

# Cessation of Practice Guide

## For estates

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# Cessation of practice: role of the estate in the event of the death of a CPA member

## Why did I receive a letter from the Quebec CPA Order?

Following the death of CPA who offered services to third parties, the CPA's estate must close the firm and make the necessary arrangements, as provided for in the *Règlement sur la tenue des dossiers et des cabinets de consultation et sur la cessation d'exercice d'un membre de l'Ordre des comptables professionnels agréés du Québec*, hereinafter the "*Règlement*", to find a **transferee** for the CPA's files.

A **transferee** is a CPA who offers professional services to third parties (who holds a public accountancy permit for audit and/or review engagements), and takes over another CPA member's files, for example when the other CPA dies.

The transferee takes over the physical and/or electronic files of the deceased member, but not necessarily his or her clients. However, the transferee must assume the role for the entire period set out in the *Règlement* and cannot transfer files to another CPA who may take on the clients.

The files must be handed over to a CPA whose knowledge in the areas of activity related to the transferred files is up to date and who can answer the clients' questions or act quickly to address them. Therefore, most of the time, the transferee is a member who offers services to third parties in these areas. In addition, the files are very useful, even essential, in the event of a lawsuit, for example.<sup>1</sup>

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<sup>1</sup> Consult the Role of the transferee and clarifications section for more details.

## Who are the parties involved?

The following people may be involved in the process (not an exhaustive list):

- > Spouse of the deceased CPA member
- > Immediate family of the deceased CPA member (e.g. children, siblings.)
- > Family friend or acquaintance (CPA or not)
- > Estate representative from a financial institution (e.g. Desjardins Wealth Management)
- > CPA member
  - > who has already been named transferee
  - > who is hired by the estate to handle the file transfer (for compensation or not)

It is the estate's responsibility to respond to the letter. However, depending on the case, we may accept that the estate's representative or the transferee CPA provide us with a complete response on the file transfer.

## When must I respond?

Currently, an estate's representative must respond to the Order's letter within **approximately 30 days** of learning of the member's death.

If this deadline cannot be met for any reason, you must contact the Order.

## What information is required?

You are required to provide the public accountancy files—that is, the **audit, review and Notice to Reader engagements**, as these are acts reserved to CPA members—as well as the corporate tax files. Read the letter you received for details in this regard.

A list of **all the files**, including the types of engagements and the years they were performed, as well as the personal tax files is always required.

Audit, review and Notice to Reader engagements are included in the practice of public accountancy.

To learn how to recognize public accountancy files, go to the [CPAs and financial statements](#) section of the Order's website.

The list of the deceased member's files must be presented in table form and include the following:

- > Client name
- > Client address
- > File status (active/inactive)
- > Type of engagement (audit, review, Notice to Reader, corporate tax, personal tax, etc.)
- > Fiscal year-end date (month)
- > Years in which the engagement was performed

Example:

Client name and address	Active/inactive (A/I)	Type of engagement	Fiscal year-end (month)	Years in which engagement performed				
				20__	20__	20__	20__	20__

In certain cases, other types of files may be transferred if their identification is problematic. In addition, the original documents in the files must be returned to the deceased's clients (e.g. original invoices, cheques, minutes book.)

The transferee may agree to keep only the electronic version of the files. However, the transfer conditions, including the retention period, remain the same. The estate must then confirm that it no longer has any physical or electronic public accountancy files, as such acts are reserved to

CPAs. It may have to destroy certain files, be they files pertaining to acts reserved to CPAs or not (e.g. personal tax); such files must always be destroyed in a confidential manner.

## IMPORTANT

The deceased **CPA member's working papers** cannot be given to the client.

The client file contains copies of the CPA's working papers (engagement letter, financial statements, income tax returns, etc.) and the client's original documents (e.g. invoices, cheques, T4s, pay stubs, book of minutes). The CPA must return the original documents to the client when the engagement is over.

The CPA's working papers contain all the copies of exchanges with the client (engagement letter, management representation, emails, etc.), the worksheets, the copies of the documents resulting from the CPA's work signed by the client (financial statements, income tax returns, etc.). This part of the file belongs exclusively to the CPA, who is required to keep it.

In short, you must provide:

1. the name, address and telephone number of the CPA to whom the files have been transferred, as well as a copy of the transfer agreement including the transfer date, and the address where they are kept;
2. a copy of the letter from the transferee confirming acceptance of the transfer;
3. a written confirmation from the CPA to whom the files were transferred of receipt of the physical and/or electronic files;
4. the files list for all the clients from the **last five years (active and inactive)** (or since the firm's opening if less than five years ago);
5. a copy of the letter that was sent to the clients informing them of the situation (active files only, if applicable);
6. a written confirmation that the estate no longer has any physical or electronic public accountancy files in its possession and that it has destroyed all other files in a confidential manner, if applicable.

## To whom must I transfer the files?

The files must be transferred to a CPA who offers services to third parties (and who holds a public accountancy permit for audit and/or review engagements) or to the Order, which will keep them.

- > If the estate has not found a transferee, it must contact the Order as soon as possible to hand over the files to the Order. The Order offers its support in such situations. However, if the files must be transferred to the Order, the estate or the person handling the transfer is responsible for the transportation costs.

## Role of the transferee and clarifications

- > Analyze the contents of the files and perform the urgent acts required to protect the client, if applicable.
- > Keep the files for a minimum of five years.
- > Have the proper permit, as appropriate (public accountancy for audit and/or review engagements), and up-to-date competencies in the required areas (related to the types of files to be handled).
- > The transferee is not required to take on the deceased member's clients, that is, to continue to work with them in the future. The client is free to do business with the professional of his or her choice.
- > The transferee is not responsible for the acts performed by the former CPA in these files in the event of legal action.
- > If the person responsible for transferring/sorting the files requests compensation, this must be negotiated directly with the estate. The *Règlement* has no provisions in this regard.

## Professional liability insurance

In the event of a member's death, you must inform the administrator of the professional liability insurance plan, [ACPAI](#).

- > Professional liability insurance covers acts carried out by the CPA (**engagements performed during the coverage period**) for six years after the CPA's death. For more information, read the [insurance policy](#) on the ACPAI website at [www.acpai.ca](http://www.acpai.ca).

For more information on professional liability insurance, we invite you to contact the plan administrator, ACPAI:

Telephone: 1 800 267.4734

Email: [regimecollectif@acpai.ca](mailto:regimecollectif@acpai.ca)

If the CPA was practicing the profession within a partnership or joint-stock company, you must also notify the insurer of the excess coverage for the partnership or joint-stock company. This may also be ACPAI.

## Retention/destruction of files

Under the *Règlement*, the files must be retained for at least five years. In some cases, the files must be kept longer, especially if required by other government laws or regulations, for example for personal tax files, which must be kept for more than five years.

Files must always be destroyed in a confidential manner, to protect the confidentiality of the information in the documents.

## Questions?

Contact the Order's Professional Practice team by email at [cessationexercice@cpaquebec.ca](mailto:cessationexercice@cpaquebec.ca).