Engagements to Review Historical Financial Statements—Proposed Flowchart

Flowchart of a Review of Historical Financial Statements under ISRE 2400

Engagement acceptance/continuance

Can accept?

Decline

Obtain/update understanding of the entity and its environment sufficient to identify areas likely to be materially misstated

Perform primarily inquiry and analytical procedures to address areas in financial statements likely to be materially misstated

Evaluate results obtained

May be a material misstatement?

Sufficient appropriate evidence?

Y

Y

Design and perform further procedures

Evaluate results obtained

Material misstatement exists?

N

Y

Unqualified report

Y

Qualified report or disclaim conclusion

N

Averse or qualified report

N

Y

Scope Limitation?