

You ask the question, we find the answer

This month, we've gathered answers to questions on data retention after GDPR, the complexities of auditing micro entities, and sourcing specialist career advice

Q: HOW SHOULD I BE CHANGING MY DATA RETENTION ACTIVITY IN LIGHT OF THE GDPR?

A: In many respects you do not need to make a change, as personal data must still only be held for the purpose for which it was collected. But the GDPR also stipulates that it can be held only for "as long as necessary", although it does not define this. So "just in case" is not a justification for retaining personal data - but it is not necessary to delete all personal data as a matter of course.

Audit files and papers containing personal data should be kept for as long as required by statutory audit regulations. Tax files should be kept in line with HMRC regulations; personal data relating to criminal cases, such as money laundering, should be retained in line with legal requirements; personal data included in contracts for the life of the contract; and employee details again in line with statutory requirements.

Where there are no such determinants then you will have to devise a retention policy. You should only retain the personal data required to fulfil your statutory, legal or contractual obligations.

Also bear in mind that the GDPR introduces the accountability principle, which means you have to prove you are complying with the GDPR. The easiest way to do this is to document your policies, including your document retention policies.

Document retention policies (for both paper and electronic documents) should cover: storage of documents and records; who should have access to different types of documents and records; retention periods; and secure destruction of documents and records after the end of the retention period.

The policy should be reviewed on a regular basis, to ensure it is still in line with any legal or statutory requirements and is being followed.

Jane Berney, manager, Business Law, Business Law at ICAEW

Q: I'VE BEEN ASKED TO AUDIT A MICRO-ENTITY. I HAVE ALWAYS BEEN RELUCTANT BECAUSE OF THE LIMITED INFORMATION INCLUDED IN MICRO ACCOUNTS. SHOULD I MODIFY MY AUDIT REPORT?

A: Your reluctance is not uncommon. Many auditors feel uncomfortable auditing an accounting framework that they consider to be poor quality, because the accounts are merely presumed to show a true and fair view. The accounting is very simplistic when compared to other frameworks and the presentation and disclosure is minimal.

But if you do audit a micro-entity it is like auditing any other entity. The profit and loss account might look like it is prepared under format 2 on a diet, but it is just a P&L. The balance sheet might be disaggregated to within an inch of its life but it is just a balance sheet. There are very few additional disclosures. A standard audit methodology can be followed. ISA and Ethical Standard compliance will be documented as in any audit.

Having said that, there are differences. The engagement letter will need to be drafted taking into account the presumed true and fair view opinion. The risk assessment might need to take into account the choice of accounting framework. Why has management adopted the micro-entity regime?

The audit report will be significantly amended for the peculiarities of the presumed true and fair view. The opinion will have to reflect that. You will need to add an 'other matter paragraph' explaining the basis that the accounts are prepared on. Also, as there tends not to be any 'other information' in micro-entity financial statements, those parts of the audit report also need amending. Luckily for you there is a really excellent ICAEW helpsheet that will guide you through all of that.

John Selwood, member of the Audit and Assurance Faculty's Practitioner Services Panel

For Technical Advisory
Helpsheets and further
details on the GDPR,
accounting frameworks
and much, much more
visit icaew.com

Q: WHERE CAN I GET SPECIFIC ACCOUNTANCY CAREER ADVICE?

A: CABA, the wellbeing charity for chartered accountants, can link you to trusted third party providers who offer career coaching with an experienced coach either face-to-face, online or over the telephone. All of the coaching is supported by up-to-date, relevant online information.

CABA coaches are experienced not just in the field of accountancy, but in many different areas. They will empower you to look at what might be your next move, and if necessary what changes you need to make to get there.

For many reasons, sometimes people find themselves out of the job market and wanting to return. It isn't unusual that, having been out of the market for a while, people can feel less confident and even overwhelmed by the prospect of getting back out there.

An experienced coach will be able to support you to overcome these feelings and prepare you to present the best of your skills and experience. CABA is also able to provide support with preparing an effective CV and LinkedIn profile to make you stand out from the crowd.

Along with all of the career wellbeing content on caba.org.uk, career coaching support is free and confidential to ACA students, past and present ICAEW members and their families.

Kelly Feehan, service director, CABA

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Kelly Feehan, service director, CABA

**Five in brief****01****Loan schemes**

If you have clients with outstanding loans from employee benefit trusts (EBTs) relating to disguised remuneration, a new loan charge will come into force next April applicable to any loans made after 5 April 1999 still outstanding at 5 April 2019. See page 64 of this issue for more.

icaew.com

02**The strategic report**

New FRC guidance, which comes into operation for financial years beginning on or after 1 January 2019, emphasises the qualities of good corporate reporting and encourages companies to focus on the application of materiality to disclosures.

frc.org.uk

03**Making Tax Digital**

ICAEW Tax Faculty research has found 40% of companies are still unaware of Making Tax Digital for VAT changes, even though they are affected by them. The April 2019 deadline for businesses submitting VAT returns to HMRC online is now less than six months away.

icaew.com/mtd

04**Planning for Brexit**

ICAEW is working to ensure the profession is able to work as seamlessly as possible in the public interest across Europe and beyond after Brexit. It has a dedicated site that is regularly updated and includes technical notices and a Brexit checklist for contingency planning.

icaew.com/brexit

05**PII regulations**

Professional indemnity insurance (PII), is compulsory for all ICAEW members who have a practising certificate and engage in public practice. The PII Regulations were amended on 1 October 2018. The changes affect policies intercepting or renewing from that date.

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