

SRE 2400 - "ENGAGEMENTS TO REVIEW HISTORICAL F.S"

Basics

- ✓ "Review" is a limited assurance engagement. It provides lower level of assurance than audit. It involves fewer procedures & gathers sufficient & appropriate evidence on basis of which limited conclusions can be drawn up.
- ✓ SQCs are to be applied for all services covered by Engagement Standards.

Audit	Review
It is a type of reasonable assurance engagement providing reasonable level of assurance.	It is a type of limited assurance engagement providing a lower level of assurance than audit.
It performs elaborate & extensive procedures including TOC & substantive procedures.	It performs fewer procedures primarily focusing on inquiry & analytical procedures.
It draws reasonable conclusions on basis of sufficient appropriate evidence.	It draws limited conclusions on basis of sufficient appropriate evidence.
It provides an assurance opinion. The language of assurance opinion is positively worded .	It provides an assurance conclusion. Language of assurance conclusion is negatively worded .

Objectives in a review of F.s in accordance with SRE 2400

1. Obtain **limited assurance**, primarily by making an **inquiry** and performing **analytical procedures**
2. **Report** on F.s as a whole & communicate, as required by this SRE.

When limited assurance cannot be obtained & Modified conclusion is insufficient in circumstances, this SRE requires **either Disclaim a conclusion OR**, to withdraw from engagement if possible.

Factors affecting Acceptance & Continuance of Client Relationships:

Practitioner shall not accept a review engagement if:

1. The practitioner is **not satisfied**:
 - a. That there is a **rational purpose** for engagement.

It is Unlikely that there is a rational purpose for engagement if: <ul style="list-style-type: none"> ▪ there is a <u>significant limitation on scope of work</u> or ▪ He suspects <u>association of his name in an inappropriate manner</u>. ▪ <u>Law or regulation requires the F.s to be audited</u>

 - b. That a review engagement would be **appropriate** in circumstances, He **may consider recommending another type of eng.** (*Ex - SRS 4400 "Agreed upon procedures")
2. He has reason to believe that **ethical req.**, including **independence**, will **not be satisfied**.
3. Practitioner's preliminary understanding of engagement circumstances indicates that **info. needed** to perform review engagement is **likely to be unavailable or unreliable**.
4. Practitioner has cause to **doubt mgt.'s integrity**.
5. Mgt. /TCWG **impose a limitation on scope** of practitioner's work such that ---> practitioner believes that limitation will **result in disclaiming** a conclusion on F.s.

Preconditions for Accepting a Review Engagement

Preconditions for Accepting a Review Engagement

1. **Determine** whether **FRF applied** in preparation of F.s is **acceptable** & in case of special purpose F.s, understanding purpose for which F.s are prepared;
2. **Obtain agreement** of mgt. that it **acknowledges & understands its responsibilities**:
 - a. For **preparation of F.s** in accordance with AFRF
 - b. **Design, Implementation & Maintenance** of **I.C** as mgt. determines is necessary
 - c. To provide practitioner with: -

- **Access to all information** such as records, documentation;
- **Additional information** that practitioner may request for review; and
- **Unrestricted access** to persons within entity to obtain evidence.

If practitioner is **Not satisfied of any matters**

If After **engagement** has been **accepted**, he is **not satisfied** of any preconditions

- **Discuss matter** with mgt. / TCWG.
- If **changes cannot be made** ---> he shall **Not accept** engagement unless required by L&R
- If engagement conducted does not comply with SRE, he **shall not include any reference** to SRE

- **Discuss** with mgt. / TCWG and determine:
- Whether matter can be **resolved**?
- **Whether** it is appropriate to **continue** with engagement
- **How to communicate** in practitioner's report.

Agreeing to terms of Engagement

1. Practitioner shall **agree to terms** of engagement to mgt./TCWG, **prior to performing engagement**
2. Agreed terms of engagement shall be **recorded in an engagement letter**
3. On **recurring** engagements, **evaluate** whether **circumstances**, **require terms to be revised** or whether there is a **need to remind** Mgt./TCWG of existing terms of engagement.

