



MEMORANDUM

To: Technical Representatives
From: Roger Morris
Date: 14 December 2016
Ref: TM 23/16

HAT FCA CLIENT ASSETS REPORTS MANUAL ~ JANUARY 2016

The HAT FCA Client Assets Reports Manual has been updated, and this reflects the requirements of the new FRC Client Asset Assurance Standard.

The FRC Client Asset Assurance Standard applies for accounting periods commencing on or after 1 January 2016 (with early adoption permitted). As such, the Manual is dated “January 2016”, so that the date aligns with other HAT Manuals which are effective for accounting periods commencing on or after 1 January 2016. This Standard makes the procedures required during the assignment more akin to those undertaken on an audit, although it should be borne in mind that it is an assurance assignment. Regarding the FCA Handbook, there have been no material amendments which are required to be reflected in this Manual.

The following are the primary amendments which have been made to the Manual:

- There are many explicit requirements to make enquiries of management as part of the “preplanning” process (including the operation of their compliance function). It is practical to be dealt with via a pre-planning meeting ~ a pro-forma document has been included;
- There are explicit and extensive agenda to be discussed in an engagement team meeting ~ a separate pro-forma for this discussion has been included;
- The extent of procedures to be performed (and suggested wording for a “letter”) when an insurance intermediary holds client money in a non-statutory trust bank

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account is included within the Standard ~ work programmes have been modified, and a pro-forma “letter” has been included; and

- An Engagement Quality Control Review becomes **mandatory** in respect of all Reasonable Assurance assignments ~ for any firm which does not have the expertise within the firm to undertake an EQCR, this can be performed by a member of the HAT team, subject to HAT’s standard charges, although a minimum of one month’s notice is required for this to be scheduled.

Additionally, a number of minor cosmetic and technical amendments have been made to documents within the Manual, and these:

- Align the format of certain documents (such as the engagement team meeting) to HAT’s current style across all Manuals;
- “Highlight” text in pro-forma letters where tailoring is required, to provide an additional prompt as to where amendments are needed (this will be included within all HAT Manuals dated, “January 2016”);
- Remove “old” requirements from the FCA Client Assets Sourcebook, following the three-stage transition to the requirements included within PS 14 / 9, given that these pre-date the effective date for this Manual; and
- Future-proofing the Manual by amending ISA references to, “ISA (UK)” to reflect the Standards which will apply for accounting periods commencing on or after 17 June 2016.

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