

## Proposed ISRE 2410 (Revised) – Matters for IESBA Consideration

### Introduction

1. Interim reviews sit inside the annual reporting cycle and are intended to enhance intended users' confidence in interim financial information, even though management remains responsible for preparing that information. ISRE 2410<sup>1</sup> applies when the engagement is performed by the auditor of the entity's annual financial statements.
2. An interim review is a limited assurance engagement; it is not a full audit. It is typically performed through inquiry and analytical procedures and results in a conclusion in which the practitioner reports whether anything has come to their attention that causes them to believe the interim information is materially misstated.
3. The International Auditing and Assurance Standards Board (IAASB) [initiated](#) the ISRE 2410 revision following information-gathering through [March 2025](#) that indicated variability, within and across jurisdictions, in both work effort and reporting under ISRE 2410. The IAASB considers that this variability undermines a consistent global baseline for these engagements and creates uncertainty about whether users' needs and broader stakeholder expectations are being met. The revision also responds to the fact that ISRE 2410 has not kept pace with developments in the reporting ecosystem and the IAASB's broader suite of standards. In addition, jurisdictions have increasingly supplemented or modified interim review requirements.
4. The IAASB's public interest framing emphasizes intended users of interim financial information (confidence and understandability), while also placing weight on jurisdictional standard setters (a baseline that can be adopted consistently and proportionately) and the profession (operational clarity, including how ISRE 2410 relates to other IAASB standards and to matters that arise because the work is performed by the entity's auditor).
5. As part of coordination discussions prior to approval of the project proposal, IESBA staff highlighted the importance of avoiding interoperability concerns between the IESBA Code and proposed revisions to ISRE 2410, particularly in relation to:
  - (a) Technology-related revisions,
  - (b) Non-compliance with Laws and Regulations- (NOCLAR) related revisions, and
  - (c) Matters related to group engagements.
6. This agenda paper summarizes the IESBA-specific interoperability matters identified to date and sets out IESBA's staff analysis and proposals for the Board's consideration, including whether to leverage the IAASB exposure process and period to gather information on the practical significance of any potential areas where the Code's application may not be explicit for interim reviews.

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<sup>1</sup> International Standard on Review Engagements (ISRE) 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*

## **Matters for Consideration**

7. The draft of proposed ISRE 2410 (Revised) presented at the IAASB's [December 2025](#) meeting for discussion included requirements that may give rise to some questions about interoperability with the Code.
8. The IAASB project team identified four categories of ethics-related changes in proposed ISRE 2410 (Revised) that are relevant for the IESBA's consideration:
  - (a) A general requirement for compliance with relevant ethical requirements, including independence;
  - (b) Enhanced requirements and application material on fraud and NOCLAR;
  - (c) Proposed reporting statements regarding independence and fulfilment of ethical responsibilities in the interim review report; and
  - (d) Proposed requirements and guidance for group interim review engagements, including determining the nature, timing and extent of involvement, if any, of component auditors and related communications.

## **IESBA Staff Assessment and Proposals**

9. Staff's initial assessment, based on the December 2025 draft of proposed ISRE 2410 (Revised)<sup>2</sup>, is that the IAASB proposals are unlikely to create any practical interoperability issues for standalone (as opposed to group) interim reviews in relation to independence, given that Part 4A<sup>3</sup> applies to audits and reviews unless otherwise stated.
10. One area where interoperability questions may arise is group interim review engagements involving component auditors (i.e., auditors performing work on components for the purpose of the interim review). This is because the Code's group-specific independence provisions (Section 405) are scoped to group audits, while proposed ISRE 2410 (Revised) introduces explicit group requirements for interim reviews.
11. In the following sections, staff has set out its assessment and proposals on the four items raised for the Board's consideration.