Change in terms during the course of engagement

- Practitioner shall **not** agree to change in terms, where **No reasonable justification** for doing so.
- If, **prior to completing review**, he is **requested to change** to an engagement for which **No assurance** is obtained ---> determine whether there is **reasonable justification** for doing so.
- **If** terms of engagement are **changed** during course of engagement ---> practitioner and mgt. or TCWG, shall **agree on & record new terms** in an engagement letter

Performing review engagement

1. **Obtain understanding of entity and AFRF to identify areas of possible material misstatements**
2. **Determine materiality for F.s as a whole**

Determine materiality for F.s & apply this materiality in designing procedures & evaluating results
 Practitioner's **judgment about what is material is same, regardless of level of assurance**
 Revise materiality in event of becoming aware of any info. during review

3. **Design and perform "Inquiry" & "Analytical procedures"**

In a review, practitioner mainly focuses upon inquiry and analytical procedures for obtaining sufficient appropriate evidence for conclusion. He may deem it necessary to perform **other procedures** ---> it **does not alter** his **objective of obtaining limited assurance**. He may review a/c records **to identifying unusual txn.** that may **require specific attention in Review**.

Inquiry	Includes seeking info. from mgt. & other persons within entity
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A.P	Consider whether data from entity's a/c system is adequate for analytical procedures
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Why "Inquiry" & "Analytical Procedures" are important in review?

How Inquiry assists Practitioner

1. Evidence through inquiry is often **principal source of evidence about mgt. intent**. However, **info. available to support mgt.'s intent** may be **limited**.
 In that case, understanding --> mgt.'s **past history** of carrying out its intentions | mgt.'s **stated reasons** for choosing a particular action | mgt.'s **ability** to pursue a specific course of action, may provide info. to corroborate evidence obtained through inquiry.
2. Performing inquiry also assists practitioner in **obtaining understanding of entity**, to identify areas where material misstatements are likely to arise.

How Analytical Procedures assists Practitioner

1. **Obtaining understanding of entity**, including, areas where misstatements are likely to arise.

2. Identifying inconsistencies from expected trends, values & KPIs.
3. Providing corroborative evidence in relation to inquiries or A.P already performed.
4. Serving as additional procedures, when practitioner becomes aware of matters that the F.s may be materially misstated.

<u>Methods to perform analytical procedures</u>	<ul style="list-style-type: none"> ▪ performing simple comparisons ▪ performing complex analysis using statistical techniques 	<ul style="list-style-type: none"> ▪ evaluate results for consistency with expected values
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4. Perform procedures to address specific circumstances

1. **Related parties:** During review, practitioner shall remain alert for arrangements or info. that may indicate existence of related party relationships or txn. not previously disclosed to practitioner. If he identifies txn.s outside normal course of business, inquire with mgt. about nature | involvement of related parties | business rationale (or lack thereof)
2. **Fraud and non-compliance with laws or regulations:** When there is an indication that fraud or non-compliance with L&R, or suspected fraud, has occurred, he shall communicate matter to senior mgt. /TCWG & request mgt.'s assessment. Consider effect, on his conclusion / report. Determine whether there is responsibility to report the suspicion to a party outside entity.
3. **Going concern:** Practitioner becomes aware of events that may cast significant doubt about entity's ability to continue as a going concern, the practitioner shall:
 - ✓ Inquire Mgt. about plans for future actions & feasibility of those plans
 - ✓ Evaluate results of inquiries, to consider whether mgt.'s responses provide a sufficient basis to --> Continue to present F.s on going concern basis OR Conclude whether F.s are materially misstated, or misleading going concern
4. **Use of work performed by others:** In performing review, it may be necessary for practitioner to use work performed by other practitioners, or expert. If practitioner uses work performed by another practitioner or an expert --> take appropriate steps to be satisfied that work performed is adequate for his purposes.

