EXPOSURE DRAFT OF PROPOSED ISRE 2410 (REVISED), *REVIEW OF INTERIM FINANCIAL INFORMATION PERFORMED BY THE INDEPENDENT AUDITOR OF THE ENTITY'S ANNUAL FINANCIAL STATEMENTS*

Response Form

Guide for Respondents

Comments are requested by **September 3, 2026**. *Note that requests for extensions of time cannot be accommodated due to the timeline for finalization of this proposed revised standard.*

This form is for providing comments on the Exposure Draft of proposed International Standard on Review Engagements™ (ISRE) 2410*, Review of Interim Financial Information Performed by the Independent Auditor of the Entity's Annual Financial Statements* (ED-2410), in response to the questions set out in the Explanatory Memorandum (EM) to ED-2410. It also allows for respondent details, demographics and other comments to be provided. Use of this form will facilitate the IAASB's analysis of the responses.

You may respond to all questions or only those questions for which you have specific comments.

To assist our consideration and analysis of your comments, please:

- For each question, start by indicating your overall response using the drop-down menu under each question. Include any detailed comments below that, as indicated.
- When providing comments, respond directly to the questions and:
  - Provide the rationale for your answers. If you disagree with the proposals in ED-2410, please provide specific reasons for your disagreement and include specific suggestions for changes (including specific wording) that may be needed to the requirements, application material or appendices. If you agree with the proposals, it will be helpful for the IAASB to be made aware of this view as support for the IAASB's proposals cannot always be inferred when not stated.
  - Be specific about the sections, headings or paragraphs in ED-2410 to which your responses relate.
  - Refrain from inserting tables or text boxes in your responses.

It is not necessary to include a cover letter containing a summary of your key issues. The response form provides the opportunity to include any other views you wish to place on the public record, should you choose to do so. All responses will be considered a matter of public record and will ultimately be posted on the IAASB website.

Use the "**Submit Comment**" button on [the web page for proposed ISRE 2410 (Revised)]() to upload the completed form.

Responses to IAASB's Request for Comments in the EM for ED-2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity's Annual Financial Statements

PART A: Respondent Details and Demographic information

Your organization's name (or your name if you are making a submission in your personal capacity)	External Reporting Board (XRB)
Name(s) of person(s) responsible for this submission (or leave blank if the same as above)	New Zealand Auditing and Assurance Standards Board (NZAuASB)
Name(s) of contact(s) for this submission (or leave blank if the same as above)	Sharon Walker
E-mail address(es) of contact(s)	sharon.walker@xrb.govt.nz
Geographical profile that best represents your situation (i.e., the geographical perspective from which are you providing feedback on ED-2410). Select the most appropriate option.	Asia Pacific If "Other", please clarify
The stakeholder group to which you belong (i.e., the perspective from which are you providing feedback on ED-2410). Select the most appropriate option.	Jurisdictional or other standard setter If "Other", please specify
Should you choose to do so, you may include information about your organization (or yourself, as applicable).	The External Reporting Board (XRB) is a Crown Entity responsible for issuing accounting, climate and audit and assurance standards in New Zealand. We enable high quality, trusted, and integrated reporting through frameworks and standards that are internationally credible and locally relevant. We are focused on reporting and assurance in New Zealand that promotes trust, confidence, transparency and accountability. The XRB delegates responsibility for issuing auditing and assurance standards to the NZAuASB.

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

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

Click or tap here to enter text.

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

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

Overall Impact

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

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

Detailed comments (if any):

Stakeholders noted the broader public-interest benefits associated with improved consistency and transparency in interim review engagements, particularly regarding going concern reporting and user understanding. Click or tap here to enter text.

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

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

Detailed comments (if any):

Stakeholder feedback indicated that the proposals are generally consistent with current practice and are not expected to result in significant changes to procedures.

Professional Skepticism and Professional Judgment

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

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

Detailed comments (if any):

Click or tap here to enter text.

Fundamental Principles of an Interim Review Engagement

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

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

Detailed comments (if any):

We agree that ED-2410 clearly explains the nature and purpose of an interim review engagement and how it differs from an audit of financial statements. Auditors, who are the primary users of the standard, generally understand these distinctions.

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

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

Detailed comments (if any):

Click or tap here to enter text.

Approaching an Interim Review Engagement in Accordance with ED-2410

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

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

Detailed comments (if any):

Click or tap here to enter text.

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

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

Detailed comments (if any):

We agree with the proposed single, principled requirement to obtain an understanding of the entity, its environment, the applicable financial reporting framework, and the entity's system of internal control, as it relates to the preparation of both annual and interim financial information that applies to both recurring engagements and first-time engagements.

