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)	RSM International Limited
Name(s) of person(s) responsible for this submission (or leave blank if the same as above)	Claire Blanton, Global Leader – Quality and Risk
Name(s) of contact(s) for this submission (or leave blank if the same as above)	Diego Odorico, Global Audit Technical Lead
E-mail address(es) of contact(s)	Claire.Blanton@rsm.global Diego.Odorico@rsm.global
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).	RSM International Limited (RSM, we, our), a worldwide network of independent firms, is the leading provider of assurance, tax and consulting services to the middle market, with firms in more than 120 countries. Our comments reflect the perspective of a global network and the practical experience of our member firms in performing interim review engagements across a wide range of jurisdictions and reporting frameworks.

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:

We appreciate the opportunity to comment on ED-2410. We broadly support the IAASB's objective of modernising ISRE 2410 and establishing a clearer, more consistent global baseline for the performance and reporting of interim review engagements. In our view, ED-2410 represents a significant improvement on the extant standard, particularly in clarifying the nature of an interim review as a limited assurance engagement, updating the standard in accordance with the clarity format and addressing areas of heightened public interest, including going concern, fraud, non-compliance with laws and regulations (NOCLAR), materiality, group interim review engagements, and the auditor's interim review report.

Going concern

As detailed in our responses to questions 13 and 13(a), we support the IAASB's objective of enhancing transparency regarding going concern in interim review engagements. In particular, we support reporting requirements that draw attention to going concern matters when circumstances warrant, such as when a material uncertainty related to going concern exists or when the interim financial information has been prepared on a basis of accounting other than the going concern basis.

However, we have fundamental concerns regarding the proposed requirement to include a separate going concern section when the auditor has not identified any matters that call into question management's use of the going concern basis of accounting or indicate that a material uncertainty related to going concern exists. In particular, we do not consider it necessary in such circumstances to require explicit statements regarding both the appropriateness of the going concern basis of accounting and the absence of a material uncertainty when nothing has come to the auditor's attention in this regard. In our view, requiring such affirmative statements in these circumstances risks creating a conclusion within a conclusion and may dilute the significance of other information in the auditor's interim review report. It may also provide limited additional value when the applicable financial reporting framework already requires relevant going concern disclosures and the auditor has not identified any exception in that regard.

Proportionality

The principal theme of our comments is proportionality. ED-2410 incorporates a number of requirements and concepts from the reasonable assurance literature, including in the areas of going concern, fraud, materiality, misstatement accumulation and written representations. We encourage the IAASB to ensure that, taken together, these requirements do not inadvertently shift an interim review towards a level of effort that exceeds what is appropriate for a limited assurance engagement. Achieving an appropriate balance between enhanced transparency and preserving the distinct nature of a review engagement will be critical to the successful implementation of the revised standard.

Our comments are offered in a constructive spirit and are intended to assist the IAASB in enhancing the operability, coherence and proportionality of the final ISRE 2410 (Revised). We believe our comments and suggestions will improve the consistency and transparency of interim review engagements and enhance their global comparability while maintaining a clear distinction between limited assurance reviews and audits. We would be pleased to discuss any of our comments with the IAASB or its staff.

Our detailed responses to each question follow. Language proposed for deletion is shown as ~~strikethrough~~ text. Language proposed for addition is shown as <u>underlined</u> 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: **Agree, with comments below**

Detailed comments (if any):

We agree that ED-2410 is responsive to the public interest, having regard to the qualitative standard-setting characteristics and the standard-setting actions described in the project proposal. The modernisation of extant ISRE 2410, including bringing it into the clarity format; aligning it with ISA 570 (Revised 2024), Going Concern, and ISA 240 (Revised), The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements; and introducing comprehensive reporting requirements, addresses a gap that has emerged as a result of divergent local adaptations since extant ISRE 2410 was issued in 2005. A single clarity-format standard that addresses going concern, fraud, NOCLAR, group engagements, materiality and reporting helps close that gap and establishes a global baseline.

We support the Board's disciplined approach of incorporating ISA principles through an interim-review lens, rather than importing them wholesale, and the Appendix mapping of the proposed actions to the relevant paragraphs of ED-2410 is persuasive. The Board's stated objective of establishing a global baseline for consistent performance while remaining proportionate to the purpose of the engagement is an appropriate objective for the project.

To further strengthen the standard's responsiveness to the public interest, we recommend adding a scalability paragraph similar to paragraph 9 of ISA 315 (Revised 2019), Identifying and Assessing the Risks of Material Misstatement. Although the primary audience may be publicly traded entities, ED-2410 also applies to reviews of interim financial information for entities other than publicly traded entities that meet the requirements in paragraph 1 of ED-2410. A brief acknowledgement would support more consistent global application. We propose adding the following paragraph:

> Scalability
>
> 7A. This ISRE is intended for reviews of interim financial information of all entities, regardless of size or complexity. The application material therefore includes specific considerations for entities whose nature and circumstances are less complex and for more complex entities, where appropriate. While the size of an entity may be an indicator of its complexity, some smaller entities may be complex, and some larger entities may be less complex.

