



Review Engagements on Interim Financial Information in the Current Evolving Environment Due to COVID-19

This publication has been prepared to highlight key areas of focus in the current environment when undertaking a review of interim financial information in accordance with International Standard on Review Engagements™ (ISRE™) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity.

This publication does not amend or override ISRE 2410, the text of which alone is authoritative. Reading this publication is not a substitute for reading ISRE 2410.

Preparers, those charged with governance and users of financial statements may find this publication helpful in understanding the auditor's responsibilities in relation to the review of interim financial information.

For many entities, the financial effects of the COVID-19 pandemic may first be reflected in the 2020 interim financial information of the entity. Consequently, the extent and complexity of updates in the interim financial information prepared by the entity from the latest complete set of annual financial statements may be greater than usual for interim periods in 2020.

Jurisdictional law or regulation, securities regulation, stock exchange rules, or national standards may affect which financial reporting framework is used to prepare the interim financial information, the period for which it is prepared (e.g. quarterly or half-yearly) and whether the interim financial information is required to be reviewed, or possibly audited, by the independent auditor of the entity. In some instances, the entity may have the choice of which financial reporting framework to use, and whether the interim financial information is reviewed or audited.

This Staff Audit Practice Alert highlights key considerations for auditors performing reviews of interim financial information in accordance with ISRE 2410,¹ given the unique challenges that may arise in the current environment.

A review of interim financial information in accordance with ISRE 2410 is a **limited assurance engagement**, in which the independent auditor of the entity expresses a conclusion whether, on the basis of the review, anything has come to the auditor's attention that causes the auditor to believe that the interim financial information is not prepared, in all material respects in accordance with the applicable financial reporting framework ("interim review conclusion"). This review is undertaken by the auditor of the entity.

¹ Paragraph 3 of ISRE 2410 requires that a practitioner who is engaged to perform a review of interim financial information and who is not the auditor of an entity performs the review in accordance with ISRE 2400 (Revised), *Engagements to Review Historical Financial Statements*. This Staff Audit Practice Alert focuses on the performance of a review of interim financial information performed in accordance with ISRE 2410. The term "auditor" is used throughout this publication, not because the auditor is performing an audit function but because the scope of this publication is limited to interim review engagements performed by the independent auditor of the financial statements of the entity.

Early planning (or reconsideration if already planned) of the possible effects of the COVID-19 pandemic on the engagement will be essential, as auditors may need additional resources and time to plan and perform the engagement. In the case of group engagements, there may be a need for more engagement with, and involvement of, component auditors. In addition, auditors may determine it necessary to communicate more extensively (and more often) with those charged with governance in the current environment, for example, regarding the application of the financial reporting framework or changes in controls in the evolving circumstances.



Management’s Responsibility for the Interim Financial Information

Management is responsible for preparing interim financial information, and for establishing and maintaining effective internal control relevant to the preparation of the interim financial information. Management prepares the interim financial information in accordance with an applicable financial reporting framework. For example, International Accounting Standard (IAS) 34, *Interim Financial Reporting*, sets out the requirements for an interim financial report prepared under International Financial Reporting Standards (“IFRS”).

Interim financial information typically focuses on updates from the latest complete set of annual financial statements. The COVID-19 pandemic may give rise to events and transactions that significantly change the financial position and performance of the entity since the end of the last annual reporting period. As a result of the pandemic, significantly more effort may be required of management to appropriately apply the recognition, measurement and disclosure requirements of the applicable financial reporting framework, including adequate disclosures in the interim financial information about the COVID-19 pandemic.

As a result of the pandemic events, there may be an increase in management judgments needed in making, presenting, and disclosing accounting estimates. Furthermore, management may need to implement new controls, or modify existing controls, to prepare the interim financial information on a timely basis (e.g., due to changes in personnel and a lack of physical access), and to address increased risks of error or fraud. They may also face logistical challenges, for example, there may be difficulties in obtaining valuations from experts or obtaining information from subsidiaries, joint ventures or associates located in other jurisdictions, particularly in circumstances when those jurisdictions have provided extensions on financial reporting deadlines.

“While requirements for interim reports may contain fewer required disclosures than is the case for annual reports, where an interim report is the first report to be published since the COVID-19 pandemic, it will be relevant to include more detailed disclosure on these matters and their material effect on the issuer”

IOSCO Statement on Importance of Disclosure about COVID-19, May 2020

The Applicable Financial Reporting Framework

There may be multiple options for management in selecting and applying the applicable financial reporting framework, including deciding whether to provide a comprehensive set of interim financial statements or condensed set of interim financial statements.

