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)	The South African Institute of Chartered Accountants (SAICA)
Name(s) of person(s) responsible for this submission (or leave blank if the same as above)	Thandokuhle Myoli (Head: Audit and Assurance)
Name(s) of contact(s) for this submission (or leave blank if the same as above)	Thandokuhle Myoli (Head: Audit and Assurance) Annerie Pretorius (Lead: Audit and Assurance)
E-mail address(es) of contact(s)	ThandokuhleM@saica.co.za Anneriep@saica.co.za
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.	Africa
	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.	Professional accountancy or professional organization (PAO)
	If "Other", please specify
Should you choose to do so, you may include information about your organization (or yourself, as applicable).	SAICA is South Africa's premier accountancy body and a globally recognised institute. The Institute provides a wide range of support services to more than 64 000 members and associates who hold positions as chief executive officers, managing directors, board members, business owners, chief financial officers, auditors, and leaders in their spheres of business operation. The SAICA Assurance Guidance Committee approved this submission.
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:

Not applicable.

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):

1. We agree that the qualitative standard-setting characteristics and standard-setting actions as set out in the Appendix to the EM were appropriate in addressing the actions that were proposed in the project proposal to address the core public interest issue relating to this project, as was articulated in the project proposal (i.e. identified inconsistencies in practice between, and within, jurisdictions globally relating to the performance of and reporting on interim review engagements).

2. We commend the IAASB for embarking on a substantive revision to modernise ISRE 2410 and to align it with the multiple new IAASB pronouncements and amendments made to IAASB pronouncements since ISRE 2410 became effective in 2006, as appropriate to interim review engagements.

3. An ISRE 2410 review of interim financial information is a distinct engagement based primarily on inquiry and analytical procedures, with additional procedures where further investigation is required. The additional procedures however still need to remain proportionate with the nature of a review engagement. Therefore, it was important for this to be factored into the proposed revised standard to avoid an expectation that review procedures provide reasonable assurance as expected in an audit engagement. Cost considerations and the ability to produce an interim review report speedily to the market are also public interest considerations.

4. As an overarching comment, we suggest that the IAASB should consider conducting a systemic comparison of ISRE 2410, when nearing finalisation, and ISRE 2400 to ensure that all elements of departure were intentional and justified as a result of the auditor's role in the audit of the annual financial statements.

5. While we have proposed matters for enhancement of the proposed standard in our responses to some of the questions, we broadly agree with the proposals in ED-2410.

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):

6. We agree that the proposed standard strikes an appropriate balance between the work effort required to express a limited assurance conclusion and the more robust requirements in the public interest in certain areas. ISRE 2410 should remain anchored in the review model, i.e. aligned with ISRE 2400. Where elements are imported from the ISAs (e.g. ISA 570 (Revised 2024)), this should be done appropriately to avoid unnecessary work effort that goes beyond the basis and principles of a review engagement.

7. We have expanded on practical implications of the proposed revised standard in our responses to questions 8 (materiality), 12 (management's assessment of going concern) and 15 (fair presentation and compliance frameworks).

Click or tap here to enter text.

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):

8.We agree that ED-2410 appropriately addresses the foundational concepts of professional skepticism and professional judgement and the importance of applying these concepts throughout the interim review engagement.

9.Our response to question 16 includes a comment on ED-2410's Definitions section, where we used the proposed standard's references to "professional skepticism" and "professional judgement" as examples to illustrate our comment.

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):

10. While the introduction to the standard does well to highlight the differences between an audit and an interim review engagement, it could be improved by including a statement that highlights the relationship between the two engagements. For example by adding: "While an interim review engagement is a standalone engagement, the auditor leverages prior knowledge obtained from the audit engagement."

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):

11. We agree that it is sufficiently clear that all procedures performed for purposes of achieving the overall objective of the interim review engagement are "review procedures". 'Other review procedures', in the context of interim review engagements still fall under the umbrella of review procedures as per the definition.

