

Request for Opinion from Florida Board of Accountancy

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1. Statement of Hypothetical Situation and Question Related to this Situation

A New York CPA purchased an accounting practice in Florida. The New York CPA subsequently applied for and received a Florida CPA license. It was discovered that the computer files of several clients, who did not return to the practice for CPA's first tax season, were accessed by some unknown party through the computer modem. The tax software being used indicated that these particular files had been accessed. The proper authorities (the internet provider, the local police, and the FBI) were notified by the CPA. The CPA received significantly lower client fees than projected by the seller and broker and subsequently encountered a financial crisis. The CPA was then forced to file bankruptcy and had to close his office. The CPA then moved to another state.

All Personal tax clients have already received:

- Two signed copies of their tax returns (one for governmental filing and one for the client's personal records)
- All supporting documents used to prepare their returns

All Business clients have already received:

- Two signed copies of their tax returns (one for governmental filing and one for the client's personal records)
- Copies of Bank reconciliation's, depreciation schedules, trial balances, financial statements and tax year 2000 ledger information.

Questions:

- a. What is the proper method for the CPA to inform clients that his office has been closed?
- b. What is the proper procedure, if any, for the CPA to follow regarding disposition of his client files and workpapers?

2. Citations to and Discussion of the Pertinent Law and Rules

Section 61H1-23.002 of the Florida Regulations for Certified Public Accountants (copy of Law Section enclosed) addresses records disposition responsibility. This section states that a CPA shall furnish to a client, upon request by the client, client records. The CPA may make a reasonable charge for costs incurred regarding record disposition. The CPA shall not withhold records following a request for same from a client.

3. Conclusion

The CPA will notify clients by first-class mail that his office has closed and will provide a mailing address where clients may contact him if any specific tax returns or information is are needed. The CPA will request a reasonable charge for costs incurred, e.g. photocopying and shipping. The CPA will provide clients with all requested information regardless if the requested fee is paid or not.