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DIVISION 1

PROCEDURAL RULES

**801-001-0000
Notice of Proposed Rule**

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

(1) By publishing Notice at least 21 days prior to the effective date of the rule in the bulletin compiled by the Secretary of State and referred to in ORS 183.360;

(2) By mailing a copy of the Notice to persons on the Board of Accountancy's mailing list established pursuant to ORS 183.335 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 183.335(15).

Stat. Auth.: ORS 183.360

Stats. Implemented: ORS 183.335 & 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; BOA 2-2001, f. 12-28-01, cert. ef. 1-1-02; BOA 1-2002, f. 12-27-02, cert. ef. 1-1-03; BOA 3-2004, f. 12-30-04, cert. ef. 1-1-05

801-001-0005

Model Rules of 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.

[ED. NOTE: The full text of the Attorney General's Model Rules of Procedure is available from the office of the Attorney General or Board of Accountancy.]

Stat. Auth.: ORS 670.310 & 673.410

Stats. Implemented: ORS 183.341

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; BOA 2-2001, f. 12-28-01, cert. ef. 1-1-02; BOA 1-2002, f. 12-27-02, cert. ef. 1-1-03; BOA 2-2003, f. 12-23-03 cert. ef. 1-1-04

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 for procedures to be followed when entering into personal services contracts.

Stat. Auth.: ORS 670.310

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; BOA 2-2001, f. 12-28-01, cert. ef. 1-1-02; BOA 1-2002, f. 12-27-02, cert. ef. 1-1-03; BOA 2-2003, f. 12-23-03 cert. ef. 1-1-04

801-001-0015

Board Agenda Items

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

Stat. Auth.: ORS 670.310

Stats. Implemented: ORS 192.640

Hist.: AB 6-1995, f. & cert. ef. 10-2-95; BOA 2-2001, f. 12-28-01, cert. ef. 1-1-02; BOA 2-2003, f. 12-23-03 cert. ef. 1-1-04

801-001-0020

Hearing Panel Rules

The Oregon Board of Accountancy adopts by this reference the rules for *Office of Administrative Hearings Panel Rules* (OAR chapter 137), as promulgated by the Department of Justice.

Stat. Auth.: OL 1999 Ch. 849 Sec. 2-21

Stats. Implemented: ORS 673.185

Hist.: BOA 2-2001, f. 12-28-01, cert. ef. 1-1-02; BOA 1-2002, f. 12-27-02, cert. ef. 1-1-03; BOA 2-2003, f. 12-23-03 cert. ef. 1-1-04; BOA 2-2005, f. 2-24-05 cert. ef. 3-1-05

801-001-0025

Authorization for Agency Representative

The Oregon Board of Accountancy adopts the following rule to authorize the appearance of its staff as the Board's representative at contested hearings pursuant to ORS 183.452;

(1) Subject to the approval of the Attorney General, an officer or employee of the Board is authorized to appear on behalf of the Board in the following types of hearings conducted by this Board: Administrative Hearings, as designated by the Board.

(2) The Board representative may not make legal argument on behalf of the Board.

(a) "Legal Argument" includes arguments on:

(A) The jurisdiction of the agency to hear contested cases;

(B) The constitutionality of a statute or rule or the application of a constitutional requirement to an agency; and

(C) The application of court precedent to the facts of a particular contested case proceeding

(b) "Legal Argument" does not include presentation of motions, evidence, examination and cross-examination of witnesses or presentation of factual argument or arguments on:

(A) The application of the statutes or rules to the facts in the contested case;

(B) Comparison of prior actions of the agency in handling similar situations;

(C) The literal meaning if the statutes or rules directly applicable to the issues in the contested case;

(D) The admissibility of evidence; and

(E) The correctness of procedures being followed in the contested case hearing.

Stat. Auth.: OL 1999 Ch. 849 Sec. 2-21 & ORS 183.310

Stats. Implemented: ORS 183

Hist.: BOA 2-2001, f. 12-28-01, cert. ef. 1-1-02

801-001-0030

Extension of time limits created in Administrative Rules

(1) The Oregon Board of Accountancy may extend specified time requirements stated in OAR chapter 801 if the person seeking the extension shows good cause for failing to meet the time requirement stated by the applicable rule. A request for an extension of any time requirement must be submitted in writing within a reasonable time.