We recommend that ISRE 2410 (Revised) together with any accompanying implementation materials, continue to emphasise proportionality and the limited assurance nature of the engagement so that the enhanced requirements do not inadvertently create expectations of reasonable assurance.

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

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

Detailed comments (if any):

We agree that the balance is broadly appropriate between the work effort required to express a limited assurance conclusion in an interim review engagement and the more robust requirements introduced in the public interest in certain areas. The going concern, fraud and NOCLAR enhancements target the right areas, and the drafting reflects proportionality in several respects, notably paragraph A84 of ED-2410, which also states that an interim review does not ordinarily involve tests of controls or substantive procedures, and the EM's confirmation that the work effort relating to going concern is not intended to support a reasonable assurance conclusion.

We commend the decision not to introduce a key audit matter (KAM) equivalent disclosure requirement for interim reviews. In the context of a limited assurance engagement, a KAM equivalent disclosure could significantly increase the expectation gap and blur the distinction between audit and review levels of assurance.

We identified the following matters that we consider would further strengthen the balance:

- **Expectation gap.** Explicit going concern statements and structured fraud and NOCLAR response frameworks in a limited assurance report may be interpreted by users as indicating a level of work effort associated with reasonable-assurance work effort. We recommend reinforcing, through application material and implementation support, that the auditor's work remains calibrated to a limited assurance engagement. Consideration could also be given to developing non-authoritative IAASB educational material.
- **Documentation drift.** The expanded response requirements may lead firms to adopt overly defensive documentation practices. We recommend including an explicit statement that documentation is calibrated to the limited assurance objective and to the nature, timing and extent of the procedures actually performed:

  A184A. The form, content and extent of documentation are determined in the context of the limited assurance objective of the interim review engagement and the nature, timing and extent of the review procedures performed.

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 comments below**

Detailed comments (if any):

We consider ED-2410 to appropriately address the foundational concepts of professional scepticism and professional judgement and the importance of applying these concepts throughout the interim review engagement. Paragraphs 21–22 of ED-2410, together with the supporting application material in paragraphs A19–A27, appropriately establish professional scepticism and professional judgement as foundational concepts, anchored in the mindset concepts set out in ISA 220 (Revised), Quality Management for an Audit of Financial Statements. The stand-back requirement in paragraph 89 of ED-2410 requiring the auditor to evaluate all evidence, including corroborating and contradictory evidence, reinforces the application of professional scepticism when forming the conclusion.

The decision to present professional scepticism and professional judgement as standalone sections, rather than embedding them within a general principles paragraph as in paragraph 6 of extant ISRE 2410, represents an improvement in structure and emphasis and is consistent with other recently issued IAASB standards.

We identified the following matters that, in our view, would further strengthen the treatment of professional scepticism and judgement:

- **Familiarity risk in recurring engagements.** The application material should address familiarity risk. Because the auditor's prior knowledge of the entity is a strength of the engagement model, familiarity threat may represent the most significant potential impediment to the exercise of professional scepticism in this engagement type. An example in paragraph A23 of ED-2410 addressing familiarity with management and the entity in recurring interim review engagements would reinforce this point.
- **Cross-reference to ISA 240 (Revised) on impediments to professional scepticism.** Paragraph A23 of ED-2410 currently cross-refers to paragraph A34–A36 of ISA 220 (Revised) as a source of additional application material on impediments to professional scepticism. Paragraphs 19–22 of ISA 240 (Revised) contain a more developed discussion of professional scepticism in the fraud context, which is directly relevant to an auditor with extensive prior knowledge of the entity. Adding a cross-reference to ISA 240 (Revised), indicating that it may provide useful guidance to the auditor, would address the gap.
- **Framing of prior knowledge as a distinguishing feature.** Paragraph A26 of ED-2410 identifies ‘knowledge acquired from previous audits and interim review engagements, where applicable’ as a relevant factor for exercising professional judgement. ‘Where applicable’ could be interpreted as suggesting that prior knowledge is an optional input, when in fact leveraging prior knowledge is the distinguishing feature of the engagement, as described in paragraphs 10(b) and 20 of the EM. We therefore recommend removing ‘where applicable’ from the first bullet of paragraph A26 of ED-2410.
- **Maintaining professional scepticism.** We note a minor drafting observation. Paragraph 21 of ED-2410 requires the auditor to ‘plan and perform the engagement with professional scepticism recognising that circumstances may exist that cause the interim financial information to be materially misstated’. The phrase ‘circumstances may exist’ is a less direct formulation than the requirement in paragraph 19 of ISA 240 (Revised), which requires auditors to ‘maintain professional scepticism throughout the audit’. Although the stronger application material in paragraph A21 of ED-2410, which refers to maintaining professional scepticism throughout the interim review

engagement, largely addresses this point, aligning the requirement wording with the application material would remove any risk of a narrow interpretation.

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 that the Introduction section provides a clear description of the nature and purpose of an interim review engagement, and how it differs from an audit of financial statements, thereby providing important context for the work effort required to achieve the objective of the engagement. It clearly explains that an interim review is a limited assurance engagement and articulates how it differs from an audit, which is a reasonable assurance engagement. It represents a significant improvement on extant ISRE 2410 which does not adequately contextualise the 'auditor-as-practitioner' distinction or the relationship with ISRE 2400 (Revised), Engagements to Review Historical Financial Statements.

