

# Review Engagements Guide

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# Insights On Review Engagements



Performed in accordance with the **International Standards on Review Engagements (ISREs)**.



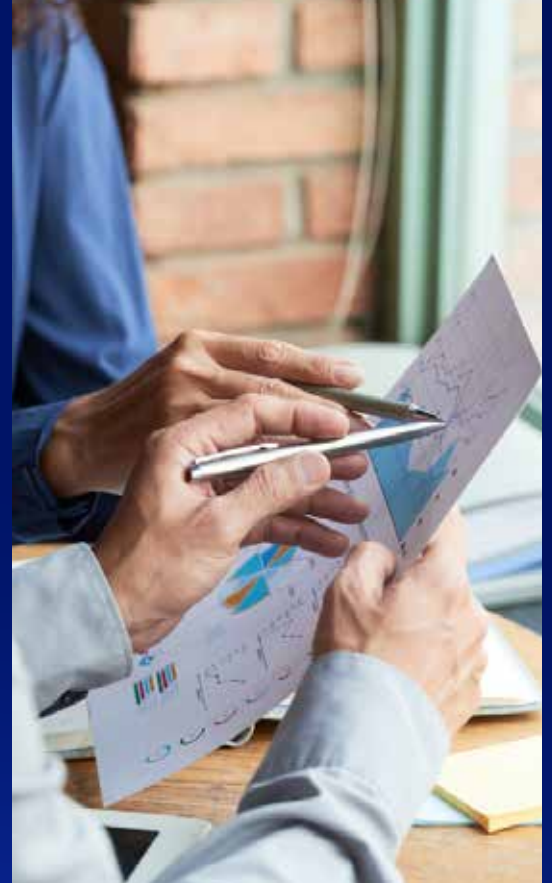
Provides a **limited level of assurance** that a company's financial statements comply with the applicable **financial reporting framework**.



Gives users limited assurance on the **accuracy and correctness** of financial statements.



**Cost and budget friendly** engagements for clients.

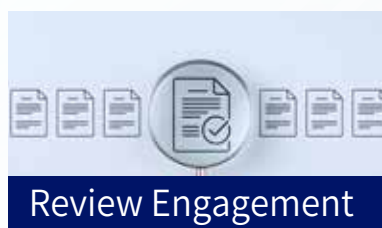




## 2.1 Scope Of Various Engagements

Financial Statement Users	Review	Audit	Compilation
Stakeholders in a listed or a public interest entity	⊗	✓	⊗
The entity has plans to grow and attract new stakeholders and financing	✓	✓	⊗
Third-party members or stakeholders in an exempt entity	✓	✓	⊗
A financial institution that lends money to an exempt entity	✓	⊗	⊗
Family members and a few close friends in an exempt entity	✓	⊗	⊗
Members of management filing with regulatory bodies (e.g., tax returns)	✓	⊗	✓

## 2.2 Review Vs Audit Engagements



Aspect	Review Engagement	Audit Engagement
<b>Purpose &amp; scope</b>	Limited assurance	Comprehensive assurance
<b>Applicable standards</b>	International Standards on Review Engagements (ISREs)	International Standards on Auditing (ISAs)
<b>Procedures</b>	Inquiries and analytical procedures	Rigorous procedures, including understanding internal control systems, verification, inquiries, and analytical procedures
<b>Assurance level</b>	Moderate assurance	High assurance
<b>Types of opinion</b>	No opinion is issued	Unqualified, qualified, or adverse opinion based on findings
<b>Reporting responsibility</b>	A report is issued stating that the reviewer is not aware of any material modifications	A detailed report expressing the auditor's opinion along with explanations for any qualifications or issues found



# Best Practices

1. Customize the engagement to meet the specific needs of each entity while remaining **independent**.
2. Use of **professional judgement** and business understanding to decide focus areas and assess risks.
3. **Adding value** through deeper insights and practical solutions while being professionally skeptical.

4. Utilize the **latest software and tools** for data analysis and reporting, ensuring faster and more accurate results.



5. **Reliable financial statements** which enables better decision making for management and investors.

6. **Follow-up meetings** to help clients implement recommendations.

7. **Robust documentation** of inquiries, analytical procedures performed, and conclusion drawn.

8. Provide **clients with clear and actionable recommendations** that they can use to enhance performance or resolve complex issues.



# Key Considerations



## Complex entities or industries:

Including complex transactions, financial structures, or regulatory requirements



## Materiality considerations:

It is essential to assess which areas could lead to material misstatements



## Limited procedures:

Due to fewer procedures than audits resulting in undetected issues



## IAASB Recent Exposure Drafts

The IAASB's Exposure Draft (January 8, 2024) proposes focused changes to ISRE 2400 (Revised) to address when public disclosure of independence requirements is needed for reviews of certain financial statements.

### Current Status:

**IAASB's Exposure Draft dated January 8, 2024**, proposing narrow-scope amendments to ISRE 2400 (Revised), has not yet been finalized. The public comment period for this draft concluded on April 8, 2024.

The IAASB is currently in the process of reviewing the feedback received post review of the feedback, IAASB will make necessary adjustments, if any, before issuing the final standard.

### Key Points:

- Firms must use their local definition of Public Interest Entities (PIEs) even if it differs from the IESBA's global definition.
- This approach raises concerns about inconsistencies in applying the IESBA Code and IAASB proposals.
- **The amendments aim to:**
  - Align IAASB standards with updated IESBA definitions for PIEs and publicly traded entities.
  - Expand audit and quality management requirements to PIEs, reflecting increased stakeholder expectations.



# Pierag Consulting

Pierag Consulting was founded in February 2021 by Abhishek Gupta, Thomas Raffa and Pierian Services as a unique business model to serve clients globally by blending domestic proficiency with global expertise. Since then, we have been serving prominent clients across the US, SEA, India and UK in the field of Audit & Assurance, Accounting Advisory, Business Risk and Technology Risk Advisory Services.

With more than 300+ team members operating out of our offices in Gurugram, Jaipur, Chandigarh and Bengaluru, we are fueled by our purpose of 'Inspiring people to do things that inspires them' and our values of 'Excellence, Equity & Empathy'.

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