



**KPMG
Audit**
1 Stokes Place
St. Stephen's Green
Dublin 2
D02 DE03
Ireland

Telephone +353 1 410 1000
Fax +353 1 412 1122
Internet www.kpmg.ie

Private and confidential
Irish Auditing & Accounting Supervisory
Authority
Willow House
Millennium Park Naas
Co. Kildare

By email to: submissions@iaasa.ie

IAASA Consultation: Proposal to adopt ISRE (Ireland) 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity

KPMG welcome the opportunity to comment on the Irish Auditing & Accounting Supervisory Authority's (IAASA) Exposure Draft on the proposed International Standard on Review Engagements (Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*.

We agree with IAASA's proposal to adopt ISRE (Ireland) 2410 to develop a review standard tailored for Irish auditors undertaking reviews of interim financial statements. Our responses to the consultation questions are set out in Appendix 1.

Please contact me if you have questions on this response or require any further information.

Yours faithfully,

Daniel O'Donovan
Principal, Department of Professional Practice

Seamus Hand • Darina Barrett • James Black • Patricia Carroll • James Casey • Brian Clavin • Mark Collins • Ivor Conlon • John Corrigan
Terence Coveney • Hubert Crehan • Killian Croke • Eamon Dillon • Paul Dobey • Jorge Fernandez Revilla • Caroline Flynn • Frank Gannon
Michael Gibbons • Selwyn Hearn • Rio Howley • Brian Kane • Declan Keane • Stephen King • Jonathan Lew • Ryan McCarthy • Tom McEvoy
Emer McGrath • Liam McNally • Niamh Marshall • David Moran • Cliona Mullen • Niall Naughton • Ian Nelson • Barrie O'Connell
Emma O'Driscoll • Sean O'Keefe • Garrett O'Neill • Colm O'Sé • John Poole • Vincent Reilly • Cristian Reyes • Eamonn Russell • Niall Savage
Keith Watt • David Wilkinson

Offices: Dublin, Belfast, Cork and Galway

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Irish Auditing & Accounting Supervisory Authority

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Appendix 1 - Our responses to the exposure draft questions

Q1. Do you agree with IAASA’s intention to adopt ISRE (Ireland) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity? If not, please give your reasons and describe any alternatives that you wish IAASA to consider. Proposal to adopt ISRE (Ireland) 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity 5

We are supportive of IAASA’s intention to adopt ISRE (Ireland) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity.

We specifically welcome the standards inclusion of Appendix 8 which provides useful guidance material along with source references to summarise the Transparency Regulations, the Central Bank (Investment Market Conduct) Rules 2019 (S.I. No 366 of 2019) and Euronext Growth Market Rules requirements relating to interim financial information.

Additionally, we have set out below areas where we consider that the enhancements proposed by IAASA would benefit from further clarification and/or amendment:

- **Paragraph 8-1:** The inclusion of additional material in paragraph 8-1, which proposes that “auditors may wish to refer to the requirements and application material contained within ISA (Ireland) 570” as providing additional guidance when undertaking procedures in line with ISRE (Ireland) 2410, risks widening the expectation gap and creating an unrealistic expectation of the work undertaken in a review engagement. In addition, review engagements may not be executed consistently as auditors will need to adapt the requirements and application material in ISA (Ireland) 570 as required for a review engagement conducted to a limited level of assurance however the draft standard provides no guidance regarding how this may be achieved consistently. Additional, guidance in relation to such necessary adaptations would benefit the consistent application of the standard.
- **Paragraph 27-1:** The new requirement to perform review procedures in line with paragraph 27-1 risks creating an expectation in users of the report, that greater than limited assurance is being provided. The procedures required in accordance with paragraph 27-1 are closely aligned to audit procedures described in ISA (Ireland) 570 and are not consistent with the type of procedures undertaken elsewhere in an



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interim review of financial information. Therefore, we believe they will be inconsistently applied in practice. For example, ensuring “The assumptions on which management’s assessment is made are reasonable based on the auditor’s understanding of the entity” is akin to an audit procedure designed to obtain reasonable assurance. We suggest that this procedure could be clarified by the following addition “obtained during the performance of interim review procedures in accordance with paragraphs 19 - 21”. The other bullets in paragraph in 27-1 would benefit from a similar clarification.

Q2. In the context of IAASA’s policy to make minimal amendments to the UK standards, are there any provisions in the proposed standard that conflict with Irish or EU law? If so, please: i. identify the relevant legal provisions; ii. give reasons for your view; and iii. describe how you believe these matters should be addressed in ISRE (Ireland) 2410.

We do not believe there to be any notable provisions in the proposed standard that conflict with Irish or EU law which would impact the applicability if this standard.

Q3. In the context of IAASA’s policy to make minimal amendments to the UK standards, are there any areas where there are distinct differences between the Irish and UK markets which would impact on the applicability of the proposed standard in Ireland? If so, please: i. give your reasons; ii. identify the market sectors, audited entities etc. in Ireland impacted by the proposed standard; and iii. describe how you believe these matters should be addressed in ISRE (Ireland) 2410.

We do not believe the distinct differences between the Irish and UK markets impact the applicability of this standard in Ireland.

Q4. Is the proposed effective date, i.e. for reviews of interim financial information for periods commencing on or after 15 December 2021, appropriate? If not, please give reasons and indicate the effective date that you would consider appropriate.

We agree with the proposed effective date for reviews of interim financial information for periods commencing on or after 15 December 2021.