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DIVISION 1

PROCEDURAL RULES

801-001-0000

Notice of Proposed Rule

Prior to the adoption, amendment or repeal of any rule, the Oregon Board of Accountancy shall give notice of the intended action:

(1) In the Secretary of State's *Oregon Bulletin*, referred to in ORS 183.360, at least 21 days prior to the effective date of the rule;

(2) By mailing a copy of the Notice to persons on the Board of Accountancy's mailing list established pursuant to ORS 183.335(7) at least 28 days before the effective date of the rule;

(3) By mailing or furnishing a copy of the Notice to the following persons and organizations:

- (a) Capitol Press Room;
- (b) Associated Press;
- (c) Oregon Society of Certified Public Accountants;
- (d) Oregon Association of Independent Accountants; and
- (4) By mailing a copy of the Notice to legislators as provided by ORS 183.355(14).

Stat. Auth: ORS 183.360

Stats. Implemented: ORS 183.335 & ORS 183.360

Hist.: AB 37, f. & ef. 12-3-75; AB 2-1982, f. & ef. 4-20-82; AB 4-1992, f. & cert. ef. 8-10-92; AB 1-1995, f. & cert. ef. 1-25-95; BOA 6-1999, f. 12-21-99, cert. ef. 1-1-00

801-001-0005

Model Rules or Procedure

Pursuant to ORS 183.341, the Oregon Board of Accountancy adopts by this reference the *Model Rules of Procedure* as promulgated by the Attorney General under the Administrative Procedures Act effective September 15, 1997.

[Publications: The publication(s) referenced to in this rule are available from the agency.]

Stat. Auth: ORS 183.360

Stats. Implemented: ORS 183.335

Hist.: AB 20A, f. 1-17-72, ef. 2-1-72; AB 25, f. 9-15-72, ef. 10-1-72; 1AB 33, f. 11-6-73, ef. 11-25-73; 1AB 38, f. & ef. 2-10-76; 1AB 3-1978, f. & ef. 3-23-78;

1AB 1-1980, f. & ef. 2-26-80; 1AB 1-1982, f. & ef. 1-8-82; AB 5-1988, f. & cert. ef. 10-31-88; AB 6-1991, f. & cert. ef. 12-18-91; AB 3-1994, f. & cert. ef. 8-10-94; AB 1-1-96, f. & cert. ef. 1-29-96; BOA 6-1998, f. & cert. ef. 7-29-98; BOA 6-1999, f. 12-21-99, cert. ef. 1-1-00

801-001-0010

Screening and Selection Procedures for Personal Services Contracts

The Oregon Board of Accountancy adopts by this reference the Personal Contract Rules as promulgated by the Department of Administrative Services and in effect as of December 31, 1999, for procedures to be followed when entering into personal services contracts.

Stat. Auth: ORS 670

Stats. Implemented: ORS 279.051

Hist.: AB 4-1992, f. & cert. ef. 8-10-92; BOA 6-1998, f. & cert. ef. 7-29-98; BOA 6-1999, f. 12-21-99, cert. ef. 1-1-00

801-001-0015

Board Agenda Items

All items to be listed on the Board agenda must be received and complete at least seven days prior to the Board meeting date in order to be listed on the Board agenda.

Stat. Auth.: ORS 670.310

Stats. Implemented: ORS 192.640

Hist.: AB 6-1995, f. & cert. ef. 10-2-95

DIVISION 5

DEFINITIONS AND SAFE HARBOR LANGUAGE

801-005-0010

Definitions and Safe Harbor Language

As used in ORS 673.010 to 673.455 and OAR Chapter 801:

(1) “**AICPA**” means American Institute of Certified Public Accountants.

(2) “**Applicant**” means a person applying for a certificate, license or permit to practice public accountancy.

(3) “**Attest**” means providing the following financial statement services:

(a) Any audit or other engagement to be performed in accordance with the Statements on Auditing Standards (SAS);

(b) Any review of a financial statement or compilation of a financial statement to be performed in accordance with the Statement on Standards for Accounting and Review Services (SSARS);

(c) Any examination of prospective financial information to be performed in accordance with the Statements on Standards for Attestation Engagements (SSAE); and

(d) An agreed-upon-procedures report on a financial statement.

(e) The statements on standards specified in this definition shall be those developed by the AICPA and in effect as of December 31, 1999.

(4) “**Board**” means the Oregon Board of Accountancy created by ORS 673.410.

(5) “**Business Organization**” means any form of business organization authorized by law, including but not limited to a proprietorship, partnership, corporation, limited liability company, limited liability partnership or professional corporation.

(6) “**CPA**” or “**Certified Public Accountant**” means a person who has a certificate of certified public accountant issued under ORS 673.040.

(7) “**CPA Exam**” means the Uniform Certified Public Accountant Examination.

(8) “**CPE**” means continuing professional education.

(9) “**Candidate**” means a person applying for the CPA Exam.

(10) “**Certificate**” means a certificate of certified public accountant issued under ORS 673.040.

(11) “**Client**” means any person to whom public accounting services are offered or for whom public accounting services are performed.

(12) “**Contingent Fee**” means a fee established for the performance of any professional service and directly or indirectly paid to a licensee pursuant to an arrangement in which no fee will be charged

unless a specified finding or result is attained, or in which the amount of the fee is otherwise dependent upon the finding or result of such service. A fee is not contingent if the fee:

(a) Is fixed by courts or other public authorities; or

(b) In tax matters, is determined based on the results of judicial proceedings or the findings of governmental agencies.

(13) “**Direct supervision**” means that there is a clear connection between the supervisor and the person being supervised in terms of planning, coordinating, guiding, inspecting, controlling and evaluating activities, and in discharging the employee being supervised.

(14) “**Enterprise**” means any person or entity, whether organized for profit or not, for which a licensee provides public accounting services.

(15) “**Financial statements**” means a presentation of financial data, including accompanying notes, that is derived from accounting records and intended to communicate an entity’s economic resources or obligations or the changes therein, at a specific point in time, and/or the results of operations for a specific period of time, presented in accordance with generally accepted accounting principles or a comprehensive basis of accounting other than generally accepted accounting principles. Financial presentations included in tax returns are not financial statements. Incidental financial data included in management advisory services reports to support recommendations to a client are not financial statements. The method of preparation (for example, manual or computer preparation) is not relevant to the definition of a financial statement.

(16) “**Firm**” means a business organization as defined in ORS 673.010 that is engaged in the practice of public accountancy and is required to be registered with the Board.

(17) “**First time candidate**” means a candidate for the CPA exam who is sitting for the exam for the first time in any state.

(18) “**Generally accepted accounting principles**” means accounting principles or standards generally accepted in the United States, including but not limited to Statements of Financial Accounting Standards and interpretations thereof, as published by the Financial Accounting Standards Board, and Statements of Governmental Accounting Standards and interpretations thereof, as published by the Government Accounting Standards Board and in effect as of December 31, 1999.

(19) “**Generally Accepted Auditing Standards**” means the Generally Accepted Auditing Standards adopted by the American Institute of Certified Public Accountants, together with interpretations thereof, as set forth in Statements on Auditing Standards issued by the AICPA, and for federal audits, the Single Audit Act of 1984 and related U.S. Office of Management and Budget Circulars published by the General Accounting Office and in effect as of December 31, 1999.

(20) “**Holding out as a CPA or PA**” means to assume or use the titles or designations “certified public accountant” or “public accountant” or the abbreviations “CPA” or “PA” or any other title, sign, card or device tending to indicate that the person is a certified public accountant or a public accountant.

(21) “**In Good Standing**” means the holder of a permit, license or registration that is not suspended, revoked or lapsed.

(22) “**Jurisdiction**” means the licensing authority for the practice of public accountancy in any state, U.S. Territory or foreign country.

(23) “**License**” means:

(a) A certificate, permit or registration, or a license issued under ORS 673.100, enabling the holder thereof to practice public accountancy in this state; or

(b) A certificate, permit, registration or other authorization issued by a jurisdiction outside this state enabling the holder thereof to practice public accountancy in that jurisdiction.

(24) “**Licensee**” means the holder of a certificate, permit, registration, or license issued under ORS 673.100 enabling the holder thereof to practice public accountancy in this state.

(25) “**Material Participation**” means an activity that is regular, continuous and substantial.

(26) “**Manager**” means a manager of a limited liability company.

(27) **"Member"** means a member of a limited liability company.

(28) **"NASBA"** means National Association of State Boards of Accountancy.

(29) **"PA"** or **"Public Accountant"** means a person who is the holder of a license issued under ORS 673.100.

(30) **"Peer Review"** means a study, appraisal or review of one or more aspects of the public accountancy work of a registered business organization that performs attestation services by a person or persons permitted under ORS 673.150 to practice public accountancy and independent of the registered business organization being reviewed.

(31) **"Permit"** means a permit to practice public accountancy issued under ORS 673.150.

(32) **"Practice of Public Accountancy"** means performance of or any offer to perform one or more services for a client or potential client involving the use of auditing or accounting skills, including the issuance of reports on financial statements, performance of management advisory or consulting services, preparation of tax returns or furnishing advice on tax matters, including the performance of such services while in the employ of another person.

(33) **"Professional"** means arising out of or related to the specialized knowledge or skills associated with certified public accountants and public accountants.

(34) **"Professional Services"** means any services performed or offered to be performed by a licensee for a client or potential client in the course of the practice of public accountancy.

(35) **"Registration"** means the authority issued under ORS 673.160 to a business organization to practice public accountancy.

(36) **"Returning candidate"** means a person who has received grades for any section of the Uniform CPA exam in any state and who applies to sit for any part of the CPA exam in Oregon.

(37) **"Single Audit Act of 1984"** means the Single Audit Act of 1984 with the Single Audit Act Amendments of 1996, as published by the United States General Accounting Office, Office of Management and Budget.

(38) **"Standards for Accounting and Review Services"** means Statements on Standards for Accounting and Review Services published by the AICPA and in effect as of December 31, 1999.

(39) **"Standards for Board Approved Peer Review Programs"** means Standards for Performing and Reporting on Peer Reviews published by the AICPA in effect as of December 31, 1999.

(40) **"Statements on Standards for Attestation Engagements"** means the statements by that name issued by the AICPA.

(41) **"State"** means any state, territory or insular possession of the United States, and the District of Columbia.

(42) **"Substantial Equivalency"** means a determination by the Board or its designee that:

(a) The education, examination and experience requirements contained in the statutes and administrative rules of another jurisdiction are equivalent to or exceed the education, examination and experience requirements of ORS 673.040, 673.050 and 673.060 and rules of the Board issued thereunder; or

(b) An individual's education, examination and experience qualifications are equivalent to or exceed the education, examination and experience requirements of ORS 673.040, 673.050 and 673.060 and rules of the Board issued thereunder.

[Publications: The publication(s) referenced to in this rule are available from the agency.]

Stat. Auth.: ORS 670.310 & OL 1999, Ch. 322

Stats. Implemented: OL 1999, Ch. 322

Hist.: IAB 2-1982, f. & ef. 10-15-86 AB 1-1989, f. & cert. ef. 1-25-89; AB 2-1990, f. & cert. ef. 4-9-90; AB 1-1992, f. & cert. ef. 2-18-92; AB 1-1993, f. 1-14-93, cert. ef. 1-15-93; AB 6-1993(Temp), f. 11-2-93, cert. ef. 11-4-93; AB 1-1994, f. & cert. ef. 1-21-94; AB 4-1994, f. & cert. ef. 9-27-94; AB 5-1994, f. & cert. ef. 11-10-94; AB 2-1995, f. & cert. ef. 3-22-95; AB 3-1995, f. & cert. ef. 5-19-95; AB 4-1995, f. & cert. ef. 8-8-95; AB 1-1996, f. & cert. ef. 1-29-96; AB 2-1996, f. & cert. ef. 9-25-96; AB 2-1997, f. & cert. ef. 3-10-97; BOA 1-1998, f. & cert. ef. 1-26-98; BOA 6-1998, f. & cert. ef. 7-29-98; BOA 6-1999, f. 12-21-99, cert. ef. 1-1-00

801-005-0200 Report

(1) "Report," when used with reference to attestation services means an opinion or other form of language that states or implies

assurance as to the reliability of any financial statements and that also includes or is accompanied by any statement or implication that the person or firm issuing the report has special knowledge or competence in public accountancy. Such a statement or implication of special knowledge or competence may arise from use by the issuer of the report of names or titles indicating that the issuer is a public accountancy professional or organization or may arise from the language of the report itself.

(2) The term "report" includes any form of language that:

(a) Disclaims an opinion when the form of language implies any positive assurance as to the reliability of the financial statements referred to or special knowledge or competence on the part of the person issuing the language; and

(b) Implies any positive assurance as to the reliability of the financial statements referred to or special knowledge or competence on the part of the person issuing the language; or

(c) Relates to the financial affairs of a person and that is conventionally used by licensees in reports or financial statements.

Stat. Auth.: ORS 670.310 & OL 1999, Ch. 322

Stats. Implemented: OL 1999, Ch. 322

Hist.: IAB 2-1986, f. & ef. 10-15-86; AB 1-1995, f. & cert. ef. 1-25-95; BOA 6-1999, f. 12-21-99, cert. ef. 1-1-00

801-005-0300

Language Not Constituting a Report

The following statement, signed by a person who does not hold a permit issued under ORS 673.150, shall not constitute a report under ORS 673.320 so long as the statement is not accompanied by any wording indicating the person is an accountant or auditor or other language prohibited by ORS 673.020, 673.030, 673.310 or 673.320:

"The accompanying balance sheet (or...) of XYZ Company as of (date) and the related statements of income (or retained earnings or cash flows) for the year then ended have been prepared by me (us). The information presented in these financial statements is the representation of management (owners)."

Stat. Auth.: ORS 670.310 & OL 1999, Ch. 322

Stats. Implemented: OL 1999, Ch. 322

Hist.: IAB 2-1986, f. & ef. 10-15-86; AB 3-1990, f. 5-22-90, cert. ef. 5-23-90; BOA 6-1999, f. 12-21-99, cert. ef. 1-1-00

801-005-0400

Financial Statement Preparation

Preparation of financial statements or reports (as defined by OAR 801-005-0200) is restricted to CPAs and PAs, unless prepared in accordance with OAR 801-005-0300.

Stat. Auth.: ORS 670.310 & OL 1999, Ch. 322

Stats. Implemented: OL 1999, Ch. 322

Hist.: BOA 6-1998, f. & cert. ef. 7-29-98; BOA 4-1999, f. & cert. ef. 7-23-99; BOA 6-1999, f. 12-21-99, cert. ef. 1-1-00

DIVISION 10

FEES, APPLICATIONS, REQUIREMENTS, PROCEDURES, AND P.C.'S

801-010-0010

Fees

For the purpose of ORS 673.010 to 673.455 and ORS 297.670 to 297.740, the Board of Accountancy shall charge the following fees:

(1) **Application Fees:**

(a) Examination Fees:

(A) All subjects — \$200;

(B) Auditing — \$75;

(C) Business Law & Professional Responsibilities (LPR) — \$75;

(D) Financial Accounting & Reporting (FARE) — \$75;

(E) Accounting & Reporting (ARE) — \$75;

(F) Proctor Fee — \$100.

(b) Certificate/License — \$150.

(2) **Initial Permit and Registration Fees:**

(a) Initial Permit — \$150;

(b) Municipal Auditor — \$100;

- (c) Firm Registration — \$100.
- (3) **Biennial Renewal Fees:**
 - (a) Permit — \$150;
 - (b) Inactive/Retired Status — \$ 50;
 - (c) Municipal — \$100;
 - (d) Firm — \$100.
- (4) **Late Renewal Penalty Fee:**
 - (a) Permit — \$50;
 - (b) Inactive/Retired — \$35;
 - (c) Firm — \$35.
- (5) **Miscellaneous Fees:**
 - (a) Lists of licensees and CPA exam candidates:
 - (A) CPA/PA — \$275;
 - (B) CPA exam candidates — \$75;
 - (C) Successful exam candidates — \$50;
 - (D) Firms — \$50;
 - (E) Municipal auditors — \$50 (provided at no charge to municipal entities that are subject to audit law);
 - (F) Customized lists by special request: five cents per name, with minimum charge — \$5.00 and maximum charge — \$500.
 - (b) Copies: — \$2.50 for the first five pages, then 25 cents per page.
 - (c) Checks or money orders shall be made payable to: OREGON BOARD OF ACCOUNTANCY.
 - (7) The Board accepts Visa and Mastercard submitted in person or by mail or fax. Any Visa or Mastercard that is rejected by the bank and requested to be confiscated will be retained and returned to the bank. All payments by Visa or Mastercard that are rejected must be paid in full by a check or money order within ten days from notification of rejection. Payments received after Board deadlines, including, but not limited to payments for renewals, applications and civil penalties will be considered late and penalties shall be assessed.
 - Stat. Auth.: ORS 670.310, ORS 673.040, ORS 673.060, ORS 673.100, ORS 673.150, ORS 673.160, ORS 197.720 & OL 1999, Ch. 322
 - Stats. Implemented: ORS 673, ORS 297 & OL 1999, Ch. 322
 - Hist.: 1AB 41, f. & ef. 12-2-76; 1AB 2-1979, f. & ef. 2-21-79; 1AB 2-1981, f. & ef. 1-6-81; AB 8-1989, f. & cert. ef. 10-3-89; AB 1-1990, f. & cert. ef. 1-26-90; AB 5-1990, f. & cert. ef. 8-16-90; AB 4-1991, f. & cert. ef. 7-1-91; AB 2-1992, f. & cert. ef. 2-18-92; AB 2-1993, f. 1-14-93, cert. ef. 1-15-93; AB 5-1993, f. & cert. ef. 8-16-93; AB 6-1993(Temp), f. 11-2-93, cert. ef. 11-4-93; AB 1-1994, f. & cert. ef. 1-21-94; AB 3-1994, f. & cert. ef. 8-10-94; AB 5-1994, f. & cert. ef. 11-10-94; AB 1-1995, f. & cert. ef. 1-25-95; AB 2-1995, f. & cert. ef. 3-22-95; AB 5-1995, f. & cert. ef. 8-22-95; BOA 6-1998, f. & cert. ef. 7-29-98; BOA 6-1999, f. 12-21-99, cert. ef. 1-1-00; BOA 3-2000, f. 8-30-00, cert. ef. 1-1-01

801-010-0040

CPA Certificate and PA License Remain Property of the Board

Every certificate of Certified Public Accountant and license of Public Accountant, while it is in the possession of the holder, shall be preserved by the holder, but such certificate or license shall nevertheless remain the property of the Board. In the event that the certificate or license is revoked in the manner prescribed by law, the holder is required to deliver the certificate or license to the Board immediately upon demand.

