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 Independent Regulatory Board for Auditors
Name(s) of person(s) responsible for this submission (or leave blank if the same as above)	Saadiya Adam Director: Standards
Name(s) of contact(s) for this submission (or leave blank if the same as above)	Zimasa Nomqonde-Shabalala Acting Professional Manager: Standards
E-mail address(es) of contact(s)	znomqonde@irba.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.	Jurisdictional or other standard setter
	If "Other", please specify
Should you choose to do so, you may include information about your organization (or yourself, as applicable).	The IRBA is both the audit regulator and national audit and ethics standards setter in South Africa. Its statutory objectives include the protection of the public by regulating audits performed by registered auditors; and the promotion of investment and employment in South Africa.

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

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

Click or tap here to enter text.

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

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

Overall Impact

1.	Do you agree that ED-2410 is **responsive to the public interest**, considering the qualitative standard-setting characteristics and the standard-setting actions in the project proposal? (*See Section I-A and the Appendix in the EM)*

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

Detailed comments (if any):

We 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.

In particular, we support the comprehensive revision of ISRE 2410, which modernises the standard and aligns it more closely with other IAASB standards. The proposed standard is clearer, more readable and easier to navigate, with improved structure and headings.

The proposed enhancements in areas with significant public interest strengthen the robustness of interim review engagements while remaining proportionate to their limited assurance nature.

We also appreciate the clear articulation at the beginning of the standard of the differences between an audit and an interim review engagement, which helps reinforce the limited assurance nature of an interim review engagement.

The IRBA has experience with the application of ISRE 2410 through the issuance of its Guide for Registered Auditors: *Reporting on Financial Information Contained in Interim, Preliminary, Provisional and Abridged Reports Required by the JSE Listings Requirements*. This guidance was developed at a time when the Johannesburg Stock Exchange (JSE) Listings Requirements required interim financial statements to be reviewed. Following subsequent changes to the Listing requirements, listed entities are only required to obtain a review of interim financial statements in certain specified circumstances.

While we are broadly supportive of the proposals, we have included some recommendations in our responses to the questions that follow that we believe would further enhance the clarity and operability of the standard.

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 ED-2410 strikes an appropriate balance between addressing public interest considerations and maintaining the limited assurance nature of an interim review engagement. The requirements are proportionate, scalable and practicable, and largely formalises procedures already commonly performed in practice. Accordingly, we do not anticipate the proposals imposing an undue burden on auditors while improving the consistency and clarity of interim review engagements and reporting.

Professional Skepticism and Professional Judgment

3.	Does ED-2410 appropriately address the foundational concepts of professional skepticism and professional judgment, and the importance of applying these concepts throughout the interim review engagement? If not, what more might be needed in this regard? *(See Section I-B, paragraph 22(a) in the EM)*

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

Detailed comments (if any):

Click or tap here to enter text.

Fundamental Principles of an Interim Review Engagement

4.	Does the Introduction section of ED-2410 provide a clear description of the nature and purpose of an interim review engagement, and how it differs from an audit of financial statements, to provide foundational context for the work effort needed to achieve the objective of the engagement? *(See Section I-B in the EM)*

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

Detailed comments (if any):

We agree that the Introduction section of ED-2410 provides a clear description of the nature and purpose of an interim review engagement and appropriately distinguishes an interim review from an audit of financial statements. This distinction provides important foundational context for understanding the work effort required to achieve a limited assurance conclusion and helps to manage users' expectations regarding the scope of the engagement.

We believe this clarity is particularly important in light of the enhanced reporting proposals in ED-2410 and mitigates the risk of widening the expectation gap by the users of the report.

5.	Is ED-2410 sufficiently clear that while the auditor performs primarily inquiries and analytical procedures, *all procedures* performed for the purpose of achieving the overall objective of the interim review engagement are "review procedures"? If not, what suggestions do you have to make this clearer? *(See Section I-F, paras. 44-47 in the EM)*

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

Detailed comments (if any):

We considered whether the definition of review procedures should be broadened beyond the reference to inquiries and analytical procedures, given that additional procedures may be necessary in certain circumstances. However, we agree that the current drafting is appropriate.

The definition adequately reflects the nature of a review engagement, while the application material and specific requirements within the standard provide sufficient guidance regarding circumstances in which additional procedures may be necessary to achieve the objective of the engagement.