The applicable financial reporting framework for the preparation of interim financial information in a jurisdiction may, for example, encompass recognized financial reporting standards (e.g., IAS 34² or other

² IAS 34, *Interim Financial Reporting*

recognized financial reporting standards) and may be supplemented by other requirements in law or regulation relating to interim financial reporting.³

Furthermore, in response to the COVID-19 pandemic, jurisdictional law or regulation, securities regulation, stock exchange rules or standard setting bodies may:

- Have amended the financial reporting framework. For example, in May 2020, the International Accounting Standards Board (IASB) issued *Covid-19-Related Rent Concessions*, which amended IFRS 16, *Leases*.
- Permit or require departures from the requirements of the financial reporting framework in preparing the interim financial information for current periods. For example, law or regulation or stock exchange rules may permit entities not to account for, or disclose the effects of, the COVID-19 pandemic on certain aspects of the interim financial statements.

As part of management's responsibility for preparing the interim financial information, ordinarily management is expected to clearly indicate the applicable financial reporting framework that has been used to prepare the interim financial information so that users are informed.

Other Information

In the current environment, some entities are reporting alternative performance measures to exclude the financial effects of the pandemic (e.g., earnings before interest, tax, depreciation, amortization, and coronavirus (EBITDAC)), or pro-forma information that excludes the effect of COVID-19. The entity may need to consider whether the financial reporting framework restricts or prohibits presentation of additional information that has not been prepared in accordance with the financial reporting framework as part of the interim financial information.



The Auditor's Review of the Interim Financial Information in Accordance with ISRE 2410

Areas of Focus in Performing the Review of Interim Financial Information

The COVID-19 pandemic may also cause challenges for the auditor in performing the interim review procedures. In addition to matters relating to the applicable financial reporting framework and other information (see previous section), the following examples indicate areas which may require increased effort from management, and where the auditor may focus:

Changes in accounting estimates (e.g., fair value measurements, allowance for expected credit losses or inventory valuation), and the potential for heightened estimation uncertainty

Application of new accounting policies as a result of new events or transactions (e.g., restructuring costs, employee termination benefits, government assistance or discontinued operations)

Accounting for modifications to agreements and contracts, or terms and conditions of service (e.g., modifications to return policies, new or modified contracts with customers or suppliers or new or modified debt agreements)

³ Paragraph A5 of ISA 200, *Overall Objective of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing*, may be a useful reference in this regard.

- Impairment of non-financial assets (including goodwill)
- Impacts to hedging relationships
- Tax considerations (e.g. recoverability of deferred tax assets)
- Potential breaches of loan covenants, including the impact on the classification of liabilities as current or non-current
- Impacts to management's going concern assessment
- Consideration of subsequent events, including whether they are adjusting or non-adjusting events
- New or changes to internal controls affecting the preparation of financial information
- Disclosure of the impact of COVID-19 on the financial position and performance of the entity
- Disclosure requirements in the financial reporting framework that have been triggered because of COVID-19 (e.g., disclosures related to impairments, financial instruments, discontinued operations or loan breaches)
- The level of materiality used by management for recognition, measurement, presentation and disclosure in the interim financial information may have been affected by the financial effects of the COVID-19 pandemic

The following sections describe potential impacts of the COVID-19 pandemic on the auditor's interim review procedures.

Understanding the Entity and its Environment, Including its Internal Control⁴

As part of the interim review engagement, the auditor updates their understanding of the entity and its environment, including its internal control, from the understanding obtained as part of the latest audit of the annual financial statements of the entity. The procedures include inquiries of management to update knowledge obtained from the latest audit. The following provides examples of areas the auditor may want to consider because of the COVID-19 pandemic:

Inquiries of management:	Examples of the possible effect of the COVID-19 pandemic:
Effect of changes in the entity's business model and activities	For example, there may be changes in: <ul style="list-style-type: none"> • The entity's strategy. • The nature of revenue sources, products or services, and markets in which the entity operates, including changes in the terms offered by the entity. • How the entity conducts its operations, and the location of its operations. • Key customers and important suppliers of goods and services. • Terms of contracts.

⁴ Paragraphs 12-18 of ISRE 2410

Inquiries of management:	Examples of the possible effect of the COVID-19 pandemic:
	<ul style="list-style-type: none"> How the entity is financed, for example its debt structure and related terms, as well as additional funding through government assistance.
<p>Significant changes in internal control and the potential effect of any such changes on the preparation of the interim financial information</p>	<p>For example:</p> <ul style="list-style-type: none"> Controls may not operate as designed because of remote working arrangements, a lack of proper segregation of duties (e.g., due to layoffs or difficulties to coordinate certain duties) or the individuals with appropriate knowledge and experience may not be performing the control. New or augmented controls may be put in place to address increased risks of error or fraud, changes in business activities or to mitigate the effect of deficiencies in other controls that are not able to operate as designed.

