

Explanatory Memorandum

Proposed International Standard on
Review Engagements 2410 (Revised)

*Review of Interim
Financial Information
Performed by the
Independent Auditor of
the Entity's Annual
Financial Statements*

MAY 2026

COMMENTS DUE: SEPTEMBER 3, 2026



IAASB™

International Auditing and Assurance Standards Board
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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.

REQUEST FOR COMMENTS

This Explanatory Memorandum (EM) accompanies, and should be read along with, the Exposure Draft (ED) of Proposed International Standard for Review Engagements (ISRE) 2410 (Revised), *Review of Interim Financial Information Performed by the Independent Auditor of the Entity's Annual Financial Statements* (ED-2410), which was developed and approved by the International Auditing and Assurance Standards Board® (IAASB®). This publication and ED-2410 may be downloaded from the IAASB website: www.iaasb.org.

The approved text is published in the English language. The proposals set out in the ED may be modified, based on comments received, before being issued as a final pronouncement.

Comments are requested by September 03, 2026.

Use of the Response Form

We welcome comments on all matters addressed in ED-2410, and we encourage all respondents to submit their comments electronically using the Response Form, which may be downloaded from the IAASB website: www.iaasb.org. Using the response form facilitates consistency in the structure of responses received from all our stakeholders, which assists us greatly in the timely and effective analysis of the responses.

The response form includes all questions in **Section II** of this EM. You may respond to all questions or only those questions for which you have specific comments.

All responses will be considered a matter of public record and will ultimately be posted on the IAASB website.

You can further assist our review and analysis by ensuring that your submission responds directly to the questions in the form, and includes the rationale for your answers:

- If you disagree with the proposals in the ED, please provide specific reasons for your disagreement and include specific suggestions for changes (including specific wording) that may be needed to the requirements or application material.
- 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.

Throughout, please be specific about the sections, headings or paragraphs in the ED that your responses relate to.

Please refrain from inserting tables or text boxes in your responses.

When submitting a completed response form, it is not necessary to include a covering letter containing a summary of your key issues. The form provides an opportunity to include any other views you wish to place on the public record, should you choose to do so.

The completed response form can be uploaded using the “Submit Comment” link on [the Proposed ISRE 2410 \(Revised\) webpage](#).

EXPLANATORY MEMORANDUM

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Introduction

1. This memorandum provides background to, and an explanation of, the Exposure Draft of Proposed International Standard for Review Engagements (ISRE) 2410 (Revised), *Review of Interim Financial Information Performed by the Independent Auditor of the Entity's Annual Financial Statements* (ED-2410), which was unanimously approved for exposure by the IAASB in March 2026.

Background

2. Within an entity's annual reporting cycle, an entity may be required, or voluntarily elect, to issue interim financial information providing regular and timely updates about its financial position and performance. An engagement to review such information by the auditor of the entity's annual financial statements ("interim review engagement") is intended to enhance intended users' confidence in the reported information and support their capital allocation decisions, thereby contributing to market stability.
3. ISRE 2410, which applies to such engagements, has not been revised since it was issued in 2005, while the financial reporting ecosystem has continued to evolve. In the intervening period, the IAASB's Clarity project¹ was completed, the International Framework for Assurance Engagements was revised, ISRE 2400 (Revised)² was issued (see also paragraphs 8-10 below), and a number of the International Standards on Auditing (ISAs) were revised as a result of public interest issues that may also be relevant to interim financial information and interim review engagements. Additionally, new drafting guidelines and principles³ were issued to support consistent drafting of clearer standards.
4. ISRE 2410 has not been subject to conforming and consequential amendments in recent projects of the IAASB to avoid giving the impression that it is up to date or that the standard has been revised more holistically. However, in this time, certain jurisdictions have revised their equivalent interim review standard or issued application guidance to support practitioners in their jurisdictions to evaluate the possible effect of some of these matters on interim review engagements. As a consequence, there have been inconsistencies arising in global practice in the work effort performed in, and in the reporting on, interim review engagements.

The Project to Revise ISRE 2410

5. The IAASB's [Strategy and Work Plan for 2024–2027](#) included a project to revise ISRE 2410 and the IAASB approved a [project proposal](#) for this revision in June 2025. The objective of the project is to establish a global baseline for the consistent performance and reporting on interim review engagements. More specifically, modernizing and revising ISRE 2410 seeks to:
 - (a) Address stakeholder expectations regarding matters to be addressed in an interim review engagement, while remaining proportionate to the purpose of such an engagement; and

¹ Extant ISRE 2410 is presented in a "pre-Clarity format." International standards in the pre-Clarity format contain basic principles and essential procedures (identified in bold type lettering and by the word "should," often referred to as "black letter requirements") together with related guidance in the form of explanatory and other material (often referred to as "grey letter material)," including appendices. See also paragraph 15 of the Preface to the International Quality Management, Auditing, Review Other Assurance and Related Services Pronouncements included in the [IAASB Handbook](#).

² ISRE 2400 (Revised), *Engagements to Review Historical Financial Statements*

³ See the IAASB's [Complexity Understandability Scalability Proportionality \(CUSP\) Drafting Principles and Guidelines](#)

- (b) Promote consistent practice by independent auditors when designing and performing procedures for, and reporting on, engagements to review interim financial information.
6. The approved project proposal provides further background about the scope of the project, including the issues that were identified, an explanation of the information-gathering, targeted outreach, and other activities that formed the basis for the project proposal.

Priority Issues to be Addressed in ED-2410

7. The priority issues to be addressed, as identified in the project proposal included:
- (a) Clarifying principles and concepts relevant to interim review engagements;
 - (b) Modernizing ISRE 2410 to meet the expectations of intended users of interim financial information about the auditor's responsibilities for the review of interim financial information;
 - (c) Clarifying reporting and communication requirements to enhance the clarity of information for the intended users of interim financial information, including about the nature and scope of an interim review engagement; and
 - (d) Addressing, to the extent that is appropriate in a principles-based standard, certain practical challenges arising from differing interpretations or application of existing requirements.

Approach to Developing ED-2410

8. The IAASB's approach to developing ED-2410 required:
- (a) Setting up a skeleton standard based on the adoption of 'Clarity' conventions, enhanced by the IAASB's CUSP Drafting Principles and Guidelines;
 - (b) Identifying relevant terms, concepts or principles that have been subject to enhancements or revisions through other IAASB standards in the period since ISRE 2410 was issued, and considering whether the public interest rationale for those enhancements or revisions is relevant to interim review engagements; and
 - (c) Drafting additional material where necessary to support a comprehensive standard that would address key public interest matters, in the context of enabling it to achieve the overarching project objective.

The diagram below sets out the primary sources used in developing ED-2410.



9. In addressing the priority issues described, the IAASB acknowledged the unique nature and purpose of engagements performed in accordance with ED-2410 in the context of an entity's annual reporting cycle. In particular, the overarching purpose of an interim review engagement is to increase intended users' confidence in historical financial information that covers a period shorter than a year and which may not be presented as a complete set of financial statements (hence, interim financial *information*).
10. Accordingly, the IAASB's consideration of the completeness of requirements and application material in ED-2410, and their proportionality to the circumstances of interim review engagements, was done through two lenses:
 - (a) The 'review engagement' lens. This lens considered the performance requirements necessary to enable consistent interpretation and application of review procedures that are necessary and sufficient to obtain limited assurance over the historical financial information subject to review.
 - (b) The 'auditor-as-the-practitioner' lens. This lens considered the need to recognize both (i) the practitioner's audit expertise; and (ii) the auditor's knowledge of the entity obtained in previous annual audits or interim review engagements. Both of these factors provide for a more robust basis for the design and performance of procedures to obtain limited assurance than engagements performed in accordance with ISRE 2400 (Revised), which are performed by a practitioner who is not the auditor of the entity's annual financial statements.
11. In addition, the IAASB agreed that ED-2410 should remain a standalone standard, covering all aspects of the interim review engagement from acceptance to reporting.

Coordination with International Ethics Standards Board for Accountants (IESBA)

12. During the development of ED-2410, there was ongoing coordination between IESBA and IAASB technical staff on matters relevant to the interoperability of ED-2410 with the IESBA Code.⁴ Matters for discussion included the possible interaction of ED-2410 with the IESBA's standards addressing non-compliance with laws and regulations, and group audit engagements. Specific matters discussed included:
 - (a) The requirement in paragraph 20 of ED-2410 for the auditor to comply with relevant ethical requirements, including those related to independence.⁵
 - (b) The applicable requirements in the Code when information concerning non-compliance or suspected non-compliance with laws and regulations comes to the attention of the auditor during the performance of an interim review engagement in accordance with ED-2410 (see paragraphs 52 to 57 of ED-2410).

⁴ The IESBA's International Code of Ethics for Professional Accountants (including International Independence Standards), referred to herein as "the IESBA Code" or "the Code."

⁵ ED-2410 defines "relevant ethical requirements" as "principles of professional ethics and ethical requirements that are applicable to professional accountants when undertaking the interim review engagement. Relevant ethical requirements ordinarily comprise the provisions of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) related to audit and review engagements, together with national requirements that are more restrictive."

- (c) The applicable requirements in the Code when an auditor performs a review of the interim financial information of a group (a “group interim review engagement”) in accordance with ED-2410.
13. As a result of these discussions, in March 2026 the IESBA supported seeking information from its stakeholders regarding the application of the Code in two circumstances:
- (a) When an auditor performs an engagement to review group interim financial information, especially when component auditors perform certain procedures at the component level for the purpose of the group interim review engagement, and those component auditors are not a network firm, or when those component auditors are not component auditors that the auditor involves for the purpose of the group audit; and
 - (b) When the auditor of the entity’s financial statements becomes aware of information concerning non-compliance or suspected non-compliance with laws and regulations during the performance of interim review engagements.
14. Accordingly, **Question E.1** in **Section II** below focuses on these matters. Additional contextual information is included in **Section I-C** below.

Key Stakeholder Engagement

15. The project proposal for the revision of ISRE 2410 identified the interests of three stakeholder groups as being most likely affected by the project objective: the intended users of interim financial information, those responsible for adoption and implementation of the IAASB’s standards, and the profession. The IAASB has engaged in outreach with key stakeholders throughout the development of ED-2410, including with the IAASB’s Stakeholder Advisory Council, jurisdictional and national standard-setters, international groups representing other stakeholders, such as the Forum of Firms, and jurisdictional groups representing various stakeholder views.
16. Targeted outreach with stakeholders will continue during and after the exposure period.

