

**Meeting:** Stakeholder Advisory Council (SAC)  
**Meeting Location:** New York  
**Meeting Date:** October 21–22, 2025

## **Agenda Item**

# **3**

### **Reviews of Interim Financial Information by the Entity's Independent Auditor**

#### **Introduction**

1. Timely and reliable financial reporting during an entity's annual reporting cycle provides the intended users of historical financial information (including investors, creditors and others) with information to improve their ability to understand an entity's financial position and performance. This includes the entity's capacity to generate earnings and cash flows, and its financial condition and liquidity. Interim review reports are ordinarily published a short time after the end of an interim period and do not duplicate information previously reported. Rather, they provide an update on the latest complete set of annual financial statements, and include new activities, events, and circumstances.
2. While management is responsible for the preparation of interim financial information, the review of that information by an independent assurance practitioner is intended to enhance the confidence of intended users of that information. ISRE 2410<sup>1</sup> applies to engagements to review interim financial information performed by the auditor of the entity's annual financial statements ("interim review engagements"). This standard has not been revised since it was issued in 2005, while the financial reporting ecosystem has continued to evolve.
3. In the intervening period, the IAASB has issued ISRE 2400 (Revised), which addresses engagements to review historical financial information performed by a practitioner who is not the auditor of an entity's annual financial statements,<sup>2</sup> and has revised certain International Standards on Auditing (ISAs) that may be of relevance to interim review engagements. In addition, certain jurisdictions have modernized their equivalent interim review standard or issued guidance to support practitioners in their jurisdictions.
4. These developments have led to issues and challenges in the application of ISRE 2410, resulting in inconsistencies in the work effort for, and reporting on, these engagements. Inconsistencies in practice between, and within, jurisdictions globally relating to the performance of and reporting on interim review engagements, have given rise to questions about the extent to which the information needs of intended users of interim financial reports, and other stakeholders' expectations about these engagements, are being met.
5. As a result, as set out in the [IAASB's Strategy and Work Plan for 2024-2027](#), a project is now underway to revise ISRE 2410, with the objective of establishing a global baseline for the consistent performance of interim review engagements.<sup>3</sup>

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<sup>1</sup> ISRE 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*

<sup>2</sup> See the Appendix to this paper for a brief comparison of ISRE 2400 (Revised) and ISRE 2410).

<sup>3</sup> The IAASB approved a [project proposal](#) in June 2025.

*Exploring Users' (and Other Stakeholders') Understanding of Interim Review Engagements and Reports*

6. The project team is currently developing proposals for a revised version of ISRE 2410 that addresses users' needs from interim financial information and the needs of those in the profession who use the standard. Importantly, this project is not exploring revising foundational principles of interim review engagements and therefore this outreach recognizes that interim review engagements are limited assurance engagements. This baseline reflects the practical time and cost constraints in which such engagements are performed and which enables a proportional way to meet users' overall need to access timely and reliable information.
7. Thus, the project team is gathering information to assist them with evaluating the extent to which proposed revisions may, in principle:
  - Enhance users' understanding of the objective and scope of a review of interim financial information, including its relationship with the engagement to audit the entity's annual financial statements; and
  - More closely meet users' expectations from an interim review engagement, which may have evolved since ISRE 2410 was issued.

In doing so, there are two aspects of the expectations gap that may be more pronounced in respect of interim review engagements: the understanding gap, and the evolution gap.

A Possible Gap in Understanding

8. In the context of an interim review engagement, the understanding gap (also known as the knowledge gap) reflects the difference between what users of interim financial information believe that auditors do in an interim review engagement, and what ISRE 2410 actually requires of auditors. Ongoing challenges in this area highlight an opportunity to explore revisions to requirements relating to the interim review report, so as to enhance the communicative value for intended users of these reports.
9. Additionally, notwithstanding the communicative value of the auditor's review report, the project team also acknowledges the importance of exploring other ways to bridge gaps in users' understanding of the objective and scope of a limited assurance engagement (such as a review of interim financial information). While the project proposal primarily included standard-setting actions to address the underlying issues, it also supported the possibility of developing non-authoritative materials to address challenges with users' understanding of interim review engagements.