Understanding of the Applicable Financial Reporting Framework

As part of understanding the entity and its environment, auditors may also need to obtain or update their understanding of the applicable financial reporting framework used by management to prepare the interim financial information.⁵ In doing so, auditors may need to carefully consider whether the basis of preparation is appropriate in the engagement circumstances and is not misleading, especially in circumstances when management has the option of which financial reporting framework to use or how to apply the financial reporting framework. For example, the COVID-19 pandemic may drive management to choose a financial reporting framework that best reflects the financial position and performance of the entity, or management may prepare the interim financial information using the measurement and recognition requirements of IFRS, except for certain provisions of IFRS, in order to avoid reflecting the effect of the COVID-19 pandemic.

Furthermore, auditors may need to consider whether management has been clear and transparent in the interim financial information about the basis of preparation.⁶ This may be particularly important when jurisdictional law or regulation, securities regulation, stock exchange rules or standard setting bodies permit or require departures from the requirements of the financial reporting framework in preparing the interim financial information during the COVID-19 pandemic.

Fraud and Professional Skepticism

Auditors must focus on exercising professional skepticism when performing interim review procedures.⁷ This may be particularly important when inquiring of management and others, as appropriate, about the

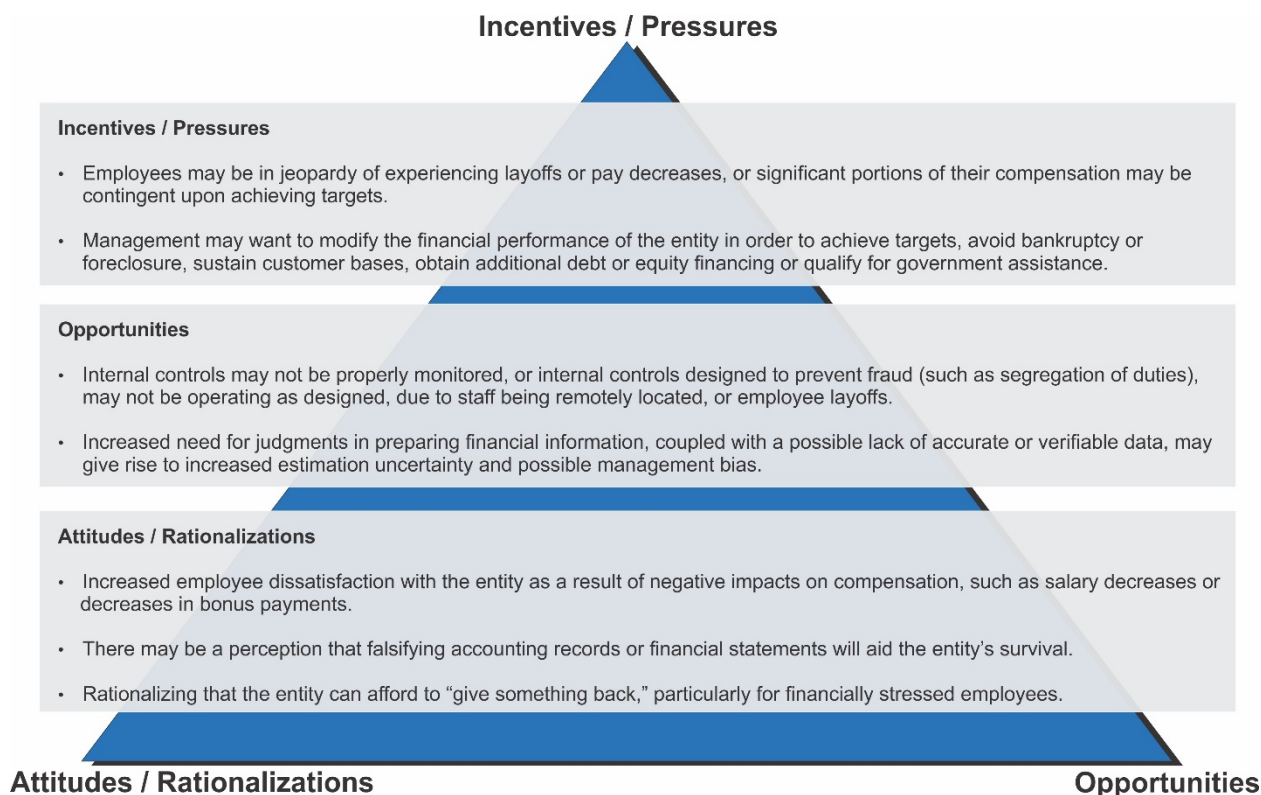
⁵ Paragraph 22(b)(ii) of the International Framework For Assurance Engagements (“the Assurance Framework”) indicates that as part of the preconditions for an assurance engagements, the criteria (i.e., the financial reporting framework) to be applied in preparing the subject matter (i.e., the interim financial information) are suitable to the engagement circumstances, including that they exhibit the characteristics described in paragraph 44 of the Assurance Framework. Paragraphs A2–A10 of ISA 210, *Agreeing the Terms of Audit Engagements*, may provide useful considerations about the applicable financial reporting framework.