Section I - Significant Matters

A. The Public Interest of Proposed ISRE 2410 (Revised)

17. The project proposal included standard-setting actions that sought to address certain issues and challenges identified through the information-gathering process.⁶ The **Appendix** to this EM sets out a table that maps the key proposals in ED-2410 to the standard-setting actions in the project proposal, thereby supporting achieving the public interest objective of the project. The **Appendix** also highlights the qualitative standard-setting characteristics that were considered to be the criteria of most relevance with which to assess the proposed standard’s responsiveness to the public interest.

B. Clarity of Foundational Concepts in an Interim Review Engagement

18. The IAASB recognized the need to clearly establish the scope and applicability of ED-2410 to address challenges with understanding the nature and scope of the auditor’s work in these engagements, including how an interim review engagement differs from an audit of financial statements. The introductory paragraphs in ED-2410 seek to do so, drawing on wording in extant ISRE 2410 as well as other IAASB standards.

⁶ Refer to the approved Project Proposal, paragraph 13.

Core Principles of an Interim Review Engagement in Accordance with ED-2410

19. The IAASB discussed whether, and the extent to which, the core principles underlying a review engagement performed in accordance with ISRE 2400 (Revised) are relevant and applicable to interim review engagements performed in accordance with ED-2410. In doing so, the IAASB reaffirmed the core principles of a review engagement, as described in paragraphs 5-7 of ED-2410, as including the following:
- (a) A review engagement is a limited assurance engagement, where the subject matter information is historical financial information prepared in accordance with an applicable financial reporting framework.
 - (b) In a review engagement, the practitioner's objective is to obtain sufficient appropriate evidence to provide a basis for concluding, with limited assurance, about whether historical financial information is free of material misstatement.
 - (c) The practitioner obtains this evidence by performing the procedures deemed necessary to meet the objective of a review engagement, which are primarily inquiries and analytical procedures. The nature, timing and extent of procedures required to be performed in a review engagement, to obtain limited assurance, are different from those required to be performed in an audit in accordance with the International Standards on Auditing (ISAs), because they are not performed for the purpose of concluding with reasonable assurance. These principles are also reflected in the definitions of "limited assurance" and "engagement risk" in paragraphs 13(f) and 13(c), respectively, of ED-2410.

Differences between an Interim Review Engagement and a Review Engagement in Accordance with ISRE 2400 (Revised)

20. The IAASB recognized the differences between an interim review engagement and a review engagement performed in accordance with ISRE 2400 (Revised). The core difference is that an engagement under ED-2410 is performed by the auditor of the entity's annual financial statements. Accordingly, unlike a practitioner commencing an engagement under ISRE 2400 (Revised), an auditor starts an interim review engagement in accordance with ED-2410 with a foundational level of knowledge about the entity and its environment, its system of internal control, and its financial reporting practices that informs the auditor's work on the interim review engagement.

Differences between an Interim Review Engagement and an Audit of Financial Statements

21. The IAASB also noted the need to emphasize the substantial differences between an interim review engagement and an audit of financial statements in accordance with the ISAs, notwithstanding that it is the auditor of the entity's annual financial statements who performs the engagement in accordance with ED-2410. Therefore the IAASB determined that it was appropriate to:
- (a) Include, in paragraphs 8 and 9 of ED-2410, a description of the differences from an audit of financial statements; and
 - (b) Be selective about the nature and extent of cross-references in ED-2410 to any ISAs, considering carefully those that may contain principles or concepts of relevance for the auditor to take into account when performing the interim review engagement.

22. Accordingly, cross-references to the ISAs in ED-2410 have been limited to the following instances:
- (a) ISAs that address core concepts or principles that are relevant to both the audit of financial statements and an interim review engagement, or that address specific circumstances that may also be relevant to the interim review engagement:
- Paragraphs 21 and 22 of ED-2410 set out requirements related to professional skepticism and the exercise of professional judgment. The related application material includes a cross-reference to concepts described in the application material of ISA 220 (Revised),⁷ as those concepts are equally relevant to the auditor's mindset in applying ED-2410.
 - Paragraphs 23 and 24 and related application material reflect foundational principles of quality management at the engagement level, consistent with ISA 220 (Revised).
 - Paragraph A107 of ED-2410 refers to ISA 570 (Revised 2024)⁸ regarding requirements of financial reporting frameworks for management's assessment of the entity's ability to continue as a going concern.
 - Paragraph A162 of ED-2410 includes application material from ISA 700 (Revised)⁹ related to including the name of the engagement partner in the auditor's report, which may be useful in the context of the interim review engagement.
- (b) Considerations relevant to acceptance and continuance of the interim review engagement, recognizing the proximity to the auditor's acceptance and continuance of the audit engagement related to the entity's annual financial statements.
- Paragraphs 25-37 of ED-2410 set out overall principles of acceptance and continuance of an interim review engagement. While in some jurisdictions the terms of engagement for an audit and interim review engagements may need to be addressed separately, ED-2410 only applies to interim review engagements performed by the auditor of the entity's annual financial statements. Accordingly, the decision to accept an interim review engagement in accordance with ED-2410 cannot be taken without also having performed procedures required to accept an audit engagement in accordance with the ISAs. Similarly, the decision to continue an interim review engagement in accordance with ED-2410 is not independent from the decision to continue an audit engagement. As noted in the application material, acceptance and continuance procedures required by ED-2410 may be performed concurrently with the acceptance and continuance procedures required for the audit engagement. Therefore, the application material in ED-2410 refers to relevant principles in ISA 210,¹⁰ while retaining the necessary requirements for the interim review engagement.

⁷ ISA 220 (Revised), *Quality Management for An Audit of Financial Statements*

⁸ ISA 570 (Revised 2024), *Going Concern*

⁹ ISA 700 (Revised), *Forming an Opinion and Reporting on Financial Statements*

¹⁰ ISA 210, *Agreeing the Terms of Audit Engagements*

- (c) Considerations for first-time interim review engagements. Paragraph A77 of ED-2410 refers to ISA 315 (Revised 2019)¹¹ relating to obtaining an understanding of the entity and its environment and the entity's system of internal control.
- (d) ISAs addressing work that the auditor may have performed for purposes of the audit of the entity's annual financial statements and whether, and if so, how or the extent to which such work may be relevant to the interim review engagement:
 - Paragraph A68 in relation to ISA 320.¹²
 - Paragraphs A72 and A74 in relation to ISA 315 (Revised 2019).
 - Paragraph A74 in relation to ISA 240 (Revised).¹³
 - Paragraph A115 of ED-2410 in relation to ISA 620.¹⁴

C. Complying with Relevant Ethical Requirements

- 23. Paragraph 4 of extant ISRE 2410 indicates that the auditor "should comply with the ethical requirements relevant to the audit of the annual financial statements of the entity." The IAASB noted that relevant ethical requirements in different jurisdictions may address interim review engagements in different ways. Therefore, the requirement in paragraph 20 of ED-2410 has been drafted in a more general way, consistent with the drafting of the related requirement in other recent IAASB standards. This also affects the statement about relevant ethical requirements in the auditor's interim review report: that the auditor is independent of the entity in accordance with relevant ethical requirements, and that the auditor has complied with their other ethical responsibilities in accordance with those requirements.
- 24. The use of the phrase "relevant ethical requirements, including those related to independence" recognizes that it is not within the IAASB's remit to specify *which* ethical requirements may apply in the context of a particular engagement in a given jurisdiction. This ethical framework-neutrality recognizes that ethical standards, codes or provisions in different jurisdictions may establish different ethical requirements for a given engagement, including the possibility that requirements that are relevant when performing an audit engagement may not apply, or apply in the same manner, when performing an interim review engagement for the same entity. For example, while the International Independence Standards in Part 4A of the IESBA Code apply to both audit and review engagements unless otherwise stated,¹⁵ other parts of the Code do not treat the terms "audit" and "review" as equivalent and therefore may not necessarily apply in the same way to both audit engagements and interim review engagements.
- 25. IAASB and IESBA staff noted that the formulation of paragraph 20 is consistent with how compliance with ethical requirements is typically framed in IAASB standards. The application material in ED-2410 (see, for example, paragraphs A17-A18) positions the Code as an example of relevant ethical requirements and explains the applicability of the independence provisions in Part 4A of the Code.

¹¹ ISA 315 (Revised 2019), *Identifying and Assessing the Risks of Material Misstatement*

¹² ISA 320, *Materiality in Planning and Performing an Audit*

¹³ ISA 240 (Revised), *The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements*

¹⁴ ISA 620, *Using the Work of an Auditor's Expert*

¹⁵ IESBA Code, paragraph 400.2

Accordingly, the IAASB was of the view that the construct of the baseline requirement in paragraph 20 does not inherently pose any interoperability concerns with the IESBA Code.

A Request for Information from the IESBA

26. Notwithstanding the interoperability of paragraph 20 of ED-2410 with the IESBA Code, the IAASB acknowledged that compliance with that paragraph requires an auditor to be able to determine which requirements of the IESBA Code apply in the circumstances of the engagement. In this regard, IESBA staff highlighted that it is the nature of the engagement, and not whether it is the auditor who is performing the engagement, that drives the identification of the applicable requirements of the IESBA Code. In some circumstances, however, questions may arise about how the IESBA Code applies in the context of an interim review engagement performed by the auditor of the entity's annual financial statements.
27. The following are two such circumstances that were identified in discussions between the IAASB and IESBA:
 - (a) When the auditor is performing an interim review engagement for a group; and
 - (b) When the auditor becomes aware of NOCLAR or suspected NOCLAR when performing an interim review engagement, which is a non-audit service.
28. In relation to group interim review engagements, the question arises from the fact that Section 405 of the Code, including new definitions of relevant terms, was developed in the context of group audits performed in accordance with ISA 600 (Revised),¹⁶ or other equivalent auditing standard, and includes specific references to ISA 600 (Revised). Section 405, however, does not explicitly exclude from its scope group interim review engagements performed in accordance with ISRE 2410, including circumstances involving component auditors.
29. In relation to NOCLAR, IESBA staff explained that there are different requirements in Section 360 that apply when a professional accountant is performing an audit of financial statements, compared to when a professional accountant is performing any other professional service (i.e., a non-audit service). Specifically, the provisions applicable to the interim review engagement are paragraphs R360.29 to 360.40 A1, and not paragraphs R360.10 to 360.28 A1, which apply to the audit. IESBA staff noted that, in practice, there should ultimately be no divergence in how the firm would respond to the NOCLAR or suspected NOCLAR in the context of the interim review engagement vs. in the context of the audit engagement. This is because, pursuant to paragraph R360.31(a), the professional accountant performing the interim review engagement would, unless prohibited by law or regulation, be required to communicate the NOCLAR or suspected NOCLAR within the firm in accordance with the firm's protocols or procedures, or in the absence of such protocols and procedures, directly to the audit engagement partner.
30. The IESBA considered these matters during its March 2026 [meeting](#)¹⁷ and determined that it would be appropriate to collaborate with the IAASB to seek input from stakeholders regarding whether the application of the IESBA Code is sufficiently clear in these two circumstances.
31. This will enable the IESBA to determine whether any clarifications to the Code or other actions are needed regarding the application of the Code in these two circumstances.