Stat. Auth.: ORS 670.310

Stats. Implemented: ORS 673.410

Hist.: 1AB 9, f. 6-24-60; 1AB 41, f. & ef. 12-2-76; AB 4-1994, f. & cert. ef. 9-27-94; BOA 6-1999, f. 12-21-99, cert. ef. 1-1-00

801-010-0050

Application for Uniform CPA Examination

(1) Applications for the CPA exam shall be made on a form provided by the Board and accompanied by the statutory fee. Only applications that are received on or before the date specified in these rules will be accepted by the Board.

(2) The act of filing an application for the CPA exam shall constitute an agreement by the candidate to observe and comply with the rules adopted by the Board.

(3)(a) The CPA exam will be administered by the Board and shall be offered in May and November of each year and at such other times as the Board may determine.

(b) Applications for the CPA exam offered in May must be received by the Board office on or before March 1 of each year and

must be received on or before September 1 of each year for the November exam, and at such dates as the Board shall prescribe for any additional examinations.

(4) Candidates for admission to the CPA exam after January 1, 2000, who are applying under the educational requirements of ORS 673.050(1)(a) shall submit satisfactory evidence that the candidate has successfully completed 150 semester hours or 225 quarter hours, including:

(a) A baccalaureate or higher degree from an accredited college or university;

(b) A minimum of 24 semester hours or 36 quarter hours, or the equivalent thereof, in the study of accounting; and

(c) Twenty-four semester hours or 36 quarter hours in accounting or related subjects. Related subjects are defined as business, finance, economics, and written and oral communication.

(5) Satisfactory evidence of the educational requirement may be provided in the following manner:

(a) Candidates who have completed all course requirements and been awarded a baccalaureate or higher degree shall provide an official transcript(s) demonstrating successful completion of all courses required under these rules, and that a degree was awarded.

(b) Candidates who have completed all course requirements, but for whom a baccalaureate degree has not yet been awarded shall provide an official transcript(s) showing successful completion of all courses required under these rules, together with a letter from the Registrar's Office of the college or university stating that the candidate has met the degree requirements and the date that the degree will be awarded.

(c) Candidates for the CPA exam are responsible to have transcripts from all schools attended delivered to the Board office. Only official transcripts that are forwarded directly to the Board office by the issuing college or university will be accepted. All transcripts must be received in the Board office 14 days prior to the date of the CPA exam.

(d) Candidates are not required to provide proof of residency in the State of Oregon.

(e) Candidates must meet all requirements under this rule before the candidate will be allowed to sit for the exam.

(f) Only colleges or universities accredited by one of the six regional accrediting associations and listed as accredited in the 1997 Directory of Postsecondary Institutions published by the National Center for Education Statistics, shall be recognized by the Board.

(g) Applicants who have earned a baccalaureate or higher degree from an accredited college or university, but who did not complete courses in accounting, business, economics, finance, or written and oral communication required under ORS 673.050(1) and OAR Chapter 801, may obtain the required hours by satisfactory completion of hours in accounting, business, finance, economics and written and oral communication taken from divisions of continuing education extended by an accredited four-year college or university or from a community college, providing the courses are transferable as equivalent courses to an accredited four-year college or university. However, completion of 150 hours consisting of courses taken from a community college or divisions of continuing education shall not be considered equivalent to a baccalaureate or higher degree from a four-year accredited college or university under the requirements of ORS 673.050.

(6) Returning candidates for the CPA exam after January 1, 2000, who do not meet the educational requirement under ORS 673.050(1)(a) shall provide satisfactory evidence that:

(a) The candidate met exam eligibility requirements that were in effect in Oregon at the time the original exam application was made in any state;

(b) The candidate sat for and received grades for at least one of the Uniform CPA Examinations in any state in 1998 or 1999; and

(c) The candidate is required to sit for the CPA Exam at least once each year after January 1, 2000, in order to maintain eligibility under the requirements under ORS 673.050 in effect prior to January 1, 2000.

(7) At least ten days prior to the date set for the examination, each qualified candidate shall be notified by letter, mailed to the

address provided in the application, of the time and place appointed for holding such examination.

(8) Candidates for the CPA exam who are applying under the experience requirements of ORS 673.050(2) to be licensed as a Public Accountant shall submit satisfactory evidence that:

(a) The candidate graduated from a high school with a four-year program, or the equivalent; and

(b) The candidate completed two years of experience in public accountancy or the equivalent satisfactory to the Board.

(9) All foreign academic credentials submitted by candidates for admission to the CPA exams as evidence of qualification are required to be evaluated by a credentialing agency that is a member of the National Association of Credential Evaluation Services, Inc. (NACES).

Stat. Auth.: ORS 670.310

Stats. Implemented: ORS 673.060 & ORS 673.170

Hist.: 1AB 10, f. 2-7-63; 1AB 14, f. 8-15-68; 1AB 20, f. 10-22-71, ef. 11-15-71; 1AB 34, f. 1-29-74, ef. 2-25-74; 1AB 41, f. & ef. 12-2-76; 1AB 44, f. & ef. 3-31-77; 1AB 48, f. & ef. 7-21-77; 1AB 6-1978, f. & ef. 6-22-78; 1AB 7-1981, f. & ef. 7-27-81; 1AB 2-1983, f. & ef. 9-20-83; AB 3-1988, f. & cert. ef. 6-9-88; AB 2-1989, f. & cert. ef. 1-25-89; AB 4-1991, f. & cert. ef. 7-1-91; AB 4-1994, f. & cert. ef. 9-27-94; AB 1-1995, f. & cert. ef. 1-25-95; AB 5-1995, f. & cert. ef. 8-22-95; AB 1-1996, f. & cert. ef. 1-29-96; AB 1-1997, f. & cert. ef. 1-28-97; BOA 5-1998, f. & cert. ef. 7-9-98; BOA 6-1998, f. & cert. ef. 7-29-98; BOA 7-1998(Temp), f. & cert. 7-29-98 thru 1-25-99; BOA 8-1998, f. & cert. ef. 10-22-98; BOA 4-1999, f. & cert. ef. 7-23-99; BOA 6-1999, f. 12-21-99, cert. ef. 1-1-00

801-010-0060

Qualifications for Uniform CPA Examination

(1) The Board may take action, including denial of credit for any section of the CPA exam for the following conduct:

(a) Conduct that violates the CPA Examination Rules of Conduct;

(b) Tardiness for any section of the CPA exam; and

(c) Violation of the Examination Confidentiality provisions, which shall result in denial of credit for the candidate's scores on the CPA exam and the candidate will be prohibited from retaking the CPA exam for a period of ten years.

(2) Candidates applying to take the CPA exam under ORS 673.050(1) are required to take and pass all sections of the examination as provided under this rule.

(a) After January 1, 2000, candidates applying under ORS 673.050(2) to be licensed as a public accountant will only be allowed to take the Audit and ARE sections of the examination.

(b) Candidates sitting for the CPA exam under ORS 673.050(1) for the first time shall sit for all sections of the exam. Returning candidates are required to sit for all sections of the CPA exam for which they have not previously received credit.

(c) The Board may waive the requirements of subsection (2)(b) of this rule upon demonstration satisfactory to the Board that a candidate's absence from any section of the CPA exam was caused by extraordinary circumstances over which the candidate had no control.

(3) Credit for the CPA exam will be allowed as follows:

(a) If, in a single sitting of the CPA exam a candidate receives a passing grade of no less than 75 percent in any two sections of the examination and who receives a grade of at least 50 percent in the remaining sections, the candidate shall be granted credit for sections passed. However, such credit shall be granted on the condition that the candidate receives a grade of at least 75 percent in the remaining sections on re-examination at any one or more of the next six successive CPA exams.

(b) A candidate who receives conditional credit under subsection (3)(a) of this rule and who subsequently receives a grade of 75 percent in any one section and a grade of at least 50 percent in the remaining section(s), shall be granted credit for the section(s) passed, on the condition that the candidate receives a grade of at least 75 percent in the remaining section(s) on re-examination at any one or more examinations through the sixth successive examination following the first examination at which conditional credit was granted.

(c) A candidate who, at one sitting of the CPA exam receives a passing grade of no less than 75 percent in any three sections of the examination shall be granted credit for the sections passed, regard-

less of the grade received on the remaining section, on the condition that the candidate receives a grade of no less than 75 percent in the remaining section on re-examination at any one or more of the next six successive examinations.

(d) After January 1, 2000, a candidate qualifying to sit for the Audit and ARE sections of the CPA exam under ORS 673.050(2), who receives a passing grade of no less than 75 percent in one section of the examination and a grade of at least 50 percent in the remaining section, shall be granted credit for the section passed, on the condition that the candidate receives a grade of at least 75 percent in the remaining section on re-examination at any one or more examinations through the sixth successive examination following the first CPA exam at which conditional credit was granted.

(e) Conditional credit granted to a candidate under this rule shall remain valid for six successive CPA exams.

(f) The time limitations stated herein may be extended by the Board because of illness or accident and shall be extended during the time a candidate is in active military service. In the case of military extensions, the candidate shall file a written request for extension upon entering military service. Within 60 days after the candidate is discharged from military service, the candidate shall provide a copy of the discharge papers to the Board, and will be required to sit for the next examination for which the candidate is qualified.

(4) After every CPA exam the Board shall notify each candidate of the grades received in the examination. All examination papers shall remain the property of the Board.

(5) In the event that any examination papers are lost or destroyed, the liability of the Board will be limited to the fee paid by the applicant for that examination.

(6) The Board may grant credit to any candidate for satisfactory completion of a written examination in any two or more sections given by the licensing authority in another state or jurisdiction as specified in ORS 673.060 if the Board determines that:

(a) The examination for which credit is requested is the Uniform Certified Public Accountant Examination;

(b) The candidate received a grade of no less than 75 percent in each section in which the candidate was examined in another state, and that the candidate did not willfully circumvent the requirements of this rule; and

(c) Any candidate who sat for the CPA exam in another jurisdiction after January 1, 2000, met the educational hour requirement of ORS 673.050(1) at the time the candidate took the CPA exam in another jurisdiction from which grades are requested to be transferred.

Stat. Auth.: ORS 670.310

Stats. Implemented: ORS 673.050 & ORS 673.060,

Hist.: 1AB 12, f. 3-30-65; 1AB 14, f. 8-15-68; 1AB 16, f. 1-30-70, ef. 2-25-70; 1AB 19, f. 10-22-71, ef. 11-15-71; 1AB 21, f. 3-2-72, ef. 3-15-72; 1AB 30, f. 9-18-73, ef. 10-1-73; 1AB 35, f. 10-29-74, ef. 11-25-74; 1AB 36, f. 1-28-75, ef. 2-25-75; 1AB 40, f. & ef. 5-5-76; 1AB 41, f. & ef. 12-2-76; 1AB 43, f. & ef. 3-31-77; 1AB 2-1978, f. & ef. 3-21-78; 1AB 11-1978, f. & ef. 12-1-78; 1AB 3-1979, f. & ef. 12-21-79; 1AB 2-1980, f. & ef. 4-8-80; 1AB 3-1980, f. 10-23-80, ef. 12-1-80; 1AB 5-1981, f. & ef. 7-27-81; 1AB 6-1981, f. & ef. 7-27-81; 1AB 3-1982, f. & ef. 4-20-82; 1AB 2-1984, f. & ef. 5-21-84; 1AB 3-1984, f. 12-19-84, ef. 1-1-85; AB 4-1991, f. & cert. ef. 7-1-91; AB 1-1994, f. & cert. ef. 1-21-94; AB 3-1994, f. & cert. ef. 8-10-94; AB 4-1994, f. & cert. ef. 9-27-94; AB 5-1995, f. & cert. ef. 8-22-95; BOA 5-1998, f. & cert. ef. 7-9-98; BOA 6-1999, f. 12-21-99, cert. ef. 1-1-00

801-010-0065

Qualifications for Certification

(1) Applicants for the certificate of Certified Public Accountant shall meet the following requirements:

(a) Complete and pass all sections of the Uniform Certified Public Accountant Examination;

(b) Complete and pass an ethics examination that has been adopted by the Board;

(c) Meet all of the experience requirements stated in ORS 673.040 as follows:

(A) Applicants who qualified for the CPA Exam by meeting CPA exam requirements under these rules that were in effect prior to January 1, 2000, are required to have two years of experience, which means at least 24 months of full-time employment, or a total of 4,160 hours of part-time employment. One hundred seventy-three

(173) hours of part-time employment is equivalent to one month. Qualifying part-time employment shall be at least 20 hours per week.

(B) Applicants who qualified for the CPA exam by meeting the CPA exam requirements in effect after January 1, 2000, are required to have one year of experience, which means at least 12 months of full-time employment, or a total of 2,080 hours of part-time employment. One hundred seventy-three (173) hours of part-time employment is equivalent to one month. Qualifying part-time employment shall be at least 20 hours per week.

(C) Applicants who sat and received grades at the CPA exam prior to January 1, 2000, without the completion of 150 semester hours or 225 quarter hours, may choose to complete the 150 hour requirement under ORS 673.050(1)(a) and meet the experience requirement under ORS 673.050(2) by completing one year of public accounting experience as described in this rule.

(D) Overtime hours worked will not be credited toward the experience requirement.

(E) All experience must be gained under the direct supervision of a Public Accountant or a Certified Public Accountant whose license is not revoked, suspended, lapsed or inactive.

(i) "Direct supervision" as used in this rule means that there is a clear connection between the supervisor and the person being supervised in terms of planning, coordinating, guiding, inspecting, controlling, and evaluating activities, and having authority to discharge the employee being supervised.

(ii) In order to qualify as a supervisor for the purpose of this rule the person providing supervision must have held an active CPA or PA permit recognized by the state for at least five years prior to such supervision.

(iii) An applicant's employer shall act as a supervisor and shall attest as to whether or not the applicant has gained qualifying experience under this rule.

(F) The experience and examination requirements shall be obtained within eight years immediately preceding the date of application.

(2) The applicant shall develop a portfolio of experience that demonstrates to the satisfaction of the Board that the applicant has achieved experience in all of the following competencies:

(a) Understanding of the Professional Code of Ethics, promulgated and adopted by the Board;

(b) Ability to assess the achievement of an entity's objectives by demonstrating knowledge of various business organizations, understanding of the objectives and goals of business entities, ability to develop and analyze performance measures and critical success factors, and understanding of the economic and regulatory trends that affect an entity's environment.

(c) Experience in preparing working papers that include sufficient relevant data to support the analysis and conclusions required by the applicant's work.

(d) Understanding transaction streams and information systems, including the ability to understand how individual transactions aggregate at the organizational level, to infer how transactions impact the organization as a whole, and to evaluate the integrity and reliability of various client information systems, including relevant computer aspects.

(e) Skills in risk assessment and verification demonstrated by a sufficient understanding of accounting and other information systems to:

(A) Assess the risk of misstatement in an information system;

(B) Obtain sufficient relevant data based on the risk of misstatement and the nature of the engagement to determine the appropriateness of underlying data in terms of its completeness, existence and occurrence, valuation and allocation, rights and obligations, presentation and disclosures.

(f) Skills in decision making, problem solving, critical analytical thinking including the ability to evaluate and interpret sufficient relevant data in a variety of engagements and settings. For example, the candidate must evaluate an entity's cash flow, profitability, liquidity, solvency, operating cycle, achievement of management's plans, accomplishment of service efforts and systems reliability.

(g) Ability to express scope of work, findings and conclusions including the ability to determine the appropriateness of reports on

financial statements, system reliability, or reports expressing scope of work, findings and conclusions.

(3) The experience required under ORS 673.040 shall consist solely of experience within activities generally performed by certified public accountants and public accountants licensed in Oregon, including (but not limited to) financial statement audits, financial statement reviews, financial statement compilations, attestation engagements, financial forecasts and projections, pro forma financial information, compliance attestations, reporting on an entity's internal controls, management advisory services, tax advisory services, tax return preparation or personal financial planning.

(4) An applicant who has not achieved a portfolio of experience that includes the variety described in OAR 801-010-0065(2) shall demonstrate to the satisfaction of the Board that the portfolio of experience submitted is of sufficient quality and diversity to meet the requirements of this rule.

(5) Qualifying experience may be obtained in the following categories:

(a) Attest or Assurance Experience. Experience that demonstrates the competencies prescribed in OAR 801-010-0065 shall be obtained while the applicant is:

(A) Employed in public practice on the staff of a public accountant, a certified public accountant or a firm of public accountants or certified public accountants;

(B) Engaged in employment that is equivalent to that described in section (5)(a)(A) of this rule including internal audit employment; or

(C) Employed in an organization where employment is equivalent to that described in section (5)(a)(A) of this rule if a peer review is conducted or if such employment is with audit agencies, internal audit departments or other organizations where a peer review is conducted. Experience under this subsection shall include:

(i) Conducting attest-oriented functions where third party reliance is an objective of the report;

(ii) Preparing opinions in accordance with professional standards;

(iii) Preparing financial statements with footnotes to generally accepted accounting principles or other comprehensive bases of accounting;

(iv) The audit agency, internal audit department, or other organization is independent of the entity;

(v) Accounting and review services.