⁶ Paragraph 47 of the Assurance Framework indicates that the criteria (see footnote 3) need to be available to the intended users to allow them to understand how the underlying subject matter has been measured or evaluated.

⁷ Paragraph 6 of ISRE 2410

risk that the interim financial information may be materially misstated as a result of fraud, and about their knowledge of fraud or suspected fraud affecting the entity.

The following examples are illustrative of events or conditions that may indicate an increased risk of fraud as a result of the COVID-19 pandemic.



Exercising professional skepticism is also important given the extent of management's judgments in preparing the interim financial information, and how the financial reporting framework may drive those judgments. For example, if interim financial information is prepared in accordance with IAS 34, IAS 36 does not permit impairment losses for goodwill to be reversed in subsequent periods;⁸ therefore, management may be motivated to conclude that an impairment of goodwill is not necessary in the interim period. Auditors may need to perform additional interim review procedures in such cases.

Materiality Considerations and Evaluation of Misstatements

ISRE 2410 describes that the procedures performed to update the auditor's understanding of the entity ordinarily include considering materiality with reference to the applicable financial reporting framework as it relates to interim financial information.⁹ This consideration of materiality assists in determining the nature and extent of procedures to be performed in the review and evaluating the effect of misstatements.

The financial effects of the COVID-19 pandemic could result in a decrease to certain benchmarks used to determine materiality (e.g., profit before tax, total revenue or gross profit),¹⁰ which could have the effect of

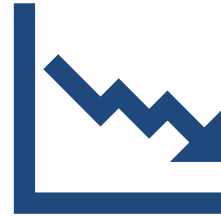
⁸ Paragraph 124 of IAS 36, *Impairment of Assets*

⁹ Paragraph 15 of ISRE 2410

¹⁰ Paragraphs A4-A8 of ISA 320, *Materiality in Planning and Performing and Audit*, describe the use of benchmarks in determining materiality of the financial statements as a whole and may provide useful considerations.

decreasing materiality from the latest audit of the annual financial statements of the entity. This may have a number of effects, such as:

- A decrease in materiality may give rise to uncorrected misstatements from the prior period, which were previously considered immaterial, having a material effect on the current period interim financial information. If uncorrected, the misstatements may impact the interim review conclusion. Refer to “*Departure from the Applicable Financial Reporting Framework*,” under the section “Reporting Considerations” below, for further information in this regard.
- A decrease in component materiality could affect the financial significance of components in a group audit.¹¹



The COVID-19 pandemic may also give rise to more disclosures in some areas, such as accounting estimates. Often these disclosures are qualitative in nature. In considering the adequacy of disclosures in light of the applicable financial reporting framework, and whether an adjustment is required to be made for the interim financial information to be prepared in accordance with the applicable financial reporting framework, the auditor may take into account factors such as the circumstances of the entity and the importance of the disclosures to the users of the interim financial information.

Inquiries, Analytical and Other Review Procedures¹²

Inquiries, analytical and other review procedures provide a basis for forming a conclusion on the interim financial information. Given that an interim review is a limited assurance engagement, the nature of the procedures does not need to provide all the evidence that is required in an audit of financial statements. Nevertheless, the review procedures undertaken need to be sufficient to provide the auditor with a basis for an interim review conclusion.

While ISRE 2410 describes that a review does not *ordinarily* require tests of the accounting records through inspection, observation or confirmation, in the current environment the procedures undertaken may be different (in timing, nature and extent) to what may previously have been done in interim review engagements for the entity. For example, the auditor may determine it necessary and appropriate, depending on the facts and circumstances of the entity, to also perform procedures that involve inspection, observation, confirmation, recalculation or reperformance in order to be able to conclude. The auditor applies professional judgment and exercises professional skepticism in determining whether the evidence obtained from the review procedures performed is sufficient and appropriate to provide a basis for the interim review conclusion.