¹⁶ ISA 600 (Revised), *Special Considerations—Audits of Group Financial Statements (Including the Work of Component Auditors)*

¹⁷ See [Agenda Item 5](#) of the March 2026 IESBA meeting.

D. Engagement-Level Quality Management

32. The project proposal included an action to consider whether new requirements or application material were necessary to address the relationship between ISRE 2410 and ISA 220 (Revised) in relation to quality management at the engagement level.
33. Extant ISRE 2410 has a single requirement for the auditor to implement quality control procedures applicable to the individual engagement.¹⁸ The IAASB considered introducing a single, high-level requirement to address quality management at the engagement level in ED-2410 (e.g., for the engagement partner to take overall responsibility for quality management at the engagement level), with a cross-reference in application material to the principles, concepts and requirements in ISA 220 (Revised). However, the IAASB noted that it was in the public interest for ED-2410 to include appropriate granularity in engagement-level quality management requirements to drive consistent performance of high-quality interim review engagements, especially considering that such engagements are ordinarily performed for publicly traded entities.
34. Accordingly, paragraph 23 of ED-2410 establishes requirements for the engagement partner to take overall responsibility for managing and achieving quality on the engagement, including being sufficiently and appropriately involved throughout the engagement, as well as taking responsibility for the engagement being performed in accordance with the firm's quality management policies or procedures. These requirements are patterned on the conforming amendments made to ISRE 2400 (Revised) as a result of the quality management standards.

E. Acceptance and Continuance of the Interim Review Engagement

35. Extant ISRE 2410 has only a single requirement related to acceptance or continuance: for the auditor and the client to agree on the terms of the engagement.¹⁹ The project proposal included an action to explore clarifications or enhancements to requirements or application material regarding this topic.
36. The IAASB considered that, in practice, a firm's policies or procedures for the acceptance and continuance of audit client relationships and audit engagements may also address interim review engagements for the entity. In addition, the terms of the audit engagement and interim review engagements may be addressed together in a single engagement letter (see paragraph A54 of ED-2410). However, the IAASB acknowledged that, in some jurisdictions, it may be necessary to treat the audit and interim review engagements separately (e.g., to meet requirements of different laws or regulations). ED-2410 therefore includes specific requirements relating to acceptance and continuance related to the interim review engagement (paragraphs 25 to 37), including preconditions for accepting the engagement that are consistent with the preconditions in ISA 210, modified as appropriate to reflect the circumstances of an interim review engagement.

F. Planning and Performing the Engagement

Group Interim Review Engagements

37. Entities that are required under law or regulation to prepare interim financial information are often groups that prepare consolidated financial information for interim periods. Extant ISRE 2410 has

¹⁸ ISRE 2410, paragraph 5

¹⁹ ISRE 2410, paragraph 10

limited references and includes no requirements specifically related to groups.²⁰ The project proposal includes an action to explore possible requirements or application material for group interim review engagements, as the IAASB concluded that it is in the public interest to do so.

38. The IAASB determined that the concepts and principles in ED-2410 would apply equally to group interim review engagements performed by the auditor of the group's annual financial statements. The IAASB also acknowledged that adding certain requirements to recognize the special circumstances for group engagements would help to drive more consistent performance, similar to the approach taken in ISSA 5000.²¹ The IAASB also noted that certain jurisdictional interim review standards have included additional application material related to groups.
39. As a result, ED-2410 includes requirements and application material related to the following aspects of group interim review engagements:
- (a) For the engagement partner to take responsibility for determining whether sufficient and appropriate resources are assigned or made available in a timely manner, including component auditors (see paragraph 24(c)(ii))
 - (b) For the group auditor to determine the nature, timing and extent of the involvement of component auditors (see paragraph 39);
 - (c) If component auditors are involved, for the group auditor to communicate with the component auditors about the work to be performed, and to establish expected communications about the results of that work (see paragraph 40);
 - (d) For the auditor to agree group interim financial information to the underlying consolidation schedules (see paragraph 69); and
 - (e) For the group engagement partner to take responsibility for confirming that component auditors have complied with relevant ethical requirements, including those related to independence (paragraph 94(a)).
40. Rather than including definitions for a number of terms related to group interim review engagements, the IAASB opted for the approach in paragraph 14 of ED-2410, which explains that terms used in ED-2410 related to groups, that are defined in the Handbook's Glossary of Terms²² in the context of group audit engagements, are intended to be read and applied in the context of a group interim review engagement.

Materiality

41. Extant ISRE 2410 does not contain explicit requirements relating to materiality,²³ but includes guidance to *consider* materiality with reference to the applicable financial reporting framework as it relates to interim financial information. The project proposal includes an action to clarify or strengthen, as appropriate, requirements and application material relating to materiality that may support the auditor's determination of materiality in the specific circumstances of interim review engagements.

²⁰ See paragraphs 16 and 21 of extant ISRE 2410.

²¹ ISSA 5000, *General Requirements for Sustainability Assurance Engagements*

²² The Glossary of Terms relating to International Standards issued by the IAASB in the Handbook of International Quality Management, Auditing, Review, Other Assurance, and Related Services Pronouncements (the Glossary).

²³ Extant ISRE 2410, paragraph 15 (bullet point four)

This action reflected input from stakeholders that highlighted practical challenges with consistently interpreting how principles and concepts in ISA 320 and ISA 450²⁴ applied to interim review engagements, including questions about the implications of designating a different quantitative materiality for an interim review engagement than for the annual audit.

42. To address this issue, the IAASB considered how requirements in jurisdictional equivalent standards had been revised to address materiality in the context of an interim review engagement, and also considered the requirements related to materiality in ISRE 2400 (Revised). Recognizing that auditors in practice ordinarily determine materiality for purposes of designing and evaluating the results of review procedures, the IAASB determined that it was appropriate for ED-2410 to include a requirement to determine materiality for the interim financial information as a whole (see paragraph 41 of ED-2410). Application material was added that reflects the principles and concepts of materiality in ISA 320. Consistent with other IAASB standards, the application material does not provide detailed guidance for, or examples of, how materiality may be determined for an interim review engagement. Instead, the application material highlights that materiality is to be determined by reference to the interim financial information (as distinct from annual financial information) and describes the importance of considering qualitative and quantitative factors, and focusing on users' needs from the interim financial information.
43. These paragraphs therefore intend to provide auditors with a consistent frame of reference through which to make decisions about materiality for an interim review engagement. They also provide essential context for evaluating the results of procedures performed, including if the auditor becomes aware of a matter that causes the auditor to believe the interim financial information may be materially misstated, and for evaluating whether identified misstatements are material.

The Basis for the Auditor's Interim Review Procedures

44. The requirements in paragraphs 43 and 44 of ED-2410 set up a clear framework for determining the work effort that is necessary to achieve the objectives of an interim review engagement, recognizing that it is a limited assurance engagement. These requirements operate together so that auditors focus their work effort on the areas of the interim financial information where material misstatements are likely to arise. When establishing these requirements, the IAASB also took into account that the auditor already possesses a level of knowledge about the entity and its environment, and its system of internal control, as explained in paragraph 10 above.
45. This work effort is reflected in the procedures that the auditor designs and performs, which are primarily inquiries and analytical procedures. They may also include other procedures (e.g., reading a document, observing a process, recalculating the mathematical accuracy of a schedule that reconciles accounting records with the interim financial information) when, in the auditor's professional judgment, such procedures are necessary for the purpose of obtaining evidence that is sufficient and appropriate as a basis for forming a limited assurance conclusion. See paragraphs A82-A83 of ED-2410 for a further explanation of circumstances in which the auditor may decide to design and perform other procedures.
46. The requirement in paragraph 43 of ED-2410 moves away from the phrase 'types of potential material misstatement' in paragraph 12(a) of extant ISRE 2410 and instead aligns the wording with that in

²⁴ ISA 450, *Evaluation of Misstatements Identified during the Audit*

ISRE 2400 (Revised)²⁵ and the International Framework for Assurance Engagements. The IAASB considered whether to define or describe the term 'areas' and concluded it was not necessary to do so, because the term is intended to have a plain English meaning.

47. By using this language, the IAASB intended to:
- (a) Support that the auditor is required to identify, and focus their attention and work on, *areas* in the interim financial information *where* material misstatements are likely to arise, and
 - (b) Reflect that 'areas' may have a wider meaning than 'classes of transactions, account balances and disclosures' in an audit engagement under the ISAs. For example, depending on the nature of the interim financial information, areas may be individual line items in the interim financial information together with the disclosures related to the items, or groups of such items, or may refer to individual classes of transactions, account balances, or disclosures.

First-Time Interim Review Engagements

48. The project proposal included an action to clarify how the auditor may be expected to perform an interim review engagement in accordance with ED-2410 when the auditor is newly appointed, and has not yet performed an audit of the entity's annual financial statements. The IAASB affirmed that the underlying principles of ED-2410 apply irrespective of whether the auditor has previously audited the entity's annual financial statements or is newly appointed and the interim review is the auditor's first assurance engagement for the entity. Accordingly, the Board determined that any special considerations relevant to first-time interim review engagements would be introduced through explanations in targeted application material, rather than through additional requirements that would be specific to those circumstances.
49. Application material in paragraphs A77 to A79 of ED-2410 establishes that the requirement of paragraph 43 applies in first-time interim review engagements, and includes understanding the preparation of both annual and interim financial information; and that the nature, timing and extent of procedures to obtain such an understanding is a matter of professional judgment. This recognizes that in order to obtain an understanding of the entity that enables the auditor to identify areas of the interim financial information where material misstatements are likely to arise, an auditor may determine that it is not necessary to perform the same procedures that an auditor would perform in an audit in accordance with the ISAs. In this regard, paragraph A72 of ED-2410 explicitly notes that the auditor is not required to identify and assess the risks of material misstatement as they would when performing an audit engagement in accordance with the ISAs. However, paragraph A92 also recognizes that in some cases, the auditor may determine that it is appropriate or necessary to perform certain procedures that are required to be performed the purpose of the audit, at the same time as procedures specifically required for the interim review engagement.

