

CONFIDENTIALITY OF INFORMATION

Author: Professional Advisory Services | March 2021

As a CPA, you're required to protect confidential information acquired as a result of professional, employment and business relationships. It's important to understand when you can share this information, and with whom.

Confidentiality of information

You cannot disclose confidential information without proper and specific authority, nor can you use such information for personal advantage or the advantage of a third party.² Confidential information can only be disclosed if you obtain consent from your client or employer (preferably in writing), where required by law or where required/permitted by your professional right or duty.³

Note that obtaining legal counsel or discussing a possible claim with your professional liability insurer is not considered a breach of confidentiality rules.⁴

If you possess confidential information, you must establish and maintain appropriate security policies and processes to protect it and limit its access to authorized users.⁵ When using electronic communications, cloud computing and storage media, you will need added security measures, such as passwords, firewalls and backup/disaster recovery plans, to protect any confidential information. Be sure to monitor these measures and update them as technologies change. Also, be aware of concerns related to privacy and other legislation covering access to and protection of information.⁶ It is best practice to disclose storage and security policies to clients and other affected parties in your engagement letters.⁷

Relevant rules in the [CPA Code of Professional Conduct](#) (CPA Code):

Rule 208, *Confidentiality of information*

Rule 302, *Communication with predecessor*

Rule 303, *Provision of client information*

¹ Client information includes any information or documentation that you receive from the client or prepare for the client as part of their work product, in relation to the professional services you provide them. Client information can include financial statements, tax returns, and notice of assessments, the general ledger and other books and records.

² Rule 208.2

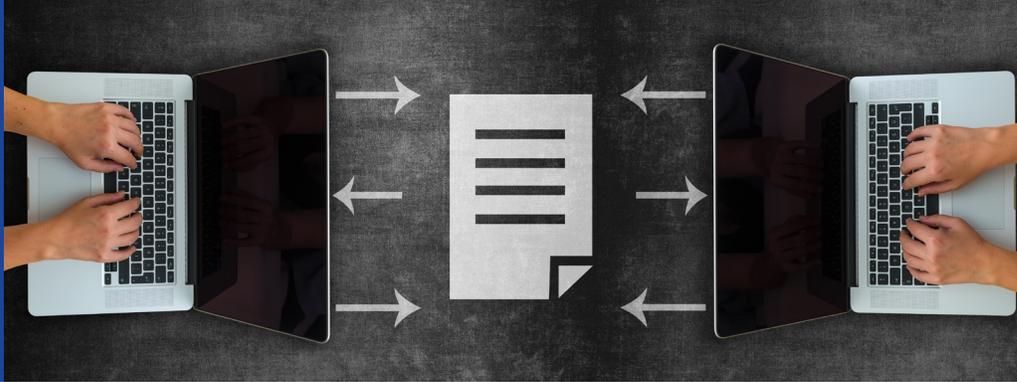
³ Rule 208.1

⁴ Rule 208, guidance paragraph 3

⁵ Rule 208.3

⁶ Including the Personal Information Protection and Electronic Documents Act (Canada) and anti-terrorism legislation related to access to information.

⁷ For more information, refer to the [technology articles posted on CPA Ontario's guidance page](#).



Sharing confidential information

When providing confidential information to a third party, your responsibilities will depend on a number of considerations, some of which are explored in the scenarios below. If you are unsure about providing confidential information, consider obtaining legal advice.

Scenario	Scenario Facts	Considerations related to confidentiality of client information
<p>You're asked by a divorce lawyer to provide a client's corporate tax return and financial statements.</p> <p>Should you comply with this request from the divorce lawyer representing the husband?</p>	<ul style="list-style-type: none"> Your services include compiling the corporation's financial statements and preparation of corporate tax return. The divorcing couple are equal shareholders in the company. The wife has significant day-to-day involvement managing the business. The husband is an inactive shareholder. 	<p>First, determine who your client is. For corporate entities, the client is typically a member of management who is responsible for:</p> <ul style="list-style-type: none"> signing the engagement and management representations letters (as applicable), overseeing preparation of financial statements. <p>Second, if you determine that the wife is your client:</p> <ul style="list-style-type: none"> suggest that any requests for information be directed to the client (the wife in this situation), only release the corporation's financial statements to the husband's lawyer under court order, or written consent of the client.
<p>You've received a courtesy letter from a successor accountant regarding a former client.</p> <p>How should you respond to the successor?</p>	<p>Last year, you terminated the engagement with this former client because of loss of trust.</p>	<p>You're required to respond promptly to the successor, indicating that:</p> <ul style="list-style-type: none"> there are circumstances surrounding your withdrawal which should be taken into account, you can only disclose details with the client's consent.⁸ <p>If you provided a client letter setting out your reasons for resigning, your response to the successor might direct them to request access to the resignation letter.</p>