The examples below demonstrate how the COVID-19 pandemic may affect the nature, timing and extent of interim review procedures that are specifically described in ISRE 2410,¹³ which as described above, may also be affected by materiality considerations.

¹¹ Paragraphs 9(d), 9(m), 21, A5-A6 and A42-A46 of ISA 600, *Special Considerations – Audits of Group Financial Statements (Including the Work of Component Auditors)*, explain component materiality and significant components, and may provide useful considerations.

¹² Paragraphs 19-25 of ISRE 2410

¹³ Paragraph 21 of ISRE 2410

Review procedure:	Examples of the possible effect of the COVID-19 pandemic:
<p>Group audits—Communicating with other auditors who are performing a review of the interim financial information of significant components</p>	<ul style="list-style-type: none"> • COVID-19 may have a varying effect across the group, particularly when the group operates in diverse industries or multiple jurisdictions. As a result, there may be a need for increased communication with other auditors performing interim review procedures at components, and increased direction, supervision and review of the work they perform for the purpose of the review engagement. • A component that was identified as a non-significant component in the latest audit of the annual financial statements may have become significant due to a decrease in materiality thresholds used, or because it is now likely to include significant risks of material misstatement of the group financial statements due to its specific nature or circumstances. • The design or execution of group-wide controls may have changed (including controls over the consolidation process). As such, there may be a need to communicate with component auditors about the effect of these changes on the interim financial information.
<p>Inquiring of members of management responsible for financial and accounting matters, and others as appropriate</p>	<ul style="list-style-type: none"> • Inquiries of management would need to include the effect of COVID-19 on the preparation of the interim financial information in accordance with the applicable financial reporting framework. Examples of areas which may need to be addressed as part of the inquiries of management are highlighted earlier in this publication under the heading “<i>Areas of Focus in Performing the Review of Interim Financial Information.</i>” • Given the increased need for management to apply judgment in formulating estimates in the current environment, inquiries may need to include matters such as: <ul style="list-style-type: none"> ○ The estimation methods, assumptions and data inputs used by management in preparing the interim financial information. ○ The information used as a basis for the accounting estimates and how management has determined the reliability of such information in the current environment. ○ The intent and ability of management to carry out specific courses of action on behalf of the entity.

Review procedure:	Examples of the possible effect of the COVID-19 pandemic:
<p>Applying analytical procedures to the interim financial information that are designed to identify relationships and individual items that appear to be unusual, and may reflect a material misstatement in the interim financial information</p>	<ul style="list-style-type: none"> • Period-over-period analytical procedures, while potentially less effective due to incomparable financial information, may still be useful. For example, if it is expected that the COVID-19 pandemic has severely impacted the entity’s results, the auditor may question if the financial information indicates there were no significant changes period-over-period. • Auditors may be able to use analytical procedures if it is possible to develop expectations of the financial information that factor in the impact of the COVID-19 pandemic and other drivers affecting the entity. For example, expectations may be able to be developed using information and trends from the entity’s industry.

Going Concern

Management’s Responsibilities

Management is responsible for assessing the entity’s ability to continue as a going concern. The requirements in the financial reporting framework for management’s assessment of going concern at the interim period are likely to be the same as the requirements in the financial reporting framework for the annual financial statements.¹⁴ In light of the deteriorating economic environment resulting from the COVID-19 pandemic, entities may, for example, face reduced revenues and cash flows and therefore management’s assessment of the entity’s ability to continue as a going concern may be significantly affected.

Some financial reporting frameworks establish the period for which going concern needs to be considered. For example, IAS 1 describes that an entity shall consider the period twelve months from the end of the reporting period in their going concern assessment.¹⁵ In some jurisdictions, this period may have been extended by local regulatory requirements.

Auditor’s Responsibilities¹⁶

The effect of the COVID-19 pandemic on management’s going concern assessment may result in the auditor:

- Performing additional or enhanced procedures. While it is not ordinarily necessary in a review of interim financial information to corroborate the feasibility of management’s plans and whether the

The IAASB Staff Audit Practice Alert, “*Going Concern in the Current Evolving Environment – Audit Considerations for the Impact of COVID-19*” may be useful regarding management’s responsibilities around the going concern assessment for interim financial information. It also highlights examples of audit procedures and focus areas in relation to the going concern assessment that may be useful in considering the nature and extent of procedures to perform in the review of interim financial information.