Accordingly, we support the proposed definition as clear, appropriately scoped and consistent with the objectives of ED-2410.

Approaching an Interim Review Engagement in Accordance with ED-2410

6.	Is it sufficiently clear that, for recurring engagements, the auditor leverages the knowledge and understanding obtained from previous annual audits and interim review engagements for the entity? If not, what suggestions do you have to make this clearer? *(See Section I-B and Section I-F, paragraphs 44-52 in the EM)*

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

Detailed comments (if any):

Click or tap here to enter text.

7.	Do you agree with the considerations that apply when the review of interim financial information is the first engagement performed for the audit client? If not, what suggestions do you have for additional considerations related to first-time interim review engagements? *(See Section I-F, paras. 48-52 in the EM)*

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

Detailed comments (if any):

We agree with the proposed considerations for first-time interim review engagements and do not believe that additional requirements or guidance are necessary.

In our discussions, we considered the practical implications of obtaining an understanding of whether accounting policies reflected in the comparative information are consistent with those applied in the current interim period under paragraph 119 (b), particularly where the auditor has no prior knowledge from an audit engagement. We noted that, in such circumstances, the auditor would appropriately rely on inquiries and analytical procedures to identify any changes in, or inconsistencies with, accounting policies. Additional procedures, such as reading prior period interim financial information and, where appropriate, communicating with the predecessor auditor, may also assist in obtaining the necessary understanding.

We further noted that paragraph 16A(a) of International Accounting Standard (IAS) 34 *Interim Financial Reporting* requires disclosure where accounting policies and methods of computation differ from those applied in the most recent annual financial statements.

Accordingly, we believe the considerations in ED-2410 provide an adequate framework for addressing first-time review engagements.

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

Detailed comments (if any):

The proposed requirements are consistent with current practices and provide an appropriate basis for planning and performing an interim review engagement.

However, we foresee a practical challenge in evaluating uncorrected misstatements identified during the most recent audit of the entity's annual financial statements as part of an interim review engagement. Materiality determined for an interim review may be lower than the materiality applied in the preceding audit. As a result, misstatements that were considered immaterial and therefore remained uncorrected in the audited financial statements may become material in the context of the interim review.

We therefore recommend the inclusion of application material addressing how auditors should evaluate and respond to such circumstances. This guidance would help promote consistent application in practice.

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

Detailed comments (if any):

We agree that ED-2410 is capable of being applied to the review of interim financial information of groups.

We do, however, recommend that the statement in paragraph 14, "*This ISRE applies to all interim review engagements, including those of a group*" be moved to the "Scope of this ISRE" section after paragraph 2 to enhance its prominence and visibility.

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):

We support the proposed requirements addressing group interim review engagements. However, we believe that additional application material would be beneficial to emphasise the importance of effective communication between the group engagement auditor and component auditors, particularly in relation to matters of significant public interest.

Paragraph A65 of ED-2410 highlights the need for clear and timely communication between the group auditor and component auditor. Given the proposed enhancements in ED-2410 relating to the auditor's responsibilities with respect to fraud and non-compliance with laws and regulations, we recommend expanding paragraph A65 to explicitly acknowledge that such communications may include information relating to these matters.

Accordingly, we propose the following additional application material:

"Communication from the component auditor may also include information about instances of non-compliance with laws or regulations, and fraud or suspected fraud, which may have a material effect on the group interim financial information."

Including such guidance would reinforce the importance of timely communication of these matters within a group engagement and support the consistent application of the proposed requirements.

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 support the proposed enhancements to the requirements relating to fraud and NOCLAR and agree that the work effort remains proportionate to the nature of an interim review engagement, while appropriately addressing matters of significant public interest.

Given that an interim review under ISRE 2410 is performed by the auditor of the entity's annual financial statements, we recommend further application material to highlight that fraud or suspected fraud identified during the interim review may have implications for the annual audit. Specifically, we suggest adding application material under paragraphs A99–A101 stating that: "*Because the engagement is performed by the auditor of the entity's annual financial statements, the auditor may consider the implications of fraud or suspected fraud for the audit of the entity's annual financial statements.*" This would be consistent with the application material relating to NOCLAR in paragraph A102, bullet point 5.