Designing and Performing Inquiries, Analytical and Other Review Procedures

50. In addition to the core requirement in paragraph 44 to design and perform inquiries, analytical and other review procedures that focus on addressing areas where the auditor has identified that a material misstatement is likely to arise, ED-2410 includes requirements in paragraphs 45 to 70 for the auditor to perform specific inquiries, or carry out other actions, in order to achieve the engagement objective. For example:

²⁵ ISRE 2400 (Revised), paragraph 45

- (a) Paragraph 45 includes certain inquiries that are based on those in paragraph 21 of extant ISRE 2410, and on other inquiries identified in jurisdictional interim review standards. The IAASB was of the view that such inquiries are consistent with those performed in practice today and it is in the public interest to include them as required inquiries.
 - (b) Paragraph 46 reflects that analytical procedures are a core part of an interim review engagement and therefore it is appropriate for ED-2410 to include a requirement for auditors to consider the adequacy of information used in performing analytical procedures. The additional material related to analytical procedures that was included in Appendix 2 of extant ISRE 2410 has been substantially retained as application material in ED-2410 (see paragraphs A87 to A89) to support consistent practice.
 - (c) Paragraphs 49 to 69 include requirements for the auditor to perform certain procedures in specific circumstances or related to specific matters, based on input from stakeholders and to address actions in the project proposal that are responsive to the public interest.
51. Additionally, in paragraph 70, the IAASB has retained the “deep-dive” principle reflected in paragraph 29 of extant ISRE 2410, redrafted to align with wording used in other IAASB standards. This paragraph requires the auditor to perform additional procedures when a matter comes to the auditor’s attention that causes them to believe that there may be a material misstatement of the interim financial information. These procedures are referred to as *additional* procedures to recognize that *they add to* the procedures otherwise required by ED-2410. They are not inherently a *category* of procedures. These are procedures that are only performed if something comes to the auditor’s attention while performing the engagement that causes the auditor to believe that there may be a material misstatement. If no such matters come to the auditor’s attention, then nothing further needs to be done.
52. When additional procedures are performed in accordance with paragraph 70, the auditor is required to obtain further evidence until the auditor is able to conclude that the matter(s) is not likely to cause the interim financial information as a whole to be materially misstated (i.e., an unmodified assurance conclusion is appropriate), or determine that the matter(s) causes the interim financial information as a whole to be materially misstated (i.e., a qualified or adverse conclusion is needed). The requirement also provides auditors with criteria that may be useful when applying the later requirement in paragraph 89 of ED-2410 to evaluate the sufficiency and appropriateness of evidence obtained.

Specific Topics in the Public Interest: Non-Compliance with Laws and Regulations (NOCLAR), Fraud and Going Concern

53. In revising ED-2410, the IAASB has enhanced the auditor’s work effort related to matters of substantial importance in the public interest: fraud and non-compliance with laws and regulations that affect the interim financial information; and going concern.

Fraud and Non-Compliance with Laws and Regulations

54. Extant ISRE 2410 includes requirements for the auditor to perform inquiries relating to fraud and NOCLAR, with no requirements that apply in the event that fraud or suspected fraud, or identified or suspected NOCLAR, comes to the auditor’s attention in an interim review engagement.

55. The IAASB determined that the public interest rationale for revisions reflected in ISA 240 (Revised)²⁶ and ISA 250 (Revised)²⁷ should be considered with an 'interim review engagement lens' in developing ED-2410. In particular, because ED-2410 is applied by the auditor of the entity's annual financial statements, the IAASB considered intended users' expectations about the auditor's response if a fraud or suspected fraud, or NOCLAR or suspected NOCLAR, came to the auditor's attention while performing an interim review engagement.
56. The IAASB is of the view that the requirements for fraud and NOCLAR in paragraphs 52-57 of ED-2410 are consistent with the principles of ISA 240 (Revised) and ISA 250 (Revised). The requirements establish a proportionate work effort consistent with the overall objective of an interim review engagement (i.e., a limited assurance engagement), yet support a more robust work effort related to fraud and NOCLAR than in the extant standard. Additionally, the application material in paragraph A99 establishes a link between the requirements in paragraphs 54-55, and the requirement of paragraph 70, which applies when a matter comes to the auditor's attention that causes the auditor to believe that there may be a material misstatement of the interim financial information.

Going Concern

57. Extant ISRE 2410, paragraph 27, requires the auditor to inquire about whether management has changed its assessment of the entity's ability to continue as a going concern. If, as a result of this inquiry or other review procedures, the auditor becomes aware of events or conditions that may cast significant doubt on the entity's ability to continue as a going concern, the auditor is required to inquire about management's plans and to consider the adequacy of any disclosures about such matters in the interim financial information.
58. Given the fundamental nature of the going concern assumption to the preparation of financial information, both annual and interim, the IAASB recognized that the auditor's work effort relating to going concern is a matter of public interest in the context of any assurance engagement on general purpose historical financial information. Therefore, stakeholders' heightened expectations about the auditor's work effort and communications in this area, which were a driver for the IAASB's revisions in ISA 570 (Revised 2024), are also relevant to interim review engagements. Accordingly, the project proposal includes an action to explore enhancements to clarify the auditor's responsibilities relating to management's assessment of an entity's ability to continue as a going concern in an interim review engagement, and to communicate going concern-related matters in the auditor's interim review report.
59. ED-2410 includes such enhancements, with a focus on maintaining proportionality in the circumstances of an interim review engagement. In this context, while ED-2410 reflects the principles of ISA 570 (Revised 2024), the required work effort in ED-2410 (paragraphs 58 to 65) is not intended to enable the auditor to conclude with a reasonable level of assurance that management's use of the going concern assumption is appropriate, or that required disclosures about going concern are adequate. Rather, in the context of obtaining sufficient appropriate evidence as a basis for a limited assurance conclusion on the interim financial information, the intended *outcome* of the auditor's work effort relating to going concern, is for the auditor to be able to:

²⁶ ISA 240 (Revised), *The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements*, paragraphs 55-57

²⁷ ISA 250 (Revised), *Consideration of Laws and Regulations in an Audit of Financial Statements*, paragraphs 19-22

- (a) Determine whether anything has come to the auditor's attention that affects the auditor's judgments about the appropriateness of management's use of the going concern basis of preparation, or about whether a material uncertainty exists; and
- (b) Consider the adequacy of the disclosures in the interim financial information, in accordance with the requirements of the applicable financial reporting framework.

The evidence obtained for these judgments then provides a basis for the proposed statements to be made related to going concern in the interim review report (see **Section I-H** below).

60. The IAASB determined that the requirements in paragraphs 58-65 of ED-2410 establish a level of work that is necessary to have an appropriate basis for determining whether anything has come to the auditor's attention that causes the auditor to believe that a material misstatement related to going concern may exist. If something does come to the auditor's attention, paragraph 70 requires further work to be performed until the auditor is able to either conclude that it is unlikely that a material misstatement exists, or to determine that there is a material misstatement (see also paragraphs 51-52 above).
61. Certain requirements represent an enhancement from the baseline requirement of extant ISRE 2410, and a closer alignment with the principles of ISA 570 (Revised 2024):
- (a) The requirements in paragraphs 58-61 are aimed at anchoring the auditor's inquiries on management's assessment of the entity's ability to continue as a going concern, with an assessment period covering at least twelve months from the date of approval of the interim financial information. It is not intended that an auditor seek to obtain an assessment that is performed to the same level of detail as that performed for the annual reporting period, nor that it be documented in the same way. However, it is intended to support users' expectations that, if the going concern assumption presumes continued operations for the 'foreseeable future,' this horizon does not change solely because the reporting period changes.
 - (b) Paragraph 63(c) recognizes that, in certain circumstances, the auditor may consider it necessary to perform other procedures (that is, procedures other than the specific inquiries required by ED-2410) in order to obtain evidence to support the auditor's conclusions related to going concern. For example, if the auditor becomes aware of events or conditions that may cast significant doubt on the entity's ability to continue as a going concern, the auditor may consider it appropriate to read a document that provides evidence regarding management's plans to address these events or conditions.
 - (c) Paragraph 65 includes an explicit requirement for the auditor to evaluate the adequacy of disclosures related to going concern. The placement of this requirement is based on a logical workflow: the auditor's evaluation in paragraph 64 about the appropriateness of management's use of the going concern basis of accounting, and whether a material uncertainty exists, is necessary to appropriately evaluate the adequacy of disclosures.

G. Forming a Conclusion on the Interim Financial Information

62. As well as addressing the form and content of the auditor's audit report, ISA 700 (Revised) includes a section on forming an opinion on the financial statements, which includes requirements to evaluate whether the evidence obtained from procedures performed is sufficient and appropriate and supports

the auditor's opinion. ISA 705 (Revised)²⁸ includes requirements related to the form and content of the auditor's report when the opinion is modified. Because extant ISRE 2410 has not been updated since 2005, it does not have such sections.

63. Recognizing the need to address the clarity of reporting for users of interim financial information, the IAASB determined that it was appropriate for ED-2410 to include separate sections addressing (a) the need for the auditor to *form* a conclusion on the interim financial information, and (b) the *form and structure of the conclusion*. The section on Forming a Conclusion on the Interim Financial Information (paragraphs 89-94 of ED-2410) therefore includes requirements for the auditor to evaluate whether sufficient appropriate evidence has been obtained from procedures performed and to form a conclusion, based on that evidence, about whether the interim financial information is free from material misstatement. The section on the form of conclusion (paragraphs 97-107 of ED-2410) follows the structure of the similar section in ISRE 2400 (Revised), paragraphs 72-85, but is included in the Preparing the Auditor's Interim Review Report section, which reflects the same approach as was adopted in the recently completed ISSA 5000. See also paragraphs 69-73 below regarding the form of the auditor's interim review conclusion.
64. The stand-back in paragraph 89 of ED-2410 requires the auditor to consider all evidence obtained when making this evaluation, to emphasize the need for professional skepticism in forming a conclusion. If the auditor's evaluation is that the evidence obtained from the procedures performed is not sufficient and appropriate to enable the auditor to form a limited assurance conclusion, paragraph 90 requires the auditor to attempt to obtain further evidence. If the auditor is unable to obtain sufficient appropriate evidence after attempting to obtain further evidence, the auditor is required by paragraph 103 to express either a qualified conclusion or disclaim a conclusion on the interim financial information.

