

**To:** All firms  
**From:** Simon Kettlewell  
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### **FURTHER UPDATES TO HAT MANUALS (JANUARY 2016)**

Subsequent to the changes made in March 2017 to the January 2016 Audit Manual, the Groups Manual and the Non-Audit Assignments Manual, as well as the release of the LLP January 2016 Manual, we have now made some further minor changes to those manuals.

The amendments primarily relate to the implementation of the revised International Standards on Auditing (UK) for accounting periods commencing on or after 17 June 2016, by releasing the updated wording for the engagement letter and assignment terms letter.

In summary, the changes made include:

- New letter of engagement wording for audit clients, reflecting the introduction of the revised ISA (UK) 700, as well as consequential changes to the Cover letter;
- Updated letter of engagement appendix covering the preparation of statutory financial statements for an audit client;
- Updated terms of business, in particular to reflect the enhanced data protection requirements brought about by the Money Laundering Regulations 2017;
- Amendments to the “Scope of the Audit” paragraph in the Assignment terms letter to “future proof” this against any further amendments to the audit report wording;
- Updates to the Critical Review of Financial Statements checklist and the Letter of Representation in light of Companies House guidance on the filing of the statement of consent of members to accepting abridged financial statements;
- Minor amendments to the FRS 102 Section 1A Disclosure Checklists;
- Minor amendment to the Non-Audit letter of engagement appendices to remove reference to extent of bookkeeping undertaken by the client.
- We have prepared a letter of engagement appendix dealing with the provision of outsourced bookkeeping services, which will be included in a future update to the Practice Assurance Manual, but is available on request.

The updated Manuals remain dated “January 2016”, to reflect the commencement date for accounting periods to which these Manuals relate. However, amended documents are annotated as “07/17” in the footer.

Users should download the Manuals in full from the members area of our [website](#) , overwriting any existing copies downloaded when they were first issued.

For assignments currently in progress, it may be necessary to “patch in” the amended working papers, dependent on the accounting period commencement date. For assignments not yet started, please use the updated version of the Manuals.

We will also shortly update our specialist Manuals, for sectors such as charities, for the above changes as relevant.

For firms using CaseWare, these changes will (where relevant) be reflected in a future update of the template.

We are always pleased to receive feedback on our manuals. If you have any comments on this Manual then please email [simon@hatgroup.co.uk](mailto:simon@hatgroup.co.uk)