The auditor-as-practitioner framework, whereby the auditor begins with foundational knowledge acquired through the annual audit, is the conceptual underpinning for many of the key features of ED-2410, and it appropriately distinguishes ED-2410 engagements from engagements performed under ISRE 2400 (Revised) by a practitioner who is not the auditor of the entity's annual financial statements.

We support the approach in paragraph 43(b) of ED-2410, which states that 'the auditor shall … identify areas in the interim financial information where material misstatements, whether due to fraud or error, are likely to arise', rather than adopting the concept of risks of material misstatement in the ISAs. We consider this to be an appropriate and well-reasoned calibration for a limited assurance engagement.

We have one suggestion regarding cross-referencing of application material that establishes important scope boundaries for the engagement. Paragraph A72 of ED-2410 states that 'this ISRE does not require the identification and assessment of the risks of material misstatement of the interim financial information', and paragraph A84 states that 'an interim review does not ordinarily involve performing tests of controls or substantive procedures that would be performed during an audit'. Both statements establish important scope boundaries for the engagement. These concepts would be particularly helpful to readers on their first review of the Introduction section. Adding cross-references in paragraph 9 of ED-2410 to paragraphs A72 and A84 would improve navigation. Alternatively, these statements or their underlying concepts could be incorporated directly into paragraph 9.

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

Detailed comments (if any):

We consider ED-2410 sufficiently clear that, although the auditor performs primarily inquiries and analytical procedures, all procedures performed to achieve the overall objective of the interim review engagement are 'review procedures'. Paragraph 44 of ED-2410, read with paragraphs A82–A83, makes it clear that 'other procedures' are review procedures when professional judgement requires them and are not a separate category of work.

To avoid ambiguity between 'other review procedures' and the 'additional procedures' referred to in paragraph 70 of ED-2410, we recommend clarifying the definition so that this distinction does not depend on application material alone. The definition in paragraph 13(i) of ED-2410 currently reads: 'The procedures, primarily inquiries and analytical procedures, deemed necessary to meet the objective of an interim review engagement.' The definition captures 'other procedures' only by inference from paragraphs A82–A83 of ED-2410 and through the use of 'primarily'; a reader may therefore underestimate the scope of what constitutes a review procedure.

We suggest revising the definition of 'review procedures' in paragraph 13(i) as follows:

13. For purposes of this ISRE, the following terms have the meanings attributed below:

…

(i) *Review procedures*—The procedures, primarily inquiries and analytical procedures, ~~deemed~~ <u>considered</u> necessary to meet the objective of an interim review engagement<u>, including other procedures, irrespective of their nature, timing or extent</u>. (Ref: Para. A82–A83)

Although paragraph A82 of ED-2410 provides a helpful example, namely, reading a contract, we consider that a short, non-exhaustive list acknowledging additional examples encountered in practice would strengthen practical application without turning the application material into a checklist. Such examples could include third-party confirmations in specific circumstances, inspecting invoices, observing a process or recalculating mathematical accuracy.

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: **<u>Yes (with no further comments)</u>**

Detailed comments (if any):

We consider ED-2410 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. This leveraging of prior knowledge is a defining feature of the engagement. It is implicit in the auditor-as-practitioner framework, as described in our response to question 4, and explicit in paragraphs 43 and A73 of ED-2410, which address updating the auditor's understanding of the entity and its environment and identifying areas in the interim financial information where material misstatements are likely to arise. This is further reinforced by the discussion of first-time interim review engagements in paragraphs A77–A79 of ED-2410.

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 substance of the considerations that apply when the review of interim financial information is the first engagement performed for the audit client. The requirement in paragraph 43 of ED-2410 applies equally to first-time interim review engagements, and paragraphs A77–A79 appropriately explain that the auditor may need to obtain an understanding closer to that required for the audit, including through communication with the predecessor auditor.

However, we recommend elevating paragraphs A77–A79 of ED-2410 from application material to requirements, possibly as paragraphs 43A–43C, because we consider this to be a public interest matter. We believe this would help mitigate the heightened execution risks associated with first-time interim review engagements and promote consistency in practice. Extant ISRE 2410 included similar procedures in requirements in paragraphs 17–18, and it is unclear why these procedures have been moved from requirements to application material. For a newly appointed auditor performing a first-time interim review engagement before completing an audit of the entity's annual financial statements, the extent of the understanding required is otherwise not clearly defined.

Notwithstanding this recommendation, we consider that the following changes would strengthen the proposed standard:

- **Visibility of paragraphs A77–A79 of ED-2410.** Paragraph 43(a) of ED-2410, which addresses obtaining an understanding of the entity and its environment, should refer to paragraphs A77–A79 on first-time interim review engagements.
- **Practical challenges arising from limited access to the predecessor auditor**. The application material could usefully address circumstances in which access to the predecessor auditor is limited or unavailable, while reinforcing that the nature and extent of further procedures remain matters of professional judgement. We propose that the IAASB consider adding the following sentence from paragraph A5 of ISA 510, Initial Audit Engagements—Opening Balances, to paragraph A79 of ED-2410: 'Relevant ethical and professional requirements guide the current auditor's communications with the predecessor auditor.'
- **Cross-reference between the acceptance and performance sections.** Paragraph A38 of ED-2410 addresses first-time engagements in the acceptance and continuance section and notes that the firm's policies or procedures may require communication with the predecessor auditor. This helpful context is not carried through to the guidance on performing first-time interim review engagements in paragraphs A77–A79 of ED-2410. A cross-reference between paragraphs A38 and A77 would improve navigation and reduce the burden on readers.