12. ED–2410 paragraph however 44 appears to be inconsistent with the definition of review procedures - it appears to create the impression that 'other review procedures' are outside the definition of review procedures. We propose the following amendment to align paragraph 44 with the definition of review procedures: "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."

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):

13.Not applicable.

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):

14.Not applicable.

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):

15.Even though the extant standard does not require the determination of materiality in an interim review engagement, this determination is already performed in practice and we agree with the inclusion of such a requirement in the standard.

16.We are aware of different approaches in practice regarding annualising interim financial information for purposes of determining materiality for the interim review engagement. Clarification in the application material in ISRE 2410 regarding the appropriateness of determining materiality for an interim review engagement based on annualised interim results would be beneficial for consistent application of the standard.

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):

17.We agree that ED-2410 is capable of being performed for the review of interim financial information for groups.

18.While ED-2410 paragraph 14 clarifies that group engagements are included in the scope of the standard, this statement is currently contained as part of the Definitions section of the proposed standard. To give more prominence to this clarification and to enhance the logical flow of the standard, we propose that the first sentence of paragraph 14 should be moved to the Scope of this ISRE section of the standard, before ED-2410 paragraph 2. We are thus proposing that new paragraph 2 of the standard would read “This ISRE applies to all interim review engagements, including those of a group.”

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: **Yes, with comments below**

Detailed comments (if any):

19.We agree and do not have comments on the requirements in ED 2410 relating to group interim review engagements. We however have comments on the application material in paragraph A64.

20.ED-2410.A64:

In determining the nature, timing and extent of involvement of component auditors, if any, the group auditor may consider factors such as, for example, whether:

- …
- The interim financial information of the component is significant to the group as a whole.
- …”

21.We propose that paragraph A64 should acknowledge that determining the nature, timing and extent of involvement of component auditors is a matter of professional judgement.

22.Furthermore, regarding the bullet: “The interim financial information of the component is significant to the group as a whole”: ED-2410 does not indicate how the group auditor would determine whether a component is significant to the group as a whole and this may inadvertently lead the auditor to draw incorrect parallels to the “significant” and “non-significant” component classifications that were contained in the previous version of ISA 600. We propose amendment to this bullet to strengthen alignment with ISA 600 (Revised).

23.Our proposed amendments to paragraph A64:

“~~In determining~~ The group auditor’s determination of the nature, timing and extent of involvement of component auditors, if any, is a matter of professional judgement. ~~the~~ The group auditor may consider factors ~~such as~~, for example, whether:

- …

- The interim financial information of the component is significant to the group as a whole, based on quantitative and qualitative considerations.
- …"

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):

24. For fraud, the distinction between ordinary review procedures and the additional procedures triggered by possible fraud is clear; i.e. the link between paragraph 54 and paragraph 70 is explained in application material paragraph A99. Regarding instances of identified NOCLAR, we believe the standard would be enhanced by adding application material similar to paragraph A99 that explains the linkage between paragraph 56 and paragraph 70.

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):

25.We debated the practicality of the requirement in ED-2410 paragraph 58 for the auditor to enquire whether, in preparing the interim financial information, management has **performed an assessment** of the entity 's ability to continue as a going concern and 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, if management has not yet done so.

26.While acknowledging that the IAASB pronouncements are financial reporting framework neutral, we considered the proposed requirements in paragraphs 58 and 59 in context of IAS 34, *Interim Financial Reporting,* read with IAS 8, *Basis of Preparation of Financial Statements* paragraphs 3A, 6K and 6L (IAS 8 as amended for IFRS 18) and IAS 1, *Presentation of Financial Statements* paragraphs 4, 25 and paragraph 26 (IAS 1 prior to amendments as a result of IFRS 18). After robust discussion, we concluded that the requirements in ED-2410 paragraphs 58 and 59 are interoperable with the requirements of IFRS Accounting Standards regarding management's assessment of going concern for interim financial information.