In addition, we recommend expanding paragraph A101 to provide guidance on the assessment of matters that are clearly inconsequential. Specifically, we suggest the inclusion of the following wording:

"Whether fraud or suspected fraud is clearly inconsequential is assessed having regard to both its nature and magnitude, including the persons involved and the implications for management integrity and internal control. It is not determined solely by reference to a quantitative amount."

This guidance would assist practitioners in assessing whether fraud or suspected fraud is clearly inconsequential.

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 relating 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.

We do, however, have concerns regarding the practical application of paragraph 59, which requires management's going concern assessment to cover a period of at least twelve months from the date of approval of the interim financial information. In practice, management's assessment is often prepared for a period of twelve months from the reporting date and subsequently updated for interim reporting purposes, rather than being re-performed in full for each interim period. This may give rise to uncertainty regarding the extent of management's reassessment responsibilities and result in inconsistent application in practice.

Accordingly, we recommend the inclusion of application material clarifying that management may update an existing going concern assessment prepared for the most recent annual financial statements or interim period, rather than being required to prepare a new assessment for each interim review engagement.

In addition, while we acknowledge that the requirement in paragraph 59 is interoperable with IFRS Accounting Standards, specifically paragraphs 3A and 6L of IAS 8 *Basis of Preparation of Financial Statements* (IAS 8 as amended by IFRS 18 *Presentation and Disclosure in Financial Statements)* and paragraphs 4 and 26 of IAS 1 *Presentation of Financial Statements* (IAS 1 prior to the amendments resulting from IFRS 18) (which require management's going concern assessment to cover a period of at least, but not limited to, twelve months from the end of the reporting period), we recommend that paragraph A56 includes application material encouraging the auditor to address the requirement in paragraph 59 in the engagement letter. This will ensure that the management of the entity is aware of the request to extend its going concern assessment to twelve months from the date of approval of the interim financial information as early as possible. This would facilitate timely compliance with the proposed requirement. Such guidance 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 revised.

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

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

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

Detailed comments (if any):

We support the proposed requirement to include a separate section on going concern in the interim review report, recognising the significant public interest in this area.

While there were some initial concerns that the proposed reporting could suggest that audit-level procedures had been performed, the explanation in the Basis for Conclusion section of an auditor's interim review report regarding the distinction between an audit and an interim review engagement sufficiently addresses this concern.

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

Detailed comments (if any):

We generally agree with the proposed required statements relating to the going concern basis of accounting and whether a material uncertainty exists.

During our discussions, consideration was given to the repetition of the phrase "nothing has come to our attention" in the proposed wording of the required statements in paragraphs 108(a) and (b), as illustrated in the illustrative interim review reports 1, 2, 3, 5 and 6 in Appendix 1 and illustration 3 in Appendix 2. While some initially questioned whether the repetition could be reduced to improve readability, we acknowledge that the two statements address distinct matters and the wording is consistent with the approach taken in ISA 570 (Revised 2024), adapted for a limited assurance engagement. Accordingly, we concluded that the repetition is appropriate.

(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):

Click or tap here to enter text.

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

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

Detailed comments (if any):

We agree with the requirement in paragraph 111. We do, however, recommend amending paragraph 111(a) to require "*a reference to the related disclosure(s) in the interim financial information that describes the matter*". Including an explicit requirement to refer to the disclosure that describes the matter would enhance transparency by directing users to the relevant information and providing greater context regarding its significance.

This recommendation is also supported by Illustration 3 in Appendix 2, which includes a reference to the related disclosure in the interim financial information describing the matter.

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 comments below**

Detailed comments (if any):

We support the proposed new structure of the auditor's interim review report. Aligning the structure and content more closely with the auditor's report on the annual financial statements, while remaining proportionate to the nature and scope of an interim review engagement, is likely to enhance consistency, transparency and understandability for intended users.

We do, however, have the following recommendations regarding specific aspects of the proposed structure and related illustrative reports included in Appendix 1:

- **Paragraph 95(d)(iv)(b) and related illustrations 1, 3, 4 and 5 in Appendix 1:**

  We recommend revising the wording as follows:

  "If the relevant ethical requirements require the auditor to publicly disclose when the auditor applied the 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~~ reviews of those entities."

  We recommend removing the reference to "audits", as this is an interim review engagement and believe the report should refer to the independence requirements applicable to interim review engagements.