(2) Definitions. For the purposes of subsection (1) of this rule:

(a) "Good cause" exists when the person seeking the extension establishes by satisfactory evidence that the cause of the failure to meet the time requirement stated by the applicable rule was beyond his or her reasonable control.

(b) "Reasonable time" means that the person acted promptly in filing the request for extension after the cessation of the circumstances that prevented him or her from meeting the time requirement stated by the applicable rule.

(3) Time limits not subject to extension. The provisions for extension are not applicable to the following time limits:

(a) Renewal of permits described in OAR 801 division 010,

(b) Renewal of firm registrations described in OAR 801 division 010.

Stat. Auth.: ORS 670.310

Stats. Implemented: ORS 673.410

Hist.: BOA 1-2002, f. 12-27-02, cert. ef. 1-1-03

801-001-0035

Professional Standards

The professional standards, interpretations, rulings and rules designated and adopted by the Board in OAR chapter 801 are those in effect as of January 1, 2008.

Stat. Auth.: ORS 183.332 & 673.410

Stats. Implemented: ORS 183.337 & 673.410

Hist.: BOA 2-2003, f. 12-23-03 cert. ef. 1-1-04; BOA 2-2005, f. 2-24-05 cert. ef. 3-1-05; BOA 5-2005, f. 11-22-05, cert. ef. 1-1-06; BOA 1-2006, f. 12-22-06, cert. ef. 1-1-07; BOA 1-2007, f. 12-27-07 cert. ef. 1-1-08

801-001-0050

Confidentiality and Inadmissibility of Mediation Communications

(1) The words and phrases used in this rule have the same meaning as given to them in ORS 36.110 and 36.234.

(2) Nothing in this rule affects any confidentiality created by other law. Nothing in this rule relieves a public body from complying with the Public Meetings Law, ORS 192.610 to 192.690. Whether or not they are confidential under this or other rules of the agency, mediation communications are exempt from disclosure under the Public Records Law to the extent provided in ORS 192.410 to 192.505.

(3) This rule applies only to mediations in which the agency is a party or is mediating a dispute as to which the agency has regulatory authority. This rule does not apply when the agency is acting as the "mediator" in a matter in which the agency also is a party as defined in ORS 36.234.

(4) To the extent mediation communications would otherwise be compromised negotiations under ORS 40.190 (OEC Rule 408), those mediations communications are not admissible as provided in

ORS 40.190 (OEC Rule 408), notwithstanding any provisions to the contrary in section (9) of this rule.

(5) **Mediations Excluded.** Sections (6)–(10) of this rule do not apply to:

(a) Mediation of workplace interpersonal disputes involving the interpersonal relationships between this agency's employees, officials or employees and officials, unless a formal grievance under a labor contract, a tort claim notice or a lawsuit has been filed; or

(b) Mediation in which the person acting as the mediator will also act as the hearings officer in a contested case involving some or all of the same matters;

(c) Mediation in which the only parties are public bodies;

(d) Mediation involving two or more public bodies and a private party if the laws, rules or policies governing mediation confidentiality for at least one of the public bodies provide that mediation communications in the mediation are not confidential;

(e) Mediation involving 15 or more parties if the agency has designated that another mediation confidentiality rule adopted by the agency may apply to that mediation.

(6) **Disclosures by Mediator.** A mediator may not disclose or be compelled to disclose mediation communications in a mediation and, if disclosed, such communications may not be introduced into evidence in any subsequent administrative, judicial or arbitration proceeding unless:

(a) All the parties to the mediation and the mediator agree in writing to the disclosure; or

(b) The mediation communication may be disclosed or introduced into evidence in a subsequent proceeding as provided in subsections (c)–(d), (j)–(l) or (o)–(p) of section (9) of this rule.

(7) **Confidentiality and Inadmissibility of Mediation Communications.** Except as provided in sections (8)–(9) of this rule, mediation communications are confidential and may not be disclosed to any other person, are not admissible in any subsequent administrative, judicial or arbitration proceeding and may not be disclosed during testimony in, or during any discovery conducted as part of a subsequent proceeding, or introduced as evidence by the parties or the mediator in any subsequent proceeding.