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<sup>2</sup> IESBA and IAASB staff have discussed changes to the drafting of proposed ISRE 2410 (Revised) included in the March 2026 drafting IAASB agenda material, and while there have been changes to the wording of paragraphs discussed in this agenda paper, the changes from the December 2025 to the March 2026 version of proposed ISRE 2410 (Revised) do not affect the substance of the matters discussed in this paper. Accordingly, the discussion in this paper remains consistent with the revised drafting of the March 2026 draft of proposed ISRE 2410 (Revised).

<sup>3</sup> Part 4A – Independence for Audit and Review Engagements

## Consideration of IESBA-Specific Matters

### *General Requirement to Comply with “Relevant Ethical Requirements”*

12. Paragraph 21 and related application material included in the December 2025 draft of proposed ISRE 2410 (Revised) state the following:

#### **Requirements**

##### **Relevant Ethical Requirements** (Ref: Para. A11-A12)

21. The auditor shall comply with relevant ethical requirements, including those related to independence. (Ref: Para. A11-A12)

#### **Application Material**

##### **Relevant Ethical Requirements** (Ref: Para. 21)

A11. Relevant ethical requirements may include provisions that apply for both audit and review engagements. For example, the provisions related to independence in Part 4A of the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (the IESBA Code) apply to both audit and review engagements unless otherwise stated. The IESBA Code also sets out fundamental principles that establish the standard of behavior expected of a professional accountant. The fundamental principles are: integrity, objectivity, professional competence and due care, confidentiality, and professional behavior. The IESBA Code specifies the required approach for a professional accountant to comply with the fundamental principles and, when applicable, the International Independence Standards. Law or regulation in a jurisdiction may also contain provisions addressing ethical requirements, including independence, such as privacy laws affecting the confidentiality of information.

A12. The IESBA Code describes independence as comprising both independence of mind and independence in appearance. The auditor’s independence safeguards the auditor’s ability to form a conclusion without being affected by influences that might otherwise compromise that conclusion. Independence enhances the auditor’s ability to act with integrity, to be objective and to maintain an attitude of professional skepticism.

13. This is a change from the requirement in extant ISRE 2410, which specifies that:
- “4. **The auditor should comply with the ethical requirements relevant to the audit of the annual financial statements of the entity.**”
14. Proposed application material explains that relevant ethical requirements may include provisions applying to audit and review engagements and references the Code, including that Part 4A independence provisions apply to audits and reviews unless otherwise stated. The application material also summarizes the fundamental principles and the Code’s required approach to complying with those principles and, when applicable, the independence standards.
15. Staff considers that the revised formulation is consistent with how ethical requirements are typically framed in IAASB standards. The application material appropriately positions the Code as an example of relevant ethical requirements and explains the applicability of Part 4A independence provisions.

16. Staff did not identify any interoperability concern with respect to these proposed revisions to ISRE 2410.

**Matter for IESBA Consideration**

1. IESBA members are asked whether they agree with staff's assessment.

*Fraud and NOCLAR Requirements and Interaction with Code Section 360*

17. The relevant paragraphs included in the December 2025 draft of proposed ISRE 2410 (Revised) state the following:

**Requirements**

**Fraud and Non-compliance with Laws and Regulations**

48. The auditor shall inquire of management and others within the entity, when appropriate, whether they have knowledge of any fraud or suspected fraud or any identified or suspected non-compliance with laws and regulations that may affect the interim financial information.
49. The auditor shall remain alert to the possibility that procedures performed during the interim review engagement may bring to the auditor's attention information about fraud or suspected fraud or instances of non-compliance or suspected non-compliance with laws and regulations.
50. The auditor shall respond appropriately to fraud or suspected fraud, or non-compliance or suspected non-compliance with laws and regulations identified during the interim review engagement by obtaining: (Ref: Para. A81)
- (a) An understanding of the nature of the act and the circumstances in which it occurred; and
- (b) Further information to evaluate the possible effect on the interim financial information.
51. If the auditor suspects there may be instances of fraud or non-compliance with laws and regulations, the auditor shall discuss the matter, unless prohibited by law or regulation, on a timely basis, with the appropriate level of management or those charged with governance, as appropriate. (Ref: Para A84)
52. If the auditor identifies fraud or suspected fraud, or instances of non-compliance with laws and regulations, the auditor shall determine whether law, regulation or relevant ethical requirements: (Ref: Para A82-A85)
- (a) Require the auditor to report to an appropriate authority outside the entity; or
- (b) Establish responsibilities or rights under which reporting to an appropriate authority outside the entity may be appropriate in the circumstances.

