

To: All firms
From: Andrew Jarvis
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HAT COMPLIANCE MANUAL – JANUARY 2018 (04/19 UPDATE)

We have today published an update to our Compliance Manual.

The main amendments which have been reflected in this update relate to GDPR, MTD and requirements relating to BOOMs from an Anti-Money Laundering (AML) perspective, given that there have been changes in each of these areas since the HAT Compliance Manual was last published. In addition, we have made certain clarifications and amendments to AML section of the Manual to reflect the current expectations of the ICAEW and ACCA and reflect guidance issued by them since the Manual was originally published.

The main changes made are as follows:

Anti-Money Laundering Procedures:

- The Practice-wide Risk Assessment has been substantially amended to improve its format and to ensure the risk factors identified by the accountancy supervisory bodies in their own assessments (which were not available when the Manual was first published) are reflected;
- The format of the annual staff declaration at Appendix 5.3-AML has been enhanced;
- The individual Client Due Diligence forms have been amended to make them clearer to follow and to highlight that where a client qualifies for Enhanced Due Diligence it may be necessary to investigate the source of their funds and to review the Client Due Diligence Assessment more frequently;
- The annual compliance review has been updated, primarily to require the MLRO to confirm that DBS checks have been conducted for all BOOMs.

We would strongly encourage you to use the updated annual compliance review and practice-wide risk assessment on your next annual review. However, none of the changes made on the individual Client Due Diligence forms necessitate forms for existing clients to be replaced

Audit Procedures:

- Amendments to the Audit Client Register to more closely reflect reporting requirements of the analysis of clients to professional bodies;
- Clarifying the “exempt reasons” on the cessation of an audit appointment are now relevant for an LLP as well as for a company; and
- Updating the list of countries with whom there are reciprocal arrangements for the purpose of transferring audit working papers in a group scenario.

Practice Assurance:

- Enhancement of guidance in respect of internal reporting requirements;
- Reflection of introduction of Insurance Distribution Directive;
- Inclusion of Welsh income tax in wording for the payroll letter of engagement; and
- Alignment of Terms of Business and pro-forma file reviews with versions currently in use across the HAT suite of documents.

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