- **Preconditions for accepting and continuing an interim review engagement.** The heading 'Preconditions for Accepting an Interim Review Engagement' suggests that paragraphs 25–27 of ED-2410 apply only when accepting an engagement and not when continuing one. We consider that the preconditions should also apply to the continuance of interim review engagements. Paragraphs A45–A51 refer to acceptance and continuance and appear to indicate that paragraphs 25–27 are intended to apply in both circumstances. We therefore recommend revising the heading as follows: '*Preconditions for Accepting or Continuing an Interim Review Engagement*'.

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 comments below**

Detailed comments (if any):

We agree with the requirement for the auditor to determine materiality for the interim financial information and with the related application material describing the relevant principles. We consider that this requirement strengthens interim review engagements, and we appreciate that the application material recognises interim-specific factors that may influence the determination of materiality.

The treatment of materiality only as an implicit consideration in paragraph 15, fourth bullet point, of extant ISRE 2410 was insufficient and contributed to the variability in practice described in paragraph 1, third bullet point, of the EM. Paragraph 41 of ED-2410 requires the auditor to 'determine' materiality for the interim financial information as a whole, rather than merely 'consider' materiality as under extant ISRE 2410. Requiring the auditor to determine and apply materiality and, in accordance with paragraph 42 of ED-2410, revise it when necessary aligns ED-2410 with the discipline that auditors already exercise.

We consider that the following enhancements may strengthen the materiality framework:

- **Benchmark used for materiality in a review of interim financial information.** We agree that the benchmark used to determine interim materiality may be the same as, or different from that used for the annual audit, based on the interim financial information and users' needs. We recommend that paragraph A68 of ED-2410 explicitly acknowledge that the auditor may use a different benchmark or amount for interim materiality. This clarification may help avoid a mechanical default to the benchmark or amount used in the annual audit. We suggest adding the following sentence at the end of paragraph A68:

  A68. … ~~, or may consider other factors~~. In some circumstances, the auditor may determine that a benchmark or amount different from that used in the annual audit is appropriate for the interim financial information.

- **Communication of group interim materiality.** Paragraph A70 of ED-2410 addresses materiality in group interim review engagements and states that 'the auditor may consider designating an amount, lower than materiality for the group interim financial information as a whole, to be used by component auditors'. Unlike ISA 600 (Revised), Special Considerations—Audits of Group Financial Statements (Including the Work of Component Auditors), ED-2410 does not require the auditor to communicate any such designated amount to component auditors. Given that paragraph 40 of ED-2410 requires the auditor to communicate with component auditors about 'the work to be performed', any designated amount that informs the nature, timing or extent of that work should also be communicated. The current drafting therefore creates a gap between the concept in paragraph A70 and the communication requirement in paragraph 40. We recommend adding the following sentence to paragraph A70 or an equivalent requirement to paragraph 40:

> Any designated amount lower than materiality for the group interim financial information as a whole, for example, to be used by a component auditor or in relation to specific areas of the interim financial information, should be communicated to component auditors.

- **Cyclical and period-specific benchmarks.** Paragraph A69 of ED-2410 provides guidance on using a normalised amount when an entity's operations are subject to cyclical variations. Including examples such as annualised revenue or earnings as a possible basis for determining interim materiality may support more consistent and global application of paragraph A69.
- **Framework-based materiality wording.** Paragraph A67 of ED-2410 states: 'In the absence of materiality being addressed in the framework, the following principles may be applied'. For greater precision and translatability, we recommend replacing the introductory phrase with 'unless the applicable financial reporting framework addresses materiality'. The construction using 'absence' may be more difficult to translate consistently. We suggest revising paragraph A67 as follows:

> A67. … ~~In the absence of materiality being addressed in the framework~~ Unless the applicable financial reporting framework addresses materiality, the following principles may be applied:
>
> …

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):

We agree that ED-2410 is capable of being applied to reviews of interim financial information of groups. Paragraph 14 of ED-2410 refers to the group-related terms defined in the 'Glossary of Terms' in the Handbook of International Quality Management, Auditing, Review, Other Assurance, and Related Services Pronouncements issued by the IAASB (the Glossary). We consider this to be a sensible, low-friction approach that avoids creating new definitions.

However, there are some group-related terms used in the requirements of ED-2410 that are not included in the Glossary. We consider that the following terms should be defined in ED-2410 because they are specific to reviews of interim financial information of groups: 'group interim review engagement', used in paragraphs 39 and 69 of ED-2410, and 'group interim financial information', used in paragraph 69 of ED-2410. We acknowledge that a group interim review engagement is described in paragraph 14 of ED-2410.

However, because the term is used significantly in the requirements, we consider that it should be formally defined in the 'Definitions' section of ED-2410, rather than just described in paragraph 14.