**Application Material**

**Fraud and Non-Compliance with Laws and Regulations (Ref: Para. 50-52)**

A81. Responding appropriately to identified or suspected fraud or non-compliance with laws and regulations, identified during the engagement, may include taking action, such as:

- Discussing the matter with management or those charged with governance, as applicable.
- Requesting the entity to consult with an appropriately qualified third party, such as the entity's legal counsel or a regulator.
- Inspecting correspondence, if any, with the relevant licensing or regulatory authorities.
- Considering the implications of the matter in relation to other aspects of the interim review engagement, including the auditor's identification of the areas in the interim financial information where material misstatements are likely to arise and the reliability of written representations from management.
- Considering the implications for the engagement to audit the entity's annual financial statements.
- Obtaining legal advice about the consequences of different courses of action.
- Withdrawing from the engagement, if possible under law or regulation.

A82. In determining the appropriate level of management or those charged with governance, with whom to discuss instances of fraud or suspected fraud or non-compliance or suspected non-compliance with laws and regulations, the auditor may consider whether management may have been involved in the fraud or suspected fraud or identified or suspected non-compliance with laws and regulations and whether any of those charged with governance are involved in managing the entity.

A83. Relevant ethical requirements may include a requirement to report identified or suspected non-compliance with laws and regulations to an appropriate level of management or those charged with governance. In some jurisdictions, law or regulation may restrict the auditor's communication of certain matters with management or those charged with governance. Law or regulation may specifically prohibit a communication, or other action, that might prejudice an investigation by an appropriate authority into an actual, or suspected illegal act, including alerting the entity. In these circumstances, the issues considered by the auditor may be complex and the auditor may consider it appropriate to obtain legal advice.

A84. The determination required by paragraph 52 may involve complex considerations and professional judgments. Accordingly, the auditor may consider consulting internally (e.g., within the firm or a network firm) or on a confidential basis with a regulator or professional body (unless doing so is prohibited by law or regulation or would breach the duty of confidentiality). The auditor may also consider obtaining legal advice to understand the auditor's options and the professional or legal implications of taking any particular course of action.

Considerations specific to public sector entities

A85. A public sector auditor may be obliged to report on instances of fraud or suspected fraud or non-compliance or suspected non-compliance with laws and regulations to the legislature or other governing body or to report such instances in the auditor's interim review report.