(D) "Third party reliance" as used in this rule means:

(i) Actual third party reliance, such as takes place with respect to the reader of financial statements upon which an audit opinion has been rendered by a Public Accountant licensed in Oregon or a Certified Public Accountant;

(ii) Audits performed by government agencies, including tax authorities, on organizations which are not subject to management control by the auditing agency; or

(iii) Financial audits performed by independent working groups where the purpose of the audit is reliance by the board of directors on the fairness of the presentation of internally generated financial statements in accordance with generally accepted accounting principles or other comprehensive bases of accounting.

(b) Other Professional Standards Based Experience. Any other experience that demonstrates the competencies prescribed in this rule shall be obtained while the applicant is:

(A) Employed in public practice on the staff of a public accountant, a certified public accountant or a firm of public accountants or certified public accountants; or

(B) Employed in Board approved equivalent experience programs in industry, government or other settings.

(C) Experience other than attest-related experience described in subsection (5)(b)(B) of this rule shall be performed in accordance with the standards of the profession. For example, other experience may be performed in accordance with the established standards for:

(i) Consulting services,

(ii) Tax practice,

(iii) Personal financial planning,

(iv) Internal audits,

(v) Government finance manager, or

(vi) Regulatory agencies.

(D) Experience obtained in accordance with other professional standards shall meet guidelines established by the Board.

(c) Industry, government, and other experience not obtained under OAR 801-010-0065(5)(b). Qualifying experience that demonstrates the competencies described in OAR 801-010-0065(2) may also be obtained through a variety of work in industry, government, or other settings while the applicant is:

(A) Employed in industry, government, or other settings under the direct supervision of a public accountant or certified public accountant as provided under this rule.

(B) Industry, government or other experience related to OAR 801-010-0065(2), assessing the achievement of an entity's objectives, will include obtaining an understanding of the industry in which the entity operates, including the employer's competition (or other similar service providers in the case of government) and key competitiveness factors that affect the industry.

(C) Industry, government or other experience related to OAR 801-010-0065(2)(d), understanding transaction streams and information systems, will include assessing the adequacy of an entity's internal controls.

(D) Experience other than experience described in section (5)(a) and (b) of this rule will be thoroughly evaluated by the Board on a case-by-case basis to ensure that experience is equivalent to section (5)(a) or (b).

(6) An applicant's file must be complete in every particular within three months of the date of application or the permit fee will be refunded and the file will be closed. The application fee is not refundable.

(7) An applicant's file may be included on the agenda for approval at any meeting of the Board if the file is complete in every particular no less than seven days prior to the date of a scheduled Board meeting.

Stat. Auth.: ORS 670.310 & ORS 673.040

Stats. Implemented: ORS 673.040

Hist.: 1AB 3-1984, f. 12-19-84, ef. 1-1-85; AB 2-1988, f. 3-31-88, cert. ef. 3-30-88; AB 7-1989, f. & cert. ef. 9-11-89; AB 1-1991, f. & cert. ef. 1-2-91; AB 4-1991, f. & cert. ef. 7-1-91; AB 2-1993, f. 1-14-93, cert. ef. 1-15-93; AB 4-1994, f. & cert. ef. 9-27-94; AB 1-1995, f. & cert. ef. 1-25-95; AB 5-1995, f. & cert. ef. 8-22-95; AB 3-1997, f. & cert. ef. 6-5-97; BOA 1-1998, f. & cert. ef. 1-26-98; BOA 3-1998, f. & cert. ef. 6-16-98; BOA 5-1998, f. & cert. ef. 7-9-98; BOA 9-1998, f. & cert. ef. 11-10-98; BOA 1-1999, f. & cert. ef. 1-20-99; BOA 3-1999, f. & cert. ef. 3-26-99; BOA 6-1999, f. 12-21-99, cert. ef. 1-1-00; BOA 4-2000, f. 8-30-00, cert. ef. 9-1-00

801-010-0073

Certification of Applicant's Experience

(1) Any licensee who is requested by an applicant to submit evidence of the applicant's experience to the Board or to the licensing agency of another state and who declines to do so shall, upon request of the Board, explain in writing or in person the basis for such refusal.

(2) Any licensee who has furnished evidence of an applicant's experience to the Board shall, upon request by the Board, document the information in writing, by exhibit, in person or by combination thereof, in any situation including, but not limited to, the following:

(a) Description of any disagreement between an applicant and any licensee as to dates, quality, and/or type of work performed;

(b) Explanation regarding any satisfactorily answered certification of experience submitted to the Board for which the period of experience appears to be unduly short;

(c) Response to any Board request to verify, on a sample basis, information submitted by an applicant or attested thereto on a certification of experience; or

(d) Response to any questions based on the Board's reasonable belief that the information in the certification of experience may be false or incorrect.

(3) Any false or misleading statement made by a licensee as to material matters in the certification of an applicant's experience shall constitute a violation under ORS 673.170(2)(f) and OAR 801-030-0020(2).

(4) Any applicant may be required to appear before the Board or its representative to supplement or verify evidence of experience in writing, by exhibit, in person, or by any combination thereof.

(5) The Board may require an inspection, by the Board itself or by its representative, of documentation relating to an applicant's claimed experience. The inspection may, at the option of the Board, be made at the Board's offices or such other places as the Board may designate. A licensee or audit agency or group who has custody of the documentation shall produce the required documentation upon request.

(6) Certification of experience shall be made on forms provided by the Board. A licensee who completes and submits a certification of experience shall certify to the Board in writing that the experience obtained under the licensee's supervision is sufficient to fulfill the entry requirements as set forth in OAR 801-010-0065.

(7) Any licensee who submits a certification of experience shall maintain the Competency Evaluation Worksheet for a period of three years after certification of the applicant.

(8) It is a violation under ORS 673.170(2)(f) and OAR 801-030-0020(2) for any licensee to fail to act or refuse to:

(a) Complete and submit a certification of experience;

(b) Comply with a request for explanation of said certification; or

(c) Comply with a request for inspection of documentation supporting any certification or experience.

(9) It is a violation of ORS 673.170(2)(f) and OAR 801-030-0020 for any licensee to commit any act which unjustly jeopardizes an applicant's ability to obtain a certificate in this or any other state or jurisdiction.

Stat. Auth.: ORS 670.310

Stats. Implemented: ORS 673.040

Hist.: 1AB 3-1984, f. 12-19-84, ef. 1-1-85; 1AB 3-1986, f. & ef. 11-17-86; AB 4-1994, f. & cert. ef. 9-27-94; AB 1-1997, f. & cert. ef. 1-28-97; BOA 1-1998, f. & cert. ef. 1-26-98; BOA 6-1998, f. & cert. ef. 7-29-98; BOA 6-1999, f. 12-21-99, cert. ef. 1-1-00; BOA 2-2000, f. & cert. ef. 5-31-00

801-010-0075

Public Accountants Becoming Certified Public Accountants

(1) A Public Accountant licensed in Oregon before January 1, 2000, wishing to become a certified public accountant must hold an active license that is not revoked, suspended or lapsed.

(2) Applicants for the certificate of Certified Public Accountant under ORS 673.050(1)(b) are required to successfully complete all sections of the CPA Exam. Conditional credit for any section of the CPA exam must meet the requirements of OAR 801-010-0060.

(3) Every application for a certified public accountant certificate under ORS 673.050 shall be made on a form provided by the Board.

(4) All experience required under ORS 673.040 must be acquired under the direct supervision of a public accountant or a certified public accountant whose permit is not revoked, suspended, lapsed or inactive.

(5) The applicant shall develop a portfolio of experience that shows to the satisfaction of the Board that the applicant's experience includes the seven core competencies stated in OAR 801-010-0065.

(6) The applicant shall demonstrate to the satisfaction of the Board that the applicant has obtained no less than one year of experience, which means at least 12 months of full-time employment, or a total of 2080 hours of part-time employment. One hundred seventy-three (173) hours of part-time employment is equivalent to one month. Qualifying part-time employment shall be at least 20 hours per week. Overtime hours worked are not acceptable toward the experience requirement. In no event will an application with less than one year experience be accepted for review.

(7) "Direct supervision" as used in this rule means that there is a clear connection between the supervisor and the person being supervised in terms of planning, coordinating, guiding, inspecting, controlling, and evaluating activities, and in authority to discharge the employee being supervised.

(8) The experience and examination requirements shall be obtained within eight years immediately preceding the date of application.

Stat. Auth.: ORS 670.310

Stats. Implemented: ORS 673.050

Hist.: BOA 4-1998, f. & cert. ef. 6-16-98; BOA 2-1999, f. & cert. ef. 2-22-99; BOA 6-1999, f. 12-21-99, cert. ef. 1-1-00

801-010-0078

Experience as a Self-Employed Public Accountant

(1) A Public Accountant licensed in Oregon prior to January 1, 2000, who is self-employed in the practice of public accountancy may fulfill the one year experience requirement under ORS 673.040 from the applicant's self-employed public accountancy experience. The applicant shall show to the satisfaction of the Board that:

(a) The applicant is a Public Accountant licensed in Oregon prior to January 1, 2000;

(b) The applicant's experience was gained while the applicant was employed full-time, or the equivalent of full-time, in the practice of public accountancy. In no case will employment of less than 30 hours per week be accepted under this rule; and

(c) The experience meets all of the requirements of OAR 801-010-0065, with the exception of the requirement for direct supervision by a Public Accountant or a Certified Public Accountant, which requirement shall be waived for the one year claimed through self-employment by the Public Accountant.

(d) Experience that is used to qualify for the CPA exam may not also be used to qualify under the requirements of ORS 673.050 described in this rule.

(2) The period of self-employment shall be verified either by a qualified Public Accountant or a Certified Public Accountant approved by the Board to review the applicant's practice. The applicant shall submit the name of a proposed reviewer to the Board. The reviewer must be licensed to practice public accountancy in Oregon and must be in full-time practice. The reviewer shall not be the subject of current or past disciplinary action by the Board, nor the subject of ongoing complaints and must not be found to have violated technical standards set by the Peer Review Oversight Committee. The reviewer shall not be related to or financially affiliated with the applicant. The applicant shall reimburse the reviewer for expenses of the review.

(3) The reviewer shall certify to the Board the following information about the applicant:

(a) The length of time in full-time public practice;

(b) The nature and extent of the work performed by the applicant;

(c) That the work performed by the applicant demonstrates satisfactory knowledge of current practice standards and pronouncements of the accounting profession;

(d) That the applicant has been practicing public accountancy as defined in OAR 801-005-0010; and

(e) That if not previously obtained, the applicant's experience is sufficient to meet the entry requirements stated in OAR 801-010-0065, including the seven core competencies.

Stat. Auth.: ORS 670.310

Stats. Implemented: ORS 673.040

Hist.: 1AB 3-1984, f. 12-19-84, ef. 1-1-85; AB 6-1989, f. & cert. ef. 9-11-89; AB 1-1994, f. & cert. ef. 1-21-94; AB 4-1994, f. & cert. ef. 9-27-94; BOA 1-1998, f. & cert. ef. 1-26-98; BOA 5-1998, f. & cert. ef. 7-9-98; BOA 9-1998, f. & cert. ef. 11-10-98; BOA 6-1998, f. & cert. ef. 7-29-98; BOA 2-1999, f. & cert. ef. 2-22-99; BOA 6-1999, f. 12-21-99, cert. ef. 1-1-00

801-010-0079

Experience Obtained in Foreign Countries

Experience obtained by an applicant outside the United States that is claimed to be equivalent to public accountancy experience obtained in the United States may be acceptable under ORS 673.040 provided that the experience meets all of the requirements of OAR 801-010-0065. The person who directly supervises the applicant's experience must be a Public Accountant or a Certified Public Accountant and shall hold a valid permit to practice public accounting in this state or another jurisdiction, and must certify to the Board that the applicant's experience is equal to experience obtained in the practice of public accountancy in this state.

Stat. Auth.: ORS 670.310

Stats. Implemented: ORS 673.040

Hist.: 1AB 2-1986, f. & ef. 10-15-86; AB 4-1994, f. & cert. ef. 9-27-94; BOA 6-1999, f. 12-21-99, cert. ef. 1-1-00

801-010-0080

Holders of Certificates in Other States, U.S. Territories or Foreign Countries

(1) An applicant for a certified public accountant certificate who holds a certificate or permit as a certified public accountant issued under the laws of any state, US Territory or foreign country shall apply under the provisions of ORS 673.040.

(2) An application for a certified public accountant certificate under ORS 673.040 shall be made on a form provided by the Board.

(3) An applicant under ORS 673.040 shall provide the following information to the Board:

(a) Documentation from the issuing authority of a current, valid license to practice public accountancy issued by the state, U.S. territory or foreign country on which the application under ORS 673.040 is based;

(b) Evidence sufficient to demonstrate to the satisfaction of the Board that the applicant meets requirements that are substantially equivalent to the requirements of ORS 673.010 to ORS 673.455 under one of the following standards:

(A) For applications based on a license issued by another jurisdiction prior to January 1, 2000, evidence that the applicant holds a certified public accountant certificate and a permit to practice public accountancy issued under the laws of any state, U.S. Territory or foreign country that are valid and not revoked at the time the application under ORS 673.040 is made, and that such state, U.S. Territory or foreign country required two years public accountancy experience or the equivalent as part of its certification requirements at the time of issuance;

(B) For applications based on a license issued by another jurisdiction after January 1, 2000, evidence that the applicant holds a certified public accountant certificate and permit to practice issued under the laws of any state, U.S. territory or foreign country that are currently valid and not revoked at the time the application under ORS 673.040 is made, and that such state, U.S. Territory or foreign country required 150 semester hours, or the equivalent thereof, and at least one year public accounting experience or the equivalent, as part of its certification requirements at the time of issuance.

(C) That during four of the ten years immediately preceding the application under ORS 673.040, the applicant held a certified public accountant certificate and a permit to practice under the laws of any state, US Territory or foreign country that are currently valid and not revoked at the time the application is made, and has four years of public accounting experience or the equivalent thereof, after completing the CPA exam; or

(D) The applicant may submit information that provides verification of substantial equivalency to the satisfaction of the Board, either personally or through NASBA National Qualifications Appraisal Service or any similar service approved by the Board.

Stat. Auth.: ORS 670.310 & ORS 673.040

Stats. Implemented: ORS 673.040

Hist.: 1AB 14, f. 8-15-68; 1AB 22, f. 3-2-72, ef. 3-15-72; 1AB 34, f. 1-29-74, ef. 2-25-74; 1AB 3-1982, f. & ef. 4-20-82; 1AB 1-1986, f. & ef. 10-1-86; AB 5-1990, f. & cert. ef. 8-16-90; AB 5-1993, f. & cert. ef. 8-16-93; AB 1-1994, f. & cert. ef. 1-21-94; AB 4-1994, f. & cert. ef. 9-27-94; AB 1-1997, f. & cert. ef. 1-28-97; AB 4-1997, f. & cert. ef. 7-25-97; BOA 5-1998, f. & cert. ef. 7-9-98; BOA 9-1998, f. & cert. ef. 11-10-98; BOA 6-1999, f. 12-21-99, cert. ef. 1-1-00

801-010-0085

Holders of Foreign Certificates, Credentials or Degrees

(1) The Board recognizes the International Qualifications Appraisal Board (IQAB), a joint body of NASBA and AICPA. The International Qualifications Appraisal Board is charged with:

(a) Evaluating the professional credentialing process of certified public accountants or their equivalents in countries other than the United States; and

(b) Negotiating principles of reciprocity agreements with the appropriate professional and/or governmental bodies of other countries seeking recognition as having requirements substantially equivalent to requirements in the United States to qualify for and receive the certificate of certified public accountant.

(2) The Board shall honor the principles of reciprocity agreements issued by IQAB.

(3) An applicant for a certified public accountant certificate or license to practice public accountancy in Oregon who has received a certificate, credential or degree issued by a foreign country that is claimed to be comparable to a certificate or license issued by the Board, or an applicant who has been issued a certificate or license by the licensing body of any state or US Territory that is based upon the certificate, credential or degree granted by a foreign country that is not recognized under any IQAB Reciprocity Agreement is required to meet the following requirements:

(a) The educational requirement under ORS 673.050 for admission to the CPA exam. The applicant's academic credentials shall be evaluated by a credentialing agency that is a member of the National Association of Credential Evaluation Services, Inc. (NACES);

(b) Pass the CPA exam required by ORS 673.040; and

(c) Complete the experience requirement under ORS 673.040 and rules adopted thereunder.

Stat. Auth.: ORS 670.310 & ORS 673.040

Stats. Implemented: ORS 673.040

Hist.: 1AB 2-1986, f. & ef. 10-15-86; AB 1-1994, f. & cert. ef. 1-21-94; AB 4-1994, f. & cert. ef. 9-27-94; AB 5-1995, f. & cert. ef. 8-22-95; BOA 6-1998, f. & cert. ef. 7-29-98; BOA 6-1999, f. 12-21-99, cert. ef. 1-1-00

801-010-0100

Public Accountant Licenses

(1) No person shall display a public accounting license unless the person holds a permit issued under ORS 673.150 which is not revoked, suspended or lapsed.

(2) For the purpose of ORS 673.100, one year of public accounting experience shall be the same as the experience specified in OAR 801-010-0065, except that the total time shall be at least 12 months of full-time employment or a total of 2080 hours of part-time employment. The experience shall meet all of the other requirements stated in OAR 801-010-0065, including the seven competencies.