5. Perform other procedures, if necessary, in circumstances

Why?	If practitioner becomes aware of matters that causes him to believe that F.s may be materially misstated, he shall design & perform additional procedures to: <ul style="list-style-type: none"> ▪ Conclude that matter is Not likely to cause F.s to be materially misstated or ▪ Determine that matter, causes the F.s to be materially misstated.
Which?	Procedures may be: - Additional inquiry OR Analytical procedures in greater detail or or Other procedures, ex: - substantive test of details OR external confirmations

In case of Subsequent Events (Same as SA 560)

Becomes Aware of Sub. Events	<ul style="list-style-type: none"> ▪ If practitioner becomes aware of events occurring b/w date of F.s & date of practitioner's report that require adjustment or disclosure, he shall request mgt. for adjustment/disclosure. ▪ He has no obligation to perform any procedures after date of practitioner's report.
Facts become known	<p>However, if, after date of practitioner's report but before F.s are issued, a fact becomes known to practitioner that, had it been known at date of practitioner's report, may have caused him to amend report, he shall: -</p> <ul style="list-style-type: none"> ▪ Discuss matter with mgt. /TCWG Determine whether F.s need amendment and If so, inquire how mgt. intends to address matter in F.s. <p><u>Mgt. does not amend:</u> If mgt. does not amend F.s where practitioner believes they need to be amended, & practitioner's report has already been provided to entity --> he shall notify mgt. / TCWG not to issue F.s to 3rd parties before necessary amendments.</p>

Report issued without amendments

If F.s are **nevertheless subsequently issued** without necessary amendments, practitioner shall **take appropriate action** to prevent reliance on practitioner's report.

Written Representations

Benefits	<ul style="list-style-type: none"> If mgt. <u>does not provide WR</u>, it may alert CA that significant <u>issues may exist</u>. Further, <u>a request for written</u>, rather than oral, representations may prompt mgt. to <u>consider such matters more rigorously</u>, thereby <u>enhancing quality</u> of representations.
About	<ul style="list-style-type: none"> Mgt. has fulfilled its <u>responsibility</u> for <u>preparation of F.s as per AFRF</u> & has <u>provided practitioner with all relevant info. & access</u> <u>All transactions have been recorded</u> and are reflected in F.s.
If L&R requires mgt. to make <u>written public statements</u> about its responsibilities, <u>matters covered by such statements need not be included in WR</u> .	
WR about disclosures	<p>Practitioner shall also request mgt.'s WR that mgt. has disclosed to practitioner: -</p> <ol style="list-style-type: none"> Identity of entity's related parties & all related party txn.s Significant facts of any frauds or suspected frauds known to mgt. Actual or possible non-compliance with L&R which affect entity's F.s All information relevant to use of going concern assumption That all subsequent events requiring adjustment have been adjusted or disclosed Contractual obligations or contingencies that may affect entity's F.s Material non-monetary txn.s or txn.s for no consideration undertaken by entity.
If Mgt. does not provide WR	<ul style="list-style-type: none"> Discuss matter with mgt. & TCWG, Re-evaluate integrity of mgt., & evaluate effect on reliability of representations Take appropriate actions, including determining possible effect on conclusion
Disclaim conclusion or withdraw	<p>Practitioner shall disclaim a conclusion or withdraw from engagement if: -</p> <ul style="list-style-type: none"> He concludes that there is doubt about integrity of mgt. (WR are not reliable) or Mgt. does not provide WR about its responsibilities for preparation of F.s & recording of all transactions in F.s.

Evaluating evidence obtained from procedures performed

- Practitioner shall evaluate whether sufficient appropriate **evidence** has been obtained, if not, the perform **other procedures** necessary to form a conclusion.
- In some circumstances, practitioner may **not have obtained evidence** expected through inquiry & analytical procedures. The practitioner may: **Extend work performed** **OR** Perform **other procedures**.
- Where **neither of these is practicable**, practitioner will **not be able to obtain sufficient appropriate evidence** and is required to **determine effect on report**, **OR** his ability to complete the engagement.