In addition, we consider it necessary to adapt the group-related terms in the Glossary to the review-engagement context. For example, the Glossary defines 'component auditor' as 'an auditor who performs audit work related to a component for purposes of the group audit'. In an interim review engagement, component auditors perform review work or procedures, not audit work or procedures, and do not perform work 'for purposes of the group audit'. Applying this definition without adaptation could produce an incongruous result and affect whether a firm in a different network qualifies as a component auditor for purposes of ED-2410. This, in turn, could affect the operation of paragraphs 39–40, which address the nature, timing and extent of work performed and communications; paragraph 94(a), which addresses confirmation of independence; and Section 405, 'Group Audits', of the International Code of Ethics for Professional Accountants (Including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA) (the IESBA Code of Ethics).

To address this gap while retaining the Glossary-adaptation approach, we recommend revising paragraph 14 of ED-2410 as follows:

> 14. … When this ISRE uses terms related to groups that are defined in the Glossary, such terms are intended to be read<u>, adapted as necessary,</u> and applied in the context of a review of the interim financial information of the group performed by the auditor of the group financial statements (a 'group interim review engagement').

We also note that paragraphs A63 and A137 of ED-2410 use 'free of material misstatement', whereas paragraph 11(a) in the 'Objectives' section of ED-2410, and 12 other instances, use 'free from material misstatement', which is also consistent with the ISAs. As such, we recommend revising 'free of material misstatement' to 'free from material misstatement' in paragraphs A63 and A137 of ED-2410.

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 addressing specific considerations related to group interim review engagements are appropriate. The principal considerations in ED-2410 for a review of interim financial information of a group include:

- determining the nature, timing and extent of component auditor involvement (paragraph 39 of ED-2410)
- communicating with component auditors (paragraph 40 of ED-2410)
- agreeing the group interim financial information to the consolidation schedules (paragraph 69 of ED-2410)

- confirming through the group engagement partner that component auditors have complied with relevant ethical requirements, including those related to independence (paragraph 94(a) of ED-2410).

Paragraph 94(a) of ED-2410 interacts directly with Section 405 of the IESBA Code of Ethics. Section 405 was developed for group audits under ISA 600 (Revised) and does not necessarily address group interim review engagements because the IESBA Code of Ethics refers directly to ISA 600 (Revised). This may result in inconsistent application of Section 405, depending on whether the auditor adapts the requirements that refer to ISA 600 (Revised) and whether the 'other relevant auditing standards' referred to in paragraph 405.2 A2 of the IESBA Code of Ethics contain the requirement or provision that refers to ISA 600 (Revised). Although paragraph 400.2 of the IESBA Code of Ethics states that references to audits also apply to reviews, it is unclear which requirements and application material in Section 405 referring to ISA 600 (Revised) apply to group interim review engagements. The uncertainty arises because Section 405 refers specifically to ISA 600 (Revised) and because it is not yet known whether ISRE 2410 (Revised), when finalised, will contain the relevant provisions of ISA 600 (Revised). We recommend that the IAASB and IESBA resolve this issue before finalisation so that firms are not left to interpret the ethical confirmation requirement without sufficient guidance and that the standard promotes consistency in application.

We consider that the following additions to the application material would support consistent global implementation without adding prescriptive requirements:

- **Evaluation of the component auditor's communications and work.** There appears to be no requirement for the group auditor to evaluate the component auditor's communications or the adequacy of the component auditor's work before forming the group conclusion, similar to the requirements in paragraphs 45–48 of ISA 600 (Revised). We recommend adding application material on this matter to paragraphs 39–40 of ED-2410.
- **Coordination challenges and content of communications.** Paragraph 40 of ED-2410 requires communication with component auditors about 'the work to be performed, and the expected communications about the results of that work'. The phrase 'expected communications' is undefined. Paragraph 29 of ISA 600 (Revised), together with the related application material, specifies form, timing and content of communications. The absence of guidance on the form, timing or minimum content of communications in a group interim review engagement may lead to inconsistent implementation across global firm networks when component auditors are third parties. We recommend adding application material to clarify the expected communications from a component auditor in a group interim review engagement.

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 to the circumstances of an interim review engagement. We consider the addition of identification, response and communication requirements in paragraphs 52–57 of ED-2410 for circumstances in which fraud, suspected fraud, NOCLAR or suspected NOCLAR comes to the auditor's attention to be the correct public interest response. These requirements are drawn proportionately from ISA 240 (Revised) and ISA 250 (Revised), Consideration of Laws and Regulations in an Audit of Financial Statements, and improve on extant ISRE 2410's inquiry-only model. The requirement in paragraph 57 of ED-2410 to consider external reporting is a significant and appropriate enhancement compared with paragraph 41 of extant ISRE 2410, which required only communication with management. The cross-reference in paragraph A99 of ED-2410 from paragraph 54 to paragraph 70 is well constructed.

As detailed in our response to question 2, we encourage the IAASB to remind auditors that the work effort and related documentation relating to fraud and NOCLAR should remain calibrated to the limited assurance objective and that auditors should not default to audit-level documentation for fraud or NOCLAR.