(8) **Written Agreement.** Section (7) of this rule does not apply to a mediation unless the parties to the mediation agree in writing, as provided in this section, that the mediation communications in the mediation will be confidential and/or nondiscoverable and inadmissible. If the mediator is the employee of and acting on behalf of a state agency, the mediator or an authorized agency representative must also sign the agreement. The parties' agreement to participate in a confidential mediation must be in substantially the following form. This form may be used separately or incorporated into an "agreement to mediate."

Agreement to Participate in a Confidential Mediation

The agency and the parties to the mediation agree to participate in a mediation in which the mediation communications are confidential and/or nondiscoverable and inadmissible to the extent authorized by OAR 801-001-0050(7), and this agreement. This agreement relates to the following mediation:

a) (Identify the mediation to which this agreement applies)

b) To the extent authorized by OAR 801-001-0050(7), mediation communications in this mediation are: (check one or more)

___ confidential and may not be disclosed to any other person
___ not admissible in any subsequent administrative proceeding and may not be disclosed during testimony in, or during any discovery conducted as part of a subsequent administrative proceeding, or introduced as evidence by the parties or the mediator in any subsequent administrative proceeding

___ not admissible in any subsequent administrative, judicial or arbitration proceeding and may not be disclosed during testimony in, or during any discovery conducted as part of a subsequent administrative, judicial or arbitration proceeding, or introduced as evidence by the parties or the mediator in any subsequent administrative proceeding

c) _____
Name of Agency

Date _____
Signature of Agency's authorized representative (when agency is a party) or Agency employee acting as the mediator (when Agency is mediating the dispute)

d) _____
Name of party to the mediation

Date _____
Signature of Party's authorized representative

e) _____
Name of party to the mediation

Date _____
Signature of Party's authorized representative

(9) **Exceptions to confidentiality and inadmissibility.**

(a) Any statements, memoranda, work products, documents and other materials, otherwise subject to discovery that were not prepared specifically for use in the mediation are not confidential and may be disclosed or introduced into evidence in a subsequent proceeding.

(b) Any mediation communications that are public records, as defined in ORS 192.410(4), and were not specifically prepared for use in the mediation are not confidential and may be disclosed or introduced into evidence in a subsequent proceeding unless the substance of the communication is confidential or privileged under state or federal law.

(c) A mediation communication is not confidential and may be disclosed by any person receiving the communication to the extent that person reasonably believes that disclosing the communication is necessary to prevent the commission of a crime that is likely to result in death or bodily injury to any person. A mediation communication is not confidential and may be disclosed in a subsequent proceeding to the extent its disclosure may further the investigation or prosecution of a felony crime involving physical violence to a person.

(d) Any mediation communication related to the conduct of a licensed professional that is made to or in the presence of a person who, as a condition of his or her professional license, is obligated to report such communication by law or court rule is not confidential and may be disclosed to the extent necessary to make such a report.

(e) The parties to the mediation may agree in writing that all or part of the mediation communications are not confidential or that all or part of the mediation communications may be disclosed and may be introduced into evidence in a subsequent proceeding unless the substance of the communications in confidential, privileged or otherwise prohibited from disclosure under state or federal law.

(f) A party to the mediation may disclose confidential mediation communications to a person if the party's communication with that person is privileged under ORS Chapter 40 or other provision of law. A party to the mediation may disclose confidential mediation communications to a person for the purpose of obtaining advice concerning the subject matter of the mediation, if all the parties agree.

(g) An employee of the agency may disclose confidential mediation communications to another agency employee so long as the disclosure is necessary to conduct authorized activities of the agency. An employee receiving a confidential mediation communication under this subsection is bound by the same confidentiality requirements as apply to the parties to the mediation.

(h) A written mediation communication may be disclosed or introduced as evidence in a subsequent proceeding at the discretion of the party who prepared the communication so long as the communication is not otherwise confidential under state or federal law and does not contain confidential information from the mediator or another party who does not agree to the disclosure.

(i) In any proceeding to enforce, modify or set aside a mediation agreement, a party to the mediation may disclose mediation communications and such communications may be introduced as evidence to the extent necessary to prosecute or defend the matter. At the request of a party, the court may seal any part of the record of the proceeding to prevent further disclosure of mediation communications or agreements to persons other than the parties to the agreement.