  We acknowledge that, under certain ethical frameworks, including the IESBA Code of Ethics, the independence requirements for audits and reviews are the same and that the interim review engagement under ISRE 2410 is performed by the auditor of the entity's annual financial statements. However, we believe a reference to reviews alone better reflects the nature of the engagement.

  If the IAASB intends to retain the reference to "audits or reviews", we encourage the inclusion of an explanation in the Basis for Conclusions setting out the rationale for including both terms in the context of an interim review engagement. This would assist stakeholders in understanding the intended meaning and application of the requirement.

- **Paragraph 115 – Other Reporting Responsibilities**

  We recommend permitting flexibility similar to that provided by paragraphs 43–44 of ISA 700 (Revised), *Forming an Opinion and Reporting on Financial Statements*, regarding the presentation of other reporting responsibilities. Given that the engagement is performed by the independent auditor of the entity's annual financial statements, consideration could be given to permitting other legal and regulatory reporting responsibilities either:

  - in a separate section; or
  - within the same section as related reporting responsibilities required by proposed ISRE 2410, where the topics overlap, provided that the different reporting responsibilities are clearly distinguished.

  Such flexibility may facilitate clear communication where reporting responsibilities overlap while maintaining an appropriate distinction between different reporting obligations. While we acknowledge that the proposed requirement is aligned with ISRE 2400 (Revised), *Engagements to Review Historical Financial Statements*, we believe differences in the nature of the two standards justify additional flexibility in this regard.

- **Paragraphs 106 and 114 – Disclaimer of Conclusion**

  We note that the proposed going concern disclosures in interim review reports under ISRE 2410 are largely consistent with the disclosure requirements in ISA 570 (Revised 2024). For the same reasons we supported these disclosures in the independent auditor's report, we also welcome the inclusion in ISRE 2410.

  However, we identified a potential inconsistency in circumstances where the auditor is unable to obtain sufficient appropriate evidence and therefore disclaims a conclusion. In these circumstances, proposed ISRE 2410 does not require the auditor to explicitly state that they are unable to conclude on the appropriateness of management's use of the going concern basis of accounting and whether a material uncertainty exists, as required by paragraph 19(d) of ISA 705 (Revised), *Modifications to the Opinion in the Independent Auditor's Report,* introduced by the conforming and consequential amendments arising from ISA 570 (Revised 2024). We believe that this difference may create confusion for users of the auditor's interim review report.

  Accordingly, we propose the adaptation of the requirements in paragraph 19(d) of ISA 705 (Revised) for inclusion in ISRE 2410.Given the importance of this statement, we propose that the requirement be inserted either under paragraph 106 or 114 of ISRE 2410 (Revised).

- **Illustrations 2 and 6 in Appendix 1 – Name of the Engagement Partner**

  Paragraph 96 requires the name of the engagement partner to be included only in the auditor's interim review report for a publicly traded entity. However, Illustrations 2 and 6 relate to entities other than publicly traded entities and nevertheless include the engagement partner's name. This does not appear to be consistent with the requirements of paragraph 96.

  Although paragraph A192 acknowledges that the engagement partner's name may be included in other circumstances, such as when required by law, regulation or national auditing standards, the circumstances described in these illustrations do not appear to assume such requirements.

  We therefore recommend removing the name of engagement partner section from these illustrations. Alternatively, one illustration could be revised to reflect a jurisdiction where disclosure of the engagement partner's name is required by law or regulation, while the other could omit the disclosure to demonstrate circumstances where no such requirement exists.

  For example, in South Africa, paragraph ***R115.6 SA*** of the IRBA Code of Professional Conduct for Registered Auditors requires the name of the engagement partner who is a registered auditor to be included in the auditor's interim review report through the prescribed signing convention. As a result, the engagement partner's name would be included in an auditor's interim review report irrespective of whether the entity is publicly traded.

The Auditor's Interim Review Conclusion
15. Do you foresee any practical consequences from the approach in ED-2410 that the auditor's interim review conclusion would differ, depending on whether the applicable financial reporting framework is a fair presentation framework or a compliance framework, as defined in paragraph 13(b) of ED-2410? Please be as specific as possible in describing any potential issues and suggestions for how the IAASB may address them. *(See Section I-H, paragraphs 69-73 in the EM)*

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

Detailed comments (if any):

We agree 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.