27.We are aware that, in practice, management often *updates* their going concern assessment that was performed at most recent year-end, at interim reporting date rather than performing a new assessment. ED- 2410 does not clarify whether an *update* of management's assessment of going concern may be regarded as appropriate by the auditor in complying with the requirements in ED-2410 paragraphs 58 and 59.

28.We therefore suggest that the standard should clarify in its application material whether an update (performed by management) of management's assessment that was performed at the end of the most recent financial year may be sufficient from the auditor's perspective, when enquiring about management's assessment of the entity's ability to continue as a going concern during the interim review engagement.

29.We furthermore recommend that application material should be included in ISRE 2410 to encourage the auditor to address the requirement in ED-2410 paragraph 59 in the engagement letter. Such practice will bring to management's attention that there will be an expectation from the auditor for management to provide an assessment of going concern that covers a period of at least 12 months from the date of approval of the interim financial information. Such application material in ISRE 2410 would be consistent with the consequential amendment made to paragraph A24 of ISA 210, *Agreeing the Terms of Audit Engagements*, when ISA 570 (Revised 2024), *Going Concern*, was finalised.

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

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

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

Detailed comments (if any):

30.We had robust discussions on the appropriateness of including a new separate section relating to going concern in the interim review report. Concerns were expressed that the auditor's work effort as part of an interim review engagement may not be sufficient to make the statements required by paragraph 108 of the proposed standard. However, we considered i) the informative value of the interim review report as a means of updating the user of the report at intervals between the audit of the financial statements, and ii) considered that the context of the statements made about going concern in the interim review report is clearly articulated in the interim review report. We concluded that the reporting proposals in ED-2410 relating to going concern were appropriate.

31.Paragraph 108(b) requires a statement in the independent review report that indicates: "Based on **the evidence obtained**, nothing has come to the auditor's attention…". ED-2410 paragraph 6 provides context to the reference to obtaining evidence that is made in paragraph 108(b): "the auditor performs review procedures to obtain sufficient appropriate evidence as the basis for the limited assurance conclusion". The user of the independent review report would however not necessarily have had the benefit of reading the context provided in ED-2410 paragraph 6. To avoid misunderstanding of the statement made in the interim review report in terms of paragraph 108(b) by the users of the report, we propose the following amendments to paragraph 108(b):

"Based on the ~~evidence obtained~~ review procedures performed, nothing has come to the auditor's attention…" If our proposal is accepted by the IAASB, a similar amendment should be made to the affected illustrative reports in the standard.

32.We note that if the proposals in ED-2410 are retained in the final version of the standard, there will be inconsistency between ISRE 2400 and ISRE 2410 with regard to reporting on going concern in the respective review reports. We suggest that the IAASB should consider addressing the reasons for the differences in the reporting requirements regarding going concern in ISRE 2400 and ISRE 2410 as part of educational material (for example the fact sheet or videos) when ISRE 2410 is finalised.

In particular:

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

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

Detailed comments (if any):

33.Not applicable

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

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

Detailed comments (if any):

34.Not applicable

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

Detailed comments (if any):

<u>Other Circumstances Related to Going Concern</u>

35.Paragraph 111(b) of ED-2410 states the following:

"If a matter related to going concern, other than a material uncertainty, is disclosed in the interim financial information and, in the auditor's judgement, the matter is of such importance that it is fundamental to users' understanding of the interim financial information, the auditor shall, in the separate Going Concern section required by paragraph 108, include:

(a) A reference to the related disclosure(s) in the interim financial information; and
(b) A statement that the auditor's interim review conclusion is not modified in respect of the matter."

36.We acknowledge that paragraph 111(b) does not imply or indicate that this disclosure is made as an "Emphasis of matter" paragraph but is made as part of the going concern section in the interim review report. However, we also acknowledge that this proposed disclosure is akin to the disclosures of an emphasis of matter paragraph as per ISA 706.9(b). To enhance the communicative value of the interim review report, we propose the following amendments to paragraph 111(a):"A <u>clear reference to the matter being disclosed and a</u> ~~A~~ reference to the related disclosure(s) in the interim financial information. <u>The paragraph shall refer only to information presented or disclosed in the interim financial information</u>; and…". This would enhance alignment of paragraph 111 with the requirements of ISA 706 paragraph 9(b).

