



# RETENTION OF DOCUMENTATION AND WORKING PAPERS

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**As a CPA providing professional services,<sup>1</sup> it is critical that you understand the CPA Code requirements for documentation and working paper retention.<sup>2</sup> The importance of retaining your documentation cannot be overstated, as failure to do so will seriously impair your ability to outline and defend your professional work.**

## Record retention rules

You must take the appropriate steps to maintain information for which you or your firm is responsible, for a reasonable period of time. Any confidential information you retain must be protected and should remain accessible to authorized users.<sup>3</sup> You should also take reasonable steps to separate client information from proprietary information,<sup>4</sup> which will allow you to easily return client information, or provide it to a successor accountant<sup>5</sup> or other authorized users as necessary.

## Documents to retain

You should retain any working paper, record, or other documentation that evidence the work you carried out in providing professional services to your clients. When deciding what to keep, consider what is required to substantiate the nature and extent of the procedures you performed and what supports the conclusions reached. For example, in an

assurance engagement, you would retain audit checklists, planning and completion documentation, testing templates, etc. Ensure the final documentation does not contain any superseded review notes and working papers, or duplicate information.

## Retention period

The appropriate retention period could either be indefinite or specific, as required by statute or law. At a minimum, documentation should be retained for the period of time necessary to provide professional services effectively and properly serve clients and employers. Documentation that may need to be retained indefinitely includes financial statements, agreements and contracts, and other information<sup>6</sup> as appropriate. Unfortunately, it is not possible to provide specific guidelines on a reasonable timeframe, as it varies with the nature of the information, the risk associated with the professional service and any limitation periods that might apply under statute or law.

### [CPA Canada Assurance Handbook \(Assurance Handbook\):](#)

- Canadian Standards on Quality Control (CSQC)

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

- Rule 208, *Confidentiality of information*
- Rule 218, *Retention of documentation and working papers*
- Rule 303, *Provision of client information*

<sup>1</sup> Professional service: A service or activity of a member or firm, whether undertaken for remuneration or not, where clients, employers, the public or professional colleagues are entitled to rely on membership or registration with CPA Ontario as giving the member or firm particular competence and requiring due care, integrity and an objective state of mind (CPA Code, Definitions, page 2).

<sup>2</sup> Rule 218

<sup>3</sup> Rule 218, guidance paragraph 4, and Rule 208

<sup>4</sup> For example, audit or review programs, engagement checklists and tax review schedules may be considered proprietary information, while general ledgers, account groupings and continuity schedules are client information (Rule 218, guidance paragraph 4).

<sup>5</sup> Rule 303.1(a)

<sup>6</sup> Other information may include leases, minutes, investment/share capital information, written opinions, tax files, notices of assessment, detailed continuity schedules, estate plans, and wills (Rule 218, guidance paragraph 3).



Remember that “an action based in negligence arises not when the negligent work is done, but when the damage caused by the negligent work becomes known, or ought to have become known, by the person who is harmed”.<sup>7</sup> Since there is no time limit between when the work is performed and when the loss or damage is discovered, documentation related to high-risk professional services or clients may need to be retained indefinitely.

Here are two scenarios that demonstrate how document retention periods may differ:

Scenarios	Retention Period
You prepared a corporate tax return (T2) for a low-risk private entity whose tax issues are non-complex.	A reasonable retention period may be the limitation period under the <i>Income Tax Act</i> . As such, you should retain the documentation until the end of the CRA’s reassessment period. <sup>8</sup>
You prepared a T2 for a high-risk private entity whose tax issues are complex.	You may want to retain the documentation indefinitely, especially if the client is subject to an extended reassessment period. You might need the documentation to substantiate and defend your work in the future.

Technological advancements, such as scanners and cloud storage, may help reduce the costs of information retention. You and your firm should implement the appropriate policies and controls to maintain the information’s security and integrity. This includes retaining the relevant software and hardware to access electronic information.

Consider obtaining legal advice and discussing document retention policies with your professional liability insurer, and be aware of any further requirements in the Assurance Handbook on retention of documentation for assurance engagements.<sup>9</sup> For public companies, be sure to consider additional document retention requirements by securities regulators.

As no two situations are identical, CPAs are responsible for ensuring that their 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.

<sup>7</sup> Rule 218, guidance paragraph 2

<sup>8</sup> See the CRA website: [When can we reassess your T2](#) and [keeping records](#).

<sup>9</sup> CSQC 1.47, A60-63, Retention of Engagement Documentation. The firm shall establish policies and procedures for the retention of engagement documentation for a period sufficient to meet the needs of the firm or as required by law or regulation.

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

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