HAT
YOUR COMPLIANCE PARTNER

Memo 02/25

To: Subscribers of the Manual
From: Robert Shaw
Date: 4 August 2025

HAT Academies Methodology – August 2025

The HAT Academies Methodology has been updated to reflect the requirements of the 'Academies Accounts Direction 2024-2025' and associated model annual report 'Coketown' and the 'Framework and Guide for External Auditors and Reporting Accountants' together with the Academy trust handbook 2024'. These documents are now published by the Department for Education (DfE) following the abolition of the Education and Skills Funding Agency (ESFA) earlier this year. A summary of changes made is included in each document and firms must familiarise themselves with these.

All updated schedules in the Methodology are dated '07/25' in the right-hand footer. The Methodology must be used in conjunction with the HAT Charities Audit and Independent Examinations Methodology – January 2022 (12-23 Update).

Changes made in the 'Framework and Guide for External Auditors and Reporting Accountants' mean that **letters of engagement must be reissued for all academy clients for the current year** as DfE have stipulated that additional paragraphs **must** be included. We have also reviewed, and in limited places updated, our methodology to reflect on the additional guidance provided by DfE on the areas they expect to be considered in preparing the independent accountant's report on irregularity.

Throughout the methodology we have amended our pro-forma documents to correctly refer to DfE in place of ESFA. Firms must ensure that their own documentation is similarly amended.

The other main changes are:

- Land and buildings (including operating leases at nominal rent) – the text has been updated to guide the user to para 3.23 to 3.37 regarding the detail surrounding this area in the Accounts Direction.
- Finance leases – the text has been updated to note that under the Academy Trust Handbook 2024, academy trusts have delegated authority to enter into categories of finance lease that appear on the DfE approved list.
- Going concern – the text has been updated to note a "longer term view" of the trust's financial plans consistent with the requirement to submit three-year budget forecasts to ESFA should be considered.
- Internal audit (scrutiny) – the text has been updated to note that Trusts with an annual revenue of over £50 million should (and from 1 September 2025 must) deliver internal scrutiny.
- N2-3 Other Audit Areas Programme – tests have been added to assess IT security and compliance with any Electric Vehicle Salary Sacrifice Scheme in place.
- Teachers' pensions – minor content and format changes only to chapter 4.

We are always pleased to receive feedback on our documentation. If you have any comments, then please email rob@hatgroup.co.uk