

GIPS Error Correction Q&A

Q: The GIPS Guidance Statement on Error Correction states that firms must disclose in a compliant presentation any changes resulting from a material error for at least 12 months following the correction of the presentation. Does this mean that we have to disclose that a material error occurred to prospective clients that we know have not received the erroneous presentation?

A: Firms are not required to disclose the material error in a compliant presentation that is provided to prospective clients that did not receive the erroneous presentation. However, for a minimum of 12 months following the correction of the presentation, if the firm is not able determine if a particular prospective client has received the materially erroneous presentation, then the prospective client must receive the corrected presentation containing disclosure of the material error. This may result in the preparation of two versions of the corrected compliant presentation to be used for a minimum of 12 months following the correction of the presentation.