¹⁴ See, for example, paragraph 4 of IAS 1, *Presentation of Financial Statements*

¹⁵ Paragraph 26 of IAS 1

¹⁶ Paragraphs 27-28 and 56-59 of ISRE 2410

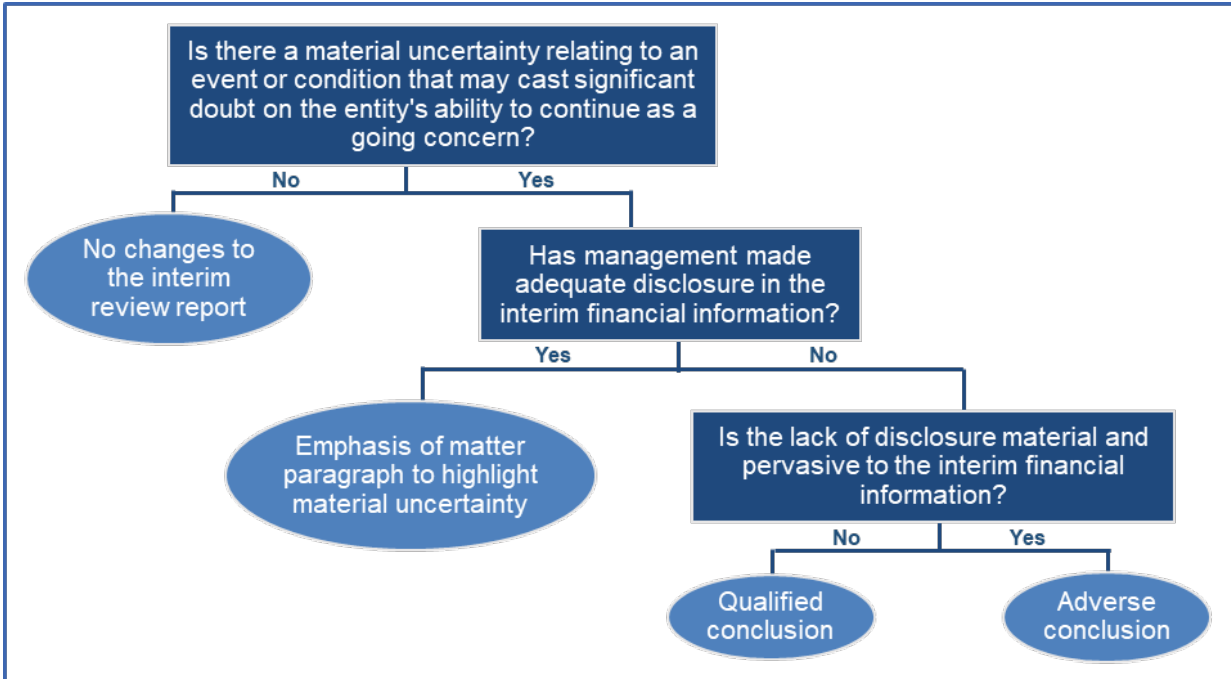
outcome of these plans will improve the situation, the auditor should exercise professional judgment and professional skepticism in determining the nature and extent of the procedures necessary in order to provide a basis for the interim review conclusion. For example, the auditor may determine it appropriate to recalculate future cash flows or inspect key contracts.

- Reporting with respect to going concern in the interim review report (see the decision tree below).

As noted above, the period for which management is required to assess the going concern assumption is sometimes set out in the applicable financial reporting framework, or in law or regulation. ISRE 2410 does not specify the period that the auditor should consider. In the current environment, it may be useful to consider the related requirements of ISA 570 (Revised), *Going Concern*, i.e., the auditor may use the same period as used by management, unless the period is less than 12 months, in which case they may request that management extend its assessment to 12 months from the date of the financial statements¹⁷ (i.e., in this case, the date of the interim financial information, which is the end of the interim period covered by the interim financial information).

The International Federation of Accountants plans to publish information in July 2020 that further explains the differences in going concern reporting between an interim review report prepared in accordance with ISRE 2410 and an auditor's report prepared in accordance with the ISAs.

If, based on the review procedures performed and taking into account the facts and circumstances of the entity, it is determined that a material uncertainty exists about the entity's ability to continue as a going concern, this will impact the interim review report. Going concern reporting requirements differ between an interim review report prepared in accordance with ISRE 2410, and an auditor's report prepared in accordance with the ISAs.¹⁸ The diagram below explains the interim review report considerations with respect to going concern:



¹⁷ Paragraph 13 of ISA 570 (Revised)

¹⁸ For details on auditor reporting more generally in accordance with the ISAs, refer to IAASB Staff Audit Practice Alert, "[Auditor Reporting in the Current Evolving Environment Due to COVID-19.](#)"

ISRE 2410 does not address circumstances when the use of the going concern basis of accounting is inappropriate. In such cases, the auditor may find it useful to refer to paragraph 21 of ISA 570 (Revised).