A Possible Evolution Gap

10. In the context of an interim review engagement, the evolution gap reflects the difference between what auditors may reasonably be expected to achieve in such an engagement, given the broader societal context, and what they are actually required to do or communicate, by ISRE 2410. For example, the expectation of about auditor responsibilities may evolve due to technological advances or events in the economic environment.
11. In the context of this project, there have been indications of an evolution gap, with increased demand for transparency and expectations of a greater work effort on certain topics. Such matters may include, for example:

- Foundational topics (such as the going concern assumption);
- Matters involving significant management judgment (such as the preparation of significant accounting estimates);
- Matters that would indicate that there has been a significant change since the reporting date (such as individually significant or unusual transactions in the interim period).

Therefore, there is an opportunity to explore revisions to requirements relating to the interim review engagements in such a way to begin addressing such a gap.

#### *Questions*

*In light of the information provided above, SAC members are asked to share their perspectives on:*

1. *How interim financial information is used to inform decision-making of intended users, including any areas of the interim financial information that they may focus on when using interim financial information to make resource allocation decisions.*
2. *Any factors that contribute to challenges in understanding the objective and scope of interim review engagements and possible actions that may contribute to addressing these challenges.*

#### **Material Presented**

##### *For Discussion*

Agenda Item 3-A      Presentation: Reviews of Interim Financial Information by the Entity's Independent Auditor

## **Appendix – Summary of ISRE 2400 (Revised) and ISRE 2410**

1. This Appendix provides a brief summary of, and comparison between, a review of historical financial statements in accordance with ISRE 2400 (Revised) and a review of interim financial information in accordance with ISRE 2410.
2. In the context of the IAASB's engagement standards, ISRE 2400 (Revised) and ISRE 2410 both address reviews of historical financial information and both are limited assurance engagements. Although the two standards are part of the same series of IAASB standards, ISRE 2400 (Revised) is not an "umbrella" standard for ISRE 2410. An auditor performing an interim review engagement in accordance with ISRE 2410 is not required to also comply with ISRE 2400 (Revised). Engagements under each standard are performed for different reasons, by practitioners with different levels of knowledge of the entity.

### *ISRE 2400 (Revised)*

3. A review of historical financial statements under ISRE 2400 (Revised) is performed by a practitioner who is not the auditor of the entity's financial statements. Such an engagement is an alternative engagement to an audit, and may be required by law or regulation (e.g., for entities that are exempt from requirements for mandatory audit) or other reasons (e.g., to support bank financing arrangements).
4. A review under ISRE 2400 (Revised) consists primarily of inquiries and analytical procedures. However, because the practitioner performing the review engagement does not have the same level of understanding of the entity and its environment, including its internal control, as the auditor of the entity's financial statements, the nature and extent of inquiries and other procedures to meet the objective of a review under ISRE 2400 (Revised) ordinarily differ from those for an interim review engagement under ISRE 2410.

### *ISRE 2410*

5. A review of interim financial information under ISRE 2410 is required to be performed by the auditor of the entity's financial statements. Interim review engagements may be required by law or regulation, or may be performed as part of the broader audit relationship with an entity in anticipation of future securities filing requirements (e.g., for an entity planning a public offering or an acquisition).
6. An interim review engagement also consists primarily of inquiries and analytical procedures. However, unlike a review under ISRE 2400 (Revised), the auditor of the entity already has an understanding of the entity and its environment, including the system of internal control.<sup>4</sup> Therefore, when performing an interim review, the auditor updates this understanding and leverages the knowledge of areas of risk from the previous annual audit (or previous interim review engagements performed during the year) to provide a basis for a more focused approach to the inquiries, analytical procedures and other review procedures to be applied.

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<sup>4</sup> If the interim review is the first engagement performed for a new audit client, the auditor is required to obtain an understanding of the entity and its environment, and the entity's system of internal control, as it relates to the preparation of both annual and interim financial information.

7. Importantly, although an interim review engagement is performed by the entity's auditor, it differs significantly from an audit of financial statements. The procedures the practitioner performs vary in nature and timing from, and are less in extent than for, an audit. An interim review may bring significant matters affecting the interim financial information to the auditor's attention, but it does not provide all of the evidence that would be required in an audit. Therefore, in contrast to an audit, an interim review engagement does not provide a basis for expressing an opinion that the interim financial information is free from material misstatement.