The Auditor's Interim Review Report

General

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

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

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

Detailed comments (if any):

37.We agree with the proposed new structure of the auditor's interim review report but have suggestions for enhancement.

38. We encourage the IAASB to educate users of the reports on the differences between an audit report and an interim review report so as to narrow any expectation gaps that could potentially be created by having similarly-structured reports.

Relevant ethical requirements specific to audit or reviews

39.ED-2410 paragraph 95(d)(iv)(b) states the following:

"If the relevant ethical requirements require the auditor to publicly disclose when the auditor applied independence requirements specific to audits or reviews of certain entities, the statement shall indicate that the auditor is independent of the entity in accordance with the independence requirements applicable to the audits or review of those entities;"

40.It was not immediately apparent to us why reference is made in paragraph 95(d)(iv)(b) to the independence requirements specific to "audits or reviews" of certain entities. In our view, public disclosure, as addressed in paragraph 95(d)(iv)(b) would only be required if relevant ethical requirements applicable to **review** of those entities required such public disclosure. We therefore propose the following amendment:

"If the relevant ethical requirements require the auditor to publicly disclose when the auditor applied independence requirements specific to ~~audits or~~ reviews of certain entities, the statement shall indicate that the auditor is independent of the entity in accordance with the independence requirements applicable to the ~~audits or~~ review of those entities;"

Other Reporting Responsibilities – paragraph 115

41.Paragraph 115 of ED-2410 states the following:

"If the auditor addresses reporting responsibilities in the interim review report that are in addition to the auditor's responsibilities under this ISRE, the auditor shall include a separate section in the interim review report, with an appropriate heading."

42.We propose that flexibility regarding Other Reporting Responsibilities similar to that in ISA 700.43 (i.e. that where other reporting responsibilities address the same topics as those presented under the reporting responsibilities required by ISRE 2410, those other reporting responsibilities may be presented in the same section as the related report elements required by ISRE 2410) should be incorporated into ISRE 2410. We furthermore propose the consideration of a similar consequential amendment to ISRE 2400.91 to enhance consistency between the review standards.

Emphasis of Matter Paragraphs and Other Matter Paragraphs

43.ED-2410 does not specify or provide guidance on the placement of Emphasis of Matter or Other Matter paragraphs in the auditor's interim review report.

44.We suggest that application material similar to ISA 706 paragraph A16 should be incorporated into ISRE 2410 to provide clarity to practitioners in this regard and to facilitate consistency in practice.

45.ISA 706 (Revised) paragraph A16:

”The placement of an Emphasis of Matter paragraph or Other Matter paragraph in the auditor’s report depends on the nature of the information to be communicated, and the auditor’s judgment as to the relative significance of such information to intended users compared to other elements required to be reported in accordance with ISA 700 (Revised).

...”

Disclosure of name of auditor – illustrative reports 2 and 6

46.Illustrative reports 2 and 6 illustrate reports where the circumstances assume that the entity is not a publicly traded entity. The reports however contain disclosure of the name of the engagement partner. ED-2410.96 requires disclosure of the name of the engagement partner in the reports of publicly traded entities (only). We therefore propose that the name of the engagement partner be removed from these illustrative reports.

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):

47.We agree with the approach in ED-2410 that the interim review conclusion would differ, depending on whether the applicable financial reporting framework was a fair presentation framework or a compliance framework.