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):

We agree that the work effort requirements related to going concern are appropriate and proportionate to the circumstances of an interim review engagement, recognising that the engagement is performed by the auditor of the entity's annual financial statements, who has responsibilities related to going concern in the context of the audit. ED-2410 proportionately reflects the requirements in ISA 570 (Revised 2024). We also agree with the requirement in paragraph 59 of ED-2410 to obtain management's assessment for a period of at least 12 months from the date of approval of the interim financial information because it is consistent with ISA 570 (Revised 2024). As explained in paragraph 61(a) of the EM for ED-2410, 'the "foreseeable future" … horizon should not change solely because the reporting period changes.'

We also have an editorial comment on paragraph A111 of ED-2410. Paragraph 63(c) of ED-2410 uses the term 'management's plans'. To maintain consistency with paragraph 63(c), we suggest changing both instances of 'intent' in paragraph A111 to 'plans'.

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

Detailed comments (if any):

We support the objective of greater transparency about going concern, and we agree with the proposals to introduce a separate going concern section in the auditor's interim review report when circumstances warrant it, such as when a material uncertainty related to going concern exists or when a basis of accounting other than going concern is used. A separate going concern section aligns the structure of the interim review report more closely with that of the auditor's report on the annual financial statements while appropriately using limited assurance language.

However, as detailed in our response to question 13(a), we have a fundamental concern with including a separate going concern section when nothing has come to the auditor's attention indicating that management's use of the going concern basis of accounting may be inappropriate or that a material uncertainty related to going concern may exist.

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

Detailed comments (if any):

We agree with the proposed required statements, appropriately worded for a limited assurance engagement, when circumstances warrant specific reporting on going concern, such as when a material uncertainty related to going concern exists or when a basis of accounting other than going concern is used. In such circumstances, we consider that statements addressing whether anything has come to the auditor's attention indicating that the going concern basis of accounting is inappropriate or that a material uncertainty exists, and clarifying that those statements do not constitute a guarantee, appropriately reflect the language used in ISA 570 (Revised 2024), adapted for a limited assurance engagement.

However, we have fundamental concerns about the requirement in paragraph 108 of ED-2410 to include the following statements in the interim review report when nothing has come to the auditor's attention in this regard:

- Nothing has come to the auditor's attention that causes the auditor to believe that management's use of the going concern basis of accounting is inappropriate.
- Nothing has come to the auditor's attention to indicate that a material uncertainty exists related to events or conditions that may cast a significant doubt on the entity's ability to continue as a going concern.

These concerns were also expressed in our consultation response, dated 22 August 2023, to the IAASB's April 2023 exposure draft, Proposed International Standard on Auditing 570 (Revised 202X), Going Concern (2023 Exposure Draft). Adapted for ED-2410, the concerns we expressed at that time remain relevant and are set out below:

- We support enhanced transparency regarding going concern in the interim review report. However, when the auditor has concluded that nothing has come to the auditor's attention indicating that the use of the going concern basis of accounting is inappropriate, we consider that the explicit statements described in paragraph 108 of ED-2410 could dilute the importance of other information in the interim review report. We also consider that the auditor should not be precluded from including such statements.

  For example, when a material uncertainty exists, extant ISRE 2410 requires the auditor to draw attention in the interim review report on the interim financial information to the related disclosures in the financial information or, if those disclosures are inadequate, to modify the conclusion, as appropriate. The absence of a statement drawing attention to the related disclosures or of a modification to the conclusion in relation to going concern is intended to convey that nothing has come to the auditor's attention that causes the auditor to believe that management's use of the going concern basis of accounting is inappropriate.

- Financial reporting frameworks generally require disclosure of the basis of accounting used, particularly when financial information is prepared on a basis other than going concern, such as the liquidation basis of accounting. The conclusion on the interim financial information therefore inherently encompasses the going concern basis disclosed in the interim financial information. When the interim review report does not identify an exception or issue regarding the basis of accounting that may be important to users, we consider it unnecessary to include such a statement in the report.

  In addition, we encourage the IAASB to continue working with accounting standard-setters, such as the International Accounting Standards Board (IASB), to include in the applicable financial reporting frameworks the going concern disclosures and information requested by stakeholders. This would reinforce that management and those charged with governance have primary responsibility for determining the basis of accounting and assessing and disclosing information on going concern. It would also bring those disclosures directly within the scope of the auditor's conclusion on the interim financial information and require the auditor to report when there are issues concerning the basis of accounting or going concern.

- Stating that the auditor has concluded on the matters addressed by the statements in paragraph 108 of ED-2410 could be interpreted as a conclusion within a conclusion. For example, the auditor's interim review report would include a conclusion on the interim financial information and a separate conclusion on the appropriateness of management's use of the going concern basis of accounting.

Accordingly, we do not support requiring the statements in paragraph 108 of ED-2410 when nothing has come to the auditor's attention in this regard. However, if the IAASB considers it to be in the public interest to require those statements in such circumstances, we consider that the statements should be consistent with the language used in ISA 570 (Revised 2024) while using language appropriate for a limited assurance engagement.

Notwithstanding the concerns described above, we support the proposed reporting requirements relating to the going concern basis of accounting and whether a material uncertainty exists when circumstances warrant specific reporting on going concern. We consider that such reporting would provide useful information to intended users of the interim financial information and promote greater consistency and comparability among auditors' review reports on interim financial information globally.