H. The Auditor's Report on the Interim Review Engagement

65. A driver for developing ED-2410 was the need for more clarity, in particular for intended users of interim financial information and auditor's interim review reports, about the:
 - (a) Purpose of an interim review engagement;
 - (b) Difference between the level of assurance that is obtained in an interim review engagement (limited assurance), and that obtained in an audit of annual financial statements (reasonable assurance); and
 - (c) Nature and extent of procedures performed in an interim review engagement compared to an audit of annual financial statements.
66. In its [Auditor Reporting Standards](#) project, the IAASB recognized the communicative value of the auditor's report as the primary deliverable of the audit engagement, to address a lack of clarity among users of financial statements about the purpose, scope and outcome of the audit. The communicative value of the practitioner's reporting is important across assurance engagements, given the common aim of all assurance engagements (audits, reviews and other assurance engagements) for the practitioner to express an opinion or conclusion to enhance the degree of confidence of intended users about the subject matter information. In considering recommendations arising from the [post-implementation review of the Auditor Reporting standards](#) (completed in September 2021), the IAASB

²⁸ ISA 705 (Revised), *Modifications to the Opinion in the Independent Auditor's Report*

recognized that the form, structure and presentation of assurance and audit reports are intentionally different, as this enables users to clearly distinguish their different purpose and scope. However, the IAASB supported exploring stakeholder demand for aligning the form, structure and presentation of assurance reports other than audit reports, with the form, structure and presentation of audit reports, when the applicable assurance standards were next proposed for revision. ED-2410 includes proposals for revisions in the structure, form and content of the auditor's interim review report, and seeks input from stakeholders on this matter.

Key decisions

67. In developing ED-2410, the IAASB:
- (a) Considered the clarity of wording in, and the placement of, the auditor's limited assurance conclusion within the interim review report;
 - (b) Determined that it was necessary to include an explicit statement relating to compliance with relevant ethical requirements, including those related to independence, modelled on the language in ISA 700 (Revised);²⁹
 - (c) Determined that it was necessary and appropriate to introduce additional statements, echoing the revisions made to ISA 570 (Revised 2024), that would communicate the auditor's views, based on the evidence obtained from the procedures performed, relating to management's use of the going concern basis of accounting, and about whether a material uncertainty related to going concern exists; and
 - (d) Agreed not to introduce a section conceptually analogous to the "key audit matters" addressed in ISA 701, in recognition of the circumstances of interim review engagements, and to avoid inadvertently creating a perception that a greater level of assurance than is appropriate has been obtained.
68. Paragraph 95 of ED-2410 sets out the requirements for the elements of the auditor's interim review report. The auditor's interim review Conclusion section is required to be presented first, to give it greater prominence, and is followed by the Basis for Conclusion section, consistent with ISA 700 (Revised).

Form of the Auditor's Interim Review Conclusion

69. ED-2410 also revises the requirements related to the wording of the auditor's conclusion (see paragraph 98 of ED-2410). Under extant ISRE 2410, the wording of the conclusion differs, depending on whether the interim financial information comprises a complete set of general-purpose financial statements prepared in accordance with a financial reporting framework designed to achieve fair presentation, or not.³⁰
70. The IAASB determined that the auditor's conclusion on an interim review engagement should:
- (a) Be expressed in the negative form ("Nothing has come to our attention that causes us to believe that the interim financial information..."); and

²⁹ ISA 700 (Revised), *Forming an Opinion and Reporting on Financial Statements*, paragraph 28(c).

³⁰ Extant ISRE 2410, paragraphs 43(i) and 43(j). See also the proposed definition of 'applicable financial reporting framework' in paragraph 13(b) of ED-2410, which is unchanged.

- (b) Differ depending on whether the applicable financial reporting framework is a fair presentation framework or a compliance framework, as described in the definition in paragraph 13(b) of ED-2410.

Framework Neutrality in the IAASB's Standards

- 71. In considering changes to the requirements related to the form of the auditor's interim review conclusion, the IAASB reaffirmed that it is not within its remit to interpret financial reporting standards, and that the IAASB's standards should remain framework-neutral.
- 72. However, the IAASB also recognized that IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB), and in particular, International Accounting Standard (IAS) 34, *Interim Financial Reporting*, are widely used in the preparation of interim financial reports.³¹ The IAASB acknowledged the diversity of views between and within jurisdictions about whether condensed interim financial reports prepared in accordance with IAS 34 are designed to achieve, or may achieve, fair presentation, and if so, of what. These differences are apparent in how different preparers in different jurisdictions, or even within a jurisdiction, describe the reporting framework used in preparing their interim financial reports; and in how different regulations that apply to the preparation of interim financial reports describe the frameworks.³²
- 73. Because of this, the IAASB acknowledged the risk that assurance conclusions issued in respect of interim financial reports prepared under the same reporting framework may differ between jurisdictions. Noting that consistency of reporting globally is an important feature of the objective of revising ISRE 2410, **Question 15** in **Section II** below asks for respondents' views on this matter.

Addressing Going Concern the Auditor's Interim Review Report

- 74. ISA 570 (Revised 2024) introduced requirements for the auditor to include explicit statements in the auditor's report on the entity's annual financial statements about whether:
 - (a) Management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
 - (b) A material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern.It also introduced a requirement to state that such conclusions are based on the audit evidence obtained up to the date of the auditor's report and are not a guarantee as to the entity's ability to continue as a going concern.
- 75. ED-2410 introduces equivalent requirements to make explicit statements related to going concern in the auditor's interim review report that are deemed appropriate for, and proportionate to the work

³¹ IAS 34 permits an entity to publish either a complete or condensed set of interim financial statements, and prescribes the minimum content of an interim financial report and the principles for recognition and measurement in complete or condensed financial statements for an interim period. See the objective and paragraph 7 of IAS 34.

³² For example, the UK's Disclosure and Transparency Rule applicable to Listed Entities requires a statement be made by those responsible for the half-yearly financial report, that confirms that, to the best of their knowledge, "the condensed set of financial statements, which has been prepared in accordance with the applicable set of accounting standards, gives a true and fair view of the assets, liabilities, financial position and profit or loss of the issuer" and specifies that they may "satisfy the requirement to confirm that the condensed set of financial statements give a true and fair view by giving a statement that they have been prepared in accordance with IAS 34."

effort and circumstances of, interim review engagements. In determining that it was appropriate to do so, the IAASB acknowledged the risk that having such statements in an interim review report may unintentionally suggest a greater work effort having been performed on going concern than is necessary to achieve the auditor's objectives in an interim review engagement, which may increase the expectations gap by adding to the challenges for users to understand the nature and scope of an interim review engagement.

76. However, the IAASB determined that the need for transparency that drove the IAASB's decisions in approving ISA 570 (Revised 2024) was equally relevant for interim review engagements. Because interim financial information is intended to provide an update on the latest complete set of annual financial statements, the IAASB acknowledged that failing to provide an update about such matters at the interim date would be unlikely to satisfy the information needs of intended users of the interim financial information and the auditor's interim review report thereon.
77. Accordingly, the IAASB determined that it was appropriate to introduce requirements for clear statements to be made about going concern. Informed by revisions in jurisdictional standards related to interim review engagements,³³ and the circumstances addressed in ISA 570 (Revised 2024), ED-2410 requires the auditor to include explicit statements about whether:
- (a) In the context of the auditor's review of the interim financial information as a whole, and in forming the auditor's review conclusion thereon, anything has come to the auditor's attention that causes them to believe that management's use of the going concern basis of accounting in the preparation of the interim financial information is not appropriate; and
 - (b) Whether anything has come to the auditor's attention that indicates that a material uncertainty exists.

ED-2410 also requires a statement that indicates that those statements are not a guarantee as to the entity's ability to continue as a going concern.

78. The IAASB acknowledged the variety of scenarios related to going concern that may arise in an interim review engagement, and considered which of those needed to be supported by explicit requirements. **Table 1** below includes a summary of the most common scenarios expected to be encountered in performing interim review engagements, and the relevant reporting requirements in ED-2410.
79. The IAASB determined that it was not necessary for ED-2410 to include requirements that specifically address the following two scenarios, because they were not considered to be common occurrences, and the relevant principles are addressed by other requirements:
- (a) The going concern basis of accounting is not appropriate in the circumstances (e.g., because the entity intends to cease trading) but the interim financial information is prepared on a suitable alternative basis, and this is adequately disclosed. In this circumstance, paragraph 117 is likely to apply.
 - (b) The events and conditions that had previously given rise to a material uncertainty related to going concern, or to a previously disclosed "close call" related to going concern, have resolved in the interim period. However, if adequate disclosures about the circumstances are included in the interim financial information, paragraph 111 addresses this scenario.

³³ Refer, for example, to the United Kingdom's ISRE (UK) 2410, paragraph 54-1 and revisions to the illustrative reports.

Table 1: Scenarios addressed in ED-2410

SCENARIOS ADDRESSED			Applicable Requirements in ED-2410
Based on evidence obtained from audit procedures performed for the previous annual audit ...	Based on evidence obtained from review procedures performed for the interim review engagement ...		
	Events or Conditions? ³⁴	MUGC? ³⁵	
“Baseline” Either: No events or conditions identified (and therefore no MUGC exists) or Events and conditions were identified, but no MUGC exists.	No	No	Paragraph 108
	Yes	Yes	Paragraph 110
		No	Paragraph 108 or Paragraph 111 (depending on the circumstances)
“Close Call” Events or conditions identified; but no MUGC exists, and Significant judgments were made in concluding that no MUGC exists, and they are adequately disclosed.	Yes	Yes	Paragraph 110
		No	Paragraph 108 or Paragraph 111 (depending on the circumstances)
	No	No	Paragraph 108
“MUGC” Events or conditions identified. MUGC exists and is adequately disclosed. ³⁶	Yes	Yes	Paragraph 109
		No	Paragraph 108 or Paragraph 111 (depending on the circumstances)
	No	No	Paragraph 108

³⁴ “Events or conditions” is used as shorthand for “events or conditions that were identified that *may* cast significant doubt about the entity’s ability to continue as a going concern

³⁵ MUGC is used as shorthand for “a material uncertainty about the entity’s ability to continue as a going concern.”

³⁶ If the MUGC is not adequately disclosed, paragraph 112 applies.

Other Elements of the Interim Review Report

80. Paragraph 95(f) introduces a requirement for the interim review report to include a section stating management's responsibilities, which is intended to provide a clearer distinction between the responsibilities of management and the responsibilities of the auditor in an interim review engagement.
81. Additionally, ED-2410 introduces a conditional requirement (paragraph 96) for the interim review report to include the name of the engagement partner when the interim review engagements is for a publicly traded entity. This was deemed to be an important disclosure, as users may have an interest in understanding whether the engagement partner for the interim review engagement was the same as for the audit of the annual financial statements.