South African position regarding condensed interim financial information prepared in accordance with IAS 34

48.In South Africa, condensed interim financial information prepared in accordance with IAS 34 are regarded as having been prepared in accordance with a compliance framework. For reference, refer to the IRBA Guide for Registered Auditors: *Reporting on Financial Information contained in Interim, Preliminary, Provisional and Abridged Reports required by the JSE Listings Requirements* https://www.irba.co.za/upload/2_%20Revised%20JSE%20Guide%20-%20Provisional%20Abridged.pdf A different conclusion may have been reached in other territories. While acknowledging that the IAASB pronouncements are financial reporting framework neutral, we highlight that application of ED-2410 in circumstances where condensed consolidated interim financial information was prepared in accordance with IAS 34 might result in inconsistent articulation of the auditor's conclusion, depending on the auditor's interpretation of IAS 34 as a financial reporting framework. In view of the core public interest issue identified for this project, namely identified inconsistencies in practice between, and within, jurisdictions globally relating to the performance of and reporting on interim review engagements, we suggest that the IAASB may consider liaising on this matter with the IASB in order to avoid global fragmentation risk.

Reference to the applicable financial reporting framework – ED-2410 paragraph A151

49.ED-2410 paragraph A151 lists examples of how the applicable financial reporting framework may be identified.

50.To acknowledge current practice regarding the reference to the applicable financial reporting framework, specifically when condensed interim financial information is prepared by management, we propose the inclusion of the following as an additional bullet in the list:

- "IAS 34, *Interim Financial Reporting* "

ED-2410 - Illustrative report 1

51.Illustration 1 in ED-2410 illustrates an interim review report on condensed interim financial information of a publicly traded entity (a group) where the interim information was prepared in accordance with a fair presentation framework. We propose that illustration 1 in ISRE 2410 should illustrate the most common scenario encountered in practice. If the majority of respondents to ED-2410 indicate that respondents regard condensed consolidated interim financial information to be prepared in accordance with a compliance framework (as opposed to a fair presentation framework), we propose that the assumed circumstances of illustration 1, and the report itself, should be amended to reflect that the condensed consolidated interim financial information was prepared in accordance with 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):

Objectives- ED-2410 paragraph 12

52.Paragraph 12 of ED-2410 states the following:

"When limited assurance cannot be obtained, and a qualified conclusion in the auditor's interim review report is insufficient in the circumstances for purposes of reporting to the intended users, this ISRE requires the auditor to disclaim a conclusion or withdraw from the engagement, where withdrawal is possible under applicable law or regulation. (Ref: Para.A9)"

53.Our understanding of the objective in paragraph 12 is that its reference to a required withdrawal relates to ED-2410 paragraph 105 that requires withdrawal where there was a limitation on the scope of the interim review imposed by management after the auditor has accepted the engagement. Paragraph 12 could however be read to imply that the standard, in all circumstances, requires the auditor to withdraw from the engagement when a qualified conclusion is insufficient, where withdrawal is possible under applicable law or regulation, and that the auditor would disclaim an opinion only if withdrawal was not possible. The inclusion of a cross-reference to ED-2410 paragraphs A170 and A171 in addition to paragraph A9 would strengthen the link between paragraph 12 and paragraph 105. We therefore propose the following amendments to paragraph 12:

”When limited assurance cannot be obtained, and a qualified conclusion in the auditor’s interim review report is insufficient in the circumstances for purposes of reporting to the intended users, this ISRE requires the auditor to disclaim a conclusion or, where appropriate, withdraw from the engagement, where withdrawal is possible under applicable law or regulation. (Ref: Para.A9, A170- A171)”

Definitions section

54.ED-2410 defines certain terms for purposes of the ISRE but does not define all terms used in the proposed standard.

55.For example, the proposed standard addresses professional judgement and professional skepticism in paragraphs 21 and 22 but does not define these terms.

56.Paragraph 16 of ISRE 2400 (Revised) states the following:

” The Handbook’s Glossary of Terms (the Glossary) includes the terms defined in this ISRE as well as descriptions of other terms used in this ISRE, to assist in consistent application and interpretation. “

57.We propose that ED-2410 paragraph14, which clarifies that the Handbook’s terms that apply to group audit engagements are intended to be read and applied in the context of a review of interim financial information, should be articulated to refer to other terms in the Handbook in general. This amendment will align this paragraph with ISRE 2400 paragraph 16.