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

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

Detailed comments (if any):

We agree that the circumstances addressed in the requirements in paragraphs 108–111 of ED-2410 capture the most frequently encountered scenarios in practice.

We consider 'Table 1: Scenarios addressed in ED-2410' in the EM for ED-2410, which maps scenarios to reporting outcomes, useful and suggest including it, or an equivalent table, as an appendix to ED-2410 or as paragraph A173A of ED-2410. This would materially support consistent implementation.

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

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

Detailed comments (if any):

We agree with the requirement in paragraph 111 of ED-2410 to include a reference in the interim review report to the disclosure of a going concern matter, other than a material uncertainty, 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. We consider that the proposed threshold appropriately balances enhanced transparency with the need to limit such reporting to matters that warrant particular prominence in the interim review report.

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):

We agree that the proposed new structure of the auditor's interim review report may be clearer to intended users because it is consistent with the structure of the auditor's report on the financial statements. We consider that ordering the report to mirror ISA 700 (Revised), Forming an Opinion and Reporting on Financial Statements, would improve comparability and facilitate navigation.

Requiring the 'Conclusion' section to appear first, consistent with ISA 700 (Revised), would improve users' understanding of the engagement outcome. In extant ISRE 2410, the conclusion appears in a subordinate position.

The explicit statement on ethics and the disclosure of the engagement partner's name for publicly traded entities are reasonable and consistent with ISA 700 (Revised).

We strongly support the decision not to introduce a KAM-equivalent disclosure. In a limited assurance engagement, such a disclosure could imply a higher level of assurance than a review provides.

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):

As described in paragraphs 72–73 of the EM for ED-2410, we foresee a significant risk of cross-jurisdictional divergence, particularly for condensed interim financial reports prepared under International Accounting Standard 34 Interim Financial Reporting. Views differ across and within jurisdictions on whether condensed interim financial reports prepared in accordance with International Accounting Standard (IAS) 34 are designed to achieve, or may achieve, fair presentation. IAS 34, which is widely used globally for interim financial reporting, is not definitively characterised as either a fair presentation framework or a compliance framework by the IASB.

We support using the definitions of 'fair presentation framework' and 'compliance framework' in paragraph 13(b) of ED-2410 because they are identical to those in paragraph 7(b) of ISA 700 (Revised).

We support the IAASB's framework neutrality, as described in paragraph 71 of the EM for ED-2410, and do not recommend that the IAASB independently interpret IAS 34 or any other financial reporting standard. To mitigate divergence while preserving framework neutrality, we recommend:

- **Coordination with the IASB.** The IAASB should coordinate with the IASB to clarify how condensed interim financial reports prepared in accordance with IAS 34 should be characterised for assurance purposes.
- **Non-authoritative educational material.** The IAASB should issue non-authoritative educational material illustrating how the alternative conclusion wording is intended to operate when IAS 34 is applied as a fair presentation framework and when it is applied as 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 have the following comments on other matters in ED-2410:

Definitions

- **Paragraph 13.** We recommend adding a definition of 'system of internal control', which is used throughout ED-2410. The definition in ISA 315 (Revised 2019) could be leveraged.

Editorial and consistency considerations

- **Paragraph 34(e).** We recommend changing 'practitioner' to 'auditor' for consistency with the terminology used throughout ED-2410.
- **Paragraph A94 (application material to paragraph 45).** Consider elevating the content of paragraph A94 into the related requirement in paragraph 45. The lead-in to the list in paragraph 45 includes 'as appropriate', indicating that the auditor may not make these inquiries when they are not appropriate. We consider that the matters in paragraph A94 warrant inquiry when appropriate and should therefore be included in paragraph 45.
- **Paragraph 118.** Consider the following editorial revision to improve readability:

    118. If the auditor considers it necessary to communicate a matter other than those that are presented or disclosed in the interim financial information that, in the auditor's judgment, is relevant to users' understanding of the interim review engagement, the auditor's responsibilities or the auditor's interim review report ~~and this is not prohibited by law or regulation~~, the auditor shall do so in a paragraph in the auditor's interim review report~~,~~ with the heading 'Other Matter' or other appropriate heading, unless prohibited by law or regulation.

Reporting

- **Paragraph 95(d)(iii)(c).** We recommend clarifying that the review procedures are significantly less in extent than those performed in an audit:

  95. The auditor's interim review report shall be in writing and shall include, at a minimum: (Ref: Para. A146, A183–A184)

  …

  c. The procedures performed in a review of interim financial information vary in nature and timing from, and are <u>significantly</u> less in extent than, those performed in an audit conducted in accordance with International Standards on Auditing.

- **Reporting on comparative information (paragraph 119).** Paragraph 119 includes work effort relating to comparative information, but ED-2410 does not appear to address reporting on comparative information. Addressing this scenario would support implementation and consistent reporting.
- **Condensed versus complete sets.** We consider that additional guidance is needed on how the conclusion and going concern statements would operate when the interim financial information comprises a condensed set of statements rather than a complete set. Such guidance would support consistent reporting.