Forming practitioner's conclusion on F.s

Practitioner shall consider the impact of: -	If F.s are prepared using fair presentation framework , he shall consider:
<ul style="list-style-type: none"> Uncorrected misstatements identified, Qualitative aspects of entity's a/c practices, including indicators of possible bias in mgt.'s judgments. 	<ul style="list-style-type: none"> Overall presentation, structure, content as per AFRF Whether F.s, represent underlying txn.s in a manner that achieves fair presentation.
Unmodified Conclusion	When practitioner has obtained limited assurance to conclude that " nothing has come to practitioner's attention that causes practitioner to believe that F.s are not prepared , (compliance Framework) do not give a true & fair view (Fair Presentation framework), in all material respects, as per AFRF.

Modified Conclusion	Evidence obtained, that F.s are materially misstated OR Unable to obtain sufficient & appropriate evidence for one or more material items.
	When practitioner Modifies the conclusion expressed on F.s Use heading "Qualified Conclusion," "Adverse Conclusion" or "Disclaimer of Conclusion," Provide description of matter giving rise to modification, under "Basis for Qualified Conclusion," immediately before conclusion para.

Phrases to use while expressing conclusion	
Qualified conclusion	"Based on our review, except for effects of matters described in Basis for Qualified Conclusion para, NOTHING has come to our attention that causes us to believe that the F.s do NOT give a true and fair view (Fair Presentation Framework) / Not Prepared , (Compliance Framework), in accordance with AFRF *[If Qualified due to inability to obtain evidence - "Except for the possible effects "]
Adverse conclusion	"Based on our review, due to the significance of matters described in Basis for Adverse Conclusion para, F.s do not give a true & fair view OR do not present fairly (Fair Presentation Framework)/are Not prepared (Compliance Framework) in all material respects in accordance with AFRF.
Disclaiming a conclusion	Due to the significance of matters described in Basis for Disclaimer of Conclusion para, practitioner is unable to obtain sufficient appropriate evidence to form a conclusion on the F.s; and accordingly, practitioner does not express a conclusion on F.s.

In basis for conclusion para	
if Qualified conclusion OR Adverse conclusion,	He shall Describe & quantify financial effects of misstatement unless impracticable , in which case he shall so state: 1. Explain how disclosures are misstated if relates to narrative disclosures; or 2. Describe nature of omitted information if relates to non-disclosure of info. 3. Unless prohibited by L&R, he shall include omitted disclosures where practicable to do so.
If Qualified OR Disclaims a conclusion	Include reasons for inability to obtain sufficient & appropriate evidence.
Practitioner shall withdraw from engagement if	1. Due to a limitation on scope after he has accepted engagement, he is unable to obtain sufficient & appropriate evidence 2. Possible effects of undetected misstatements are material & pervasive and 3. Withdrawal is possible under L&R.

The Practitioner's Report

1	A title (report of an independent practitioner)
2	Addressee
3	An introductory para that: Identifies F.s reviewed, including title of each statement & date and period covered (+) Refers to summary of significant a/c policies (+) States that F.s are reviewed
4	Description of responsibility of mgt: - For preparation of F.s as per AFRF (+) I.C necessary
5	If F.s are special purpose F.s: <ul style="list-style-type: none"> ▪ A description of - Purpose for which F.s are prepared and, intended users ▪ If mgt. has a choice of FRFs in preparation of such F.s, a reference to mgt.'s responsibility for determining that AFRF is acceptable in circumstances
6	Description of practitioner's responsibility to express a conclusion
7	<u>Description of a review of F.s & its limitations, and following statements:</u> <ul style="list-style-type: none"> ▪ Review engagement under this SRE is a limited assurance engagement. ▪ Practitioner performs procedures, primarily consisting of inquiries & analytical procedures