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Scenario	Scenario Facts	Considerations related to confidentiality of client information
<p>You're requested by a successor accountant to provide the previous 3 years' engagement files of your former client.</p> <p>Should you comply with this request from the successor?</p>	<ul style="list-style-type: none"> The final work product provided to the client included financial statements with your review report attached, adjusting journal entries, and the corporate tax return. The engagement files contain both client information and proprietary working papers, memos and checklists. 	<ul style="list-style-type: none"> You're required to supply reasonable and necessary client information to a successor accountant, upon written request from the client.⁹ If the successor makes the request, ensure that you receive the client's written authorization before releasing information. When the information requested has already been provided to the client, you may direct the successor to obtain it from the client. You're not expected to supply more than information related to the previous year's financial statements and tax returns, unless remunerated for time and expenses.¹⁰ You do not need to provide proprietary information such as working papers or tax review documentation¹¹ so, take reasonable steps to separate client information from proprietary information.¹²
<p>You're requested by the Canada Revenue Agency (CRA) to provide client information for their audit or investigation.</p> <p>What information can you provide CRA?</p>	<p>You're engaged in tax planning and preparation for the client.</p>	<ul style="list-style-type: none"> Consider whether the CRA request is an order of lawful authority or whether you can obtain client consent to release information. If the information is requested as part of a court order, you don't need the client's consent to release information.¹³ Bring your duty of confidentiality to the attention of the CRA investigator.¹⁴ Only provide client information that is specifically required by order of the lawful authority. Keep records/ copies of information provided to CRA and inform your client.

⁹ Rule 303.1

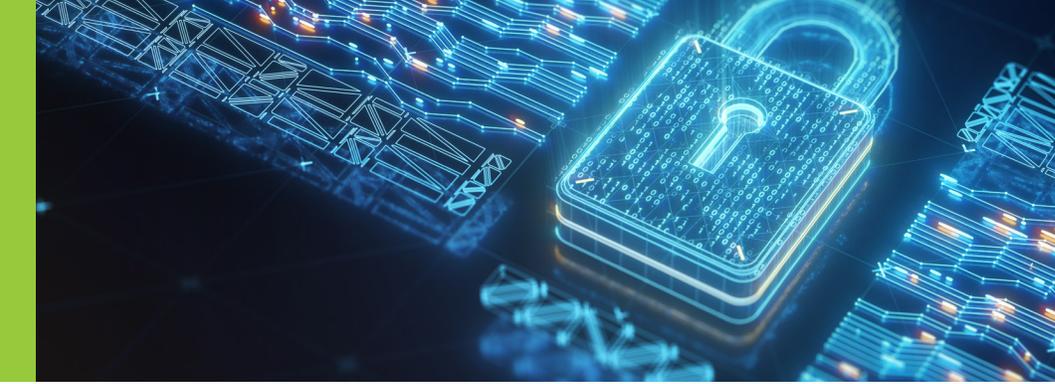
¹⁰ Rule 303, guidance paragraph 2

¹¹ Rule 303, guidance paragraph 5

¹² Proprietary information may include review programs, working papers, tax review documentation, or other proprietary materials.

¹³ Rule 208.1(c)

¹⁴ Rule 208, guidance paragraph 2



Scenario	Scenario Facts	Considerations related to confidentiality of client information
<p>Your work laptop was stolen.</p> <p>What are your obligations to minimize the loss or damage to your clients?</p>	<ul style="list-style-type: none"> • The laptop contained sensitive client information. • Your firm's data protection policies require mandatory back-up every 24 hrs., and password protection on the laptop. 	<p>To minimize loss or damage resulting from this breach, you should:</p> <ul style="list-style-type: none"> • Inform the police immediately and complete appropriate reports. • Notify your insurance broker. • Notify the privacy officer of your firm (if there is one) and follow appropriate procedures. • Determine what information was on the computer and which clients are potentially affected. • As soon as possible, inform client(s) of the data breach, including what information may be compromised. • Consider the implications of privacy and similar legislation. • Obtain advice from your lawyer on how this data breach could result in legal liability exposure.

As no two situations are identical, you are responsible for ensuring that your own situation complies with the [CPA Code of Professional Conduct, By-law and Regulations](#). Please note that this article is considered to be non-authoritative guidance only.

Have a question? Our Professional Advisory Services team is here to help, making first point of contact within 24 hours.

Call: **416 204.3106** or **1 800 387.0735 x4456**

Email: **professionaladvisors@cpaontario.ca**