18. Proposed paragraph 52 and proposed application material paragraph A83 direct the auditor to consider whether relevant ethical requirements require or permit reporting to an appropriate authority outside the entity. This raises a practical question as to whether the Code's requirements for NOCLAR are triggered based on the engagement being performed (an interim review) or based on the practitioner's status as the entity's auditor.
19. This question arises because Section 360 of the Code, which addresses the responsibilities of a professional accountant in public practice for "Responding to Non-compliance with Laws and Regulations," is organized into two sets of requirements: one for audits of financial statements and the other for professional services other than audits.
20. Unlike Part 4A (which explicitly provides that certain "audit" terms apply equally to reviews for independence), Part 3 (and therefore Section 360) does not include an explicit statement of equivalence between "audit" and "review" terminology. As such, references to "audit" in Part 3 are not framed as interchangeable with "review."
21. Because ISRE 2410 engagements are performed by the auditor of the entity's annual financial statements, stakeholders could be inclined to apply Section 360 in either of two ways when NOCLAR comes to light during an interim review:
  - (a) Engagement-based: apply the requirements corresponding to the engagement being performed (i.e., a review, not an audit); or
  - (b) Status-based: apply the "audit"-labelled requirements because the practitioner performing the interim review is also the entity's auditor.
22. The IAASB team noted a preliminary working hypothesis that stakeholders may be inclined toward the status-based reading, given the way Section 360 is structured and the fact that NOCLAR can arise at any time during the broader audit client relationship. Additionally, extant ISRE 2410 directs auditors to apply "the ethical requirements relevant to the audit of the annual financial statements of the entity."
23. During the coordination discussion, IESBA staff explained that the Code should be applied with reference to the engagement being performed. Thus, the Section 360 requirements labelled for "Audits of Financial Statements" are to be applied in the context of an audit engagement, and do not automatically apply to an interim review merely because the professional accountant is also the entity's auditor.
24. At the same time, staff of both boards recognized the practical reality that interim reviews are performed within the broader audit client relationship and that matters identified during an interim review may have implications for the annual audit (for example, for risk assessment and timing of audit work). Firms may therefore respond more robustly in practice than the less stringent procedures contemplated for an interim review, but that is an operational matter for firms to decide within the applicable requirements, rather than a matter that ISRE 2410 (Revised) should seek to prescribe by reference to the Code.
25. IESBA staff therefore proposes that the matter raised by the IAASB team be framed as a clarity question on which stakeholders' views could be sought on exposure, rather than as a conclusion about which specific Section 360 pathway applies in the case of interim reviews.

26. This matters because divergent interpretations could lead to inconsistent expectations about the nature, timing and extent of the auditor's response and documentation when NOCLAR is identified during an interim review, potentially undermining the objective of consistent global practice.

**Matters for IESBA Consideration**

2. IESBA members are asked:
- (a) Whether the above framing appropriately reflects the engagement-based application of Section 360 relative to audit and review engagements; and
  - (b) Whether there is merit in encouraging the IAASB to include a targeted question in its explanatory memorandum to solicit views from stakeholders as to whether there is any ambiguity in Section 360 as to which pathway to follow in NOCLAR circumstances arising during interim review engagements performed by the entity's auditor.

*Reporting Statement on Independence and Ethical Responsibilities*

27. Extant ISRE 2410 does not require the interim review report to include an explicit statement that the auditor complied with relevant ethical requirements, including independence, in performing the engagement.
28. Proposed ISRE 2410 (Revised) would introduce an explicit reporting statement in the interim review report that the auditor is independent in accordance with relevant ethical requirements and has fulfilled other ethical responsibilities. The proposal would also require the report to identify the ethical framework used (for example, by referring to the ethical requirements of the jurisdiction of origin or to the IESBA Code), and to make additional disclosure where relevant ethical requirements require public disclosure that specific independence requirements apply for certain entities. These proposals are consistent with statements in the reports under ISA 700 (Revised)<sup>4</sup> and other IAASB standards.

**Preparing the Auditor's Interim Review Report**

86. The auditor's interim review report shall be in writing and shall include at a minimum: (Ref: Para. A126, A156)
- [...]**
- (d) A basis for conclusion section directly following the Conclusion section, with the heading "Basis for Conclusion," that: (Ref: Para. A133-A135)
- [...]**
- (iv) Includes a statement that the auditor is independent of the entity in accordance with relevant ethical requirements and has fulfilled the auditor's other ethical responsibilities in accordance with these requirements.
    - a. The statement shall identify the jurisdiction of origin of the relevant ethical requirements, or refer to the International Ethics Standards Board for

<sup>4</sup> ISA 700 (Revised), *Forming an Opinion and Reporting on Financial Statements*

	Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code); and
b.	If the relevant ethical requirements require the auditor to publicly disclose when the auditor applied independence requirements specific to audits or reviews of certain entities, the statement shall indicate that the auditor is independent of the entity in accordance with the independence requirements applicable to the audits or reviews of those entities; and
(v)	States that the auditor believes that the evidence obtained is sufficient and appropriate to provide a basis for the auditor's conclusion;
[...]	