(j) In an action for damages or other relief between a party to the mediation and a mediator or mediation program, mediation communications are not confidential and may be disclosed and may be introduced as evidence to the extent necessary to prosecute or defend the matter. At the request of a party, the court may seal any part of the record of the proceeding to prevent further disclosure of the mediation communications or agreements.

(k) When a mediation is conducted as part of the negotiation of a collective bargaining agreement, the following mediation communications are not confidential and such communications may be introduced into evidence in a subsequent administrative, judicial or arbitration proceeding:

- (A) A request for mediation; or
- (B) A communication from the Employment Relations Board Conciliation Service establishing the time and place of mediation; or
- (C) A final offer submitted by the parties to the mediator pursuant to ORS 243.712; or
- (D) A strike notice submitted to the Employment Relations Board.

(l) To the extent a mediation communication contains information the substance of which is required to be disclosed by Oregon statute, other than ORS 192.410 to 192.505, that portion of the communication may be disclosed as required by statute.

(m) Written mediation communications prepared by or for the agency or its attorney are not confidential and may be disclosed and may be introduced as evidence in any subsequent administrative, judicial or arbitration proceedings to the extent the communication does not contain confidential information from the mediator or another party, except for those written mediation communications that are:

- (A) Attorney-client privileged communications so long as they have been disclosed to no one other than the mediator in the course of the mediation or to persons as to whom disclosure of the communication would not waive the privilege; or
- (B) Attorney work product prepared in anticipation of litigation or for trial; or
- (C) Prepared exclusively for the mediator or in a caucus session and not given to another party in the mediation other than a state agency; or
- (D) Prepared in response to the written request of the mediator for specific documents or information and given to another party in the mediation; or
- (E) Settlement concepts or proposals, shared with the mediator or other parties.

(n) A mediation communication made to the agency may be disclosed and may be admitted into evidence to the extent the Oregon Board of Accountancy determines that disclosure of the communication is necessary to prevent or mitigate a serious danger to the public's health or safety, and the communication is not otherwise confidential or privileged under state or federal law.

(o) The terms of any mediation agreement are not confidential and may be introduced as evidence in a subsequent proceeding, except to the extent the terms of the agreement are exempt from disclosure under ORS 192.410 to 192.505, a court has ordered the terms to be confidential under ORS 30.402 or state or federal law requires the terms to be confidential.

(p) The mediator may report the disposition of mediation to the agency at the conclusion of the mediation so long as the report does not disclose specific confidential mediation communications. The agency or the mediator may use or disclose confidential mediation communications for research, training or educational purposes, subject to the provisions of ORS 36.232(4).

(10) When mediation is subject to section (7) of this rule, the agency will provide to all parties to the mediation and the mediator a copy of this rule or a citation to the rule and an explanation of where a copy of the rule may be obtained. Violation of this provision does not waive confidentiality or inadmissibility.

Stat. Auth.: ORS 36.224
Stats. Implemented: ORS 36.220 - 36.238, 183.335(5) & 673.410
Hist.: BOA 1-2003(Temp), f. & cert. ef. 10-15-03 thru 3-15-04; BOA 2-2003, f. 12-23-03 cert. ef. 1-1-04

801-001-0055

Requesting a Hearing; Stating Claims and Defenses

(1) When requesting a hearing, or within fourteen (14) days following a request for hearing, the person responding to the notice must admit or deny, in writing, all factual matters stated in the notice. Any factual matters not denied shall be presumed admitted.

(2) When requesting a hearing, or within fourteen (14) days following a request for hearing, the person responding to the notice shall

affirmatively state, in writing, any and all claims or defenses the person may have and the reason that supports the claim of defense. Failure to raise a claim or defense shall be presumed to be a waiver of such claim.

(3) Evidence shall not be taken on any issue not raised in the notice and either the request for hearing or a subsequent statement within fourteen (14) days following the request for hearing as required in sections (1) and (2) of this rule.