Stat. Auth.: ORS 670.310

Stats. Implemented: ORS 673.100 & ORS 673.150

Hist.: 1AB 9, f. 6-24-60; 1AB 41, f. & ef. 12-2-76; 1AB 4-1982, f. & ef. 5-21-82; 1AB 3-1984, f. 12-19-84, ef. 1-1-85; AB 4-1994, f. & cert. ef. 9-27-94; BOA 1-1998, f. & cert. ef. 1-26-98; BOA 1-1999, f. & cert. ef. 1-20-99; BOA 6-1999, f. 12-21-99, cert. ef. 1-1-00

801-010-0110

Renewal of Permits

(1) Effective June 30, 1991 all permits issued under ORS 673.150 that end in even numbers shall expire on June 30 of even-numbered years and all permits issued under ORS 673.150 that end in odd numbers shall expire on June 30 of odd-numbered years, unless properly renewed. To renew an active or inactive permit, the certificate or license holder shall, before the date on which the permit would otherwise expire, apply for renewal on a form provided by the Board, pay the renewal fee prescribed by OAR 801-010-0010 and provide evidence that the applicant has satisfied the continuing education and peer review requirements. Each renewal period extends the effective date of the permit for the two-year period ending on June 30 of the next even- or odd-numbered year, at which time the permit is due for renewal.

(2) The Board may waive the initial permit fee if an initial permit is issued in May or June of the year in which the permit is due for renewal.

Stat. Auth.: ORS 670.310 & ORS 673.150

Stats. Implemented: ORS 673.150

Hist.: 1AB 4-1981, f. & ef. 6-17-81; AB 3-1991, f. & cert. ef. 4-10-91; AB 4-1991, f. & cert. ef. 7-1-91; AB 5-1993, f. & cert. ef. 8-16-93; AB 3-1994, f. & cert. ef. 8-10-94; AB 4-1994, f. & cert. ef. 9-27-94; AB 1-1995, f. & cert. ef. 1-25-95; BOA 6-1999, f. 12-21-99, cert. ef. 1-1-00

801-010-0115

Resignation of Licensee

(1) A certified public accountant or public accountant may resign and surrender the licensee's certificate, license and permit issued under ORS 673.040, ORS 673.100 and ORS 673.150, by submitting a written resignation, together with the certificate and permit or license and permit. Such resignation shall be effective upon acceptance by the Board.

(2) If allegations of professional misconduct are under investigation by the Board, or if disciplinary proceedings are pending

against a licensee, then a resignation by such a licensee shall be deemed by the Board to be a revocation for misconduct in the event that the licensee applies for a certificate or license after such resignation is accepted by the Board. The Board may refuse to accept such a resignation if the written resignation does not include an express acknowledgment by the resigning licensee of the following:

(a) That the licensee is required to return the CPA certificate or PA license to the Board;

(b) That the licensee has knowledge of any pending investigation or disciplinary proceedings and does not wish to contest or defend the matter;

(c) That the licensee understands that in the event the licensee submits a subsequent application to be licensed to practice public accountancy, the licensee shall not be entitled to a reconsideration or re-examination of the facts, complaints, or instances of misconduct upon which investigations or disciplinary proceedings were pending at the time of the resignation; and

(d) That upon any subsequent application to practice public accountancy, the licensee must meet all requirements of ORS Chapter 673 and OAR Chapter 801.

(3) Unless otherwise ordered by the Board, any pending investigation or disciplinary proceeding shall be closed upon acceptance of the licensee's resignation.

(4) If no investigation or disciplinary proceedings are pending against a licensee, then the licensee's resignation will be accepted by the Board only if the licensee acknowledges or has been advised by the Board that:

(a) The license or certificate issued to the licensee must be returned to the Board; and

(b) After such resignation, in the event that the licensee wishes to reapply for a permit to practice public accountancy, the licensee will be in the same position as a new applicant.

(5) Upon resignation, a former licensee is required to:

(a) Take all reasonable steps to avoid foreseeable harm to any client; and

(b) Continue to comply with the requirements of OAR 801, Division 030 pertaining to confidential information and client records.

Stat. Auth.: ORS 670.310

Stats. Implemented: ORS 673.410

Hist.: AB 2-1996, f. & cert. ef. 9-25-96; BOA 6-1999, f. 12-21-99, cert. ef. 1-1-00

801-010-0120

Inactive Status

(1)(a) "Inactive status" has the meaning given in ORS 673.220.

(b) A licensee who has retired from the practice of public accountancy may apply for "retired status." "Retired status" is equivalent to "inactive status."

(2) An application for inactive or retired status shall be made on a form provided by the Board.

(3) The application shall be accompanied by a fee prescribed by OAR 801-010-0010.

(4) The applicant for inactive or retired status shall certify to the Board that:

(a) The applicant holds a permit issued under ORS 673.150 which is not revoked or suspended; and

(b) The applicant does not perform any public accountancy services during the period in which the applicant is granted inactive or retired status.

(5) A licensee who is granted inactive or retired status shall not be required to complete continuing education under ORS 673.165 and shall not be subject to the Peer Review requirements under ORS 673.455 during the period in which inactive or retired status is approved.

(6) A licensee who is granted inactive or retired status may display the Certified Public Accountant certificate or Public Accountant license and may use the CPA or PA designation if the licensee:

(a) Includes the words "inactive" or "retired" either before or after the CPA or PA designation, and

(b) Does not otherwise violate the provisions of ORS 801-030-0005(5).

(7) Except as provided in this rule, a licensee who is granted inactive or retired status shall not hold out as a CPA or PA and the licensee shall be subject to disciplinary action under ORS Chapter 673 for violations of this provision.

Stat. Auth.: ORS 670.310

Stats. Implemented: ORS 673.220

Hist.: 1AB 2-1986, f. & ef. 10-15-86; AB 5-1989, f. & cert. ef. 8-2-89; AB 4-1991, f. & cert. ef. 7-1-91; AB 1-1994, f. & cert. ef. 1-21-94; AB 4-1994, f. & cert. ef. 9-27-94; AB 2-1995, f. & cert. ef. 3-22-95; AB 2-1996, f. & cert. ef. 9-25-96; BOA 6-1999, f. 12-21-99, cert. ef. 1-1-00

801-010-0125

Renewal of Inactive Status

(1) Inactive or retired status granted to a licensee under ORS 673.220 shall expire on June 30 of each expiration year under the provisions of ORS 801-010-0110, unless properly renewed.

(2) To renew inactive or retired status, a certificate or license holder shall, before the time at which the inactive or retired permit would otherwise expire, apply to renew such permit on a form provided by the Board.

(3) The application shall be accompanied by the appropriate renewal fee prescribed by ORS 801-010-0010.

(4) Every permit that is approved for inactive or retired status shall continue as inactive or retired for the two-year renewal period ending on June 30 of the expiration years as provided in ORS 801-010-0110.

Stat. Auth.: ORS 670.310 & ORS 673.410

Stats. Implemented: ORS 673.220

Hist.: 1AB 2-1986, f. & ef. 10-15-86; AB 4-1991, f. & cert. ef. 7-1-91; AB 4-1994, f. & cert. ef. 9-27-94; AB 2-1995, f. & cert. ef. 3-22-95; BOA 6-1999, f. 12-21-99, cert. ef. 1-1-00

801-010-0130

Restoration to Active Status

(1) A person who is granted an inactive or retired permit under ORS 673.220 who subsequently applies to renew such permit as "active" shall submit an application for restoration of the person's permit to practice public accountancy. The application shall be made on a form provided by the Board.

(2) The applicant shall pay the permit fee for the renewal period in which restoration is requested.

(3) The applicant is required to meet the CPE requirements for reinstatement described in ORS 801-040-0090. The applicant shall not perform any public accountancy services until after reinstatement requirements are met and the applicant receives an active permit.

(4) The applicant is required to meet the peer review requirements described in ORS 801, Division 050.

Stat. Auth.: ORS 670.310 & ORS 673.220

Stats. Implemented: ORS 673.220, 673.410

Hist.: 1AB 2-1986, f. & ef. 10-15-86; AB 3-1994, f. & cert. ef. 8-10-94; AB 2-1995, f. & cert. ef. 3-22-95; BOA 6-1999, f. 12-21-99, cert. ef. 1-1-00

801-010-0170

Publication of Disciplinary Action

(1) The Board may in its discretion publicize disciplinary action taken under ORS 673.170 in such manner and for such period as it may direct.

(2) A certified public accountant or public accountant may be guilty of gross negligence in the practice of public accounting for:

(a) Failure to disclose a known material fact which is not disclosed in the financial statements but disclosure of which is necessary to make the financial statements complete or not misleading; or

(b) Failure to report any known material misstatement to appear in the financial statements.

Stat. Auth.: ORS 670 & ORS 673

Stats. Implemented: ORS 673.170(2)(b) & ORS 673.220

Hist.: 1AB 9, f. 6-24-60; AB 4-1991, f. & cert. ef. 7-1-9; AB 4-1994, f. & cert. ef. 9-27-94

801-010-0190

Procedure for Complaints

Under ORS 673.185, the Board has sole authority to deal with complaints against certified public accountants and public accountants.

The following procedures govern complaints against certified public accountants and public accountants, and all proceedings in relation to such complaints shall be substantially as follows:

(1) The Board shall take action upon receipt of a written complaint which states in detail the offense alleged to have been committed, and presents the evidence in support of the complaint. The Board may initiate proceedings on its own motion and take action upon information received, if there is sufficient evidence that a violation of the statutes, rules, or regulations may have been committed.

(2) Any person submitting a complaint may be required to support it by personal appearance before the Board.

(3) The Board may employ private investigators to assist it in determining the pertinent facts in any case before it.

(4) The Board may give the individual against whom a complaint has been filed an opportunity to appear before the Board for an informal discussion of the complaint.

(5) The Board shall determine whether an offense as described in the complaint is alleged.

(6) If the Board believes, from the evidence submitted, that such offense has been committed, it shall submit the record to the Attorney General for his advice and guidance or if the matter does not warrant proceeding further, shall dismiss the complaint.

Stat. Auth.: ORS 670 & ORS 673

Stats. Implemented: ORS 673.185

Hist.: 1AB 9, f. 6-24-60; 1AB 24, f. 9-15-72, ef. 10-1-72; 1AB 5-1978, f. & ef. 5-16-78; 1AB 3-1982, f. & ef. 4-20-82; AB 4-1994, f. & cert. ef. 9-27-94

801-010-0170

Publication of Disciplinary Action

The Board may in its discretion publicize disciplinary action taken under ORS 673.170 in such manner and for such period as it may direct.

Stat. Auth.: ORS 670.310 & ORS 673.410

Stats. Implemented: ORS 673.170

Hist.: 1AB 9, f. 6-24-60; AB 4-1991, f. & cert. ef. 7-1-9; AB 4-1994, f. & cert. ef. 9-27-94; BOA 6-1999, f. 12-21-99, cert. ef. 1-1-00

801-010-0190

Procedure for Complaints

Under ORS 673.185, the Board has sole authority to investigate complaints against CPAs and PAs. The following procedures govern complaints received by the Board:

(1) The Board shall investigate every complaint received that describes activities that are the subject of the complaint and that provides information in support of the complaint. The Board may investigate other information of which the Board has knowledge and which indicates or tends to indicate that a violation of the statutes or rules may have occurred.

(2) Any person submitting a complaint may be required to support the complaint by personal appearance before the Board.

(3) The Board may employ private investigators to provide assistance in determining the facts of any case before the Board.

(4) A licensee who is the subject of a complaint may request to appear before the Board or a Board committee for an informal discussion of the complaint.

(5) In accordance with ORS 673.415 the Board may obtain a copy of the signature block, including the name, address and signature of the tax preparer, for any tax return or report permitted or required to be filed with the Oregon Department of Revenue, if the Board has reasonable grounds to believe that a licensee who prepared such tax return or report violated any provision of ORS 673.010 to 673.455 or rules promulgated by the Board.

(6) The Board shall determine whether a complaint alleges a violation of the laws regulating the practice of public accountancy.

(7) If the Board determines from the evidence submitted that a violation has occurred, the Board shall submit the record to the Attorney General for legal review.

(8) The Board may dismiss a complaint if it is determined that the matter does not warrant further action.

Stat. Auth.: ORS 670.310 & ORS 673.410

Stats. Implemented: ORS 673.170 & OL 1999, Ch. 441

Hist.: 1AB 9, f. 6-24-60; 1AB 24, f. 9-15-72, ef. 10-1-72; 1AB 5-1978, f. & ef. 5-16-78; 1AB 3-1982, f. & ef. 4-20-82; AB 4-1994, f. & cert. ef. 9-27-94; BOA 6-1999, f. 12-21-99, cert. ef. 1-1-00

801-010-0340**Professional Corporations**

(1) The ownership of a business organization, defined in ORS 673.010 and registered as a firm under OAR 801-010-0345, that is lawfully engaged in the practice of public accountancy in this state, may include owners who are not licensed as certified public accountants or public accountants if the following conditions are met:

(a) Licensed certified public accountants and public accountants shall, in the aggregate, directly or beneficially, hold ownership of more than half of the equity capital and a majority of voting rights;

(b) If the business organization has its principal place of business in this state and performs public accountancy services in this state, licensees under the provisions of ORS 673.150 or ORS 673.100 shall, in the aggregate, directly or beneficially, hold ownership of more than half of the equity capital and a majority of voting rights;

(c) The business organization shall designate in writing a permit holder under ORS 673.150 who shall be responsible for the management and registration of the business organization in this state;

(d) A permit holder under ORS 673.150 shall have ultimate responsibility for each financial statement attest service engagement performed in this state;

(e) Non-licensee owners shall be material participants in the business of the firm or an entity affiliated with the firm;

(f) Non-licensee owners may be natural persons or legal entities provided that each ultimate beneficial owner of an equity interest in such entity shall be a natural person who materially participates in the business conducted by the firm.

(g) Non-licensee owners shall not hold themselves out as certified public accountants or public accountants.

(2) A business organization with non-licensee ownership that is registered in this state under OAR 801-010-0345 shall certify at the time of registration and at each renewal that the business organization is in compliance with the provisions of this rule.

(3) A business organization of which the majority ownership is held by individuals licensed as public accountants under ORS 673.100, may not use the term "CPA firm" or any similar name that would indicate that a majority of the owners of the firm hold certificates issued under ORS 673.040.

(4) Business organizations with non-CPA ownership that are registered under OAR 801-010-0345 shall comply with the requirements for peer review as provided in ORS 673.455, unless such business organization does not perform attest services.

(5) For purposes of this section, "material participation" means an activity that is regular, continuous and substantial.

Stat. Auth.: OL 1999, Ch. 322

Stats. Implemented: OL 1999, Ch. 322 Sec. 12

Hist.: 1AB 18, f. 11-25-70, ef. 12-25-70; 1AB 29, f. 4-25-73, ef. 5-15-73; 1AB 3-1982, f. & ef. 4-20-82; AB 5-1990, f. & cert. ef. 8-16-90; AB 4-1991, f. & cert. ef. 7-1-91; AB 4-1994, f. & cert. ef. 9-27-94; BOA 1-1998, f. & cert. ef. 1-26-98; BOA 6-1999, f. 12-21-99, cert. ef. 1-1-00

801-010-0345**Other Business Forms**

(1) A business organization organized for the practice of public accountancy shall register with the Board as a firm if the business organization:

(a) Uses the terms "certified public accountant," "CPA," "public accountant" or "PA," or any derivation of such terms, in its name, advertising, or in any information about or description of the services provided;

(b) Holds out to clients or to the public that the business organization is in any way engaged in the practice of public accountancy; or

(c) Performs attest services, as defined by these rules.

(2) A business organization organized as a sole proprietorship and comprised of a single permit holder under ORS 673.150 is required to register as a firm if the business organization:

(a) Holds out to clients or to the public that it is composed of more than one licensee, or

(b) Performs attest services.

(3) Application by a business organization to be registered as a firm to practice as Certified Public Accountant(s) or Public

Accountant(s) shall be made to the Board in writing on a form provided by the Board.

(4) Every business organization that is required to register as a firm under ORS 673.160 shall provide the following information in writing with the application for initial registration and with each registration renewal. Notice of any change in the information required by this rule shall be provided in writing with each renewal application:

(a) Name of the firm;

(b) Identification by name and by certificate or license number of each CPA and PA in this state who is associated with or employed by the business organization;

(c) The physical address of every office and branch office in this state;

(d) Notice of every denial, revocation, lapse or suspension of authority to perform public accountancy services that is or has been issued by any jurisdiction against any licensee associated with the business organization;

(e) Notice of the filing of any lawsuit relating to the professional services of the business organization, if an essential element of such lawsuit involves fraud, dishonesty or misrepresentation; and

(f) Notice of any criminal action filed against the business organization or against any owner or manager and notice of any conviction against any owner or manager of the business organization. Notice of a conviction under this rule includes the initial plea, verdict or finding of guilt, pleas of no contest or pronouncement of sentence by a trial court even though that conviction may not be final and sentence may not be actually imposed until appeals are exhausted. The notice provided shall be signed by the person to whom the conviction or criminal action applies, and shall state the facts that constitute the reportable event and identify the event by the name of the agency or court, the title of the matter, the docket number and the date of occurrence of the event.

