

Action Plan Guidance

PART 1 – Action Plan

Please note the following in regard to the action plan:

- An action plan template is available online at www.bccpa.ca (Members & Practice Regulation/ Public Practice / Practice Review / Practice Review Action Plan) <https://www.bccpa.ca/regulatory/public-practice/practice-review/practice-review-action-plan/>. Please submit the completed action plan via email to practicereview@bccpa.ca.
- The template covers how the firm plans to address each deficiency, identification of root causes, and actions the firm will take to address the more systemic issues identified.
- When drafting an action plan, the firm is strongly advised to review the *CPA Canada Handbook* sections referred to in each deficiency to ensure that their response is appropriate.
- For each reportable deficiency raised, **the action plan should include a written response regarding if additional work is required for the engagement(s) inspected. It is not enough to simply note that an item will be addressed in the subsequent engagement, a firm will need to include in its action plan whether additional documentation will need to be added into the current engagement and/or if additional procedures will need to be performed.**
- Staff will evaluate the action plan to determine whether it is satisfactory and adequately addresses the deficiencies raised in the practice review. If an action plan is unsatisfactory after a firm is provided with one opportunity to amend the information, the firm may have additional consequences placed on it.
- Additional consequences for an unsatisfactory action plan can range from requiring a re-inspection will take place within one year, at a cost to be borne by the firm at the rate set by the Board at that time (currently \$200/hour/Practice Review Officer) to requiring the firm to engage an EQCR and/or Supervisor for assurance files.
- Note that the role of CPABC practice inspection is not to do the work for you; nor are we able to confirm that you have taken all the required steps.
- If you need assistance in preparing the action plan, you may wish to retain an appropriate CPA to assist you. If you are required to engage a CPABC-approved Supervisor to work with you on future engagements, you must ask the Supervisor to assist you.

PART 2- Analysis for Restatement

If the Practice Review Officer identified material errors or areas with a high potential for material errors, the firm is also required to review certain financial statements to determine whether adjustments are required to restate the financial statements.

Please note the following in regard to the analysis for restatement:

- A copy of the analysis should be submitted via email to practicereview@bccpa.ca
- This analysis must be prepared in accordance with the relevant section(s) of the CPA Canada Handbook, with reference to appropriate supporting documents.
- The analysis must include the additional work performed, determine of whether or not a material error exists, and the firm's approach to the error.
- The firm's approach to the error needs to include communication of the error to **both management and users**, and **how the users** wish to see the restatement addressed.
- If you need assistance in doing the analysis and in any subsequent restatement and reissuance procedures, you may wish to retain an appropriate CPA to assist you. If you are required to engage an approved Supervisor to work with you on future engagements, you must ask the Supervisor to assist you.

- Similar to the action plan, the analysis for restatement will be evaluated by staff to determine whether it is satisfactory. If the analysis is unsatisfactory, the firm may be required to engage an EQCR and/or a Supervisor on all future assurance engagements.