	<ul style="list-style-type: none"> Procedures performed in review are substantially less than those performed in audit and, accordingly, practitioner does not express an audit opinion.
8	Para under heading "Conclusion" that contains:- His Conclusion + reference to AFRF used
9	When practitioner's conclusion on F.s is modified: Para under appropriate heading (Basis for Modified conclusions) that provides a description of the matters giving rise to modification
10	Reference to practitioner's obligation under this SRE to comply with ethical requirements
11	EOM/OM paragraph, if any
12	Date of practitioner's report: (no earlier than date of evidence)
13	Practitioner's signature
14	Place of signature.

Emphasis of Matter and Other Matter Paras in the Practitioner's Report

EOM Para	<ul style="list-style-type: none"> Necessary to draw users' attention to matter fundamental to users' understanding of F.s. Include an EOM para, provided he has obtained evidence that matter is not materially misstated Such para shall refer only to info. Include an EOM para immediately after practitioner's conclusion
OM Para	<ul style="list-style-type: none"> For Matters Other than those that are presented or disclosed & relevant to users' understanding of review, practitioner's responsibilities or practitioner's report

Other Reporting Responsibilities: - Addressed in a separate section headed "Report on Other Legal & Regulatory Requirements. Following section of report headed "Report on F.s."

Documentation

What to Document	While documenting NTE of procedures, record
Practitioner shall document, sufficient to enable an experienced practitioner, having no previous connection with engagement, to understand: <ol style="list-style-type: none"> NTE of procedures performed Results obtained, & conclusions formed on basis of those results Significant matters arising during engagement, conclusions reached, and significant judgments made for conclusions. 	While documenting NTE of procedures performed he shall record: <ol style="list-style-type: none"> Discussions with mgt./TCWG. Who performed the work & date such work was completed Who reviewed work performed for quality control and period & extent of review. If, practitioner identified information that is inconsistent with his findings he shall document how inconsistency was addressed

SRE 2410 - REVIEW OF INTERIM FINANCIAL INFORMATION PERFORMED BY THE INDEPENDENT AUDITOR OF THE ENTITY

Introduction

SRE 2410 deals with auditor's professional responsibilities when auditor undertakes an engagement to review interim financial info. of an audit client

What is Interim Financial Information? - Financial information that is prepared & presented as per AFRF and comprises either a complete or a condensed set of F.s for a period shorter than entity's financial year. Ex - F.s of quarter of F.Y.

Objective of an Engagement to Review Interim Financial Information in Accordance with SRE 2410

Objective of a review **differs significantly from** that of an **audit**.

- A **review** of interim financial info. **does not provide a basis for** expressing an **opinion** on whether the financial info. gives a true & fair view, OR is presented fairly, as per AFRF.
- A review, is **not designed to obtain reasonable assurance** that interim financial info. is free from material misstatement.
- A review consists of **making inquiries**, and **applying analytical and other review procedures**.
- A review **may bring significant matters** affecting interim financial information, **to auditor's attention**, but it **does not provide all evidence** that would be **required in audit**.

Understanding the Entity and its Environment including its Internal Control

Auditor who has audited entity's F.s for **one or more periods** has **obtained an understanding** of entity. In planning a review, auditor **updates this understanding**.

Procedures performed by auditor to **UPDATE** understanding of entity and its environment, including its internal control, ordinarily include the following

- ✓ **Reading documentation**, of **preceding year's audit & reviews** of prior interim periods of C.Y & corresponding interim periods of P.Y, to identify matters that affect current-period interim financial info.
- ✓ **Considering any risks**, including **Mgt. Override of Controls**, that were identified in P.Y F.s.
- ✓ Reading **most recent Annual & comparable** prior period interim financial info.
- ✓ **Considering results of any audit procedures performed** w.r.t current year's F.s.
- ✓ Considering **results of any internal audit performed** & subsequent actions taken by mgt.