(5) Every business organization with non-CPA owners that is required to register as a firm shall provide the following additional information with the application for initial registration and with each registration renewal. Notice of any change in the information required by this rule shall be provided with each application for registration renewal:

(a) The name of the firm and a list of the states in which the business organization has applied, or is currently authorized to practice public accountancy;

(b) Evidence to the satisfaction of the Board that the business organization satisfies the requirements of OAR 801-010-0340;

(c) The identities of all owners or managers of the business organization who work regularly in this state;

(d) The physical address of every office maintained in this state;

(e) The identity of every person with management responsibility for each office in this state;

(f) Notice of every denial, revocation, lapse, or suspension of authority to perform accounting services or other services issued against any owner or manager of the business organization in any jurisdiction;

(g) Notice of the filing of any lawsuit relating to the professional services of the business organization if an essential element of the lawsuit involves fraud, dishonesty or misrepresentation;

(h) Notice of any criminal action filed against the business organization or against any owner or manager; and

(i) Notice of any conviction against any owner or manager of the business organization. Notice of a conviction under this rule includes the initial plea, verdict or finding of guilt, pleas of no contest or pronouncement of sentence by a trial court even though that conviction may not be final and sentence may not be actually imposed until appeals are exhausted. The notice provided shall be signed by the person to whom the conviction or criminal action applies, and shall state the facts that constitute the reportable event and identify the event by the name of the agency or court, the title of the matter, the docket number and the date of occurrence of the event.

(6) The Board shall issue an amended certificate of registration on receipt of notice of a change in the firm name by a business organization.

(7) The Board, upon receipt of an application to register as a firm, payment of a registration fee, and finding that the business organization satisfies all the requirements of these rules, shall issue a certificate of registration which shall remain in effect until December 31 of the odd-numbered year following the date of such registration.

(8) On or before December 31 of each odd-numbered year, every business organization registered by the Board shall submit an application for renewal on a form provided by the Board, together with the appropriate registration renewal fee. Business organizations that fail to renew a registration by the close of the renewal period are required to pay the renewal fee plus a late fee.

(9) The certificate of registration issued by the Board shall be conspicuously posted at the office of the business organization.

Stat. Auth.: ORS 670.310 & ORS 673.410

Stats. Implemented: ORS 673.170 & OL 1999, Ch. 322, Sec. 12

Hist.: AB 6-1993(Temp), f. 11-2-93, cert. ef. 11-4-93; AB 1-1994, f. & cert. ef. 1-21-94; BOA 2-1998, f. & cert. ef. 3-30-98; BOA 6-1999, f. 12-21-99, cert. ef. 1-1-00

DIVISION 20

MUNICIPAL AUDITS

801-020-0620

Bidding and Contracting for Municipal Audits

(1) Accountants who are sole proprietors or members of a partnership, professional corporation, or "Other Business Form" registered under the provisions of ORS 673.090, 673.130, or 58.345, if such sole proprietor or all such partners, shareholders owners, members or comparable person are on the roster of the State Board of Accountancy, of accountants authorized to conduct municipal audits, the sole proprietor, partnership, professional corporation, or "Other Business Form" may bid, contract or issue, in accordance with ORS 297.465, under their sole proprietor, partnership, professional corporation, or "Other Business Form" name.

(2) If a partnership, professional corporation, or "Other Business Form" registered under the provisions of ORS 673.090, 673.130, or 58.345, has at least one but not all members on the roster of the State Board of Accountancy of accountants authorized to conduct municipal audits, the partnership, professional corporation, or "Other Business Form" may bid, contract or issue, in accordance with ORS 297.465, in the partnership, professional corporation, or "Other Business Form" name only if the contract and the related audit report are both signed in the name of the partnership, professional corporation, or "Other Business Form" with the signature of a partner, a shareholder, owner, member or comparable person who is on the roster of accountants authorized to conduct municipal audits.

(3) Except as provided in sections (1) and (2) of this rule, no person may bid, contract or otherwise offer to issue or issue an audit under ORS 297.405 to 297.555.

Stat. Auth.: ORS 297, ORS 670 & ORS 673

Stats. Implemented: ORS 297.425

Hist.: 1AB 8, f. 8-17-54; 1AB 15, f. 4-23-69; AB 1-1988(Temp), f. 2-17-88, cert. ef. 2-22-88; AB 2-1991, f. & cert. ef. 2-28-91; AB 3-1992, f. & cert. ef. 2-18-92; AB 3-1993, f. 1-14-93, cert. ef. 1-15-93; AB 6-1993(Temp), f. 11-2-93, cert. ef. 11-4-93; AB 1-1994, f. & cert. ef. 1-21-94

801-020-0620

Bidding and Contracting for Municipal Audits

(1) An accountant who is a sole proprietor or member of a business organization defined in ORS 673.010, of which all owners of the business organization are qualified and listed on the Oregon Board of Accountancy roster of accountants authorized to conduct municipal audits and reviews (municipal roster), may bid, contract or issue municipal audits in accordance with ORS 297.465 under the name of such business organization.

(2) A business organization having at least one, but not all members who are qualified and listed on the municipal roster may bid, contract or issue in accordance with ORS 297.465, in the name of the business organization only if the contract and the related audit

report are both signed in the name of the business organization by the member who is on the municipal roster.

(3) Except as provided in sections (1) and (2) of this rule, no person may bid, contract or otherwise offer to issue, or issue an audit under ORS 297.405 to 297.555.

Stat. Auth.: ORS 297.670, ORS 297.680 & ORS 297.740

Stats. Implemented: ORS 297.680

Hist.: 1AB 8, f. 8-17-54; 1AB 15, f. 4-23-69; AB 1-1988(Temp), f. 2-17-88, cert. ef. 2-22-88; AB 2-1991, f. & cert. ef. 2-28-91; AB 3-1992, f. & cert. ef. 2-18-92; AB 3-1993, f. 1-14-93, cert. ef. 1-15-93; AB 6-1993(Temp), f. 11-2-93, cert. ef. 11-4-93; AB 1-1994, f. & cert. ef. 1-21-94; BOA 6-1999, f. 12-21-99, cert. ef. 1-1-00

801-020-0690

Qualifications for Admission to Municipal Roster

(1) Applicants to the municipal roster required by ORS 297.425 shall meet the following requirements:

(a) The applicant must be a licensee in good standing;

(b) Every application shall be on a form provided by the Board and shall be accompanied by a fee prescribed by OAR 801-010-0010; and

(c) The application, signed by the applicant, shall constitute an agreement between the applicant and the Board that the applicant will comply with the provisions of OAR Chapter 020.

(2) In addition to the specific grounds stated in ORS 673.170(2), the Board may deny admission to the municipal roster if:

(a) The applicant has committed any act or engaged in conduct that reflects adversely on the licensee's fitness to practice public accountancy; or

(b) The applicant has committed any act or engaged in conduct that reflects moral turpitude or that would cause a reasonable person to have substantial doubts about the applicant's honesty, fairness and respect for the rights of others and for the laws of the state and the nation.

(A) Any act or conduct that resulted in a criminal conviction other than a crime described in ORS 673.170(2)(h) or (i), will not be used to deny admission to the municipal roster unless such act or conduct is rationally connected to the applicant's fitness to practice public accountancy.

(3) The applicant shall demonstrate to the satisfaction of the Board that, within the two year period immediately preceding the date of application to the municipal roster, the applicant completed 40 hours of education in the following subjects, including at least 4 hours in each subject:

(a) Audits of state and local governmental units;

(b) Governmental Accounting and Financial Reporting Standards;

(c) Generally Accepted Governmental Auditing Standards;

(d) Single Audit Act of 1984 and related Office of Management and Budget circulars and supplements;

(e) Oregon Local Budget Law;

(f) Minimum standards of audits and reviews of Oregon municipal corporations.

(4) Other courses in governmental accounting and auditing may also qualify if the applicant obtains Board approval of such course prior to enrollment. All courses are subject to the requirements of OAR 801 Division 040 and must provide the applicant with a comprehensive, working level knowledge of the subject. Courses which qualify are generally identified in promotional material as "basic," "intermediate," "level 1," "level 2" or "introductory." Conferences, seminars and updates may not be included in the hours required for admission to the municipal roster. The 40 hours of education required for admission to the municipal roster may also be included in the 80 hours of CPE required for renewal of the CPA/PA permit.

(5) Upon approval of an application to the municipal roster, the Board shall:

(a) Notify the applicant in writing that the license is approved;

(b) Enter the applicant's name on the municipal roster; and

(c) Notify the Secretary of State that the applicant is authorized to conduct municipal audits.

Stat. Auth.: ORS 297.670, ORS 297.680 & ORS 297.740

Stats. Implemented: ORS 297.680

Hist.: AB 8, f. 8-17-54; 1AB 32, f. 9-18-73, ef. 10-1-73; AB 1-1988(Temp), f. 2-17-88, cert. ef. 2-22-88; AB 4-1988, f. & cert. ef. 10-28-88; AB 3-1992, f. & cert. ef. 2-18-92; AB 5-1992, f. & cert. ef. 8-10-92; AB 6-1993(Temp), f. 11-2-93, cert. ef. 11-4-93; AB 1-1994, f. & cert. ef. 1-21-94; AB 4-1994, f. & cert. ef. 9-27-94; AB 1-1996, f. & cert. ef. 1-29-96; AB 2-1997, f. & cert. ef. 3-10-97; BOA 5-1999, f. & cert. ef. 7-23-99; BOA 6-1999, f. 12-21-99, cert. ef. 1-1-00

801-020-0700

Qualifications for Continuance on Roster

(1) Members of the municipal roster are required to complete 24 hours of CPE in subjects directly related to the governmental environment and governmental auditing. A minimum of 16 hours are required in the following subjects:

- (a) Audits of state and local governmental units;
- (b) Governmental Accounting and Financial Reporting Standards and updates;
- (c) Generally Accepted Governmental Auditing Standards and updates;
- (d) Single Audit Act of 1984 and related Office of Management and Budget circulars and supplements;
- (e) Oregon Local Budget Law; or
- (f) Minimum standards of audits and reviews of Oregon municipal corporations.

(2) No more than 8 of the 24 required hours may be in courses relating to generally accepted auditing standards and procedures. These courses may include such topics as current developments in audit methodology, assessment of internal controls and statistical sampling.

(3) The 24 hours of CPE required under this rule may also be included in the 80 hours of CPE required for renewal of the CPA/PA permit.

Stat. Auth.: ORS 297.670, ORS 297.680 & ORS 297.740

Stats. Implemented: ORS.297.680

Hist.: AB 4-1988, f. & cert. ef. 10-28-88; AB 4-1990, f. & cert. ef. 7-17-90; AB 3-1992, f. & cert. ef. 2-18-92; AB 4-1994, f. & cert. ef. 9-27-94; AB 2-1996, f. & cert. ef. 9-25-96; BOA 1-1998, f. & cert. ef. 1-26-98; BOA 6-1999, f. 12-21-99, cert. ef. 1-1-00

801-020-0700

Qualifications for Continuance on Roster

(1) Members of the municipal roster shall have 24 hours continuing education (within the 80 hours of continuing education required for renewal of the CPA/PA license) which include courses and conferences (with any level of difficulty) in subjects directly related to the government environment and to governmental auditing. A minimum of 16 hours of the 24 must be in courses described in subsection (a) through subsection (f) of this rule. This would generally include the following subjects:

- (a) Audits of state and local governmental units;
- (b) Governmental Accounting and Financial Reporting Standards and updates;
- (c) Generally Accepted Governmental Auditing Standards and updates;
- (d) Single Audit Act of 1984 and related Office of Management and Budget circulars and supplements;
- (e) Oregon Local Budget Law
- (f) Minimum standards of audits and reviews of Oregon Municipal Corporations;

(2) A maximum of eight hours of the 24-hour requirement may be in courses in generally accepted auditing standards and procedures. These courses may include such topics as current developments in audit methodology, assessment of internal controls, and statistical sampling.

Stat. Auth.: ORS 297.680

Stats. Implemented: ORS 297.680

Hist.: AB 4-1988, f. & cert. ef. 10-28-88; AB 4-1990, f. & cert. ef. 7-17-90; AB 3-1992, f. & cert. ef. 2-18-92; AB 4-1994, f. & cert. ef. 9-27-94; AB 2-1996, f. & cert. ef. 9-25-96; BOA 1-1998, f. & cert. ef. 1-26-98

801-020-0710

Biennial Fee for Inclusion on Roster

(1) Accountants listed on the municipal roster are required to renew their authorization to conduct municipal audits by submitting an application to the Board, together with the appropriate fee as pro-

vided by ORS 297.720, at each biennial renewal period described in ORS 673.150(2).

(2) Any permit that is not renewed within 60 days after the close of the period for which it was issued or renewed shall lapse. The Board shall provide written notice to the last address provided by the licensee for each accountant on the municipal roster who has not submitted an application for continuance on the roster. If an application and fee are not received within 30 days after such notice, the accountant's name shall be removed from the municipal roster, and the Secretary of State so notified.

Stat. Auth.: ORS 297.670, ORS 297.680 & ORS 297.740

Stats. Implemented: ORS.297.680, 297.720

Hist.: AB 8, f. 8-17-54; 1AB 23, f. 3-2-72, ef. 3-15-72; 1AB 9-1978, f. & ef. 9-22-78; AB 1-1988(Temp), f. 2-17-88, cert. ef. 2-22-88; AB 4-1988, f. & cert. ef. 10-28-88; Renumbered from 801-020-0720; AB 3-1992, f. & cert. ef. 2-18-92; AB 4-1994, f. & cert. ef. 9-27-94; BOA 6-1999, f. 12-21-99, cert. ef. 1-1-00

801-020-0720

Removal from and Reinstatement to the Municipal Rosterr

(1) Accountants may be removed or suspended from the municipal roster for the following reasons:

- (a) Failure to pay the biennial fee required by OAR 801-020-0710;
- (b) Failure to comply with requirements of ORS 297.465 and 297.680; or
- (c) Failure to complete the required CPE (except as provided in OAR 801-040-0160).

(2) A licensee who is removed or suspended from the municipal roster must meet the requirements in OAR 801-020-0690 before the licensee may be reinstated to the roster.

(3) A licensee who is removed from the municipal roster because of failure to complete the CPE requirements in OAR 801-020-0700 may be reinstated by completing 40 hours of CPE within a two-year period in subjects directly related to the governmental environment and governmental auditing.

Stat. Auth.: ORS 297.670, ORS 297.680 & ORS 297.740

Stats. Implemented: ORS.297.680, 297.710

Hist.: AB 8, f. 8-17-54; 1AB 32, f. 9-18-73, ef. 10-1-73; AB 1-1988(Temp), f. 2-17-88, cert. ef. 2-22-88; AB 4-1988, f. & cert. ef. 10-28-88; Renumbered from 801-020-0710; AB 3-1992, f. & cert. ef. 2-18-92; AB 5-1992, f. & cert. ef. 8-10-92; AB 3-1993, f. 1-14-93, cert. ef. 1-15-93; AB 4-1994, f. & cert. ef. 9-27-94; AB 2-1996, f. & cert. ef. 9-25-96; BOA 6-1998, f. & cert. ef. 7-29-98; BOA 6-1999, f. 12-21-99, cert. ef. 1-1-00

DIVISION 30

CODE OF PROFESSIONAL CONDUCT

Codes of Conduct

801-030-0005

Independence, Integrity, and Objectivity

(1) **Rule 101 — Independence.** A licensee, or licensee's firm, shall not express an opinion on financial statements of an enterprise in such a manner as to imply that the licensee is acting as an independent public accountant with respect thereto unless the licensee is independent with respect to such enterprise. Independence will be considered to be impaired if:

(a) During the period of the professional engagement, or at the time of expressing an opinion, the licensee, licensee's firm, or any of the licensee's employees, partners, other owners of the firm, agents, spouse, children, or parents:

(A) Had or was committed to acquire any direct or material indirect financial interest in the enterprise; or

(B) Was a trustee of any trust or executor or administrator of any estate if such trust or estate had or was committed to acquire any direct or material indirect financial interest in the enterprise;

(C) Had any closely-held business investment with the enterprise or with any officer, director or principal stockholder thereof which was material in relation to the net worth of either the licensee, the licensee's firm, or the enterprise; or

(D) Had any loan to or from the enterprise or any officer, director or principal stockholder thereof, other than loans of the follow-

ing kinds made by a financial institution under normal lending procedures, terms and requirements:

- (i) Loans obtained by the licensee which are not material in relation to the net worth of the borrower;
- (ii) Home mortgages; or
- (iii) Other secured loans, except those secured solely by a guarantee of the licensee; and
- (iv) Any loans under this provision must be kept current as to all terms.

(E) If, when the report on the client's current year is issued, billed or unbilled fees or a note receivable arising from such fees remain unpaid for any professional services provided more than one year prior to the date of the report.

(b) During the period covered by the financial statements, or during the period of the professional engagement, or at the time of expressing an opinion, the licensee:

(A) Was connected with the enterprise as a promoter, underwriter or voting trustee, a director or officer, or in any capacity equivalent to that of a member of management or as an employee; or

(B) Was a trustee for any pension or profit-sharing trust of the enterprise.

The foregoing examples are not intended to be all-inclusive.

(2) **Rule 102 — Integrity and objectivity.** (a) In the performance of any professional service, a licensee shall maintain objectivity and integrity and shall be free of conflicts of interest, and shall not knowingly misrepresent facts or subordinate the licensee's judgment to the judgment of others.

(b) In tax practice, however, a licensee may resolve doubt in favor of the client as long as there is reasonable support for the client's position.

(c) A licensee shall not accept employment adverse to a client or former client, relating to a matter with respect to which the licensee has obtained confidential information by reason of, or in the course of, the licensee's employment by, or relationship with such client or former client.

(3) **Rule 103 — Commissions.** A licensee shall not pay a commission to obtain a client, nor accept a commission for a referral to a client of products or services of others. This rule does not prohibit payments for the purchase of all, or a material part of an accounting practice, or retirement payments to persons formerly engaged in the practice of public accountancy, or payments to the heirs or estates of such persons.

(4) **Rule 104 — Contingent fees.** A certified public accountant or public accountant licensed to practice public accountancy shall not:

(a) Perform for a contingent fee any professional services for, or receive such a fee from, a client for whom any of the following professional engagements are performed:

(A) An audit or other engagement to be performed in accordance with the Statements on Auditing Standards (SAS);

(B) A review or compilation of a financial statement to be performed in accordance with the Statements on Standards for Accounting and Review Services (SSARS);

(C) An examination of prospective financial information to be performed in accordance with the Statements on Standards for Attestation Engagement (SSAE);

(D) An agreed-upon-procedures report on a financial statement; or

(E) Preparation of an original tax return.

