HAT Technical

MEMO 13/19

To: All firms
From: Simon Kettlewell
Date: 30 September 2019

UPDATE TO THE HAT NON-AUDIT ASSIGNMENTS MANUAL:
AMENDMENTS FOR PERIODS COMMENCING ON/AFTER 1 JANUARY 2019

The HAT Non-Audit Assignments Manual has been updated as part of our annual update cycle. The primary driver of the update is the introduction of FRS 102 (March 2018), which is mandatory for periods commencing on or after 1 January 2019. This updated version of FRS 102 incorporates the Triennial Review Amendments and alters accounting treatments in certain areas.

The revised Manual should be used for any accounting period commencing on or after 1 January 2019. For periods commencing prior to this, the HAT Non-Audit Assignments Manual (January 2016) should still be used.

We have also taken this opportunity to revise and enhance our tiered system of documentation required for non-audit assignments.

- Tier 1 is for very small, straight forward entities. There is a new combined planning, fieldwork and completion checklist for such assignments;
- Tier 2 is for less straightforward entities – these should use the small assignments planning/control checklist and the small assignments work programme;
- Tier 3 is for any entity which does not qualify for Tier 1 or Tier 2 – these should be subject to detailed planning and completion of full work programmes, where appropriate.

Any firm wishing to adopt the new 3 tier approach needs to set their own criteria of which jobs qualify for each tier, based on their portfolio (NB: HAT cannot define the thresholds for each approach). There is a new file set up checklist at Ac1 for firms to document which approach will be taken.

For instance, a firm that acts for relatively small non-audit clients which generally have a turnover of less than £2m may suggest the following:

- Tier 1: Any client with turnover not more than £100k;
- Tier 2: Any client with turnover not more than £632k;
- Tier 3: Any other client.

Whilst a firm that acts for a range of larger non-audit clients including those that formerly required a statutory audit may set the following thresholds:

- Tier 1: Any client with turnover not more than £500k;
- Tier 2: Any client with turnover not more than £3m;
- Tier 3: Any other client.

We have also taken the opportunity to make some simplifications to the Ethical Considerations Checklist at Ac2.

The updated Manual is titled "January 2019". This reflects that the Manual is to be used for accounting periods commencing on or after 1 January 2019.

All amended documents are annotated as "09/19" in the footer.

Users should download the Manuals **IN FULL** from the members area of our website .

The Audit Manual, LLP Manual and Groups Manual have all been updated and will be released today (by way of TM 12/19, TM 14/19 and TM 15/19 respectively).

Where necessary we will also update our specialist Manuals over the next few months.

For firms using CaseWare, these changes will (where relevant) be reflected in the next update of the template which we expect CaseWare to issue in due course.

We are always pleased to receive feedback on our manuals. If you have any comments on this Manual then please email simon@hatgroup.co.uk