The premise of ED-2410 is that the auditor has an audit-level of understanding about the entity and uses this understanding as the basis for identifying areas in the interim financial information where material misstatements are likely to arise. In a recurring engagement, the auditor leverages knowledge obtained during the audit, including the understanding developed through the risk assessment process, to identify areas where material misstatements in the interim financial information are likely to arise. This provides an appropriate foundation for planning and performing the review engagement.

When the auditor is newly appointed and the interim review engagement is the first engagement performed for the entity, the auditor will not yet possess the same depth of understanding of the entity, its environment, and its system of internal control as an auditor who has previously performed the annual audit. Although ED-2410 does not require the auditor to identify and assess risks of material misstatement for the purposes of the interim review engagement, the proposed approach relies on the auditor having sufficient knowledge of the entity to identify areas in the interim financial information where material misstatements are likely to arise.

Our outreach indicated that, in practice, newly appointed auditors often perform audit procedures at the interim date to obtain the understanding that would ordinarily be developed through the audit risk assessment process. This understanding then forms the basis for planning and performing the interim review engagement. We are concerned that the current application material does not clearly indicate the extent of work expected in these circumstances, which may lead to inconsistent interpretations and practices.

We recommend the following refinement to the final sentence of paragraph A77. New text is underlined, deleted text is struck-through.

A77. If the interim review is the first engagement performed after being engaged to audit the entity's annual financial statements, the auditor is still required to obtain the understanding required by paragraph 43 as it relates to the preparation of both annual and interim financial information. The nature and extent of the procedures needed to do so are a matter of professional judgment. Procedures such as those described in paragraph A74 are also relevant in these circumstances. The auditor may ~~decide to~~ perform the procedures needed to obtain the understanding of the entity and its environment and the entity's system of internal control required for purposes of the audit of the financial statements <u>prior to or concurrent with the interim review engagement</u>.

Materiality

8.	Do you agree with the requirement for the auditor to determine materiality for the interim review engagement, and the related application material that describes the relevant principles that apply? If not, what would you suggest? *(See Section I-F, paragraphs 41-43 in the EM)*

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

Detailed comments (if any):

We support the introduction of a requirement for the auditor to determine materiality for the interim review engagement. Our outreach indicated that this requirement is consistent with current practice.

Our outreach also indicated that applying materiality in an interim review is challenging in practice with practitioners noting that materiality judgements are more difficult in interim reviews because the engagement typically is limited to enquiry and analytical review procedures. However, notwithstanding the challenges identified, our stakeholders supported principles-based application material, retaining flexibility and avoiding prescriptive requirements or application material. We therefore support retaining the current principles-based approach and caution against introducing more prescriptive guidance.

Group Interim Review Engagements

9.	Overall, do you agree that ED-2410 is capable of being applied for the review of interim financial information of groups? If not, please explain your reasons, and provide suggestions for additional requirements or application material that might be needed. *(See Section I-F, paragraphs 37-40 in the EM)*

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

Detailed comments (if any):

We agree that ED-2410 is capable of being applied for the review of interim financial information of groups. We are supportive of the light-touch inclusion of requirements for group interim engagements, supporting auditor judgement in determining whether and how to involve component auditors.

10.	Are the requirements in ED-2410 that address specific considerations related to group interim review engagements appropriate? If not, please explain your reasons, and provide suggestions for additional requirements or application material that might be needed. *(See Section I-F, paragraphs 37-40 in the EM)*

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

Detailed comments (if any):

Click or tap here to enter text.

Fraud and Non-Compliance with Laws and Regulations (NOCLAR)

11.	Do you agree that the work effort requirements related to fraud and NOCLAR are appropriate and proportionate to the circumstances of an interim review engagement, recognizing that the engagement is performed by the auditor of the entity's annual financial statements and has responsibilities related to fraud and NOCLAR in the context of that engagement? If not, please explain your reasons, and provide suggestions for the auditor's approach to fraud and NOCLAR in an interim review engagement. *(See Section I-F, paras. 54-56 in the EM)*

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

Detailed comments (if any):

We agree that the proposed work effort relating to fraud and non-compliance with laws and regulations (NOCLAR) is appropriate and proportionate to the nature of an interim review engagement. In particular, we support the requirement for the auditor to perform additional procedures when matters relating to fraud, suspected fraud, or NOCLAR come to the auditor's attention during the engagement. These requirements appropriately recognise that circumstances may arise that warrant a response beyond enquiry and analytical procedures.

However, as noted in our response to IESBA's post-implementation review on NOCLAR, auditors face practical challenges in applying the NOCLAR requirements. While the overall principles are generally understood, practitioners often find it challenging to determine when the NOCLAR provisions are triggered, how extensively a matter should be investigated, and when communication or escalation is required. These challenges are particularly evident when matters are not clearly inconsequential but may not clearly meet the threshold of substantial harm, or when the relevant laws and regulations fall outside the auditor's area of expertise.