(b) The prohibitions outlined in subsection (a) of this rule apply during the period in which the licensee or the licensee's firm is engaged to perform any of the services described in subsection (a), as well as during any period covered by any historical or prospective financial statements involved with such services.

(c) A contingent fee is a fee established for the performance of any professional service and directly or indirectly paid to a licensee pursuant to an agreement in which no fee will be charged unless a specified finding or result is attained, or in which the amount of the fee is otherwise dependent upon the finding or result of such service. However, a certified public accountant's or public accountant's fees may vary depending, for example, on the complexity of the services rendered.

(d) Fees are not regarded as being contingent if fixed by courts or other public authorities, or in tax matters, if the determination of such fees is based on the results of judicial proceedings or the findings of governmental agencies.

(5) Rule 105 — Improper use of CPA and PA Designation.

(a) Licensees engaged in a business or occupation other than the practice of public accountancy or performance of attestation services may use the "CPA" or "PA" designation in oral or other communications such as business cards, stationery or comparable forms if:

(A) The use of the designation does not indicate in any way that the licensee is authorized to perform public accountancy or attestation services as part of the licensee's other business or occupation.

(B) Licensees may, nonetheless, perform public accountancy or attestation services separate and apart from the other business or occupation if properly licensed to do so by the appropriate licensing agency.

(b) Licensees shall not engage in any activity for which the licensee receives commissions or contingent fees while holding out to the public as a CPA or PA, except as provided under 801-030-0005(3) and (4).

(c) A non-licensee owner of a business organization registered in Oregon under the provisions of ORS 673.160(4) shall not use any name or title that indicates or suggests that such owner is a certified public accountant or public accountant. This does not preclude a non-licensee owner from using the title "principal," "partner," "officer," "member" or "shareholder" to describe the ownership interest in the business organization.

Stat. Auth.: ORS 670.310 & ORS 673.455

Stats. Implemented: ORS 673

Hist.: AB 1-1978, f. & ef. 1-11-78; AB 4-1994, f. & cert. ef. 9-27-94; AB 2-1995, f. & cert. ef. 3-22-95; AB 2-1996, f. & cert. ef. 9-25-96; BOA 6-1998, f. & cert. ef. 7-29-98; BOA 6-1999, f. 12-21-99, cert. ef. 1-1-00

801-030-0010

Competence and Technical Standards

(1) **Rule 201 — Competence.** A licensee shall not undertake any engagement for the performance of professional services which the licensee cannot reasonably expect to complete with due professional competence, including compliance, when applicable, with Rules 202 and 203.

(2) **Rule 202 — Auditing standards.** A licensee shall not permit the licensee's name to be associated with financial statements in such a manner as to imply that the licensee is independent with respect to such financial statements unless the licensee has complied with applicable generally accepted auditing standards. Statements on Auditing Standards issued by the AICPA, and other pronouncements having similar generally recognized authority, are considered to be interpretations of generally accepted auditing standards, and departures therefrom must be justified when such standards are not followed.

(3) **Rule 203 — Accounting principles.** A licensee shall not express an opinion that financial statements are presented in conformity with generally accepted accounting principles if such financial statements contain any departure from such accounting principles which has a material effect on the financial statements taken as a whole, unless the licensee can demonstrate that by reason of unusual circumstances, the financial statements would otherwise have been misleading. In such a case, the licensee's report must describe the departure, the approximate effects thereof, if practicable, and the reasons why compliance with the principle would result in a misleading statement. For purposes of this rule, generally accepted accounting principles are defined by pronouncements issued by the Financial Accounting Standards Board and its predecessor entities and similar pronouncements issued by other entities having similar generally recognized authority.

(4) **Rule 204 — Other professional standards.** A licensee, in the performance of management advisory services or accounting and review services, shall conform to the professional standards applicable to such services. For purposes of this rule such professional standards are considered to be defined by Statements on Management Advisory Services and Statements for Accounting and Review Services, respectively, in each instance issued by the AICPA,

and by similar pronouncements by other entities having generally recognized authority.

Stat. Auth.: ORS 670.310 & ORS 673.455

Stats. Implemented: ORS 673

Hist.: AB 1-1978, f. & ef. 1-11-78; AB 3-1989, f. & cert. ef. 1-25-89; AB 4-1994, f. & cert. ef. 9-27-94; BOA 6-1999, f. 12-21-99, cert. ef. 1-1-00

801-030-0015

Responsibilities to Clients

(1) **Rule 301 — Confidential client information.** Except as provided in subsection (a) of this rule, or by permission of the client engaging a licensee, or of the heirs, successors or personal representatives of the client, a licensee or any partner, officer, shareholder, member, manager, owner or employee of the licensee, shall not voluntarily disclose information communicated to the licensee by the client relating to and in connection with services rendered to the client by the licensee.

(a) Nothing in section (1) of this rule shall prohibit the disclosure of information:

(A) Required to be disclosed by the standards of the public accountancy profession in reporting on the examination of financial statements;

(B) In court proceedings;

(C) In state or federal agency proceedings;

(D) In investigations or proceedings under ORS 673.170 or 673.400;

(E) In ethical investigations conducted by private professional organizations in the course of peer reviews;

(F) To the insurance carrier of a licensee; or

(G) Required by the Oregon Board of Accountancy to be disclosed for regulatory purposes of the Board.

(b) Members of the Board and professional practice reviewers shall not disclose confidential client information which comes to their attention from licensees in disciplinary proceedings or otherwise in carrying out their responsibilities, except that the Board may furnish such information to an investigative or disciplinary body of the kind referred to in subsection (a) of this rule.

(2) Rule 302 — Client Records and Working Papers.

(a) In response to a client's request for client records, made within a reasonable time, that occurs prior to issuance of a tax return, financial statement, report or other document prepared by a licensee, the licensee shall furnish, within a reasonable time to the client or former client:

(A) Any accounting or other records belonging to or obtained from or on behalf of the client, that the licensee received for the client's account or removed from the client's premises.

(B) The licensee may make and retain copies of such documents that form the basis for work done by the licensee.

(C) A licensee is not required to furnish records to a client or former client more than once.

(b) In response to a client's request for client records, made within a reasonable time, that occurs after the issuance of a tax return, financial statement, report or other document prepared by a licensee, the licensee shall furnish, within a reasonable time to the client or former client:

(A) A copy of a tax return, financial statement, report or other document issued by a licensee to or for such client or former client; and

(B) Any accounting or other records belonging to or obtained from or on behalf of the client that the licensee removed from the client's premises or received for the client's account; and

(C) A copy of the licensee's working papers, to the extent that the working papers include records that would ordinarily constitute part of the client's records and are not otherwise available to the client; and

(D) the licensee may make and retain copies of the records and documents of the client when the documents form the basis for work done by the licensee.

(c) Working papers, for this rule, include but are not limited to all statements, records, schedules, general ledgers, journals, trial balances and depreciation schedules made by a licensee incident to or in the course of rendering services to a client or former client. Work-

ing papers are and shall remain the property of the licensee in the absence of an express agreement to the contrary between the licensee and the client.

(d) A licensee may not sell, transfer or bequeath working papers described in this rule to anyone other than one or more surviving partners or stockholders, or new partners or stockholders of the licensee, or any combined or merged organization or successor in interest to the licensee, without the prior written consent of the client or the client's personal representative or assignee.

(e) A licensee is not prohibited from making a temporary transfer of working papers or other material necessary to the conduct of peer reviews or for the disclosure of information under OAR 801-030-0015(2).

(f) A licensee is not required to keep any working papers beyond the period prescribed in any other applicable statute.

Stat. Auth.: ORS 670.310, ORS 673.455 & OL 1999, Ch. 322

Stats. Implemented: ORS 673 & OL 1999, Ch. 322

Hist.: AB 1-1978, f. & ef. 1-11-78; 1AB 2-1984, f. & ef. 5-21-84; AB 4-1994, f. & cert. ef. 9-27-94; BOA 6-1999, f. 12-21-99, cert. ef. 1-1-00

801-030-0020

Other Responsibilities and Practices

(1) Professional Misconduct:

(a) A licensee shall not commit any act or engage in any conduct that reflects adversely on the licensee's fitness to practice public accountancy.

(b) Professional misconduct may be established by reference to acts or conduct that reflect moral turpitude, or to acts or conduct which would cause a reasonable person to have substantial doubts about the individual's honesty, fairness and respect for the rights of others and for the laws of the state and the nation. The acts or conduct in question must be rationally connected to the person's fitness to practice public accountancy.

(c) A licensee shall not act in a way that would cause the licensee to be disciplined by a federal or state agency or by any jurisdiction for the practice of public accountancy for violation of laws or rules on ethics.

(d) A licensee shall not engage in acts of gross negligence including, but not limited to:

(A) Failure to disclose a known material fact which is not disclosed in the financial statements, but disclosure of which is necessary to make the financial statements complete or not misleading, or

(B) Failure to report any known material misstatement which appears in the financial statements.

(2) **Verification of applicant's experience.** A licensee shall not make any false or misleading statement as to the material matters in the certification of an applicant's experience.

(3) **Acting through others.** A licensee shall not permit others to perform any acts on behalf of the licensee, either with or without compensation, which, if performed by the licensee would place the licensee in violation of the Code of Professional Conduct.

(4) **Public Communications and Advertising.** A licensee shall not use or participate in the use of any form of public communication, including advertising or solicitation by direct personal communication, having reference to the licensee's professional services which contains a false, fraudulent, misleading, or deceptive statement or claim. A false, fraudulent, misleading, or deceptive statement or claim includes, but is not limited to, a statement or claim which:

(a) Includes a misrepresentation of fact;

(b) Is likely to mislead or deceive because it fails to make full disclosure of relevant facts;

(c) Includes any testimonial or laudatory statement, or other statement or implication about the services that is not based on verifiable fact;

(d) Is intended or likely to create false or unjustified expectations of favorable results;

(e) Implies educational or professional attainments or licensing recognition not supported in fact;

(f) Falsely states or implies that the licensee has received formal recognition as a specialist in any aspect of the practice of public accounting;

(g) Falsely represents that professional services can or will be competently performed for a stated fee, or makes representations with respect to fees for professional services that do not disclose all variables affecting the fees that will in fact be charged; or

(h) Contains other representations or implications that may cause a reasonable person to misunderstand or be deceived.

(5) **Professional Designations.** A licensee shall not represent that the licensee is a member of any professional society, association, organization or an association of firms, or that the licensee has a correspondent relationship with another licensee if such representation contains a false, fraudulent, misleading, or deceptive statement or claim within the meaning of OAR 801-030-0020(3).

(6) **Form of practice.**

(a) A licensee may practice public accountancy in a business organization as defined in ORS 673.010 that is organized in accordance with statutory provisions.

(b) A licensee may form a business organization with a non-licensee for the purpose of engaging in the practice of public accountancy in accordance with the provisions of ORS 673.160 and OAR 801-010-0340.

(c) Every branch office of a business organization having its principal place of business in this state, if such branch office is located in this state, shall be managed by a licensee holding a permit issued under ORS 673.150 who shall be in residence at the branch office, on a full-time basis, during the time the branch office is open to the public. A licensee operating a branch office is responsible for managing the office, staff and services rendered to the public. A licensee who is unable to personally manage the office on a full-time basis must submit for advance approval by the Board a written outline of the circumstances and proposed arrangements to provide adequate supervision of the branch office.

(7) **Firm names.**

(a) A licensee shall not practice public accountancy under a firm name which is misleading in any way as to the legal entity or organization of the firm, or as to the persons who are owners or managers of the firm, or as to any matter restricted by OAR 801-030-0020.

(b) A Certified Public Accountant or Public Accountant in individual practice may use, in a title or designation, the individual's full legal name in the singular form, which may be followed by the title "Certified Public Accountant," "Public Accountant," "CPA" or "PA" respectively.

(c) A CPA or PA in the individual practice of public accountancy, or as a business organization organized in accordance with applicable statutory provisions, may use a plural title or designation, including words like "company," "and company," "associates" and "accountants," only if the CPA or PA employs at least one staff person, working a minimum of 20 hours per week, who is licensed to practice public accountancy under ORS 673.150, and whose permit is not revoked, suspended, lapsed or inactive.

(d) Any firm name that does not include the designations "PC," "LLC," "LP," or "LLP" to indicate the form of legal entity through which the practice of public accountancy is being conducted, or that does not include the full legal name of every owner of such business organization, shall be filed as an assumed business name with the Corporations Division of the Office of the Secretary of State. A copy of the registration of the assumed business name shall be provided to the Board with the application for registration as a firm and with every renewal application.

(e) A business organization registered as a firm under ORS 673.160 shall notify the Board in writing of any change of firm name, firm address or firm ownership within 30 days of such change.

(f) Business organizations shall file a list of the names and certificate or license numbers of all Oregon licensees employed by the firm with the application for registration as a firm and with every renewal application.

(g) If a business organization using a plural title or designation ceases to employ at least one licensed staff person for 20 hours or more and therefore does not meet the requirements of subsection (c) of this section, the business organization is required to:

(A) Notify the Board within 30 days of the occurrence of the event causing non-compliance; and

(B) Employ a licensed staff person, working a minimum of 20 hours per week within 90 days of the occurrence of such non-compliance and provide written notice to the Board that the business organization is no longer out-of-compliance; or

(C) Cease using a plural title or designation and so notify the Board in writing.

(D) A business organization may file a written request for a 90 day extension in which to employ the required licensed staff person. Such request must be approved by the Board in writing.

(h) A firm name may be composed of the names of one or more past partners, shareholders, owners, or members of the business organization or its successor. A partner, shareholder, owner or member surviving the death or withdrawal of all other partners, shareholders, owners or members may continue to practice under the firm name provided that the firm meets the requirements of subsection (c) of this section.

(i) An assumed business name that is registered with the Corporate Division of the Office of the Secretary of State may be composed in whole or in part of initials. Such abbreviated firm name shall not spell a word or form an acronym that may be misleading to the public. Every assumed business name must meet the requirements of subsections (j) and (k) of this rule.

(j) Firm names shall not include false or misleading language about the business form of the firm, the nature of the services provided or the identity of individual members of the firm, and shall not include information about, or indicate an association with, individuals who are not members of the firm;

(k) Firm names shall include words or abbreviations sufficient to identify the form of business organization or legal entity being used by the firm as required by the laws under which the business organization is organized.

(8) **Board Communications.** Communications from the Board to licensees shall be addressed to the last address or addresses furnished to the Board by the licensee as required under section (9) of this rule. Licensees who receive any Board communication requesting a written response from the licensee shall respond in writing within 21 days of the date the Board communication was mailed. Failure to respond to Board communications within the designated number of days is a violation of this rule and is cause for disciplinary action.

(9) **Notification of Change of Address, Employer or Assumed Business Name.** Licensees are required to maintain a current record with the Board of the information described in this rule, and to provide written notice to the Board of any change in such information within 21 days of such change. Written notice required under this rule may be provided by U S mail, private delivery service, fax transmittal, e-mail or personal delivery. The following information is required under this rule and will not be accepted over the telephone.

(a) Licensee's current business and residential addresses. If the number of a post office box, mail drop or pick-up service is provided for either address, the licensee must also provide the physical address; and

(b) The name and address of licensee's current employer; and

(c) Any assumed business name used by licensee, if licensee is conducting the practice of public accountancy under an assumed business name.

(10) **School Loan Defaults.** In accordance with ORS 348.393 to 348.399, the Board shall provide the Oregon State Scholarship Commission ("Commission") with certification and licensing information that may be electronically cross-matched with the Commission's post default database.

(a) The Board shall refuse to issue or renew or shall suspend the certificate or license and permit of any licensee who is in default on any student loan guaranteed or insured by the Commission, or who is not repaying such loan in a satisfactory manner as determined by the Commission and in accordance with federal regulations.

(b) Pursuant to ORS 348.393(3), the Board shall notify a licensee of any action being taken against the license at the direction of the Commission, and shall refer the licensee to the Commission for resolution of any dispute regarding school loans.

(c) Upon notification by the Commission and receipt of a release notice that a licensee has met satisfactory borrower repayment status, the Board shall issue, renew, or reinstate the licensee's certificate or license and permit to practice upon compliance with any additional requirements of the Board for issuance, renewal or reinstatement.

(11) **Child Support Defaults.** In accordance with ORS 25.750 to 25.783, the Board shall provide the Support Enforcement Division of the Department of Justice with certification and licensing information which may be electronically cross-matched with Support Enforcement Division's records for persons under order of judgment to pay monthly child support and who are in arrears according to ORS 25.750(a), (b), and/or (c).

(a) The Board shall suspend a licensee's certificate or license and permit to practice upon notice from the Support Enforcement Division or the appropriate District Attorney that such licensee is in arrears of any judgment or order requiring the payment of child support and such payment is being enforced under the provisions of ORS 25.080.

(b) Pursuant to ORS 25.762 or 25.765, the Board shall notify the licensee of the action being taken and refer such licensee to the Support Enforcement Division or the District Attorney for resolution of the support payment issue.

(c) Upon notification by the Support Enforcement Division or District Attorney and receipt of a release notice that the conditions resulting in the action have been resolved, the Board shall reinstate the licensee's certificate or license and permit to practice upon compliance with any additional requirements for issuance, renewal or reinstatement.

(12) **State Tax Defaults.** In accordance with ORS 305.385, and upon request by the Department of Revenue (DOR), the Board shall provide DOR with certification and license information for the purpose of determining whether a licensee has neglected or refused to file any tax return, or neglected or refused to pay any tax without filing a petition with DOR as stated in ORS 305.385(4)(a).