In South Africa, the Guide for Registered Auditors: Reporting on Financial Information Contained in Interim, Preliminary, Provisional and Abridged Reports Required by the JSE Listings Requirements regards condensed interim financial information prepared in accordance with IAS 34 as having been prepared in accordance with a compliance framework. As noted in the Explanatory Memorandum, other jurisdictions may have reached a different conclusion regarding the nature of IAS 34 in preparing condensed financial statements.

While we acknowledge that IAASB standards are intended to be neutral with respect to financial reporting frameworks and that the interpretation of financial reporting standards is not within the IAASB's standard-setting responsibilities, the proposals in ED-2410 may nevertheless result in inconsistent reporting outcomes for similar engagements. In particular, where condensed interim financial information is prepared in accordance with IAS 34, the wording of the auditor's conclusion could differ between jurisdictions, or even within a jurisdiction, depending on how IAS 34 is characterised as a financial reporting framework.

Given that a key public interest objective of this project is to address inconsistencies in practice relating to the performance of and reporting on interim review engagements, we encourage the IAASB to engage with the International Accounting Standards Board on this matter. Engagement between the Boards could help promote a more consistent understanding of the nature of IAS 34 and, consequently, greater consistency in interim review reporting globally.

Reference to the Applicable Financial Reporting Framework

Paragraph A151 of ED-2410 provides examples of how the applicable financial reporting framework may be identified in the auditor's conclusion on the interim financial information. To reflect common reporting practice where management prepares condensed interim financial information in accordance with IAS 34, we recommend adding the following example to the list:

- "... in accordance with International Accounting Standard 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board ..."

Appendix 1 – Illustration 1

Illustration 1 in ED-2410 presents an interim review report on condensed interim financial information of a publicly traded group prepared in accordance with a fair presentation framework. We believe that Illustration 1 should reflect the circumstances most commonly encountered in practice.

Accordingly, if responses to ED-2410 indicate that most jurisdictions regard condensed consolidated interim financial information prepared in accordance with IAS 34 as having been prepared in accordance with a compliance framework, we recommend revising Illustration 1 to reflect a compliance framework. Illustration 2 could then be amended to demonstrate circumstances in which the interim financial information is prepared in accordance with a fair presentation framework. Such an approach would provide balanced guidance on both reporting frameworks while ensuring that the primary illustration reflects prevailing practice.

Other Matters

16.	Are there any other matters you would like to raise in relation to ED-2410? If so, please clearly indicate the specific paragraph numbers of any requirements, application material, or Appendix, to which your comments relate. If you provide views on other matters, please use subheadings in your response to clearly identify and distinguish different matters.

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

Detailed comments (if any):

16.1. Definitions

We recommend aligning paragraph 14 of the proposed ISRE 2410 more closely with paragraph 16 of ISRE 2400 (Revised) by expanding the reference to the Handbook's Glossary of Terms beyond the currently proposed reference to group audit-related terminology.

We support retaining the specific reference to the glossary terms related to group audit engagements, as these terms may be relevant when reviewing interim financial information of a group and their inclusion provides an important reminder that such terminology has the meaning assigned in the Handbook's Glossary. However, we believe the paragraph would be more helpful if it also acknowledged that the Glossary includes descriptions of other terms used throughout the standard that are not separately defined in proposed ISRE 2410.

For example, proposed ISRE 2410 uses a number of fundamental concepts that are not defined within the standard itself, including professional judgement, professional skepticism, management, those charged with governance, and auditor's expert. An explicit reference to the Glossary would assist auditors in identifying the source of these definitions and promote consistent application and interpretation of the standard.

Accordingly, we suggest wording along the following lines:

"*The Handbook's Glossary of Terms (the Glossary) includes certain terms that apply to a group audit engagement, as well as terms defined in this ISRE and descriptions of other terms used throughout this ISRE, to assist in the consistent application and interpretation of the standard. Where this ISRE uses terms related to groups or description of other terms used throughout this ISRE 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*."

16.2. Designing and performing review procedures

We recommend amending paragraph 45(g) as follows:

"Significant deficiencies in the design or operation of internal control as it relates to the preparation and presentation of both annual and interim financial information <u>*and any remedial actions taken to address such deficiencies*</u>*;"*

The proposed addition would provide the auditor with a better understanding of management's response to identified deficiencies and is a matter that an auditor would typically inquire about during an interim review.