Stat. Auth.: ORS 673.410
Stats. Implemented: ORS 673.170
Hist.: BOA 5-2005, f. 11-22-05, cert. ef. 1-1-06

DIVISION 5

DEFINITIONS AND SAFE HARBOR LANGUAGE

801-005-0010

Definitions

As used in OAR chapter 801, the following terms or abbreviations have the following meanings, unless otherwise defined therein:

- (1) **AICPA**: American Institute of Certified Public Accountants.
- (2) **Applicant**: a person applying for a certificate, license or permit to practice public accountancy.
- (3) **Attest, Attesting or Attestation**: includes the following financial audit services:
 - (a) An audit or other engagement to be performed in accordance with the Statements on Auditing Standards (SAS);
 - (b) A review of a financial statement to be performed in accordance with the Statement on Standards for Accounting and Review Services (SSARS);
 - (c) Any engagement to be performed in accordance with the statements on Standards for Attest Engagements (SSAE);
 - (d) An engagement to be performed in accordance with the standards of the Public Company Accounting Oversight Board in the United States (PCAOB)
 - (e) The statements on standards specified in subsections (a) through (c) of this definition are those developed by the AICPA.
- (4) **Business organization**: 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.
- (5) **CPA or Certified Public Accountant**: a person who has a certificate of certified public accountant issued under ORS 673.040.
- (6) **CPA Exam**: the Uniform Certified Public Accountant Examination.
- (7) **CPE**: continuing professional education.
- (8) **Candidate**: a person applying for the CPA Exam.
- (9) **Certificate**: a certificate of certified public accountant issued under ORS 673.040.
- (10) **Client**: a person who agrees with a licensee to receive any professional service from the licensee.
- (11) **Commission**: as used in ORS Chapter 673 and OAR chapter 801, commission means a fee calculated as a percentage of the total value of the sale of a product or service that is paid or received in the form of money or other valuable consideration.
- (12) **Compilation**: a professional service performed in accordance with the Statement on Standards for Accounting and Review Services (SSARS) that is presenting, in the form of financial statements, information that is the representation of management (owners) without undertaking to express any assurance on the statements.
- (13) **Contingent fee**: as used in ORS Chapter 673 and OAR chapter 801, 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.

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

(15) **Fees:** includes commissions, contingent fees and referral fees.

(16) **Financial statements:** the 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.

(17) **Firm:** 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.

(18) **First time candidate:** a candidate for the CPA exam who is sitting for the exam for the first time in any state.

(19) **Generally Accepted Accounting Principles:** 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.

(20) **Generally Accepted Auditing Standards:** 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 and related U.S. Office of Management and Budget Circulars published by the Government Accountability Office.

(21) **Holding out as a CPA or PA:** to assume or use by oral or written communication the titles or designations "certified public accountant" or "public accountant" or the abbreviations "CPA" or "PA", or any number or other title, sign, card, device or use of any internet domain or e-mail name, tending to indicate that the person holds a certificate or license and permit in good standing issued under the authority of ORS 673 as a certified public accountant or a public accountant.

(22) **Inactive status:** permit status that may be granted to a licensee who is not holding out as a CPA or PA and otherwise not engaged in the practice of public accountancy, if the license is not suspended, on probation or revoked.

(23) **In good standing:** the status of a holder of a permit, license or registration issued by any jurisdiction, that is not inactive, suspended, revoked, on probation or lapsed.

(24) **Jurisdiction:** the licensing authority for the practice of public accountancy in any state, U.S. Territory or foreign country.

(25) **License:**

(a) A certificate, permit or registration, or a license issued under ORS 673.100, or other authority 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.

(26) **Licensee:** the holder of a license as defined in these rules.

(27) **Material participation:** participation that is regular, continuous and substantial.

(28) **Manager:** a manager of a limited liability company.

(29) **Member:** a member of a limited liability company.

(30) **NASBA:** National Association of State Boards of Accountancy.

(31) **Non-licensee owner:** a person who does not hold a certificate, license or permit as a certified public accountant or public accountant in Oregon or in any other jurisdiction.

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

(33) **Peer Review:** a study, appraisal or review of one or more aspects of the public accountancy work of a holder of a permit under ORS 673.150 or of a registered business organization that performs attestation or compilation services. The peer review shall be conducted by a CPA who holds an active license issued by any state or a public accountant licensed under ORS 673.100 who was required to pass the audit section of the Uniform CPA Exam as a requirement for licensing. The peer reviewer must also be independent of the permit holder or registered business organization being reviewed.

(34) **Permit:** a permit to practice public accountancy issued under ORS 673.150.