(a) The Board shall issue a notice of proposed action against a licensee who is identified by DOR under this rule. The licensee shall be provided with the opportunity for hearing as provided in ORS 183.310 to 183.550 for contested cases.

(b) Upon notification by DOR and receipt of a certificate issued by DOR that the certificate/license holder is in good standing with respect to any returns due and taxes payable to DOR as of the date of the certificate, the Board shall renew or reinstate the certificate or license and permit to practice upon compliance with any additional requirements of the Board for issuance, renewal or reinstatement.

Stat. Auth.: ORS 670.310 & OL 1999, Ch. 322

Stats. Implemented: OL 1999, Ch. 322

Hist.: AB 1-1978, f. & ef. 1-11-78; 1AB 1-1981, f. 1-6-81, ef. 6-1-81; 1AB 3-1981, f. & ef. 1-6-81; 1AB 2-1984, f. & ef. 5-21-84; 1AB 3-1986, f. & ef. 11-17-86; AB 3-1989, f. & cert. ef. 10-3-89; AB 6-1993(Temp), f. 11-2-93, cert. ef. 11-4-93; AB 1-1994, f. & cert. ef. 1-21-94; AB 3-1994, f. & cert. ef. 8-10-94; AB 4-1994, f. & cert. ef. 9-27-94; AB 3-1996, f. & cert. ef. 9-25-96; BOA 6-1998, f. & cert. ef. 7-29-98; BOA 1-1999, f. & cert. ef. 1-20-99; BOA 5-1999, f. & cert. ef. 7-23-99; BOA 6-1999, f. 12-21-99, cert. ef. 1-1-00

DIVISION 40

CONTINUING PROFESSIONAL EDUCATION

801-040-0010

Basic Requirements

(1) Each biennial renewal period, certified public accountants and public accountants shall report satisfactory evidence of having completed 80 hours of continuing professional education (CPE) with the renewal application form unless such requirement is waived. The 80-hour CPE requirement shall be satisfied as follows:

(2) Twenty-four hours of the required 80 hours of CPE shall be completed in each year of the renewal period. Hours carried forward from the previous reporting period (carry-forward hours) may not be used to meet the minimum annual requirement.

(3) CPE hours must be completed during the two-year period immediately preceding the renewal date, except for carry-forward hours described in section (4) of this rule.

(4) A maximum of 20 hours may be carried forward from one reporting period to the next, and may be used in partial fulfillment of the 80-hour requirement described in this rule.

(5) Active licensees are required to successfully complete and report four hours of CPE in professional conduct and ethics every four years commencing with the renewal period that begins July 1, 2000, for even-numbered licensees and July 1, 2001, for odd-numbered licensees.

(a) Hours earned in professional conduct and ethics are included in the 80 hour requirement for each renewal period.

(b) Licensees whose principal place of business is located in another state that has established a professional conduct and ethics CPE requirement, may demonstrate compliance with that state's professional conduct and ethics CPE requirement to meet the requirement under this rule. The ethics courses that meet the CPE requirement of such other state will be accepted in Oregon, and the licensee shall report such classes as provided in section (5) of this rule.

(c) If a licensee has a principal place of business in another state that does not have a professional conduct and ethics CPE requirement, the licensee must complete the requirement for professional conduct and ethics CPE from a sponsor registered in Oregon.

(6) CPE programs in professional conduct and ethics shall qualify for CPE credit under this rule if such programs are offered by a sponsor registered with the Board and include information pertaining to one or more of the following topics:

(a) Oregon Administrative Rules and Oregon Revised Statutes pertaining to the practice of public accountancy;

(b) Examples of issues or practice situations that require a licensee to understand the statutes, rules and case law that are relevant to the licensee's professional practice;

(c) The Code of Professional Conduct adopted by the Board and set forth in OAR 801 Division 030; and

(d) Review of recent case law on ethics and professional responsibilities for the accounting profession.

(7) Licensees who are authorized to practice public accountancy in this state under the provisions of substantial equivalency authorized by ORS 673.040(3) and 673.150(1)(b) may satisfy the CPE requirements under this rule by completing the CPE requirements of the jurisdiction in which the licensee's principal place of business is located.

(a) If such jurisdiction has no CPE requirement the licensee shall complete and report the CPE requirements under OAR 801, Division 040. The requirement to complete four hours of CPE in ethics and professional conduct may also be satisfied by meeting the ethics requirement of the other jurisdiction, and if none, by completing ethics programs offered by a sponsor registered with the Oregon Board.

(b) Licensees described in this section are required to comply with the continuing education requirement from the date such permit is issued. The number of CPE hours required for a partial licensing period shall be calculated in the same manner as described in OAR 801-040-0095.

Stat. Auth.: ORS 670.310, ORS 673.040, ORS 673.050 & OL 1999, Ch. 322

Stats. Implemented: ORS 673.165

Hist.: AB 1-1985, f. & ef. 3-21-85; AB 5-1991, f. & cert. ef. 7-1-91; AB 1-1994, f. & cert. ef. 1-21-94; AB 4-1994, f. & cert. ef. 9-27-94; BOA 5-1999, f. & cert. ef. 7-23-99; BOA 6-1999, f. 12-21-99, cert. ef. 1-1-00

801-040-0020

Controls and Reporting

(1) As a requirement of renewal of an active permit, licensees are required to report the CPE programs that are claimed for CPE credit. The report shall be signed by the licensee and submitted with each renewal application on a form provided by the Board.

(2) The following information must be provided in order for a program to be eligible for CPE credit:

(a) Name of the school, firm, or organization conducting the program;

(b) Title of program or description of content;

(c) Dates attended or date of completion; and

(d) Number of hours claimed.

(3) To obtain credit for published articles and books authored by the licensee, the following information must be provided:

- (a) Name and address of the publisher;
- (b) Title of publication;
- (c) Description of content;
- (d) Dates of publication; and
- (e) Number of hours claimed.

(4) Licensees performing professional services in Oregon under the substantial equivalency provisions of ORS 673.040 and 673.150(1)(b) are required to submit a signed statement that the licensee meets the CPE requirements of the jurisdiction in which the licensee's principal place of business is located, and shall state further whether or not such jurisdiction includes a CPE requirement in professional conduct and ethics. If such other jurisdiction has no CPE requirements the licensee shall report CPE programs as described in sections (1), (2), and (3) of this rule.

Stat. Auth.: ORS 670.310, ORS 673.040, ORS 673.050 & OL 1999, Ch. 322
 Stats. Implemented: ORS 673.165
 Hist.: AB 1-1985, f. & ef. 3-21-85; AB 6-1992, f. & cert. ef. 8-10-92; AB 4-1994, f. & cert. ef. 9-27-94; BOA 2-1999, f. & cert. ef. 2-22-99; BOA 6-1999, f. 12-21-99, cert. ef. 1-1-00

801-040-0030

Programs that Qualify for CPE Credit

(1) In order to qualify for CPE credit under these rules, a CPE program must be a formal program of learning that contributes directly to the professional competence of the individual. It is the obligation of each licensee to select a course of study which will contribute to the licensee's professional competence in public accountancy. The licensee shall take programs in a variety of topics that are relevant to the licensee's practice.

(2) CPE programs must meet the following requirements to qualify for CPE credit:

- (a) An outline of the program is prepared in advance and preserved;
 - (b) The program is at least one hour (fifty minute period) in length;
 - (c) The program is conducted by a qualified instructor; and
 - (d) A record of attendance is maintained by the sponsor.
- (3) A qualified instructor or discussion leader is a person whose background, training, education or experience makes it appropriate for the person to lead a discussion on the subject matter of the particular program.

(4) The following programs will qualify for CPE credit provided they also meet the requirements of section (2) of this rule:

- (a) Professional development programs presented by recognized national and state accounting organizations;
- (b) Technical sessions presented at meetings of recognized national and state accounting organizations and associated local chapters;

(c) University or college courses shall qualify as follows:

(A) Courses offered for college credit: each semester hour credit shall equal 15 CPE hours toward the requirement. Each quarter hour credit shall equal 10 CPE hours.

(B) Non-credit courses: each classroom hour shall equal one CPE hour.

(d) Formal programs offered by a firm to licensees; and

(e) Programs sponsored by recognized organizations that provide professional educational programs on a regular basis.

(5) Beginning with the reporting period that commences July 1, 2000, for even-numbered licensees and July 1, 2001, for odd-numbered licensees, sponsors of formal correspondence or other individual study programs will not qualify for CPE credit unless approved by the NASBA Quality Assurance Service (QAS). Credit for courses taken from QAS-approved sponsors will be awarded in an amount equal to the average completion time. Credit from a non-approved sponsor will not qualify for CPE credit described in OAR 801-040-0040(1) and (2). Licensees who purchased courses before the effective date of this rule from a non-QAS approved sponsor will be allowed a one-year extension in which to complete and receive proof-of-completion for such courses. The one-year extension expires June 30, 2001, for all licensees.

(6) The following programs do not qualify for CPE credit:

(a) Ethics courses that were taken to fulfill the requirements for licensure; and

(b) CPA exam review or study courses.

Stat. Auth.: ORS 670.310, ORS 673.040, ORS 673.050 & OL 1999, Ch. 322
 Stats. Implemented: ORS 673.165

Hist.: AB 1-1985, f. & ef. 3-21-85; AB 1-1994, f. & cert. ef. 1-21-94; AB 2-1996, f. & cert. ef. 9-25-96; BOA 1-1999, f. & cert. ef. 1-20-99; BOA 5-1999, f. & cert. ef. 7-23-99; BOA 6-1999, f. 12-21-99, cert. ef. 1-1-00

801-040-0040

Acceptable Subject Matter

(1) The following technical subjects will qualify for CPE credit so long as they meet the requirements of OAR 801-040-0030:

- (a) Accounting and auditing and assurance services;
- (b) Taxation;
- (c) Business advisory services;
- (d) Computer science;
- (e) Mathematics, statistics, probability, and quantitative applications in business;
- (f) Economics;
- (g) Business law;
- (h) Finance;
- (i) Specialized areas of industry and commerce;
- (j) Professional ethics;
- (k) Assessment of the achievement of objectives of entities;
- (l) Preparing working papers;
- (m) Information systems and transaction streams;
- (n) Risk assessment and verification skills;
- (o) Decision making, problem solving and critical thinking skills in the context of analysis; and
- (p) Communication skills.

(2) Subjects other than those listed in section (1) of this rule are non-technical subjects and will qualify for CPE credit if the licensee demonstrates that the program contributes to the licensee's professional competence. Non-technical subjects will be allowed for 16 CPE hours per renewal period. The following are examples of non-technical subjects:

- (a) Interpersonal management skills;
- (b) Public relations;
- (c) Practice development; and
- (d) Practice administration.

(3) Non-technical subject hours may not be carried forward to the next reporting period.

(4) The subject lists included in this rule are illustrative, but not conclusive of technical and non-technical subjects that may qualify for CPE credit. The licensee is required to demonstrate that a particular program meets CPE requirements.

Stat. Auth.: ORS 670.310, ORS 673.040, ORS 673.050 & OL 1999, Ch. 322
 Stats. Implemented: ORS 673.165

Hist.: AB 1-1985, f. & ef. 3-12-85; AB 5-1991, f. & cert. ef. 7-1-91; AB 4-1994, f. & cert. ef. 9-27-94; AB 1-1996, f. & cert. ef. 1-29-96; BOA 1-1999, f. & cert. ef. 1-20-99; BOA 2-1999, f. & cert. ef. 2-22-99; BOA 6-1999, f. 12-21-99, cert. ef. 1-1-00

801-040-0050

Credit Hours Granted

(1) CPE credit shall be allowed for actual hours attended.

(2) Only class hours, or the equivalent, will be counted.

(3) Student hours devoted to preparation are not acceptable.

(4) Travel time does not qualify for CPE credit.

(5) CPE credit is allowed for whole hours only, with a minimum of 50 minutes constituting one hour. As an example, 100 minutes of continuous instruction shall count for two hours; however, more than 50 but less than 100 minutes of continuous instruction shall only count for one hour.

(6) **CPE Credit for Individual Study Programs.**

(a) Until July 1, 2000, for even-numbered licensees and until July 1, 2001, for odd-numbered licensees, the number of CPE credit hours allowed for specific correspondence and individual study programs, including taped study programs, will be determined by comparing the program claimed with a comparable seminar or a course offered for credit in an accredited educational institution. Generally, one-half of the average completion time is the recommended credit allowed. After the dates specified in this section, CPE credit for individual study programs will only be allowed if the program is taken from an approved NASBA QAS sponsor, as described in

OAR 801-040-0030, and CPE credit will be awarded in an amount equal to the average completion time.

(b) Licensees claiming credit for individual study programs shall present evidence of satisfactory completion provided by the program sponsor.

(c) CPE credit is allowed for the completion date specified on the proof-of-completion provided by the sponsor.

(7) CPE Credit for service as Lecturer, Discussion Leader or Speaker.

(a) CPE credit for a lecture, training session or speaking engagement at which the licensee was an instructor, discussion leader or speaker is allowed provided that the lecture, training or engagement would meet the CPE requirements for the participants;

(b) CPE credit for one hour of continuing education shall be awarded for each hour completed as an instructor or discussion leader only if such activity increases the instructor's professional competence, and only for the first presentation of the subject material. A licensee may provide evidence that the program content was substantially changed and that such change required significant additional study or research;

(c) CPE credit for preparation time allowed an instructor, discussion leader, or a speaker shall be calculated on the basis of two CPE hours of preparation for each hour of teaching;

(d) The maximum CPE credit allowed for preparation and teaching under this section and for published articles in the section (8) together shall not exceed one-half of the total number of hours required for the renewal period; and

(e) CPE credit for licensees who are not participating as instructors, discussion leaders or speakers is limited to the actual meeting time.

(8) CPE Credit for Published Articles.

(a) CPE credit may be allowed for published articles and books provided the work contributes to the professional competence of the licensee;

(b) The maximum credit for published articles allowed under this section, and for preparation and teaching under section (7) of this rule combined shall not exceed one-half of the total requirement for the renewal period;

(c) In exceptional circumstances, a licensee may request additional CPE credit by submitting an article(s) or book(s) to the Board with an explanation of the circumstances which justify greater credit than is otherwise allowed under this rule. The Board shall determine whether additional credit is warranted.

(d) CPE credit for published articles and books is allowed for the date that the writing is published, and is only allowed for the first publication of such writing.

(9) CPE Credit for Services of Members of the Complaints Committee. Members of the Board Complaints Committee shall be allowed one hour of CPE credit per meeting attended up to eight hours per year of the total requirement for the renewal period.

(10) CPE Credit for Peer Reviews.

(a) Licensees who conduct peer reviews on behalf of an approved peer review program shall be allowed CPE credit up to 16 hours per year of the total hours required for the renewal period;

(b) Licensees who review reports on behalf of any approved peer review program shall be allowed two hours of CPE credit per report reviewed, up to 16 hours per year of the total requirement for the renewal period.

(11) CPE Credit for Government Finance Officers Association (GFOA) Certificate of Achievement program. Licensees who review reports for the GFOA Certificate of Achievement program shall be allowed up to 16 hours of CPE credit per year of the total requirement for the renewal period.

Stat. Auth.: ORS 670.310, ORS 673.040, ORS 673.050 & OL 1999, Ch. 322
Stats. Implemented: ORS 673.165
Hist.: AB 1-1985, f. & ef. 3-21-85; AB 5-1991, f. & cert. ef. 7-1-91; AB 7-1992, f. & cert. ef. 12-15-92; AB 4-1993, f. & cert. ef. 5-14-93; AB 4-1994, f. & cert. ef. 9-27-94; AB 5-1995, f. & cert. ef. 8-22-95; AB 4-1997, f. & cert. ef. 7-25-97; BOA 1-1998, f. & cert. ef. 1-26-98; BOA 6-1998 f. & cert. ef. 7-29-98; BOA 2-1999, f. & cert. ef. 2-22-99; BOA 5-1999, f. & cert. ef. 7-23-99; BOA 6-1999, f. 12-21-99, cert. ef. 1-1-00; BOA 1-2000, f. 3-22-00, cert. ef. 3-24-00

801-040-0060

Evidence of Completion

Every licensee is required to document all CPE programs claimed for CPE credit and to demonstrate to the satisfaction of the Board the number of qualifying CPE credits for each program. Licensees shall meet this requirement by:

(1) Obtaining from each program sponsor a written course outline and proof of completion or attendance record for each program and retaining such documentation for a period of five years after the completion of the program. Proof-of-completion or attendance documents shall include the sponsor name, course title, date of attendance or of completion and the number of hours earned;

(2) Providing evidence of satisfactory completion of courses taken for academic credit from accredited universities and colleges;

(3) Providing a statement of the hours of attendance for non-academic courses; and

(4) Providing written evidence of completion for individual study programs.

Stat. Auth.: ORS 670.310, ORS 673.040, ORS 673.050 & OL 1999, Ch. 322
Stats. Implemented: ORS 673.165
Hist.: AB 1-1985, f. & ef. 3-21-85; AB 1-1995, f. & cert. ef. 1-25-95; BOA 2-1999, f. & cert. ef. 2-22-99; BOA 4-1999, f. & cert. ef. 7-23-99; BOA 5-1999, f. & cert. ef. 7-23-99; BOA 6-1999, f. 12-21-99, cert. ef. 1-1-00

801-040-0070

Verification

The Board will verify CPE reporting information submitted by licensees on a test basis. If an application for renewal or reinstatement is not approved, the applicant will be notified, and the applicant may be allowed a designated number of days to correct the deficiencies noted.