Inquiring of mgt. about

- **Results of mgt.'s assessment of risk of fraud**.
- **Effect of changes in entity's business activities**.
- Any **significant changes in internal control** and their potential effect.
- **Process by which interim financial info. is prepared** and reliability of underlying a/c records.

Inquiries, Analytical and other Review procedures

Procedures for performing a review are ordinarily limited to making inquiries, applying analytical and other review procedures. Auditor ordinarily performs the following procedures: -

1. Other Procedures

- **Reading minutes of meetings** to identify matters that may affect interim financial info.
- Considering effect, of **matters giving rise to a modification** at **time of previous audit or reviews**.
- **Communicating, with other auditors** who are performing a review of entity's **components**.
- **Reading interim financial info.**, and considering whether anything causes auditor to believe that interim financial info. is not prepared, as per AFRF.

2. Inquiry

Inquiring of mgt. responsible for financial & accounting matters, and others as appropriate:

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| <ul style="list-style-type: none"> ▪ Whether interim financial info. has been prepared & presented as per AFRF. ▪ Whether any changes in a/c principles OR in methods of applying them. ▪ Knowledge of any fraud or suspected fraud ▪ Knowledge of any allegations of fraud. ▪ Whether interim financial info. contains any known uncorrected misstatements. ▪ Significant assumptions that are relevant to fair value measurement or disclosures. ▪ Whether related party txn.s have been appropriately accounted for & disclosed. ▪ Significant changes in contingent liabilities. ▪ Compliance with debt covenants. ▪ Mgt. assessment of entity's ability to continue as going concern | <ul style="list-style-type: none"> ▪ Matters about which questions have arisen while applying review procedures. ▪ Significant txn.s occurring in last days of interim period or first days of next period. ▪ Significant changes in commitments & contractual obligations. ▪ Knowledge of any actual or possible non-compliance with laws and regulations ▪ Whether mgt. has identified all events up to date of review report that may require adjustment/disclosure. ▪ Whether any new txn.s have necessitated application of a new a/c principle ▪ Unusual or complex situations that affected interim financial info., such as business combination / disposal of a segment. |
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3. Analytical Procedures

Applying analytical procedures to interim financial information designed to identify relationships and individual items that appear to be unusual.

Timing	He may perform review procedures before or simultaneously with entity's preparation of interim financial info. Performing some procedures earlier, permits early identification of significant matters affecting interim financial info
Concurrently	For efficiency, he may perform certain audit procedures concurrently with review
Direct communication with lawyer	Ordinarily does not require however, may be appropriate if a matter causes him to question whether interim financial info. is NOT prepared as per AFRF, and auditor believes that entity's lawyer may have pertinent information. (*Pertinent - relevant)
Tracing to A/c records	Auditor may obtain evidence that interim financial info. agrees with underlying accounting records by tracing it to : Accounting records, & Other supporting data.
Subsequent events	Inquire whether mgt. has identified all events up to date of review report that may require adjustment or disclosure.
Going concern	Inquire whether mgt. has changed its assessment of entity's ability to continue as a going concern. When, auditor becomes aware of events or conditions that may cast significant doubt on entity's ability to continue as a going concern, auditor should: <ul style="list-style-type: none"> ▪ Inquire of mgt. as to its plans for future actions feasibility of these plans ▪ Consider adequacy of disclosure
Procedures when Going Concern if doubtful	<ul style="list-style-type: none"> ✓ Inquires of mgt. & its plans for future action (Ex: liquidate assets, borrow money) ✓ Inquires as to feasibility of mgt.'s plans. ✓ However, it is not necessary to corroborate feasibility of mgt.'s plans & whether it will improve situation.
Material Adjustment ?	When a matter comes to attention that raises a question whether material adjustment should be made in interim financial info. He should make additional inquiries or perform other procedures to express a conclusion. Ex: auditor questions whether significant sales txn is recorded he performs additional procedures.