58.We propose the following amendments to ED-2410 paragraph 14:

"*The Handbook's Glossary of Terms (the Glossary) includes the terms defined in this ISRE as well as descriptions of other terms used in this ISRE~~., including certain terms that apply to a group audit engagement.~~ When this ISRE uses terms, including terms related to groups that are defined in the Glossary, such terms are intended to be read and applied in the context of a review of the interim financial information or of the group interim financial information, as applicable. ~~of the group performed by the auditor of the group financial statements (a “group interim review engagement”)~~ (Ref: Para. A12)*.”

Acceptance and continuance of the Interim Review Engagement – paragraph 29

59.There appears to be inconsistency in the approaches in ED-2410 paragraphs 26, 29 and 32.

60.ED 2410.26 (with own emphasis in bold):

"If the preconditions in paragraph 25 are not present, the auditor shall discuss the matter with management of those charged with governance, and determine whether the matter can be resolved. If changes cannot be made to meet the preconditions, the auditor shall not accept the interim review engagement, unless required by law or regulation to do so. **However, an engagement conducted under such circumstances does not comply with this ISRE. Accordingly, the auditor shall not include any reference within the auditor's interim review report to the interim review engagement having been conducted in accordance with this ISRE."**

61.ED 2410.29::

"If management or those charged with governance impose a limitation on the scope of the auditor's work in terms of the proposed interim review engagement such that the auditor believes the limitation will result in the auditor disclaiming a conclusion on the interim financial information, the auditor shall not accept engagement, unless required by law or regulation to do so."

62.ED 2410.32 (with own emphasis in bold):

"If the auditor concludes that additional explanation in the auditor's interim review report cannot mitigate such a possible misunderstanding, the auditor shall not accept the interim review engagement, unless required by law or regulation to do so. **An interim review engagement conducted in accordance with such law or regulation does not comply with this ISRE. Accordingly, the auditor shall not include any reference in the auditor's interim review report to the interim review engagement having been conducted in accordance with this ISRE."**

63.Paragraphs 26, 29 and 32 address scenarios where the auditor is prohibited from accepting an engagement unless required by law or regulation to do so. The proviso in paragraphs 26 and 32 that indicates that such engagements conducted in accordance with law or regulation does not comply with the ISRE and that the auditor shall not include any reference in the auditor's interim review report to the engagement having been conducted in accordance with the ISRE has not been included in paragraph 29. Unless this was done with intention, we propose the inclusion of a similar proviso in paragraph 29.

Using the work of an Auditor's Expert – paragraph 66

64.Paragraph 66(a) of ED-2410 states the following:

"If the auditor determines that it is necessary to use the work of an auditor 's expert to obtain sufficient appropriate evidence, the auditor shall:

(a) Evaluate whether the expert has the necessary competence, capabilities and objectivity for the auditor 's purposes;"

65.To align ED-2410 with the narrow scope amendments to IAASB Standards Arising from the IESBA's Using the Work of An External Expert Project, we propose that the application material in ISRE 2410 should contain a reference that relevant ethical requirements may include provisions addressing the fulfillment of the auditor's ethical responsibilities related to evaluating whether an auditor's expert has the necessary competence, capabilities and objectivity for the auditor's purposes. For example, the IESBA Code includes provisions related to a professional accountant's use of the work of an external expert. Such application material would be consistent with the consequential amendment made to paragraph A97B of ISRE 2400 as a result of the Narrow Scope amendments to the IAASB's standards arising from IESBA's Using the Work of an External Expert Project.

Written representations and Accumulation and Evaluation of Misstatements

66.ED-2410 addresses written representations (paragraphs 76-80) before addressing the accumulation and evaluation of misstatements (paragraphs 81 to 85). Paragraph 76 requires a written representation that management/those charged with governance believes that the effects of uncorrected misstatements are immaterial, individually or in aggregate, to the interim financial information taken as a whole, prior to the proposed standard addressing the requirement in paragraph 81 for the auditor to accumulate misstatements. To improve the logical flow of the standard, we suggest repositioning the 'Written Representations' section to follow after the 'Accumulation and Evaluation of Misstatements' section in the standard.