I. Other Matters

Communications with Management and Those Charged with Governance

82. The IAASB considered different approaches to the requirements for communications with management and those charged with governance. On balance, the IAASB determined that it was appropriate to retain an overarching requirement similar to paragraph 42 of extant ISRE 2410, but positioned earlier in the standard to emphasize the importance of timely communication of relevant matters throughout the engagement. Therefore, paragraph 38 of ED-2410 requires the auditor to communicate on a timely basis, matters that, in the auditor's professional judgment, merit the attention of management or those charged with governance, as appropriate. In making this determination, the IAASB took into account that the matters to be communicated in accordance with ED-2410 would likely be informed by the auditor's communications in the audit of financial statements. ED-2410 includes application material (see paragraph A62) with examples of matters that may be significant to the responsibilities of those charged with governance.

Other Information

83. Paragraphs 36-37 of extant ISRE 2410 address the auditor's responsibility for 'accompanying information,' which, in principle, is the same as 'other information' in the current IAASB standards. The project proposal included an action to explore enhancements to clarify the auditor's responsibility and work related to other information issued by the entity in an interim review engagement.
84. The IAASB determined that it was appropriate to modernize and clarify the terms, while retaining simple, principles-based requirements related to other information in the context of an interim review engagement. Accordingly, ED-2410 includes a definition of "other information" (paragraph 13(g)), and also includes work effort requirements in paragraphs 86 to 88 based on the underlying principles of ISA 720 (Revised),³⁷ which are that:
 - (a) Reading the other information may bring to the auditor's attention a material inconsistency between the other information and the interim financial information. If so, this may undermine the credibility of the interim financial information and the auditor's conclusion thereon and, therefore, the auditor undertakes further work to determine whether a material misstatement of the interim financial information or of the other information may exist; and

³⁷ ISA 720 (Revised), *The Auditor's Responsibilities Relating to Other Information*

- (b) Although other information is not subject to the interim review engagement, relevant ethical requirements ordinarily require that the auditor is not to be associated with misleading information. If there was a material misstatement of the other information in a document containing the interim financial information and the auditor's interim review report thereon, the auditor would be associated with such information.

Effective Date

85. The IAASB anticipates that a final pronouncement will be approved in **June 2027**, and that it is appropriate for the standard to be effective for reviews of interim financial information for periods beginning at least 18 months after the approval of the final pronouncement. This convention of linking the effective date to the start of a reporting period to which an engagement would relate is appropriate because ED-2410 address all stages of an interim review engagement.
86. The IAASB believes that such a time frame appropriately takes into account:
- The effective date of ISA 570 (Revised 2024) and ISA 240 (Revised), given the revisions in ED-2410 related to those topics;
 - The time needed for translation and adoption processes within jurisdictions, and for revisions to firm methodologies, engagement enablement tools and training materials.

Section II - Questions for Respondents

1. Respondents are asked to respond to the questions below using the **Response Form** as explained in the **Request for Comments** section of this EM, focusing on the clarity, understandability, and implementability of the requirements and application material of ED-2410.

Questions for Respondents	Related Section or Paragraphs in this EM
<i>Overall Impact</i>	
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?	Section I-A and the Appendix
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.	<i>Overall perspective</i>

Questions for Respondents	Related Section or Paragraphs in this EM
<i>Professional Skepticism and Professional Judgment</i>	
<p>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?</p>	<p><i>Overall perspective</i> Section I-B, paragraph 22(a)</p>
<p><i>Fundamental Principles of an Interim Review Engagement</i></p> <p>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?</p> <p>5. Is ED-2410 sufficiently clear that while the auditor performs primarily inquiries and analytical procedures, <i>all procedures</i> 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?</p>	<p>Section I-B Section I-F, paragraphs 44-47</p>
<p><i>Approaching an Interim Review Engagement in Accordance with ED-2410</i></p> <p>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 for making this clearer?</p> <p>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?</p>	<p>Section I-B Section I-F, paragraphs 44-52</p>
<p><i>Materiality</i></p> <p>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?</p>	<p>Section I-F, paragraphs 41-43</p>

Questions for Respondents	Related Section or Paragraphs in this EM
<p><i>Group Interim Review Engagements</i></p> <p>9. Overall, do you agree that ED-2410 is capable of being applied for the review of interim financial information of groups?</p> <p>10. Are the requirements in ED-2410 that address specific considerations related to group interim review engagements appropriate?</p> <p>If not, for each of these questions, please explain your reasons, and provide suggestions for additional requirements or application material that might be needed.</p>	<p>Section I-F, paragraphs 37-40</p>
<p><i>Fraud and Non-Compliance with Laws and Regulations (NOCLAR)</i></p> <p>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?</p> <p>If not, please explain your reasons, provide suggestions for the auditor's approach to fraud and NOCLAR in an interim review engagement.</p>	<p>Section I-F, paragraphs 54-56</p>
<p><i>Going Concern</i></p> <p><i>The questions 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.</i></p> <p>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.</p> <p>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.</p> <p>In particular:</p> <p>(a) Do you agree with the proposed required statements, appropriately worded for a limited assurance engagement, relating to the going</p>	<p>Section I-F, paragraphs 57-61</p> <p>Section I-H, paragraphs 74-79</p>

Questions for Respondents	Related Section or Paragraphs in this EM
<p>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.</p> <p>(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.</p> <p>(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.</p>	
<p><i>The Auditor’s Interim Review Report</i></p> <p>General</p> <p>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.</p> <p>If not, please explain your reasons, including any suggestions for how the interim review report can be made clearer for intended users.</p>	<p>Section I-H, paragraphs 65-68</p>
<p>The Auditor’s Interim Review Conclusion</p> <p>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.</p>	<p>Section I-H, paragraphs 69-73</p>
<p><i>Other Matters</i></p> <p>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</p>	

Questions for Respondents	Related Section or Paragraphs in this EM
<p>relate. If you provide views on other matters, please use subheadings in your response to clearly identify and distinguish different matters.</p>	
<i>Translations</i>	
<p>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?</p> <p>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.</p>	
<i>Effective Date</i>	
<p>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?</p>	<p>Section I-I, paragraphs 85-86</p>

Questions to Inform the International Ethics Standards Board for Accountants (IESBA)	
<p>The IESBA is seeking views from respondents related to the application of the IESBA Code. Respondents for whom these questions are relevant are encouraged to provide answers to these questions to inform the IESBA's consideration of the need for any future actions.</p>	
<p>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:</p> <p>(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?</p> <p>(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?</p>	<p>Introduction, paragraphs 12-14</p> <p>Section I-C</p>

<p>If you believe there is a need to clarify the application of the Code in either or both circumstances above, please explain why. Please also explain which clarifications would be useful and whether they should be made inside or outside the Code.</p>	
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Appendix - Mapping Proposed Actions to Relevant Paragraphs of ED-2410

The table in this appendix maps the key aspects of ED-2410 to the proposed standard-setting actions in the [project proposal](#) (see paragraph 13), to support the public interest.

1. The column “Key Revisions Proposed” describes the proposed standard-setting actions in ED-2410, which are designed to achieve the following qualitative standard-setting characteristics (identified as being of most relevance in the project proposal):
 - The **coherence** of the proposed revised standard with the overall body of standards issued by the IAASB, enhancing linkages between standards that address the same subject matter information (historical financial information) and level of assurance (limited assurance).
 - The **appropriateness of the scope** of the proposed revised standard, by taking into account that the engagement is performed by the auditor of the entity’s annual financial statements, and that certain matters in the ISAs may be relevant to an interim review engagement, notwithstanding the different purpose, scope and outcome of the review engagement on interim financial information. Therefore, the concept of **proportionality** is important to support achieving this characteristic.
 - The **comprehensiveness** of the standard, reducing variability in practice by limiting the extent to which there are exceptions to the principles set out in the standard.
 - The **implementability** and **ability to be consistently applied** and be **globally operable** across entities of all sizes and in all regions, taking into account the importance of the varying size and complexity of entities whose financial information necessitates a review engagement under the proposed revised standard, and the varying resources of firms that perform such engagements.
2. Because these characteristics apply to ED-2410 *as a whole*, rather than to any individual section or requirement(s), the characteristics have not been mapped individually to individual standard-setting actions or proposed revisions.
3. All paragraph references herein are to paragraphs in ED-2410 unless otherwise indicated.

Proposed Actions in the Project Proposed	Key Revisions Proposed	
	Explanation	Relevant sections or paragraphs in ED-2410
Project Objective: Establish a global baseline for the consistent performance of interim review engagements.		
1.1 Redraft ISRE 2410 in the “Clarity format.”	ED-2410 has been drafted in the ‘Clarity format,’. The IAASB’s Clarity project was completed at the end of 2008). The Clarity project reviewed the drafting conventions of the ISAs to identify ways to improve the clarity, and therefore the consistent application, of International Standards issued by the IAASB.	Entirety of ED-2410
1.2. Revise ISRE 2410 as necessary so that principles and concepts: (a) Align with concepts and terms used in the International Framework for Assurance Engagements;¹ and (b) Draw on relevant concepts and principles of ISRE 2400 (Revised), and as appropriate, other IAASB standards.	The concepts and terms in ED-2410 are fully aligned with those in ISRE 2400 (Revised), which is the other IAASB standard addressing limited assurance engagements on historical financial information, and other IAASB assurance standards that address limited assurance engagements. In particular, the definition of limited assurance is now consistent with the description in the International Framework for Assurance Engagements.	<u>Introduction:</u> Paras. 5-9, 11 <u>Definitions:</u> Para. 13(f)

¹ For example, the International Framework for Assurance Engagements describes a limited assurance engagement as one in which the practitioner reduces engagement risk to a “level that is acceptable in the circumstances but where that risk is greater than for a reasonable assurance engagement.” In comparison, extant ISRE 2410 describes the aim of an interim review engagement as being to reduce to a “moderate level” the risk of expressing an inappropriate conclusion.