Accordingly, we recommend that the IAASB and IESBA continue to work together to improve the clarity and practical operability of the NOCLAR framework, including through implementation support materials, examples, and guidance that illustrate how the requirements are intended to be applied in limited assurance engagements.

Going Concern

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

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

    (See Section I-F, paras. 57-61 in the EM)

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

Detailed comments (if any):

We support the proposed work effort relating to going concern and consider the requirements to be appropriate and proportionate to the nature of an interim review engagement.

We agree that the auditor's work effort should remain primarily based on enquiry and analytical procedures, with additional procedures performed when events or conditions are identified that may cast significant doubt on the entity's ability to continue as a going concern. In our view, the proposals appropriately balance the objective of a limited assurance engagement with stakeholders' expectations that the auditor responds when potential going concern concerns are identified.

We particularly support the requirement to enquire whether management has performed a going concern assessment at the interim reporting date. This reinforces that assessing the entity's ability to continue as a going concern is management's responsibility and encourages timely consideration of emerging risks by management and those charged with governance. We encourage the IAASB to work with the IASB and other accounting standard setters to clarify the responsibilities of management at the interim date.

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

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

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

Detailed comments (if any):

We support the introduction of explicit going concern reporting requirements and the inclusion of a dedicated going concern section in the auditor's interim review report.

In our view, the proposed reporting model will improve transparency by providing users with clearer information about management's use of the going concern basis of accounting and the auditor's conclusions in relation to going concern.

Our outreach indicated that stakeholders generally support enhanced transparency in this area, particularly where the auditor has previously reported a material uncertainty related to going concern or where events and conditions have changed since the previous reporting period. Stakeholders considered that consistent reporting across reporting periods assists users in understanding how the entity's circumstances have evolved.

This feedback is supported by academic research[1] which suggests that interim reporting can provide important early warning signals about financial distress and that users place significant value on timely information about matters that may affect an entity's future viability. The research highlights the value users place on timely communication of matters that may affect an entity's future viability, reinforcing the public interest benefits of transparent going concern reporting.

While some stakeholders questioned the value of reporting on going concern when no events or conditions have been identified, we consider that the benefits of consistency and transparency outweigh these concerns. The proposed reporting requirements provide users with relevant information and reinforce the importance of management's ongoing assessment of the entity's ability to continue as a going concern.

We offer the following suggested refinement to improve readability, enhance user understanding and remove unnecessary duplication in the going concern statements required by paragraph 108. New text is underlined, deleted text is struck-through.

In the context of our review of the consolidated interim financial information, and in forming our conclusion thereon, nothing has come to our attention:

- *that causes us to believe that management's use of the going concern basis of accounting ~~in the preparation of the consolidated interim financial information~~ is inappropriate, nor ~~. Based on the evidence obtained, nothing has come to our attention~~*
- *to indicate that a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern.*

In particular:

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

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

Detailed comments (if any):

Click or tap here to enter text.

(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.

[1] Matthew Grosse, Tom Scott: Disclosure of Interim Review Reports: Do Interim Going Concern Conclusions Have Information Content? *Auditing: A Journal of Practice & Theory* 1 August 2022; 41(3): 121-147. https://doi.org/10.2308/AJPT-19-041

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

Detailed comments (if any):

Click or tap here to enter text.

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

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

Detailed comments (if any):

Click or tap here to enter text.

The Auditor’s Interim Review Report

General

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

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

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

Detailed comments (if any):

We support the new structure of the interim review report. This structure was introduced in New Zealand interim review reports when our domestic interim review engagement standard was revised in 2020.

The Auditor's Interim Review Conclusion

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

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

Overall response: **No, with comments below**

Detailed comments (if any):

We have not identified any practical consequences as a result of aligning the auditor's conclusion on interim financial information with the applicable financial reporting framework. We consider this is an appropriate, principles-based approach. This is the current approach in New Zealand.

Other Matters

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

Overall response: **Yes, as further explained below**

Detailed comments (if any):

Our outreach suggests that users of interim review reports often do not understand, nor do they distinguish between an audit report and a review report, or the differing levels of assurance they provide. The auditor's interim review report is the primary communication tool available to users and should clearly convey the nature of the engagement, the work performed, and the assurance obtained.

We do not believe this issue can be fully addressed through requirements in ED-2410. The ability of the standard to further differentiate an interim review from an audit is constrained by the broader assurance framework, including the negative form of expression used in limited assurance conclusions. Nevertheless, we consider the clarity and understandability of limited assurance reporting to be an important public interest issue.

The project proposal identified exploring other ways to promote user understanding of interim review engagements, such as through non-authoritative guidance and implementation support materials as a proposed action. While we support this action and agree that such materials may provide useful supplementary context for users, educational and implementation support materials should complement, rather than compensate for, a report that is difficult to understand.