Subsequent Events

Management's Responsibilities

In the current environment, management's determination and treatment of adjusting or non-adjusting events after the interim period are likely to be more challenging and involve more judgment.

Auditor's Responsibilities¹⁹

The uncertainties and challenges associated with the COVID-19 pandemic may give rise to increased management judgment with respect to subsequent events, and may affect the auditor's judgments when performing the review procedures. There may be a need to make additional inquiries or perform other procedures related to subsequent events, such as inspection of underlying information supporting management's judgments.

The IAASB Staff Audit Practice Alert, "*Subsequent Events in the Current Evolving Environment – Audit Considerations for the Impact of COVID-19*," explains management's responsibilities related to subsequent events and includes examples of events or conditions that may be affected by, or exist as a result of, the COVID-19 pandemic.

Management Representations²⁰

In addition to the matters on which ISRE 2410 requires the auditor to obtain representations, the auditor also may obtain representations as are appropriate related to other matters specific to the entity's business or industry. For example, the auditor may obtain representations from management regarding going concern in the current environment. In this regard, representations similar to those in paragraph 16(e) of ISA 570 (Revised) may be requested, such as management's plans for future actions and the feasibility of these plans.

Communication with Management and Those Charged with Governance²¹

Regular and effective communication with management and those charged with governance is essential in the current environment because events and changes are occurring at a rapid pace and may impact the interim financial information being reported.

Reporting Considerations

Departure from the Applicable Financial Reporting Framework²²

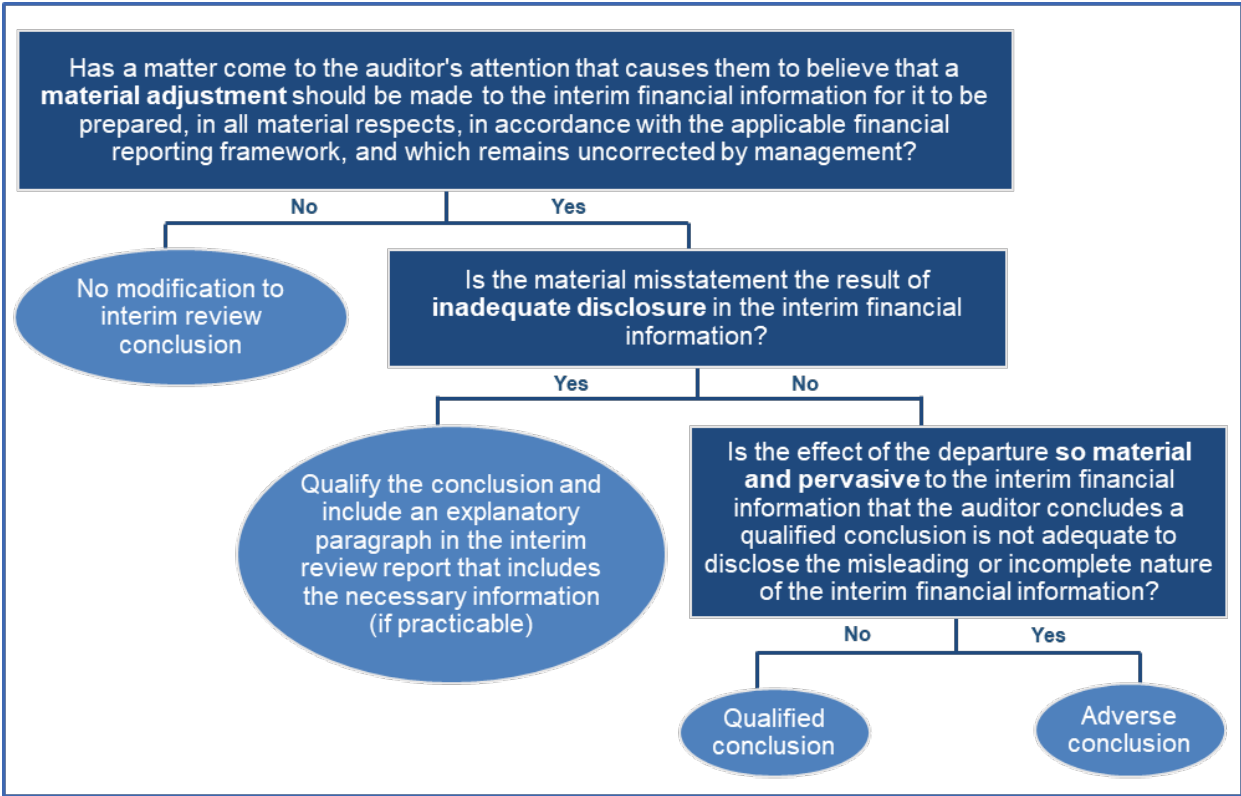
Based on the results of the review procedures performed, the auditor may identify matters that require a material adjustment to the interim financial information. Impacts of the COVID-19 pandemic may amplify conditions that give rise to certain material adjustments (e.g., inadequate disclosures or inappropriate application of accounting policies). The diagram below reflects the impact of a departure from the applicable financial reporting framework on the interim review report.

