

Action Plan and Analysis for Restatement Guidance

PART 1 – Action Plan

Please consider the following in regard to the action plan:

- An action plan template is available online at www.bccpa.ca (Members / 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 the secure Online Services Firm Portal under 'Action Plan Submission'.
- The action plan is a tool that allows the firm to demonstrate that they understand the changes that need to take place. This is the firm's opportunity to show that they have learned from the practice review and can take that learning into future engagements.
- Our template covers how the firm plans to address each significant reportable deficiency that is marked as needing to be specifically addressed, identification of root causes, and an assessment of the firm's system of quality management. Note that for those reportable deficiencies that do not require a specified response, **the firm is still expected to address these findings, but a written response is not required**.
- The firm is strongly advised to review the *CPA Canada Handbook* sections referred to in each significant reportable deficiency marked as needed to be specifically addressed to ensure that their written response is appropriate.
- If additional work is required for the engagement(s) inspected, this should be included in the firm's action plan response.
- The role of CPABC practice inspection is not to perform the work for you nor can we definitively confirm that you have taken all the appropriate steps.
- CPABC staff will evaluate a submitted action plan to determine whether it is satisfactory and adequately addresses the significant reportable deficiencies that require a specified response. If an action plan is unsatisfactory after a firm is provided one opportunity to submit additional information, the firm may have additional recommendations added.
- Additional recommendations for an unsatisfactory action plan can range from requiring a re-inspection which would take place within one year, at a cost to be borne by the firm (*at the rate set by the Board at that time*) and/or requiring the firm to engage an Engagement Quality Reviewer ("EQR") or Supervisor for all assurance files.

Action Plan and Analysis for Restatement Guidance (Continued)

PART 2- Analysis for Restatement

If the Practice Review Officer (“PRO”) has identified a potential material error in the financial statements, the firm is required to determine whether additional assurance work is required to be performed. If the firm concludes that a material error exists from the remediation work conducted, the firm shall assess whether the issued assurance report remains appropriate.

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

- A copy of the analysis for restatement 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, and include any working papers to support the additional assurance work performed for the engagement file inspected.
- If a material error exists, the firm's response needs to include communication with management or those charged with governance (“TCWG”) with respect to the impact of the error in the financial statements and an explanation for how the users are also impacted.
- If assistance is needed in preparing the analysis for restatement, 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 CPABC staff to determine whether it is satisfactory. If the analysis for restatement is unsatisfactory after a firm is provided one opportunity to submit additional information, the firm may have additional recommendations added.
- Additional recommendations for an unsatisfactory analysis for restatement can include the firm to engage an Engagement Quality Reviewer (“EQR”) or Supervisor for all assurance files.