29. In practical terms, this change is intended to make compliance with ethics and independence requirements more transparent to intended users and to improve the consistency and understandability of interim review reporting across jurisdictions.
30. Staff does not believe that there is any interoperability issue with this proposal because the requirement is framed as a statement of compliance with "relevant ethical requirements," rather than importing Code obligations.
31. A practical matter is how auditors determine and describe the ethical framework "of the jurisdiction of origin," particularly where multiple frameworks could be relevant in cross-border circumstances, but this is primarily an implementation matter from the perspective of the review engagement rather than a Code issue.

#### **Matter for IESBA Consideration**

3. IESBA members are asked whether they agree with staff's assessment.

#### *Group Interim Review Engagements, Component Auditors, and Code Section 405*

32. Proposed ISRE 2410 (Revised) introduces explicit requirements for group interim review engagements, including clarifying that group-related terms in the IAASB Glossary are to be read in the interim review context, and requiring the group engagement partner to decide whether it is necessary to involve component auditors (i.e., auditors performing review procedures at components such as subsidiaries) and, if so, the nature, timing and extent of their involvement and related communications.

#### **Definitions**

- 15A. This ISRE applies to all interim review engagements, including those of a group. The Handbook's Glossary of Terms<sup>5</sup> (the Glossary) includes certain terms that apply to a group audit engagement. When this ISRE uses terms related to groups that are defined in the Glossary, such terms are

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<sup>5</sup> 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).



intended to be read and applied in the context of an interim review of group interim financial information. (Ref: Para. A7b)

## **Requirements**

37A. For a group interim review engagement, the group engagement partner shall determine whether it is necessary to involve component auditors and if so, the nature, timing and extent of such involvement. (Ref: Para. A51a – A51d)

## **Application Material**

### *Definitions*

Group Interim Review Engagements (Ref: Para 15A)

A7b. The Handbook's Glossary of Terms includes, for example, definitions of component, component auditor, group audit, group auditor, group engagement partner, and group financial statements.

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*Group Interim Review Engagements* (Ref: Para. 37A)

A51a. Paragraph 24(b)(ii) requires 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 to the engagement team in a timely manner. In a group interim review engagement, such resources may include component auditors. Therefore, paragraph 37A explicitly requires the group engagement partner to determine whether it is necessary to involve component auditors and, if so, the nature, timing and extent of such involvement.

A51b. For a group interim review engagement, the auditor's objective is to obtain limited assurance about whether the group interim financial information as a whole is free of material misstatement. The group engagement partner may determine, based on professional judgment, that it is possible to obtain sufficient appropriate evidence as the basis for forming a conclusion on the group interim financial information by performing procedures at the group level alone. Alternatively, the group engagement partner may determine that, in order to obtain sufficient appropriate evidence on the interim financial information as a whole, it is necessary for procedures to be performed at one or more components. For example, component auditors may be asked to provide information, or to perform specific procedures at a component to obtain evidence that is necessary to support the limited assurance conclusion on the group interim financial information.

A51c. In determining whether to involve component auditors, and if so, the nature, timing and extent of their involvement, factors the group engagement partner may consider include, for example, whether:

- Component auditors are involved in performing the audit of the annual financial statements, the reasons for that involvement, and whether those reasons may also be relevant to the interim review engagement.
- The component is a new component of the group.

- An element of unpredictability is deemed necessary.
- Material events or conditions have arisen in a specific component since the date of the most recent annual financial statements, and whether information about those events may be available centrally (i.e., at the group level).
- The significance of the interim financial information of the component to the group as a whole.
- It is practicable to perform inquiries and other review procedures centrally (i.e. at group level) or through shared service centers.

