
INDEPENDENT REGULATORY BOARD FOR AUDITORS

A FOCUS ON INTERIM FINANCIAL INFORMATION

Johannesburg / 1 July 2020

This communique is an alert to auditors regarding the possible impact of the COVID-19 pandemic on the reporting of interim financial information. It also refers auditors to the relevant publications that have been issued on interim reporting.

For some entities, the 2020 interim reporting period will be the first reporting period in which the impact of COVID-19 is reflected in the financial statements. For preparers, the 2020 interim financial statements are likely to involve more than the ordinary update since the last annual financial statements. All stakeholders will reasonably expect the disclosure of information over and above what is typically disclosed.

The International Standard on Review Engagements (ISRE) 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, establishes requirements and provides guidance on the auditor's professional responsibilities when the auditor undertakes an engagement to review interim financial information of an audit client, and on the form and content of the report.

The objective of an engagement to review interim financial information is to enable the auditor to express 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 an applicable financial reporting framework. The auditor makes inquiries and performs analytical and other review procedures in order to reduce to a moderate level the risk of expressing an inappropriate conclusion when the interim financial information is materially misstated.

Auditors are referred to the [IRBA website](#) where a repository of local and international guidance on the implications of the COVID-19 pandemic in relation to audits of financial statements has been created. Auditors are specifically referred to the communique issued on [20 March 2020](#) that identifies and addresses certain unique risks that the pandemic presents, and those include:

- Obtaining an understanding on the impact of the COVID-19 pandemic on the client's reporting timetable;
- Risk assessment;
- Obtaining audit evidence;
- Group audits with significant components in affected countries;
- Going concern;
- Subsequent events;
- Accounting estimates; and

- Implications for the auditor's report.

These risks are also relevant to the review of interim financial information, as necessary.

A review of interim financial information ordinarily does not require tests of the accounting records through inspection, observation or confirmation. It is ordinarily limited to making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures, rather than corroborating information obtained concerning significant accounting matters relating to the interim financial information. However, during these unprecedented times, auditors may need to apply professional scepticism and exercise professional judgement in deciding on the nature and extent of the review procedures performed and the amount of evidence required for auditors to conclude 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 an applicable financial reporting framework.

Registered auditors and other interested parties are alerted to the publications listed below in relation to interim reporting and related topics.

Organisation	Publication	Website Link
Independent Regulatory Board for Auditors (IRBA)	Revised Guide for Registered Auditors: <i>Reporting on Financial Information contained in Interim, Preliminary, Provisional and Abridged Reports required by the JSE Listings Requirements</i>	Click here
International Auditing and Assurance Board (IAASB)	ISRE 2410, <i>Review of Interim Financial Information Performed by the Independent Auditor of the Entity</i>	Click here
International Accounting Standards Board (IASB)	IAS 34, <i>Interim Financial Reporting</i>	Click here
Johannesburg Stock Exchange (JSE)	COVID-19: Reflecting the Impact of COVID-19 on Financial Results	Click here
European Securities and Markets Authority (ESMA)	Implications of the COVID-19 Outbreak on the Half-Yearly Financial Reports	Click here

Should you have any further queries, please do not hesitate to contact the Standards Department via email at standards@irba.co.za.

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About the IRBA

The IRBA is a public protection statutory body established to protect the financial interests of the public by ensuring registered auditors and their firms deliver services of the highest quality. It upholds audit firm independence to ensure that audit quality is such that it enhances the accuracy and credibility of financial performance reporting. In this way, the IRBA has an important role to play in building the reputation of South Africa as an investment market for both local and global investors, and driving economic growth for the country.

The IRBA also registers suitably qualified accountants as auditors who must adhere to the highest ethics standards, and promotes the auditing profession through the effective regulation of assurance conducted in accordance with internationally recognised standards and processes.