HAT Technical

MEMO 02/24

To: All subscribers
From: Andrew Jarvis
Date: 6 February 2024

UPDATE TO THE HAT PENSION SCHEMES METHODOLOGY:
AMENDMENTS FOR PERIODS COMMENCING ON/AFTER 15 DECEMBER 2022

The HAT Pension Schemes Methodology has been updated as part of our annual update cycle.

The key driver of the update is the introduction of ISQM (UK) 2 *Engagement Quality Reviews* and ISA (UK) 220 *Quality Management for an Audit of Financial Statements* which have necessitated changes to both planning and finalisation sections.

The changes to the Auditing Standards are effective for accounting periods commencing on or after 15 December 2022. As a result, the changes are most likely to affect clients with a 31 December 2023 year end and onwards (albeit care will be needed with short periods).

The main changes made to the Methodology can be broken down as follows:

- Ac2 Regulation of Auditors Checklist now includes consideration of the need for an internal hot review or an Engagement Quality Review in accordance with ISQM (UK) 2.
- Consequential changes to several documents in planning that previously referenced the conduct on an engagement quality control review.
- Aa1 Audit Control Record now includes enhanced responsibilities of the RI.
- The suite of Engagement Quality Control checklists has been updated.

Additionally, following feedback from users the sample size calculation against the cut-off assertion has been removed; it is now a matter of using professional judgement to determine the appropriate level of testing.

This is a minor update and as such the updated methodology is re-named to **Pensions Schemes January 2022 (02-24 Update).**

All amended documents are annotated as "02/24" in the footer.

Users should download the Methodology **IN FULL** from the Members' Area of our website.

We are always pleased to receive feedback on our Methodologies; if you have any comments, please email andrew@hatgroup.co.uk.