Proposed Actions in the Project Proposed	Key Revisions Proposed	
	Explanation	Relevant sections or paragraphs in ED-2410
Project Objective: Establish a global baseline for the consistent performance of interim review engagements.		
1.3 Explore ways to clarify the relationship between interim review engagements under ISRE 2410 and other IAASB standards.	<ul style="list-style-type: none"> Described the different scope of engagements under ED-2410 and ISRE 2400 (Revised) Described the difference between an interim review engagement performed under ED-2410 and an audit of financial statements performed in accordance with the International Standards on Auditing (ISAs) As explained in paragraph 16 of the project proposal, some of the issues identified may be resolved through the development of non-authoritative guidance materials. This may include, for example, educational material to clarify the relationship between interim review engagements and other engagements performed in accordance with other IAASB standard. 	<u>Introduction:</u> Para. 3, 8-9 <u>Application material:</u> Para. A3-A4
2.1 Determine the extent to which recent enhancements to IAASB standards need to be addressed, in a proportionate manner, in proposed revised ISRE 2410, given the circumstances of an interim review engagement, and the requirements of the applicable financial reporting framework for interim financial information.	General approach: In evaluating the potential impact of revisions to other IAASB standards since the issuance of extant ISRE 2410, the IAASB considered the public interest drivers of those projects, and whether the public interest issues addressed in those projects were also relevant in the context of interim review engagements. If so, the IAASB considered how those public interest	See the paragraph references below for the various sub-actions of proposed action 2.1

Proposed Actions in the Project Proposed	Key Revisions Proposed	
	Explanation	Relevant sections or paragraphs in ED-2410
Project Objective: Establish a global baseline for the consistent performance of interim review engagements.		
This may include considering whether new requirements or application material are necessary to address the following:	issues could be addressed in ED-2410, recognizing the need for proportionality given the circumstances of interim review engagements.	
(a) The relationship between ISRE 2410 and the quality management standards, including quality management at the engagement level.	<ul style="list-style-type: none"> • Introduced enhanced requirements for engagement-level quality management, including for the engagement partner to take overall responsibility for: <ul style="list-style-type: none"> ○ Managing and achieving quality on the engagement, including being sufficiently and appropriately involved throughout the engagement; ○ The direction and supervision of the members of the engagement team and the review of their work, and ○ In specific areas, the engagement being performed in accordance with the firm's quality management policies or procedures. • Also introduced a requirement for the engagement partner to consider the information from the firm's monitoring and remediation 	<u>Requirements:</u> Para. 23-24 <u>Application material:</u> Para. A28-A44

Proposed Actions in the Project Proposed	Key Revisions Proposed	
	Explanation	Relevant sections or paragraphs in ED-2410
Project Objective: Establish a global baseline for the consistent performance of interim review engagements.		
	process and the effect of that information on the interim review engagement.	
(b)(i) The auditor's responsibilities relating to understanding the entity and its environment, the applicable financial reporting framework and the entity's system of internal control.	<ul style="list-style-type: none"> ED-2410 includes core principles that apply irrespective of whether the auditor has previously audited the entity's annual financial statements or is performing a first-time interim review engagement for the entity. The auditor is required to obtain an understanding of the entity and its environment, the applicable financial reporting framework, and the entity's system of internal control relevant to the preparation of both annual and interim financial information. Based on this understanding, the auditor identifies areas in the interim financial information where material misstatements, whether due to fraud or error, are likely to arise. Included application material to address considerations specific to first-time interim review engagements. 	<u>Requirements:</u> 43 <u>Application material:</u> Para. A72-A79
(b)(ii)The auditor's responsibilities relating to accounting estimates.	<ul style="list-style-type: none"> In connection with designing and performing review procedures, ED-2410 requires specific inquiries of management and others within the 	<u>Requirements:</u> Para. 44-45 (in particular, para. 45(d) and 45(e))

Proposed Actions in the Project Proposed	Key Revisions Proposed	
	Explanation	Relevant sections or paragraphs in ED-2410
Project Objective: Establish a global baseline for the consistent performance of interim review engagements.		
	<p>entity, as appropriate, related to accounting estimates, including:</p> <ul style="list-style-type: none"> ○ For significant accounting estimates, inquiries about any changes in management's selection of methods, significant assumptions and data and, if applicable, the intent and ability to carry out specific courses of action, and ○ Whether significant, unusual or complex transactions, events or matters have affected or may affect the entity's interim financial information, including new or revised accounting estimates. <ul style="list-style-type: none"> ● In connection with forming a conclusion about whether the interim financial information is free from material misstatement, included requirements for the auditor to consider: <ul style="list-style-type: none"> ○ Qualitative aspects of the entity's accounting practices, including indicators of possible bias in management's judgments, and ○ Whether, in the context of the requirements of the applicable financial reporting framework and the results of 	<p>Para. 92(b) and (d)(iv)</p> <p><u>Application material:</u></p> <p>Para. A93-A97, A139</p>

Proposed Actions in the Project Proposed	Key Revisions Proposed	
	Explanation	Relevant sections or paragraphs in ED-2410
Project Objective: Establish a global baseline for the consistent performance of interim review engagements.		
	procedures performed, the accounting estimates and related disclosures made by management appear reasonable.	
(b)(iii)The auditor’s responsibilities relating to going concern,² including related to management’s assessment of going concern in the interim financial information.	<ul style="list-style-type: none"> Replaced the single requirement in paragraph 27 of extant ISRE 2410 with more robust requirements, consistent with the concepts and principles in ISA 570 (Revised 2024),³ but proportionate to the circumstances of an interim review engagement. These requirements recognize that going concern is fundamental to the preparation of the interim financial information, and are sufficient to support the auditor’s conclusions about going concern in the interim review engagement, and statements related to going concern in the auditor’s interim review report (see proposed action 3.2 below). Added application material to explain that, if a matter comes to the auditor’s attention that causes the auditor to believe that the interim 	<u>Requirements:</u> Para. 58-65 <u>Application material:</u> Para. A107-A114

² Reflecting the importance of this topic, some JSS (for example, the UK) have amended their local version of ISRE 2410 to clarify or enhance the auditor's responsibility for, and communication of, going concern-related matters in the interim review engagement, while others (for example Australia and New Zealand) expressed their agreement on the need for a global revision on this matter.

³ ISA 570 (Revised 2024), *Going Concern*

EXPLANATORY MEMORANDUM TO THE ED FOR PROPOSED ISRE 2410 (REVISED), REVIEW OF INTERIM FINANCIAL INFORMATION PERFORMED BY THE INDEPENDENT AUDITOR OF THE ENTITY'S ANNUAL FINANCIAL STATEMENTS)

Proposed Actions in the Project Proposed	Key Revisions Proposed	
	Explanation	Relevant sections or paragraphs in ED-2410
Project Objective: Establish a global baseline for the consistent performance of interim review engagements.		
	financial information may be materially misstated or misleading in relation to going concern, the auditor is required to perform additional procedures (i.e., the “deep dive”) in accordance with paragraph 70.	
(b)(iv)The auditor’s responsibilities relating to fraud and non-compliance with laws and regulations (NOCLAR).	<ul style="list-style-type: none"> • Replaced the single requirement in paragraph 41 of extant ISRE 2410 with more robust requirements, consistent with the concepts and principles in ISA 240 (Revised)⁴ and ISA 250 (Revised),⁵ but proportionate to the circumstances of an interim review engagement. • Included requirements related to communication with management and those charged with governance, and reporting to an appropriate authority. • Added application material to explain that additional procedures are required when the auditor has cause to believe that the interim financial information may be materially misstated. 	<u>Requirements:</u> Para. 52-57 <u>Application material:</u> Para. A99-A106

⁴ ISA 240 (Revised), *The Auditor’s Responsibilities Relating to Fraud in an Audit of Financial Statements*

⁵ ISA 250 (Revised), *Consideration of Laws and Regulations in an Audit of Financial Statements*

Proposed Actions in the Project Proposed	Key Revisions Proposed	
	Explanation	Relevant sections or paragraphs in ED-2410
Project Objective: Establish a global baseline for the consistent performance of interim review engagements.		
(b)(v)The auditor’s responsibilities relating to other information.	<ul style="list-style-type: none"> Defined “other information” to establish a clear boundary for consistent determination of what is considered other information in the context of an interim review engagement. Revised the requirements to align more closely with the principles of ISA 720 (Revised)⁶ related to the auditor’s responsibility to read the other information and consider whether it is materially inconsistent with the interim financial information. If a material inconsistency appears to exist, the auditor is required to discuss the matter with management or those charged with governance, as appropriate, to determine whether a material misstatement of the interim financial information may exist. 	<u>Definitions:</u> Para. 13(g) <u>Requirements:</u> Para. 86-88 <u>Application material:</u> Para. A10-A11, A131-A136
(c) Special considerations that apply for interim review engagements related to group interim financial information.	<ul style="list-style-type: none"> In lieu of adding multiple definitions to ED-2410 related to group interim review engagements, added a paragraph in the definitions section to explain that terms used in ED-2410 related to groups that are defined in the Handbook’s 	<u>Definitions:</u> Para. 14 <u>Requirements:</u> Para. 23(c)(ii), 39-40, 69

⁶ ISA 720 (Revised), *The Auditor’s Responsibilities Relating to Other Information*

Proposed Actions in the Project Proposed	Key Revisions Proposed	
	Explanation	Relevant sections or paragraphs in ED-2410
Project Objective: Establish a global baseline for the consistent performance of interim review engagements.		
	<p>Glossary of Terms⁷ are intended to be read and applied in the context of a review of the interim financial information of the group performed by the auditor of the group financial statements (a “group interim review engagement”).</p> <ul style="list-style-type: none"> • Added a requirement related to engagement-level quality management for the engagement partner to take overall responsibility for the engagement being performed in accordance with the firm’s quality management policies or procedures, including determining that sufficient and appropriate resources to perform the engagement are assigned or made available in a timely manner. Application material explains that, for a group interim review engagement, such resources may include component auditors. • Added requirements for the group auditor to: <ul style="list-style-type: none"> ○ Determine the nature, timing and extent of the work to be performed by component auditors, if any, and 	<p><u>Application material:</u> Para. A40, A63-A65, A119</p>

⁷ The Glossary of Terms relating to International Standards issued by the IAASB in the Handbook of International Quality Management, Auditing, Review, Other Assurance, and Related Services Pronouncements (the Handbook).

Proposed Actions in the Project Proposed	Key Revisions Proposed	
	Explanation	Relevant sections or paragraphs in ED-2410
Project Objective: Establish a global baseline for the consistent performance of interim review engagements.		
	<ul style="list-style-type: none"> ○ If component auditors are involved, communicate with them about the work to be performed and expected communications about the results of that work. ● Added a requirement for the auditor to obtain evidence that the group interim financial information agrees or reconciles to the consolidation schedules and to the records of significant consolidation journal entries and adjustments. 	
3.1 Explore enhancements to the form, structure and presentation of the auditor's review report to enhance the understandability and usefulness of the report to users.	<ul style="list-style-type: none"> ● To improve the communicative value of the auditor's interim review report, the requirements in ED-2410 include the following enhancements related to the form, structure and presentation of the report: <ul style="list-style-type: none"> ○ Requires the auditor's conclusion to be presented first, followed by the Basis for Conclusion section. The form of the auditor's conclusion is dependent on whether the interim financial information is prepared in accordance with a fair presentation framework or a compliance framework. 	<u>Requirements:</u> Para. 95-107 <u>Application material:</u> Para. A146-A172

Proposed Actions in the Project Proposed	Key Revisions Proposed	
	Explanation	Relevant sections or paragraphs in ED-2410
Project Objective: Establish a global baseline for the consistent performance of interim review engagements.		
	<ul style="list-style-type: none"> ○ Expands on the wording that describes an interim review engagement and its limitations, including how the interim review engagement differs from an audit of financial statements. ○ The Basis for Conclusion section includes a required statement relating to compliance with relevant ethical requirements including, when applicable, that the auditor applied independence requirements specific to audits or reviews of certain entities (e.g., public interest entities). ○ Requires a separate section describing management's responsibility for the interim financial information, including for assessing the entity's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. ● Added a conditional requirement to include the name of the engagement partner for interim review engagements of publicly traded entities. 	

