HAT Technical

MEMO 03/24

To: All subscribers
From: Andrew Jarvis
Date: 12 February 2024

UPDATE TO THE HAT NOT FOR PROFIT ENTITIES METHODOLOGY:

AMENDMENTS FOR PERIODS COMMENCING ON/AFTER 15 DECEMBER 2022

The HAT Not for Profit Entities Methodology has been updated as part of our annual update cycle. This methodology provides additional guidance for firms preparing the financial statements or auditing Registered Societies under the Co-operative and Community Benefit Societies Act 2014 and Community Interest Companies under Companies Act 2006.

The update reflects changes made to other methodologies introduced by 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 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.
- Aa1 Audit Control Record now includes enhanced responsibilities of the RI.

No other changes have been made to this methodology. Consequently, the update methodology is renamed **Not for Profit – 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.

This update means that all relevant audit methodologies have now been updated as part of our annual update cycle. No changes were required to the HAT Registered Social Housing Providers Methodology.

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