Stat. Auth.: ORS 670.310, ORS 673.040, ORS 673.050 & OL 1999, Ch. 322
Stats. Implemented: ORS 673.165
Hist.: AB 1-1985, f. & ef. 3-21-85; AB 4-1994, f. & cert. ef. 9-27-94; BOA 6-1999, f. 12-21-99, cert. ef. 1-1-00

801-040-0080

Reciprocity

This section is deleted as a result of the repeal of ORS 673.080, that authorized licensing by reciprocity. The provisions of this rule are replaced in OAR 801-040-0020 and 801-040-0095 for licensees who receive a permit under the provisions of substantial equivalency, which is the replacement of reciprocity under OL 1999, ch. 322.

Stat. Auth.: ORS 670.310, ORS 673.040, ORS 673.050 & OL 1999, Ch. 322
Stats. Implemented: ORS 673.165
Hist.: AB 1-1985, f. & ef. 3-21-85; AB 5-1991, f. & cert. ef. 7-1-91

801-040-0090

Reinstatement Requirements: Lapsed, Suspended or Inactive to Active Status

(1) Permits that are not properly renewed shall lapse. To reinstate a "lapsed permit" the holder of such permit shall:

(a) Provide a detailed written description of the business and professional activities of the holder of such lapsed license during the period of lapse, stating whether the lapsed licensee was holding out as a CPA or PA during the period of lapse;

(b) Submit an application for reinstatement, together with the appropriate fees, on a form provided by the Board; and

(c) Complete and report the appropriate CPE requirements stated in section (2) of this rule prior to reinstatement.

(2)(a) If a permit became lapsed within the first renewal period after active status, the holder of such permit shall complete and report the following CPE hours:

(b) The number of allowable CPE hours that were required to renew the permit at its last expiration date plus an additional 16 CPE hours as required by OAR 801-040-0160(1).

(3) If a permit became lapsed more than two, but less than five years after the last date of active status, the holder of such permit shall complete and report the following CPE hours with the application of reinstatement:

(a) Eighty CPE hours, which shall be completed within the 12 month period immediately preceding the date of application for reinstatement. The hours required shall include at least 24 CPE hours in financial accounting and reporting; and

(b) Comply with CPE requirements under these rules for the renewal period following reinstatement on a pro rata basis, such hours to be completed at a rate of 3-1/3 hours per month from the date of reinstatement to the end of the renewal period in which reinstatement occurs.

(4) If a permit became lapsed more than five years after the last date of active status, the holder of such permit shall complete and report the following CPE hours with the application for reinstatement:

(a) One hundred sixty CPE hours completed within the 24-month period immediately preceding the date of application for reinstatement, which shall include at least 48 hours of CPE in financial accounting and reporting; and

(b) Comply with CPE requirements under this rule on a pro rata basis to be completed at the rate of at 3-1/3 hours per month from the date of reinstatement to the end of the renewal period in which reinstatement occurs; or,

(c) In lieu of reporting CPE required by subsections (a) and (b) of this section, the holder of a lapsed permit under this section may elect to take and pass the CPA exam within the five years immediately preceding the date of application for reinstatement. A person who elects this option must meet the conditioning requirements of OAR 801-010-0060.

(d) All CPE hours submitted for reinstatement shall meet the requirements for CPE credit under these rules.

(e) After July 1, 2001, all applicants for reinstatement under this rule must also complete and report with such application four CPE hours in professional conduct and ethics.

(5) A person whose permit to practice public accounting is suspended or revoked under ORS 673.170 and whose certificate or license and permit are subsequently reinstated by the Board is required to meet the reinstatement requirements under this rule.

(6) Licensees who hold an "inactive" or "retired" permit may reinstate such permit to active status by meeting the requirements of this rule for reinstatement of a "lapsed" license, with the exception of the CPE penalty required in section (2)(b) of this rule, which shall not be required under this section.

(7) Licensees who are retired and who received a waiver of continuing education requirements under OAR 801-040-0150(1) and who subsequently apply to reinstate such permit to "active" status shall meet the reinstatement requirements under this rule and shall obtain approval of the Board before performing any public accounting services.

(8) Licensees who hold a valid active permit to practice public accountancy issued under the laws of any state, US Territory or foreign country, and who apply for reinstatement of an Oregon permit that is "lapsed" or "inactive" more than two years after the expiration of such Oregon permit shall:

(a) Submit evidence that the applicant holds a permit to practice public accountancy issued by another jurisdiction; and

(b) Complete CPE requirements described in OAR Division 040 on a pro rata basis, calculated at 3-1/3 hours per month from the date of reinstatement until the end of the renewal period in which reinstatement occurs.

Stat. Auth.: ORS 670.310, ORS 673.040, ORS 673.050 & OL 1999, Ch. 322

Stats. Implemented: ORS 673.165

Hist.: AB 1-1985, f. & ef. 3-21-85; AB 5-1991, f. & cert. ef. 7-1-91; AB 1-1994, f. & cert. ef. 1-21-94; AB 3-1994, f. & cert. ef. 8-10-94; AB 4-1994, f. & cert. ef. 9-27-94; AB 2-1996, f. & cert. ef. 9-25-96; AB 1-1997, f. & cert. ef. 1-28-97; BOA 1-1998, f. & cert. ef. 1-26-98; BOA 2-1999, f. & cert. ef. 2-22-99; BOA 5-1999, f. & cert. ef. 7-23-99; BOA 6-1999, f. 12-21-99, cert. ef. 1-1-00

801-040-0095

Reinstatement Requirements: Inactive to Active Status

The provisions of this rule are removed from this section and included in OAR 801-040-0090 to minimize duplication.

Stat. Auth.: ORS 670.310

Stats. Implemented: ORS 673.165

Hist.: AB 2-1996, f. & cert. ef. 9-25-96; BOA 1-1998, f. & cert. ef. 1-26-98; BOA 5-1999, f. & cert. ef. 7-23-99; BOA 6-1999, f. 12-21-99, cert. ef. 1-1-00

801-040-0100

New Permits

(1) Licensees who receive an initial permit to practice public accountancy shall comply with the CPE requirements from the date

of issuance of the permit on a prorated basis calculated at 3-1/3 hours per month until June 30 of the renewal period in which the permit is issued. CPE hours earned during any month of the two-year renewal cycle during which the initial permit was issued shall be eligible for credit to meet this requirement.

(2) Licensees who receive an initial certificate and permit to practice public accounting as a certified public accountant who, at the time of issuance, hold a permit to practice public accounting as a licensed Public Accountant shall, in addition to the requirement under section (1) of this rule, complete and report 3 1/3 CPE hours for each month of the renewal period during which the person held a permit as a Public Accountant.

Stat. Auth.: ORS 670.310, ORS 673.040, ORS 673.050 & OL 1999, Ch. 322

Stats. Implemented: ORS 673.165

Hist.: AB 1-1985, f. & ef. 3-21-85; AB 4-1989, f. & cert. ef. 3-13-89; AB 4-1994, f. & cert. ef. 9-27-94

801-040-0150

Exceptions

(1) The Board, in its discretion, may waive CPE requirements for:

(a) Reasons of health, certified by a medical doctor, that prevent the licensee from complying with CPE requirements;

(b) A licensee who is on extended active military duty, who does not practice public accountancy during the renewal period, and who provides a copy of orders to active military duty; or

(c) Other good cause, which shall be demonstrated as the Board may request, and which will be reviewed by the Board on a case-by-case basis.

(2) The provisions of this waiver are not available for licensees on "inactive" status under the provisions of OAR 801-010-0120.

Stat. Auth.: ORS 670.31, ORS 673.040, ORS 673.05 & OL 1999, Ch. 322

Stats. Implemented: ORS 673.165

Hist.: AB 1-1985, f. & ef. 3-21-85; AB 5-1991, f. & cert. ef. 7-1-91; AB 4-1994, f. & cert. ef. 9-27-94; BOA 6-1999, f. 12-21-99, cert. ef. 1-1-00

801-040-0160

Failure to Comply

(1) Licensees who submit an application for renewal of a permit and who have not completed the required number of CPE hours, or who fail to file the required report of CPE on or before the due date, shall complete and report an additional 16 hours of qualifying CPE as a requirement of renewal or reinstatement of the licensee's permit. Licensees whose permits are not renewed on or before the renewal date may not engage in the practice of public accountancy or hold out as a CPA or PA until such time as a renewal permit is issued.

(2) Licensees who apply to renew a permit issued under ORS 673.150 and who do not meet the CPE requirement are ineligible to renew such permit, unless CPE requirements have been waived under OAR 801-040-0150.

Stat. Auth.: ORS 670.310, ORS 673.040, ORS 673.050 & OL 1999, Ch. 322

Stats. Implemented: ORS 673.165

Hist.: AB 1-1985, f. & ef. 3-21-85; AB 5-1991, f. & cert. ef. 7-1-91; AB 4-1994, f. & cert. ef. 9-27-94; BOA 6-1999, f. 12-21-99, cert. ef. 1-1-00

DIVISION 50

PEER REVIEW

801-050-0005

Purpose

(1) It is the purpose of the Peer Review Oversight Committee, authorized by ORS 673.455, to:

(a) Review and consider peer review program applications submitted to the committee, and to make a recommendation of approval or disapproval of such programs to the Board;

(b) Assure that the practice of public accountancy in Oregon is in compliance with applicable accounting and auditing standards adopted by generally recognized standard-setting bodies, and adopted by the Board in OAR 801-005-0010; and

(c) Achieve compliance through an emphasis on education, including specific educational programs or remedial procedures

which may be recommended or required when the accounting practice under review does not conform to appropriate professional standards.

(2) In the event that a business organization is unwilling or unable to comply with established standards, or a business organization's professional work under review is so egregious as to warrant disciplinary action, the Board shall take appropriate action to protect the public interest.

Stat. Auth.: OL 1999, Ch. 322 Sec. 29& ORS 673.455

Stats. Implemented: ORS 673.455

Hist.: AB 2-1994, f. & cert. ef. 4-28-94

801-050-0010

Definitions

(1) "Peer Review" means a study, appraisal or review of one or more aspects of the professional work of any licensee in the practice of public accountancy, that is conducted by a person or persons who hold certificates and who are not affiliated with the person or business organization being reviewed.

(2) "Peer Review Oversight Committee" means a committee appointed by the Board for the purpose stated in OAR 801-050-0005.

(3) "Accounting and auditing practice," for the purposes of the requirement to participate in a peer review program, is as defined in the *Standards for Performing and Reporting on Peer Reviews* issued by the AICPA and adopted by the Board.

[Publications: The publication(s) referenced to in this rule are available from the agency.]

Stat. Auth.: OL 1999, Ch. 322 Sec. 29& ORS 673.455

Stats. Implemented: ORS 673.455

Hist.: AB 7-1993(Temp), f. 11-2-93, cert. ef. 11-4-93; AB 1-1994, f. & cert. ef. 1-21-94; AB 2-1994, f. & cert. ef. 4-28-94; BOA 6-1998 f. & cert. ef. 7-29-98; BOA 6-1999, f. 12-21-99, cert. ef. 1-1-00

801-050-0020

Requirements

(1) Every business organization, as defined in ORS 673.010, that performs attestation services is required to participate in a peer review program described in ORS 673.455 as a condition of registration under ORS 673.160 and for each renewal thereof.

(2) Attest services that cause a business organization to participate in a peer review program are as defined in OAR 801-005-0010, including but not limited to any level compilation, review, audit, agreed-upon procedures, examinations of prospective financial statements and financial forecasts and projections.

(3) Individual licensees may participate in a peer review program through their firms. If the licensee has an individual attest practice apart from the firm, the individual practice is also required to participate in a peer review program.

(4) It is the obligation of the business organization to take all steps necessary to undergo peer review when scheduled.

(5) Any business organization that is terminated from a peer review program shall have 30 days to enroll in a new program.

(6) Business organizations that do not have a physical location in this state, but nevertheless perform attest services in this state, are required to participate in a peer review program approved by the Board.

(7) Every business organization required to participate in a peer review program under these rules is required to have a peer review once every three years.

(8) The Board shall conduct a random audit of business organizations that are required to participate in peer review. Upon request by the Board, a business organization is required to provide a copy of the most recent peer review report issued under the peer review program.

Stat. Auth.: OL 1999, Ch. 322 Sec 29& ORS 673.455

Stats. Implemented: ORS 673.455

Hist.: AB 2-1994, f. & cert. ef. 4-28-94; BOA 6-1998 f. & cert. ef. 7-29-98; BOA 6-1999, f. 12-21-99, cert. ef. 1-1-00

801-050-0030

Functions of Peer Review Program

(1) The Board shall:

- (a) Appoint a Peer Review Oversight Committee;
- (b) Approve peer review programs;

(c) Consider reports from the Peer Review Oversight Committee;

(d) Take appropriate actions to carry out the functions of the peer review program; and,

(f) Authorize, conduct or contract for a peer review program for any business organization(s), as the Board, in its discretion, deems to be appropriate.

(2) The Peer Review Oversight Committee shall be composed of no less than three and no more than five members.

(a) No committee member may be a current member of the Oregon Board of Accountancy;

(b) At least two committee members shall have an active license to practice public accountancy in this state and shall have recent experience in accounting and auditing;

(c) One committee member may be a non-licensee with extensive experience in preparing and/or using financial statements.

(3) The Peer Review Oversight Committee shall:

(a) Oversee and monitor organizations that sponsor peer review programs for compliance with and implementation of the minimum standards for performing and reporting on peer reviews;

(b) Maintain confidentiality of the names of business organizations and any information pertaining to a specific business organization that may be disclosed to the Peer Review Oversight Committee during oversight activities;

(c) Report to the Board any modifications to approved peer review programs; and

(d) Review all applications to sponsor peer review programs and recommend approval or disapproval of such applications to the Board.

Stat. Auth.: OL 1999, Ch. 322 Sec. 29 & ORS 673.455

Stats. Implemented: ORS 673.455

Hist.: AB 2-1994, f. & cert. ef. 4-28-94; AB 2-1996, f. & cert. ef. 9-25-96; BOA 1-1998, f. & cert. ef. 1-26-98; BOA 6-1999, f. 12-21-99, cert. ef. 1-1-00

801-050-0040

Reporting Requirements

(1) Every business organization is required to provide the following information in writing with every application for registration and each renewal thereof:

(a) Whether the business organization is required to participate in a peer review program; and

(b) If the business organization is subject to peer review, the name of the approved peer review program in which the business organization is enrolled and the period covered by the business organization's most recent peer review.

(2) A business organization that has previously reported to the Board that it is not subject to the peer review requirement, and which subsequently engages in the performance of attest services, shall provide written notice to the Board of such change in status within 21 days of accepting the engagement that will cause the business organization to participate in a peer review program.

(3) Every business organization shall enroll in an approved peer review program within 21 days of accepting an engagement to perform attest services.

(4) Every business organization shall notify the Board if the business organization is terminated from an approved peer review program. Notice of such termination shall be in writing and shall meet the following requirements:

(a) Notice shall be provided to the Board within 21 days of the date of termination from a peer review program;

(b) State the reasons that the business organization was terminated; and

(c) State what action the business organization will take to comply with peer review requirements.

Stat. Auth.: OL 1999, Ch. 322 Sec. 29 & ORS 673.455

Stats. Implemented: ORS 673.455

Hist.: AB 2-1994, f. & cert. ef. 4-28-94; BOA 6-1998, f. & cert. ef. 7-29-98; BOA 6-1999, f. 12-21-99, cert. ef. 1-1-00

801-050-0050

Exemptions from Peer Review Requirements

(1) A business organization that does not engage in attest services is exempt from the requirement to participate in an approved

peer review program. To qualify for the exemption, a business organization must provide the following information on a form provided by the Board:

(a) That the business organization does not currently engage in the performance of attest services and does not intend to perform attest services during the following two year period; and

(b) That the business organization shall provide written notice to the Board if it performs attest services during the two year period preceding the next renewal date.

(2) Every business organization that claims an exemption from peer review, and that subsequently performs attestation services, is required to undergo a peer review within 18 months after its initial acceptance of an engagement for attestation services.

Stat. Auth.: OL 1999, Ch. 322 Sec. 29 & ORS 673.455

Stats. Implemented: ORS 673.455

Hist.: AB 2-1994, f. & cert. ef. 4-28-94; BOA 6-1998, f. & cert. ef. 7-29-98; BOA 6-1999, f. 12-21-99, cert. ef. 1-1-00

801-050-0060

Confidentiality

(1) Records that are received in the course of a peer review shall be treated as confidential in accordance with the provisions of the Oregon Public Records Law (ORS Chapter 192).

Stat. Auth.: OL 1999, Ch. 322 Sec. 29 & ORS 673.455

Stats. Implemented: ORS 673.455

Hist.: AB 2-1994, f. & cert. ef. 4-28-94; BOA 6-1999, f. 12-21-99, cert. ef. 1-1-00

801-050-0070

Application for Operation of Peer Review Program

Application for operation of a peer review program shall be submitted to the Board in writing and shall be accompanied by program operation materials for the proposed peer review program.

Stat. Auth.: OL 1999, Ch. 322 Sec. 29 & ORS 673.455

Stats. Implemented: ORS 673.455

Hist.: AB 2-1994, f. & cert. ef. 4-28-94; BOA 6-1999, f. 12-21-99, cert. ef. 1-1-00

801-050-0080

Standards for Peer Review Programs

Every peer review program approved by the Board beginning on or after January 1, 1999, is required to meet the Standards for Performing and Reporting on Peer Reviews effective for peer review years beginning on or after January 1, 1999.

Stat. Auth.: OL 1999, Ch. 322 Sec. 29 & ORS 673.455

Stats. Implemented: ORS 673.455

Hist.: AB 2-1996, f. & cert. ef. 9-25-96; BOA 1-1998, f. & cert. ef. 1-26-98; BOA 3-1999, f. & cert. ef. 3-26-99; BOA 6-1999, f. 12-21-99, cert. ef. 1-1-00

