57.
- Paragraph A74: We suggest that that the fifth sub-bullet point of the first bullet point be separated into two sub-bullets. We believe significant deficiencies in internal control should be separately considered from significant financial accounting and reporting matters that may be of continuing significance.
- Paragraph A74: We suggest the following revision to the second sub-bullet point of the first bullet point in this paragraph:
  - ~~Matters identified in any summary of u~~*U*ncorrected misstatements
- Paragraph A87: We suggest that the IAASB clarify the last sentence in this paragraph ("The auditor's use of technological tools to perform analytical procedures does not change the auditor's intended purpose in performing these procedures.") as we are unclear of the intended meaning.
- Paragraph A98: This last bullet describes that controls can be considered when the auditor considers the reliability of information to be used for analytical procedures. As this is an interim review engagement, it seems unlikely (and possibly misleading) to expect that related controls would be considered. We believe it would be more relevant to explain that the auditor should consider the reliability of information to be used in analytical procedures in a similar manner as the auditor considers the reliability of information used for risk assessment procedures.
- Paragraph A111: The focus of this paragraph is on management's intent and does not address the other required considerations in paragraph 63(b). We recommend the IAASB consider adding guidance related to the other required considerations (i.e., feasibility likelihood, and ability) to assist the auditor's appropriate consideration of these aspects in the context of a limited review engagement.

EDITORIAL COMMENTS:

- Paragraph 11(a): We recommend revising the language at the end of this sentence to read "…in accordance with ~~an~~ *the* applicable financial reporting framework…"
- Paragraphs 21 and 23(a): We suggest that the IAASB consistently use the term "interim review engagement" rather than just "engagement" in these paragraphs. More broadly, the ED-2410 should consistently use the appropriate defined term.

- Paragraph 34(e): We suggest that this requirement is revised to say "A statement that the engagement is not an audit, and that the ~~practitioner~~ *auditor* will not express an opinion on the interim financial information;…".
- Paragraph 45(c): We suggest adding "Whether any new transactions *or events* have necessitated…" as we feel this should not be limited to only transactions.
- Paragraph 46: We suggest editing this requirement as follows:

  "When designing analytical procedures, the auditor shall consider whether the information to be used to perform the analytical procedures is adequate for ~~that purpose~~ *for the purpose of performing the analytical procedures*."
- Paragraph 76(e)(ii) and (iii): We recommend aligning these requirements with the terminology used in the fraud requirements, as paragraph 52 refers only to "fraud or suspected fraud" while paragraph 76 refers to "allegations of fraud". The IAASB should use consistent terminology throughout the standard, either by incorporating "allegations" where intended or by aligning paragraph 76 with ISA 240 (Revised) terminology, to improve clarity and avoid differing interpretations of the auditor's responsibilities.
- Paragraph 88: The application material discusses the implications for both the interim review report (paragraph A135) and the engagement overall (paragraph A136); however, paragraph 88 only refers to the implications on the engagement. Suggested edit:

  "If the auditor becomes aware that a material misstatement of the other information exists, and management refuses to correct the other information, the auditor shall consider the implications for the ~~engagement~~ *interim review report and the engagement*."
- Paragraph A17: We do not think the following language from the application material is necessary in ED-2410 given the explanations about the IESBA Code provided in the ISAs and the fact that an auditor would be familiar with the contents of relevant ethical requirements, unlike a practitioner in an ISRE 2400 or ISSA 5000 engagement.

  "The IESBA Code sets out fundamental principles that establish the standard of behavior expected of a professional accountant: integrity, objectivity, professional competence and due care, confidentiality, and professional behavior. The IESBA Code specifies the required approach for a professional accountant to comply with the fundamental principles and, when applicable, the International Independence Standards. Law or regulation in a jurisdiction may also contain provisions addressing ethical requirements, including independence, such as privacy laws affecting the confidentiality of information."
- Paragraph A18: Consistent with our comment regarding paragraph A17, we do not think this application material is needed given the auditor's knowledge of the IESBA Code.

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: **No response**

Detailed comments (if any):

Click or tap here to enter text.

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):

If ED-2410 is approved in June 2027, the proposed 18-month implementation period would be appropriate for interim reviews related to 2029 calendar year-end audits (i.e., reviews of periods beginning on or after 15 December 2028). However, if approval occurs after June 2027, we recommend deferring the implementation date to 2030 (i.e., review of periods beginning on or after 15 December 2029).

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):

Although paragraph 400.2 of the Code explains that Part 4A applies to both audit and review engagements, unless otherwise stated, we believe it would be helpful for the IESBA to modify Section 405 to explicitly explain that this section also applies to the performance of a group review engagement.

Because Section 405 explicitly makes reference to ISA 600 (Revised), there is a risk that the auditor could inadvertently conclude that group interim review engagements are being excluded despite the explanation provided in paragraph 400.2. Therefore, either modifying paragraph 405.2 A1, or inserting new application material, to explicitly reference ISRE 2410 (Revised) would further strengthen the clarity. We believe this would also be in line with the Public Interest Framework qualitative characteristics related to understandability and minimizing the likelihood of differing interpretations and thus supporting proper intended application and facilitating implementation.

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 no further comments)**

Detailed comments (if any):

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

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

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