HAT
YOUR COMPLIANCE PARTNER

MEMO 09/26

To: Subscribers of the methodology
From: Simon Kettlewell
Date: 2 October 2026

UPDATE TO THE HAT CORPORATE AUDIT METHODOLOGY: 2026 UPDATE

The HAT Corporate Audit Methodology has been updated as part of the annual update cycle. The new version is referred to as "Corporate Audit - 2026 Update".

The primary driver for change is the introduction of FRS 102 (September 2024), which is effective for periods commencing on or after 1 January 2026 (so typically 31 December 2026 year ends).

The most significant changes are:

- A new leases audit programme;
- A significantly enhanced Revenue audit programme;
- A new 'First time application of FRS 102 (September 2024)' work programme – this can be found at Ac20 within the Planning folder;
- Fully updated suite of disclosure checklists and the Disclosure audit programmes.

The IFRS chapter has been updated for the changes to UK IFRS which are effective form 1 January 2026, and the SME Listed chapter has been updated for the new AIM rules.

References to the now superseded company size thresholds have been removed.

We have also taken this opportunity to update the planning section of the file to make this more scalable for the audits of smaller, less complex entities. Embracing the FRC's recent publication *Practice Note 28 'Guidance for audits of small and medium sized entities'*, we have introduced an optional SME Risk Assessment approach (AC10/1). This can be used if the entity meets the relevant qualification criteria and represents a significant reduction in the amount of documentation required in respect of assessing risks.

We will be releasing a short webinar discussing the use of the SME Risk Assessment approach in due course. We also plan on updating our Mann of Moorgate example file and methodology training material in the coming months.

There are a number of other minor changes throughout the methodology.

Where documents have been amended in this update, the right hand side footer states 09/26.

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The updated Corporate Audit Methodology should be used for any accounting period commencing on or after 1 January 2026. For periods commencing prior to this, the HAT Corporate Audit Methodology 2025Update should still be used.

In addition, the Proforma Docs folder has been updated. This includes an updated Engagement letter cover letter and an updated Terms of Business template. The Terms of Business template has seen the most significant amendments, being made to the limitation of liability clauses and the introduction of a section related to the use of Artificial Intelligence.

Users should download the updated Methodology and Proforma docs IN FULL from the members area of our website.

For firms using CaseWare and BrightWorkpapers, these changes will (where relevant) be reflected in forthcoming updates of their packs which will be issued in due course.

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