

Pelayo A. Vigil
CERTIFIED PUBLIC ACCOUNTANT
GABLES COURT PLAZA
5258 SW 8th STREET
CORAL GABLES, FLORIDA 33134

MEMBER
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
FLORIDA INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

May 7, 2001

Department of Business &
Professional Regulations
Division of Certified Public Accounting
Board of Accountancy
240 N.W. 76th Drive
Suite A
Gainesville, Florida 32307

Gentlemen:

I respectfully request a written opinion regarding client record retention for Certified Public Accountants.

I contacted the American Institute and the Florida Institute of Certified Public Accountants both agencies have been very cooperative but both have instructed me to contact the Board of Accountancy of the State of Florida since it appears that each state has it's own rules and interpretations.

Following your instructions and guidelines I am submitting the following information:

1. Certified Public Accountants are bound by specific rules regarding the handling of client original records as well as accountants workpapers and records.
2. Certified Public Accountants are faced with the dilemma as to the retention period required to be maintained of original client records as well as accountants work product, workpapers etc.
3. Situations occurred where client's records are delivered to accountants and the client never comes back to pick them up and the accountant becomes a storage company for clients. Some of the clients closed their business, died, go through divorces etc and never request their records back and have moved not leaving behind a forwarding address or place to contact. Other clients are sentenced to serve time in prison for a long period of time.
4. Situations also occurred of accountant's work product, workpapers etc. where clients are no longer are being serviced due to a change in accounting firm, closed business, death, etc. Also as years go by current client's record become voluminous and take a lot of office and storage space.

The American Institute of Certified Public Accountants published a retention schedule of client records reflecting a ten years retention period being three years in the accountant office and an additional seven years in storage.

If you need any further information feel free to contact me.

Sincerely,

Pelayo A. Vigil
Certified Public Accountant

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5258 SW 8th STREET
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MEMBER
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
FLORIDA INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

May 29, 2001

Department of Business &
Professional Regulations
Division of Certified Public Accounting
Board of Accountancy
240 N.W. 76th Drive
Suite A
Gainesville, Florida 32307

Gentlemen:

I respectfully request a written opinion regarding client record retention for Certified Public Accountants.

Pursuant to the Board of Accountancy issuance of an opinion or interpretation of Chapter 473, F.S., and 61H1, F.A.C. enclosed please find a hypothetical case with specific questions, citations to and discussion as well as conclusions drawn for each question asked. This situation and question does not pertain to rule 61H1-26.001(3).

I want to thank you in advance for placing my question on the agenda for the Board's next regularly scheduled meeting.

This situation and question is one that continues to bother a lot of the small CPA firms that unfortunately do not have internal legal advise that can use to make this type of important decisions.

The American Institute and the Florida Institute of Certified Public Accountants both agencies have been very cooperative but both have instructed me to contact the Board of Accountancy of the State of Florida since it appears that each state has it's own rules and interpretations.

Again thank you for taking the time to answer my question.
If you need any further information feel free to contact me.

Sincerely,

Pelayo A. Vigil
Certified Public Accountant

1. COMPLETE STATEMENT OF SITUATION WHICH MUST BE HYPOTHETICAL

A client after several years in business and always using the same CPA firm, closes his business and moves leaving no forwarding address. The CPA tries very diligently to find a way to contact his client but all efforts are fruitless.

The CPA firm holds the following books and records relating to this client:

- A) Client original bank records such as bank statements, cancelled checks, paid bills and account receivable statements.
- B) The CPA firm also has the CPA's current work papers and work product as well as prior years workpapers, Financial Statements, Corporate Federal, State and Local Tax Returns for all the years while serving the client.

2. (1). SPECIFIC QUESTIONS RELATING TO THE SITUATION PRESENTED.

- a) How long does the CPA firm need to retain the "Client original bank records such as bank statements, cancelled checks, paid bills and account receivable statements?"
- b) How long does the CPA firm need to retain "The CPA firm current work papers and work product as well as work papers, Financial Statements, Corporate Federal, State and Local Tax Returns?"

(2). CITATIONS TO AND DISCUSSION OF THE PERTINENT LAWS AND RULES.

Per Chapter 61H1-23.002 Record Disposition Responsibility clearly states that " 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"

The American Institute of Certified Public Accountants through PCPS has Issued a "Retention Schedule: Client Records, which basically states that all CPA's current workpapers and work product as well as prior years workpapers, Financial Statements, Coporate Federal, State and Local Tax Returns should be retained three (3) three years in the CPA's office and (7) seven years in storage for a total of (10) ten years. However they are silent as to client's original records such as bank statements, cancelled checks, paid bills and account receivable statements.

The American Institute of Certified Accountants clearly advise me to contact my state Board of Accountancy since each state has its own rules and interpretation of record disposition responsibility.

3. **(3). CONCLUSION DRAWN FOR EACH QUESTION ASKED BASED ON THE LAW AND RULES.**

Regarding the first question on Clients original records, it is my conclusion that if no other law and/or rules are in place at the State of Florida to follow then the guidelines of the The American Institute of Certified Public Accountants regarding records in general should also apply to the Client original bank records such as bank statements, cancelled checks, paid bills and account receivable statements.

It is also my conclusion that if no other law and/or rules are in place at the State of Florida then to follow the guidelines of the The American Institute of Certified Public Accountants regarding the CPA's current work papers, Financial Statements, Corporate Federal, State and Local Tax Returns.