A51d. When component auditors are involved in performing procedures to obtain evidence in an interim review engagement, the engagement partner remains responsible, and therefore accountable, for obtaining sufficient appropriate evidence as the basis for the conclusion on the interim financial information. Therefore, the engagement partner's determination of the nature, timing and extent of the involvement of component auditors in an interim review engagement also includes a consideration of the nature, timing and extent of communications with the component auditors that may be necessary in the circumstances.

33. The draft standard's "group mechanics" may prompt practitioners to look to the Code for the independence requirements that apply in group settings, particularly for component auditors. However, the Code's group-specific independence provisions are set out in Section 405, which is scoped to group audits by virtue of its linkage to ISA 600 (Revised)<sup>6</sup> (or equivalent auditing standards) and is not applicable to review engagements. This creates a potential scope-boundary question for independence provisions that apply to group interim reviews.
34. When an interim review is done for a group and component auditors are involved, stakeholders may ask:
- (a) What independence requirements apply to those component auditors for purposes of the interim review; and
  - (b) What the group engagement team should communicate to component auditors in terms of relevant ethical requirements.
35. Because Section 405 addresses group audit engagements only, the Code does not provide a direct "group review" equivalent, which could create uncertainty or inconsistent practice. The ambiguity may be particularly pronounced where component auditors are outside the group auditor firm's network.
36. Staff believes that, in practice, firms are likely using a consistent approach to independence across the audit client relationship, especially given that (1) under the extant ISRE 2410, firms have been required to "comply with the ethical requirements relevant to the audit of the annual financial statements of the entity" (see paragraph 13 above), and (2) the auditor would also be carrying out the audit of the client's group financial statements. Firms are also likely to use the same component auditors for interim review work as for the annual audit, which may reduce divergence in most cases. However, the explicit inclusion of group requirements in proposed ISRE 2410 (Revised) may raise questions that previously were not considered significant.

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<sup>6</sup> ISA 600 (Revised), *Special Considerations – Audits of Group Financial Statements (Including the Work of Component Auditors)*

37. Staff has identified the following options for Board consideration:
- (a) **No action.** One approach is to take no specific action at this stage and allow current practice to continue, addressing questions if they arise during the IAASB's exposure process or on a case-by-case basis post-implementation of ISRE 2410 (Revised).
  - (b) **Information gathering through the IAASB exposure process.** A second approach is to use the IAASB's exposure process and period to seek to understand whether this is a real issue in practice. This means that the IESBA would collaborate with the IAASB to include a targeted consultation question asking whether stakeholders consider there may be ambiguity in determining the independence provisions to be applied in group interim reviews, including the communication of the relevant ethical requirements to component auditors (network and non-network component auditors).
  - (c) **Non-authoritative guidance.** Potentially taking the feedback from the IAASB Exposure Draft into account, the IESBA could take the initiative to commission IESBA staff to develop non-authoritative guidance to clarify how firms might approach independence in a group interim review, without necessarily implying that Section 405 applies to review engagements. This would need careful scoping and drafting to avoid unintended consequences.
  - (d) **Commencement of a limited scope project.** A limited-scope project could be considered to revise the Code if information gathered from the IAASB exposure process indicates a need for the Code to explicitly address group interim reviews.
38. Staff proposes **Option B**, which has the benefit of being a measured response at this stage because it would leverage the IAASB's exposure process as to whether ambiguity exists in practice currently with respect to the applicable independence requirements for an interim review engagement, and what impact, if any, the IAASB's proposals regarding group interim reviews may have.

**Matters for IESBA Consideration**

4. IESBA members are asked:
- (a) For views on the interoperability questions that may arise as a result of the IAASB's proposals regarding group interim reviews in proposed ISRE 2410 (Revised); and
  - (b) Whether they agree with staff's proposal to go with Option B above as an initial response to gather further information from stakeholders before making a final determination as to the need for, and nature and scope of, any standard-setting action.