Illustrative reports

- **Illustration 6, 'Adverse Conclusion' section.** Consider changing 'ABC Company (the Company) and its subsidiaries' to 'ABC Company and its subsidiaries (the Group)'.
- **Additional illustrative report.** Consider adding an illustrative report demonstrating any adaptations for first-time engagements. Because paragraphs A77–A79 of ED-2410 address first-time engagements as a distinct practical circumstance, an illustrative report would support consistent implementation of ISRE 2410 (Revised) once effective.

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: **<u>Yes, see comments on translation below</u>**

Detailed comments (if any):

Section 2.1.6, 'Using simple language', of the IAASB's Complexity, Understandability, Scalability and Proportionality: Drafting Principles and Guidelines (CUSP Principles) states:

> Some wording that is used in the ISAs is so fundamental that a change cannot be made. In other cases, consider using alternative wording or clarifying the meaning to alleviate a translation

concern. It is challenging to come up with a complete list of known words that are difficult to translate considering the diversity of languages worldwide.

In applying this principle, we identified several translation-sensitive terms and drafting choices that work in English but may not translate consistently:

- **Areas.** The phrase, 'areas in the interim financial information where material misstatements, whether due to fraud or error, are likely to arise' is broader than the audit concept of classes of transactions, account balances and disclosures. A note in the application material explaining the intended breadth of areas may assist translators.
- **Clearly inconsequential and clearly trivial.** 'Clearly inconsequential' (used in paragraph 54(b) in relation to fraud) and 'clearly trivial' (used in paragraph 81 in relation to the accumulation of misstatements) are similar expressions that may have different meanings. This may create a translation risk. We recommend that the IAASB explain the distinction in ED-2410 or another appropriate document.

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, for a standard covering the full engagement lifecycle, an implementation period of approximately 18 months after the expected date of approval would be sufficient to support effective implementation.

We emphasise that the issue regarding Section 405 of the IESBA Code of Ethics, discussed in questions 9 and E.1(a), should be resolved in time for firms to incorporate the necessary changes into their methodologies before the effective date. If the IESBA clarifications are materially delayed, the IAASB should reassess whether the implementation period remains sufficient.

We also support permitting early adoption so that jurisdictions that are ready may adopt the standard earlier.

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 consider that the application of Section 405 of the IESBA Code of Ethics to group review engagements, including group interim review engagements, requires clarification. Paragraph 405.1 of the IESBA Code of Ethics states that '[Section 405] sets out specific requirements and application material relevant to applying the conceptual framework when performing a group audit engagement', while paragraph 400.2 of the IESBA Code of Ethics states that when the term 'audit' is used, it applies equally to 'review'. This suggests that Section 405 also applies to group interim review engagements, although those engagements are neither explicitly included nor excluded. However, Section 405 explicitly refers to ISA 600 (Revised) in its requirements, and ISA 600 (Revised) does not apply to group interim review engagements. It is therefore unclear which of the following interpretations is correct:

1. Section 405 as a whole does not apply to interim review engagements. Section 405 was developed in the context of group audits performed in accordance with ISA 600 (Revised), as described in paragraph 28 of the EM for ED-2410. In addition, paragraph 25 of the EM for ED-2410 states that 'other parts of the [IESBA] Code [of Ethics] do not treat the terms "audit" and "review" as equivalent and therefore may not necessarily apply in the same way to both audit engagements and interim review engagements'. This indicates that Section 405 may not apply to reviews.
2. The requirements and related application material apply to reviews, except where they refer to ISA 600 (Revised).

We suggest that Section 405 be clarified within the IESBA Code of Ethics, including in relation to non-network component auditors and component auditors not involved in the group interim review engagement, rather than only through non-authoritative IESBA guidance or IAASB standards and guidance. The public interest implications of potential gaps in group independence are significant and should not be left to non-authoritative material.

We encourage the IAASB and IESBA to align their timelines so that any necessary clarifications are finalised concurrently with, or before, the approval of final ISRE 2410 (Revised).

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 consider that the application of the IESBA Code of Ethics, as described in paragraph 29 of the EM for ED-2410, is clear when information concerning NOCLAR or suspected NOCLAR comes to the auditor's attention during an interim review engagement. Because an interim review engagement is a non-audit service, paragraphs R360.29–360.40 A1 of the IESBA Code of Ethics apply. We also agree that the response to, and outcome of, the NOCLAR or suspected NOCLAR should ultimately be the same because paragraph R360.31(a) requires communication within the firm or with the audit engagement partner.

We consider that explicit signposting of the provisions that apply to interim review engagements, particularly when their applicability may be unclear, would support implementation and compliance. An auditor seeking to determine which provisions of the current IESBA Code of Ethics apply to an interim review engagement must read across the IESBA Code of Ethics to identify the provisions that distinguish between an audit and a review. This process may require sophisticated knowledge of the IESBA Code of Ethics. Signposting the applicable provisions may streamline this effort.

We similarly consider that a list of provisions in the IESBA Code of Ethics applicable to interim review engagements could achieve the same objective as signposting those provisions. The list could be included in the IESBA Code of Ethics, for example as an appendix, or provided outside the IESBA Code of Ethics as non-authoritative material, because the substance is already determinable from the existing text.

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.