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December 19, 2000

Ms. Martha Willis, Division Director  
Florida Board of Accountancy  
240 N.W. 76<sup>th</sup> Drive, Suite A  
Gainesville, FL 32607

Re: Opinion request from Board of Accountancy

Dear Ms. Willis:

This correspondence is a request for the Florida board of Accountancy's opinion and interpretation of the following issue. Are computer data files the property of the client and does a predecessor CPA have to provide a back-up copy of a clients accounting information on computer disk if requested by the successor CPA and/or the client.

**The Situation**

I am a recently hired CPA of a new client. The predecessor CPA has been processing the clients accounting information using Creative Solutions accounting software. I also use Creative Solutions accounting software to process my clients. I requested that the predecessor CPA provide me with a copy of the clients accounting records on computer disk for the following software packages; write-up solutions, depreciation solutions, and ultratax. This would allow for a smooth transition from the predecessor CPA to us and allow us the opportunity to review and reconcile all the client's transaction. The predecessor CPA has refused to provide this information.

**Citations to and discussion of the pertinent laws and rules**

I have two cites that cover this area for which I am aware:

1. Florida Administrative Code Rule Chapter 61h123.002, Records Disposition Responsibility, which reads:
  - (1) A licensee shall furnish to a client or former client within a reasonable time after request of the document the following if they are in the licensee's Possession or control at the time of the request: Any accounting or other records belonging to the client which the licensee may have had occasion to remove from client's premises, or to receive for the client's account, including records prepared as part of the services to the client which would be needed to reconcile to the financial statements or tax return prepared and issued by the certified public accountant. If the tax return or financial statement have not been issued, the CPA must only return records received from the client, but this shall not preclude the licensee from making copies of such documents when same form the basis of work done by the licensee.

(2) This rule shall not preclude a licensee from making reasonable charges for costs incurred. A licensee shall not withhold those items contemplated above under any circumstances following a demand for same from the client.

2. Florida Statutes 473.318, Ownership of working papers, which reads: All statements, records, schedules, working papers, and memoranda made by a licensee or her or his employee incident to, or in the course of, professional services to a client, except the reports submitted by the licensee to the client and except for records which are part of the client's records, shall be and remain the property of the licensee in the absence of an express agreement between the licensee and the client to the contrary.

Since the predecessor CPA has been maintaining the client's general ledger and subsidiary ledgers on his computer and the fact that this information is needed to reconcile his financial statements and tax returns, this clearly falls under FL Admin Code section 61H1-23.002(1) and should be provided by the predecessor. Also FL Admin Code section 61H1-23.002(2) clearly states that under no circumstance shall a licensee withhold this information once demand has been made.

Turning to F.S. 473.318, except for those records, which are part of the client's records, shall remain the property of the licensee. I contend that the predecessor's computer files represent the client's records and therefore belong to the client. It just so happens that the successor CPA uses the same software and these files become increasingly integral to the clients accounting records.

### **Conclusions**

In conclusion, I believe that I have clearly shown that a clients computer data should be classified a belonging to the client. For without this information a client would be subjected to significantly increased expense due to the predecessor CPA's failure to provide this information.

Thank you in advance for your prompt attention to this matter. I look forward to your response to this inquiry.

Sincerely,  
Kenneth J. Mueller, CPA