Evaluation of Misstatements: Auditor should evaluate, whether uncorrected misstatements are material, to determine whether a material adjustment is required to be made. He exercises professional judgment in evaluating materiality of any misstatements.

Mgt. representations/ Auditor should obtain written representation from mgt. that:	Auditor's Responsibility for Accompanying Information
<ol style="list-style-type: none"> 1. It acknowledges its responsibility for Design & Implementation of internal control. 2. Interim financial information is prepared & presented as per AFRF 3. It believes effect of those uncorrected misstatements are immaterial, both individually and in aggregate. A summary of such items is included in W.R 4. It has disclosed to auditor all facts relating to any frauds or suspected frauds 5. It has disclosed to auditor results of its assessment of ROMM as a result of fraud 6. It has disclosed to auditor all known actual or possible non-compliance with L&R 7. It has disclosed to auditor all significant subsequent events that have occurred & that may require adjustment or disclosure. 	<ul style="list-style-type: none"> ✓ Read Other Information that accompanies interim financial info. to consider whether there are any material inconsistencies. ✓ If he identifies a material inconsistency. Consider whether interim financial info. needs to be amended. ✓ If an amendment is necessary & mgt. refuses to make amendments, consider implications for report: <ol style="list-style-type: none"> 1. including an additional para in report describing material inconsistency, 2. taking other actions, such as <ul style="list-style-type: none"> ▪ withholding issuance of report ▪ withdrawing from engagement. <p>Ex: mgt. presents alternative measures of earnings that more positively portray results, are given excessive prominence & not clearly defined.</p>

Communication

Material Adjustment	<ul style="list-style-type: none"> ▪ When, Auditor believes that it is necessary to make a material adjustment to interim financial info. auditor should communicate this to appropriate level of mgt. ▪ If, mgt. does not respond within a reasonable period of time, inform TCWG. ▪ Communication is made as soon as practicable, either orally or in writing. ▪ Communicating orally or in writing, depends upon nature, sensitivity, significance of matter & timing. If communicated orally, document it.
Existence of Fraud OR Non-compliance	<p>When, a matter comes to auditor's attention that causes him to believe existence of fraud or non-compliance, communicate matter to appropriate level of mgt. Determination of which level of mgt. is appropriate is affected by likelihood of collusion or involvement of a member of mgt. Also consider need to report such matters to TCWG and considers implication on report. When, TCWG do not respond appropriately within a reasonable period, the auditor should consider:</p> <ul style="list-style-type: none"> ▪ Whether to modify the report OR ▪ Possibility of withdrawing from Rebiw engagement OR ▪ Possibility of resigning from appointment to audit the annual F.s.

Reporting Nature, Extent & Results of Review of Interim Financial Information

Auditor should issue a written report that contains following/ Content of Written Report:

1	Title.
2	An addressee.
3	Identification of interim financial info. reviewed, title of each & date & period covered.
4	If interim financial info. comprises a <u>complete set of general-purpose F.s</u> : A statement that mgt. is responsible for preparation and FAIR presentation of the interim financial info. as per AFRF
5	<u>In other circumstances</u> : A statement that mgt. is responsible for preparation and presentation of the interim financial info. as per AFRF.
6	A statement that auditor is responsible for expressing a conclusion on interim financial info.
7	A statement that review of interim financial info. was conducted s per SRE 2410 , & a statement that review consists of making inquiries, applying analytical & other review procedures.

8	A statement that review is substantially less in scope than an audit & does not enable auditor to obtain assurance like audit and that no audit opinion is expressed.
9	If interim financial info. comprises a <u>complete set of general purpose F.s</u> ---> A conclusion as to whether anything has come to auditor's attention that interim financial info. does not give a true and fair view, OR does not present fairly, as per AFRF.
10	<u>In other circumstances</u> ---> A conclusion as to whether anything has come to auditor's attention that interim financial info. is not prepared, as per AFRF
11	EOM/OM paragraph, if any
12	Date of report.
13	Place of Signature.
14	Auditor's signature & membership no.
15	Firm's registration number.