We therefore encourage the IAASB to explore opportunities to improve the limited assurance conclusion, to enhance readability and communication of the assurance being provided. Given that the interim review report is often the only communication users receive about the engagement, enhancing the clarity of the report itself is likely to have the greatest impact on stakeholder understanding.

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Translations

17.	Recognizing that many respondents may intend to translate the final standard for adoption in their own environments, have you identified any potential translation challenges or issues? If so, please describe the issue identified and clearly indicate the specific paragraph numbers of any requirements, application material, or specific illustrations or appendices to which your comments relate.

Overall response: **No response**

Detailed comments (if any):

Click or tap here to enter text.

Effective Date

18.	The IAASB believes that an appropriate implementation period would be approximately 18 months after the expected date of approval of the proposed revised standard. Do you agree that this will provide a sufficient period to support effective implementation of the proposed standard? If not, what do you propose and why? *(See Section I-I, paragraphs 85-86 in the EM)*

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

Detailed comments (if any):

Click or tap here to enter text.

Questions to Inform the International Ethics Standards Board for Accountants (IESBA)

The IESBA is seeking views from respondents related to the application of the IESBA Code. Respondents for whom these questions are relevant are encouraged answer these questions to inform the IESBA's consideration of the need for any future actions.

(See the Introduction, paragraphs 12-14, and Section I-C in the EM)

Group Interim Review Engagements

E.1. Recognizing that ED-2410 requires the auditor to comply with relevant ethical requirements, including those related to independence, when performing an interim review engagement:

(a) Given the context set out in Section I-C, paragraph 28, in the EM and taking into account that Part 4A of the Code applies to both audit and review engagements unless otherwise stated, do you believe there is a need to clarify the application of Section 405 with respect to group review engagements, including group interim reviews? If so, please explain why. Also explain what clarifications would be useful and whether they should be made inside or outside the Code.

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

Detailed comments (if any):

We recommend that IESBA clarify the application of Section 405, Group Audits. This section of the IESBA Code explicitly references ISA 600, *Special Considerations – Audits of Group Financial Statements (Including the Work of Component Auditors).* By contrast, the IESBA code defines a review engagement as "an assurance engagement conducted in accordance with *International Standards on Review Engagements* or equivalent, in which a professional accountant in public practice expresses a conclusion on whether, on the basis of the procedures performed (which do not provide all the evidence that would be required in an audit), anything has come to the accountant's attention that causes the accountant to believe that the financial statements are not prepared, in all material respects, in accordance with an applicable financial reporting framework."

This explicit reference to ISA 600 raises a question about the scope of Section 405. Because ISA 600 applies to group audits and does not apply to interim review engagements, Section 405 could be interpreted as not extending to group interim reviews. If so, different independence and ethical requirements may apply depending on whether the practitioner is performing a group audit or a group interim review engagement.

In practice, we understand that firms generally apply the Code's group audit ethical requirements regardless of whether they are performing the annual group audit or the interim group review. Nevertheless, the current drafting may create uncertainty about whether the requirements in Section 405 are intended to apply to group interim review engagements and whether consistent ethical requirements should apply across both types of group engagements.

Non-compliance or Suspected Non-compliance with Laws and Regulations

E.1.	Recognizing that ED-2410 requires the auditor to comply with relevant ethical requirements, including those related to independence, when performing an interim review engagement:	
	(b)	Do you believe the application of the Code as described in Section I-C, paragraph 29, in the EM is clear when information concerning non-compliance or suspected non-compliance with laws and regulations comes to the auditor's attention when performing an interim review engagement? If not, please explain why. Also explain what clarifications would be useful and whether they should be made inside or outside the Code.

Overall response: **No, with comments below**

Detailed comments (if any):

We believe there is potential for confusion regarding the application of the NOCLAR provisions when the auditor is performing an interim review engagement. The IESBA Code establishes different NOCLAR requirements depending on the type of professional service being performed. In contrast, when adopting the NOCLAR provisions in New Zealand, the XRB amended the requirements to require the same response to NOCLAR for both audits and reviews of financial statements. This reflects the view that the auditor's response should not differ solely because the matter is identified during a review rather than an audit.

Under the IESBA Code, when an act of non-compliance is identified during an interim review engagement, the applicable NOCLAR provisions appear to be those relating to "*Professional Services Other than Audits of Financial Statements*". In contrast, if the same matter is identified while performing an audit of the financial statements, the provisions relating to "*Audits of Financial Statements*" would apply.

This distinction may be difficult to understand and apply in practice, particularly where the auditor performs both the interim review and the annual audit for the same entity. In our view, the expected response to NOCLAR should be consistent regardless of whether the matter is identified during an audit or a review engagement. We recommend that the IESBA clarify the intended treatment of NOCLAR in interim review engagements and avoid unnecessary differences in outcomes.

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

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

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