

PRACTICE ADVISORY

What to Keep and for How Long?

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The summer is often the time when practitioners take the time to cull their client files. A question frequently asked of the practice advisors is “How long must I maintain my working paper files?”

Rule 218 “Retention of documentation and working papers” and the related Guidance provides the following help: “There is an obligation to keep the documentation for a reasonable period of time.” But, how does one define reasonable?

With respect to the CPA Code of Professional Conduct, a member must ensure that appropriate documentation is maintained to substantiate the work performed. The Guidance indicates, “a member or firm should retain documents for a period of time to provide professional services effectively and to properly serve clients and employers. That time period will depend on the risk associated with the professional service provided and the nature of the specific information that is contained in the files. While a general guideline might be as short a period as the minimum time period required by statute, some documentation may need to be retained indefinitely.” Reference should be made to the Guidance for specific examples of such documentation.

When defining “reasonable”, one must also be aware of the fact 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, to the person who is harmed”. However, there is no time limit between when the work was done and when the loss or damage is discovered or becomes known.

In other words, while the disposal of documents may be ‘reasonable’ for the purposes of complying with Rule 218, there may nevertheless be a problem in trying to substantiate work done if practitioners find themselves at the wrong end of a lawsuit sometime down the road. Therefore, it would be prudent to contact your insurer as they may provide you with additional advice in this matter.

There is no easy answer to the question “How long must I maintain my files?” However, in this ever-increasing electronic age, tools available, such as scanners, may help reduce the space and the cost of storage. But, remember, if you choose to save files in electronic form, make sure you still have a copy of the original software and the appropriate hardware to allow you to access the documents in the future. In the meantime, take a close look at Rule 218 and the related Guidance.

As no two situations are identical, CPA Ontario members are responsible for ensuring that their own situation complies with the CPA Code of Professional Conduct, By-law and Regulations.

For further guidance, members are encouraged to contact a Practice or Member Advisor:
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