Besides, UDIN has also to be generated. For engagements performed as per SRE 2400 or SRE 2410.

Departure from AFRF

- Express Qualified OR Adverse conclusion when auditor believes that a material adjustment should be made to interim financial information.
- If interim financial info. is materially affected by a departure from AFRF, and mgt. does not correct interim financial info. --> auditor modifies the review report. Modification describes --> nature of departure &, states effects on interim financial info.
- If info. is necessary for adequate disclosure is not included --> Auditor modifies review report and, includes necessary info. in review report.
- When effect of departure is so material and pervasive that a qualified conclusion is not adequate to disclose misleading or incomplete nature of interim financial info., Express an adverse conclusion.

Limitation on Scope

When auditor is unable to complete review, he should communicate, in writing, to mgt. & TCWG, the reason "why review cannot be completed" and consider whether it is appropriate to issue a report.

1. Limitation on Scope Imposed by Mgt.

- Auditor does not accept a review engagement if his preliminary knowledge of engagement circumstances indicates that he would be unable to complete review because there will be a limitation imposed by mgt. of entity.
- If, after accepting engagement, mgt. imposes a limitation, auditor requests removal of that limitation. If mgt. refuses & auditor is unable to complete review. Communicate, in writing, to mgt. and TCWG, reason why review cannot be completed.
- Nevertheless, if auditor believes that a material adjustment is necessary, communicate such matters. Also consider L&R responsibilities, whether there is a requirement for to issue a report.
- If yes, disclaim conclusion, & provide in review report, Reasons why review cannot be completed.

2. Other Limitations on Scope

- There may be, some rare circumstances where limitation on scope of auditor's work is clearly confined to one or more specific matters that, while material, are not pervasive.
- Auditor modifies review report by indicating, except for matter described in explanatory para, review was conducted in accordance with this SRE, & by qualifying conclusion.
- Auditor may have expressed a qualified opinion on audit of latest annual F.s because of a limitation on scope. Consider whether that limitation still exists & implications for review report.

Going Concern and Significant Uncertainties

Adequate disclosure is made	If, material uncertainty , cast significant doubt on entity's ability to continue as a going concern, & adequate disclosure is made . Auditor modifies review report by adding an EOM para .
Prior report also contains EOM	Auditor may have modified a prior audit or review report by adding an EOM para to highlight a material uncertainty that cast significant doubt. If material uncertainty still exists & adequate disclosure is made in interim financial info., auditor modifies review report on by adding a para to highlight continued material uncertainty .
Not adequately disclosed	If material uncertainty that casts significant doubt about entity's ability to continue as a going concern is not adequately disclosed ---> auditor should express a Qualified OR Adverse conclusion .

Other Considerations

- Where any document containing interim financial info. **indicates that such info. has been reviewed** by entity's auditor, **review report will also be included** in that document. If **mgt. has not included** review report in that document, Auditor **considers seeking legal advice** to determine appropriate action.
- If **auditor has issued a modified review report** and **mgt. issues interim financial information without including modified review report** ---> **Consider seeking legal advice** to determine appropriate action and **possibility of resigning** from appointment to audit annual F.s.
- **Interim financial info.** consisting of a condensed set of F.s **does not necessarily include all info. included in a complete set of F.s**, but may rather present an **explanation of events & changes** that are **significant** to an understanding of changes since annual reporting date.
 - Because it is **presumed** that **users** of interim financial info. **will have access to latest F.s**.
 - **In other circumstances**, auditor **discusses** with mgt. the **need** to include a **statement** that "it is to be read in conjunction with latest audited F.s".
- **In absence of such a statement**, auditor **considers** --> **Whether, without a reference** to latest F.s, interim financial info. **is misleading** in circumstances, **and implications** for review report.

Documentation

Prepare review documentation sufficient and appropriate to provide a **basis for conclusion** and to provide **evidence** that review was **performed** as per **SRE** applicable L&R requirements.