Comparative information

67.We discussed the work effort required of the auditor in complying with ED-2410 paragraph 119 and concluded that even though paragraph 119 does not specifically refer to review procedures, paragraph 119 should be read in context of ED 2410 paragraph 6 which clarifies that the auditor performs review procedures to obtain sufficient appropriate evidence as the basis for the limited assurance conclusion. We are therefore comfortable with the work effort involved in complying with paragraph 119.

Engagement-Level Quality Management – paragraph A28

68.Paragraph A28 of ED-2410 states the following:

"The engagement partner remains ultimately responsible, and therefore accountable, for compliance with the requirements of this ISRE. The engagement partner may assign the design or performance of procedures, tasks or actions related to a requirement of this ISRE to other appropriately skilled or suitably experienced members of the engagement team. However, this does not diminish the requirement for the engagement partner to take overall responsibility for managing and achieving quality on the engagement, for example, through direction and supervision of those members of the engagement team, and review of their work."

69.ED-2410 paragraph A28 does not indicate whether the engagement partner is required to review all work performed by the engagement team or focus exclusively on areas of significant risk.64.We suggest including clarification regarding the mandatory scope of the engagement partner's review in the application material of the standard.

Accounting Estimates – paragraph 92(d)(iv)

70.ED-2410 paragraph 92(d)(iv) requires the auditor to conclude whether accounting estimates and related disclosures made by management appear "reasonable". The term "reasonable" may inadvertently imply a level of assurance consistent with an audit engagement rather than the limited assurance appropriate for an interim review. 66.We suggest that “reasonable” should be replaced with “adequate” or ”appropriate”.

Assembly of the Engagement Documentation – paragraph A185

71.ED-2410 paragraph A185 contains a footnote (footnote 26) that refers to ISQM1, paragraph 31(f). We suggest that the footnote should also refer to ISQM1, paragraph A83 to strengthen the linkage to the suggested time limits for engagement file assembly in ISQM 1.

Editorial comments

72.ED-2410 paragraphs A11, A62(fourth bullet in the Example block) and A64 use the drafting convention ”such as, for example”. We proposed that “such as” should be deleted to eliminate redundant wording.

73.ED-2410 paragraph A62 has a full stop missing in the first sentence after “…brought to management’s attention**. …”**

74.ED-2410 paragraph A77 has a “20” at the end of the sentence which should be formatted in superscript.

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):

75.The IAASB pronouncements are not translated in South Africa and we therefore have not considered potential translation challenges or issues.

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

Detailed comments (if any):

76.Not applicable.

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):

77.While the IESBA Code clarifies in paragraph 400.2 that Part 4A applies to both audit and review engagements, section 405 of the IESBA Code explicitly refers to ISA 600 (Revised) in a number of paragraphs, for example in paragraph 405.2 A1. The absence of specific references to group interim review engagements in section 405 might create confusion as to its applicability to review engagements. We support the IESBA Code being principles based and in general do not support frequent changes to the Code. However, to address possible confusion regarding the application of section 405 to group interim review engagements, we recommend amendment to the Code itself through considering the removal of explicit references to ISA 600(Revised) from section 405. Alternatively, we suggest that the IESBA should amend section 405 in the Code itself to include direct references to ISRE 2410, similar to the references made to ISA 600(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: **<u>Yes (with no further comments)</u>**

Detailed comments (if any):

78.Not applicable.

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.

Through intellectual property and service level agreements, the International Federation of Accountants manages requests to translate or reproduce IAASB and IESBA content. For permission to reproduce or translate this or any other publication or for information about intellectual property matters, please visit [Permissions] or contact [Permissions@ifac.org].

The IAASB®, the International Foundation for Ethics and Audit™ (IFEA™) and the International Federation of Accountants® (IFAC®) do not accept responsibility for loss caused to any person who acts or refrains from acting in reliance on the material in this publication, whether such loss is caused by negligence or otherwise.