¹⁹ Paragraph 26 of ISRE 2410

²⁰ Paragraphs 34-35 of ISRE 2410

²¹ Paragraphs 38-42 of ISRE 2410

²² Paragraphs 45-47 of ISRE 2410



Departure from the Applicable Financial Reporting Framework Permitted or Required by Jurisdictional Law or Regulation, Securities Regulation, Stock Exchange Rules or Standard Setting Bodies

There may be an effect on the interim review conclusion in circumstances when jurisdictional law or regulation, securities regulation, stock exchange rules or standard setting bodies permit or require departures from the requirements of the applicable financial reporting framework in preparing the interim financial information in the current period (see earlier discussions about the applicable financial reporting framework).

The auditor considers the facts and circumstances of the entity, in view of the applicable financial reporting framework (i.e., what it encompasses) and the review procedures performed (e.g., how the applicable financial reporting framework is applied and whether any departure causes the auditor to believe that a material adjustment should be made to the interim financial information), in determining whether there is an effect on the interim review conclusion. For example, the appropriate authority in a jurisdiction may have issued a directive allowing entities not to recognize certain impairments of assets in the interim financial information as a result of the COVID-19 pandemic, and advising entities to provide additional disclosures relating to the accounting estimates affected. In these situations, non-recognition of an impairment relating to an asset not covered by the regulator's directive would be a departure from the applicable financial reporting framework, and the auditor may need to issue a qualified or adverse conclusion (see preceding section, “*Departure from the Applicable Financial Reporting Framework*”).

*Scope Limitations*²³

In the current environment, there may be more circumstances where the review is unable to be completed due to a limitation on scope. For example, the auditor may not be able to perform inquiries or obtain information from management in a fully remote environment on a timely basis. As a result, there may be increased circumstances when the auditor is unable to issue the report, or if required to issue the report, may:

- Qualify the conclusion if the scope limitation is confined to one or more specific matters that are not pervasive to the interim financial information; or
- Disclaim a conclusion.

*Emphasis of Matter Paragraphs*²⁴

Auditors are not precluded by ISRE 2410 to include additional matters in the interim review report. In particular, the auditor may determine it necessary and appropriate to include an emphasis of matter paragraph to highlight other matters of significant uncertainty resulting from the effects of COVID-19, and which have been adequately disclosed in the interim financial information. For example, it may be determined appropriate to emphasize management’s disclosures about:

- How the COVID-19 pandemic has affected the changes in financial position and performance of the entity since the end of the last annual reporting period.
- Certain accounting estimates (e.g., expected credit losses) that have significantly increased estimation uncertainty.

Matters highlighted in an emphasis of matter paragraph in the interim review report, may later be considered matters that required significant auditor attention when determining “key audit matters” in connection with the audit of the annual financial statements of the entity. Refer to Staff Audit Practice Alert [“Auditor Reporting in the Current Evolving Environment Due to COVID-19”](#) for further details.

Other Information

Paragraphs 36-37 of ISRE 2410 describe the auditor’s responsibilities for other information that accompanies the interim financial information (e.g., in the current environment this would include alternative performance measures or pro-forma information that excludes the financial effects of the COVID-19 pandemic). In particular, paragraph 36 describes the auditor’s considerations in circumstances when management presents other information that more positively portrays the financial performance of the entity, and is given excessive prominence, is not clearly defined, or is not clearly reconciled to the interim financial information. The auditor may also need to consider whether the financial reporting framework restricts or prohibits management from presenting other information that has not been prepared in accordance with the applicable financial reporting framework as part of the interim financial information.

Auditors should exercise professional skepticism when reading the other information for the purpose of identifying material inconsistencies, for example, being aware that the adjustments to the financial information to exclude the effect of the COVID-19 pandemic may include adjustments not related to the COVID-19 pandemic.

²³ Paragraphs 48-54 of ISRE 2410

²⁴ Paragraphs 55 and 60 of ISRE 2410

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