16.3. Using the Work of an Auditor's Expert

In addition to the other proposed amendments to ED-2410 arising from Narrow-Scope Amendments to IAASB Standards Arising from the IESBA's Using the Work of an External Expert Project, we recommend including application material under paragraph 66(a) to highlight that the auditor's evaluation of whether the expert has the necessary competence, capabilities and objectivity for the auditor's purposes may be linked to relevant ethical requirements that require a similar assessment. Specifically, we suggest adapting paragraph A97B of ISRE 2400 (Revised), which explains that, in some circumstances, relevant ethical requirements may require the practitioner to evaluate whether the expert has the necessary competence, capabilities and objectivity.

This would provide useful guidance on the interaction between paragraph 66(a) and relevant ethical requirements.

16.4. Flow and Sequencing of Requirements

<u>Written representations</u>

Paragraph 76(a) refers to management providing a written representation that includes a summary of uncorrected misstatements; however, the standard has not yet introduced the requirements relating to the accumulation and evaluation of misstatements.

We therefore recommend that the "Accumulation and Evaluation of Misstatements" section precedes the "Written Representations" section to improve the logical flow of the requirements and better reflect the sequence in which these matters are addressed in practice.

<u>Paragraphs A6-A8</u>

We recommend relocating paragraphs A6-A8 to accompany the definition of "applicable financial reporting framework" in paragraph 13(b), rather than including them as application material to paragraph 6. The content of paragraphs A6-A8 explains the nature and characteristics of the applicable financial reporting framework, which is more closely aligned with paragraph 13(b). In contrast, paragraph 6 focuses on the nature of the auditor's conclusion in an interim review engagement. Relocating the application material would improve the logical flow and structure of the standard.

16.5. Editorials

- Paragraph 1: We suggest revising the phrase to improve clarity as follows *"The term "auditor" is used in this ISRE because this ISRE applies to a review of interim financial information that is* *performed by the independent auditor of the entity's annual financial statements ("interim review engagement"), not because the auditor is performing an audit <u>of interim financial information</u>."*

- Paragraph 118: A full stop is missing at the end of paragraph.
- Paragraphs A11, A62 (fourth bullet in the example block) and A64 use the phrase "such as, for example"**.** We recommend deleting "such as" and retaining "for example" to remove redundant wording and improve readability.
- Paragraph A62: A full stop is missing in the first sentence after "…brought to management's attention"
- Paragraph A77: The reference to footnote 20 appears to be incorrectly formatted and should be presented as a superscript footnote reference.
- Paragraph A104: A full stop is missing in the second sentence after "… or those charged with governance"

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>No response</u>**

Detailed comments (if any):

The IAASB standards are not translated in South Africa as a result we are unable to offer insights in this regard.

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):

Click or tap here to enter text.

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 note the IESBA's observation that Section 405 of the Code does not expressly exclude group interim review engagements performed in accordance with ISRE 2410, including circumstances involving component auditors.

While paragraph 400.2 of the IESBA Code states that Part 4A applies to both audit and review engagements, paragraph 405.2 A1 states that Section 405 is linked to group audits conducted in accordance with ISA 600 (Revised), *Special Considerations—Audits of Group Financial Statements (Including the Work of Component Auditors)*, or other equivalent group audit standards. As ISRE 2410 engagements are limited assurance engagements rather than group audits, it is unclear from the current drafting whether the requirements of Section 405 are intended to apply to group interim review engagements.

Accordingly, we recommend that the IESBA clarify, within its Code, that Section 405 applies to group interim review engagements performed in accordance with ISRE 2410. Such clarification would remove uncertainty regarding the intended scope of the requirements and promote consistent application in practice.

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 agree that the existing requirements are sufficiently clear and operational, and no changes to the IESBA Code are necessary in relation to non-compliance with laws and regulations provisions for interim review engagements.

Although Section 360 contains different provisions for audits of financial statements and for other professional services, we agree with the IESBA staff's observation that, in practice, there should be no substantive difference in how a firm responds to non-compliance with laws or regulations identified during an interim review engagement. This is because paragraph R360.31(a) requires the professional accountant performing the interim review engagement to communicate the matter within the firm, which would ordinarily result in the audit engagement partner becoming aware of the matter and taking the actions required under the audit provisions of Section 360. Accordingly, the procedures and considerations that would apply in the audit of the financial statements would nonetheless be undertaken, resulting in an appropriate and consistent response.

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.