Proposed Actions in the Project Proposed	Key Revisions Proposed	
	Explanation	Relevant sections or paragraphs in ED-2410
Project Objective: Establish a global baseline for the consistent performance of interim review engagements.		
	<ul style="list-style-type: none"> Included more detailed requirements for expressing a modified conclusion, consistent with the principles in ISA 705 (Revised),⁸ and patterned after the structure of such requirements in other IAASB standards (e.g., ISRE 2400 (Revised)⁹ and ISSA 5000).¹⁰ 	
3.2 Consider whether and, if so, how certain matters are to be included in the auditor's review report, including going concern-related matters.¹¹	<ul style="list-style-type: none"> Added requirements to include a separate section in the auditor's interim review report, with the heading "Going Concern" or "Material Uncertainty Related to Going Concern," as applicable, and the auditor's conclusion, to address the most common scenarios expected in the context of interim review engagements. Requires the auditor to include explicit statements, expressed in a manner consistent with the limited assurance nature of the interim review engagement (i.e., "nothing has come to the auditor's attention") about the 	<u>Requirements:</u> Para. 108-114 <u>Application material:</u> Para. A173-A176

⁸ ISA 705 (Revised), *Modifications to the Opinion in the Independent Auditor's Report*

⁹ ISRE 2400 (Revised), *Engagements to Review Historical Financial Statements*

¹⁰ ISSA 5000, *General Requirements for Sustainability Assurance Engagements*

¹¹ For example, some JSS (Australia, Japan, New Zealand, United Kingdom) have made local modifications to their versions of ISRE 2410, requiring a material uncertainty related to going concern that is adequately disclosed in the interim financial information to be reported under the heading "Material Uncertainty Related to Going Concern," consistent with ISA 570 (Revised), instead of reporting this as an "Emphasis of Matter," as currently required under extant ISRE 2410.

Proposed Actions in the Project Proposed	Key Revisions Proposed	
	Explanation	Relevant sections or paragraphs in ED-2410
Project Objective: Establish a global baseline for the consistent performance of interim review engagements.		
	<p>appropriateness of management's use of the going concern basis of accounting and the existence of a material uncertainty related to going concern.</p> <ul style="list-style-type: none"> Included a conditional requirement for circumstances when a matter related to going concern, other than a material uncertainty, is disclosed in the interim financial information (e.g., a going concern "close call") and, in the auditor's judgment, the matter is of such importance that it is fundamental to users' understanding of the interim financial information. In these circumstances, the auditor is required to include, in the separate Going Concern section, references to the related disclosure(s) in the interim financial information. This approach is akin to an emphasis of matter paragraph. 	
3.3 Explore other ways to promote user understanding of interim review engagements, such as through non-authoritative guidance or implementation support materials.	As explained in paragraph 16 of the project proposal, some of the issues identified may be resolved through the development of non-authoritative guidance materials. This may include, for example, educational material to clarify the relationship between interim	N/A

Proposed Actions in the Project Proposed	Key Revisions Proposed	
	Explanation	Relevant sections or paragraphs in ED-2410
Project Objective: Establish a global baseline for the consistent performance of interim review engagements.		
	review engagements and other engagements performed in accordance with other IAASB standard.	
<p>Materiality</p> <p>4.1 Clarify or strengthen, as appropriate, requirements and application material relating to materiality that may support the auditor's determination of materiality in the specific circumstances of interim review engagements.</p>	<ul style="list-style-type: none"> Introduced a requirement for the auditor to determine materiality for the interim financial information as a whole, and apply this materiality in designing review procedures and evaluating the results obtained from those procedures. Also added a requirement for the auditor to revise materiality as the engagement progresses if information comes to the auditor's attention that would have caused the auditor to determine a different materiality. Added application material to explain that the determination of materiality is a matter of professional judgement that involves quantitative and qualitative considerations. It also explains that the determination of materiality is affected by the auditor's perception of the financial information needs of intended users, and is made in the context of the applicable financial reporting framework used in preparing the interim financial information and of the periods covered therein. 	<p><u>Requirements:</u> Para. 41-42</p> <p><u>Application material:</u> Para. A66-A71</p>

Proposed Actions in the Project Proposed	Key Revisions Proposed	
	Explanation	Relevant sections or paragraphs in ED-2410
Project Objective: Establish a global baseline for the consistent performance of interim review engagements.		
<p>First-time engagements</p> <p>4.2 Explore enhancements to clarify any special considerations related to interim review engagements when the auditor is newly appointed and has not performed an audit of the entity's annual financial statements.</p>	<p>See the explanation above related to first-time interim review engagements in connection with the requirement for the auditor to obtain an understanding of the entity and its environment, the applicable financial reporting framework, and the entity's system of internal control relevant to the preparation of both annual and interim financial information (proposed action 2.1(b)(i)).</p>	<p><u>Requirements:</u> Para. 43</p> <p><u>Application material:</u> Para. A77-A79</p>
<p>Other matters</p> <p>4.3 Explore clarifications or enhancements to requirements or application material relating to:</p> <p>(a) The work effort relating to acceptance and continuance for the interim review engagements.</p>	<ul style="list-style-type: none"> • Replaced the single requirement in paragraph 10 of extant ISRE 2410 with more robust requirements related to acceptance and continuance that are appropriate for a stand-alone standard addressing all aspects of an interim review engagement. • These requirements reflect the key principles of ISA 210,¹² modified as appropriate for the circumstances of an interim review engagement, including in relation to: <ul style="list-style-type: none"> ○ The preconditions for accepting an interim review engagement, and the implications when the preconditions are not present. 	<p><u>Requirements:</u> Para. 25-37</p> <p><u>Application material:</u> Para. A45-A60</p>

¹² ISA 210, *Agreeing the Terms of Audit Engagements*

Proposed Actions in the Project Proposed	Key Revisions Proposed	
	Explanation	Relevant sections or paragraphs in ED-2410
Project Objective: Establish a global baseline for the consistent performance of interim review engagements.		
	<ul style="list-style-type: none"> ○ The terms of engagement. Application material explains that the terms of engagement to review the interim financial information may be combined with the terms of engagement to audit the annual financial statements in appropriate circumstances. However, in some jurisdictions it may be necessary to address the terms of the engagement to review interim financial information in a separate engagement letter. ○ Additional considerations when the wording of the auditor's interim review report is prescribed by law or regulation. 	
<p>(b) The extent to which foundational matters such as professional judgment and professional skepticism may need to be addressed.</p>	<ul style="list-style-type: none"> • Retained the requirement in paragraph 6 of extant ISRE 2410 for the auditor to plan and perform the engagement with professional skepticism recognizing that circumstances may exist that cause the interim financial information to be materially misstated. • Added a requirement for the auditor to exercise professional judgment in planning and performing the engagement. 	<p><u>Requirements:</u> Para. 21-22, 89</p> <p><u>Application material:</u> Para. A19-A27</p>

Proposed Actions in the Project Proposed	Key Revisions Proposed	
	Explanation	Relevant sections or paragraphs in ED-2410
Project Objective: Establish a global baseline for the consistent performance of interim review engagements.		
	<ul style="list-style-type: none"> Added application material based on the concepts in ISA 220 (Revised).¹³ Added a requirement for the auditor's evaluation of the evidence obtained from the review procedures performed to consider all evidence obtained, including evidence that is consistent or inconsistent with other evidence, regardless of whether it appears to corroborate or to contradict the interim financial information as prepared by management. 	
<p>(c) The auditor's responsibilities relating to related party relationships and transactions; and comparative information in a review of interim financial information.</p>	<p><i>Related parties</i></p> <ul style="list-style-type: none"> Added more robust requirements for review procedures regarding related party relationships and transactions, based on procedures in ISRE 2400 (Revised) and jurisdictional interim review standards. <p><i>Comparative information:</i></p> <ul style="list-style-type: none"> Added a conditional requirement for the auditor to obtain evidence about whether comparative information included in the interim financial information agrees with the amounts and other disclosures presented in the prior period, and 	<p><u>Requirements:</u> Para. 49-51, 119</p>

¹³ ISA 220 (Revised), *Quality Management for An Audit of Financial Statements*

Proposed Actions in the Project Proposed	Key Revisions Proposed	
	Explanation	Relevant sections or paragraphs in ED-2410
Project Objective: Establish a global baseline for the consistent performance of interim review engagements.		
	whether the accounting policies reflected in the comparative information are consistent with those applied in the current period.	
(d) The procedures performed for the interim review engagement versus procedures the auditor may elect to perform concurrently for purposes of the audit of the financial statements.	<ul style="list-style-type: none"> • Added application material that explains that: <ul style="list-style-type: none"> ○ Certain procedures performed for the purpose of the interim review engagement may also provide information that is relevant to the audit of the annual financial statements. ○ The auditor may decide to perform, at the time of the interim review, certain procedures that would need to be performed for the purpose of the audit of the annual financial statements. 	<u>Application material:</u> Para. A91-A92
4.4 Explore areas for which public sector considerations may be needed.	<ul style="list-style-type: none"> • Added public sector considerations in the application material related to: <ul style="list-style-type: none"> ○ The option of withdrawing from the engagement. ○ Engagement letters. 	<u>Application material:</u> Para. A9, A60, A106

EXPLANATORY MEMORANDUM TO THE ED FOR PROPOSED ISRE 2410 (REVISED), REVIEW OF INTERIM FINANCIAL INFORMATION PERFORMED BY THE INDEPENDENT AUDITOR OF THE ENTITY'S ANNUAL FINANCIAL STATEMENTS)

Proposed Actions in the Project Proposed	Key Revisions Proposed	
	Explanation	Relevant sections or paragraphs in ED-2410
Project Objective: Establish a global baseline for the consistent performance of interim review engagements.		
	<ul style="list-style-type: none"> ○ Reporting instances of fraud or suspected fraud or non-compliance or suspected non-compliance with laws and regulations. 	

International Standards on Auditing, International Standard on Auditing for Audits of Financial Statements of Less Complex Entities, International Standards on Assurance Engagements, International Standards on Review Engagements, International Standards on Related Services, International Standards on Quality Management, International Auditing Practice Notes, Exposure Drafts, Consultation Papers, and other IAASB publications are copyright of IFAC.

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