(35) **Practice of public accountancy:** performance of or any offer to perform one or more services for a client or potential client, by a licensee while holding out as a CPA or PA, of the professional services of accounting, tax, personal financial planning, litigation support services, and those professional services for which standards are promulgated, such as Statements of Financial Accounting Standards, Statements on Auditing Standards, Statements on Standards for Accounting and Review Services, Statements on Standards for Consulting Services, Statements of Governmental Accounting Standards, and Statements on Standards for Attestation Engagements, including the performance of such services while in the employ of another person.

(36) **Principal Place of Business:** the physical location, as identified by a licensee, where the licensee conducts substantial administrative or management activities. For purposes of "substantial equivalency" the physical location may not be in the State of Oregon.

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

(38) **Professional services:** 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.

(39) **Referral fee:** as used in ORS Chapter 673 and OAR chapter 801, referral fee includes, but is not limited to, a rebate, preference, discount or any item of value, whether in the form of money or otherwise, given or received by a certified public accountant, public accountant or firm, to or from any third party, directly or indirectly, in exchange for the purchase of any product or service, unless made in the ordinary course of business.

(40) **Registration:** the authority issued under ORS 673.160 to a business organization to practice public accountancy in this state.

(41) **Returning candidate:** 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.

(42) **Single Audit Act:** the Single Audit Act with the Single Audit Act Amendments of 1996, as published by the United States Government Accountability Office, Office of Management and Budget.

(43) **Standards for Accounting and Review Services:** the Statements on Standards for Accounting and Review Services published by the AICPA.

(44) **Standards for board approved peer review programs:** the Standards for Performing and Reporting on Peer Reviews published by the AICPA.

(45) **Statements on Standards for Attestation Engagements:** the statements by that name issued by the AICPA.

(46) **State:** any state, territory or insular possession of the United States, and the District of Columbia.

(47) **Substantial equivalency:** eligibility for substantial equivalency under ORS 673.153 may be determined under either of the following two standards:

(a) Determination by the National Qualification Appraisal Service of the National Association of State Boards of Accountancy that 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 the Uniform Accountancy Act; or

(b) An individual's personal education, examination and experience qualifications are verified by the Board to be of substantial equivalence to or exceed the education, examination and experience requirements of ORS Chapter 673 and OAR chapter 801.

(48) **Uniform Accountancy Act (UAA):** A model bill and set of regulations designed by the AICPA and NASBA to provide a uniform approach to regulation of the accounting profession, provisions of which may or may not be adopted by state boards of accountancy.

(49) **Valid:** Describes a certified public accountant certificate or permit, a public accountant license or permit, municipal roster authority, firm registration or chartered accountant certificate that is in active status and in good standing with the appropriate licensing authority. A license or certificate in active status is one that is not revoked, suspended, subject to probation, lapsed or inactive.

[Publications: Publications referenced are available from the agency.]

Stat. Auth.: ORS 670.310

Stats. Implemented: ORS 670.310

Hist.: 1AB 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; BOA 3-2001, f. 12-28-01, cert. ef. 1-1-02; BOA 2-2002, f. 12-27-02, cert. ef. 1-1-03; BOA 3-2003, f. 12-23-03 cert. ef. 1-1-04; BOA 3-2005, f. 2-24-05 cert. ef. 3-1-05; BOA 6-2005, f. 11-22-05, cert. ef. 1-1-06; BOA 5-2006, f. 12-22-06, cert. ef. 1-1-07

801-005-0200

Report

"Report," when used with reference to attestation or compilation 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.

(a) 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 of firm issuing the language;

(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 or firm 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, 673.410 & OL 2001, Ch. 638

Stats. Implemented: ORS 670.310 & OL 2001, Ch. 638

Hist.: 1AB 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; BOA 3-2001, f. 12-28-01, cert. ef. 1-1-02

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.: 1AB 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; BOA 3-2001, f. 12-28-01, cert. ef. 1-1-02

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; BOA 3-2001, f. 12-28-01, cert. ef. 1-1-02

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 297.670 to 297.740, the Board of Accountancy shall charge the following fees:

(1) **Application fees.** All application fees are non-refundable.

(a) CPA Examination:

(A) Initial Examination — \$100;

(B) Re-Examination — \$ 50;

(b) CPA Certificate or PA License — \$150;

(c) Substantial equivalency by notification — \$100.

(2) **Initial permit and registration fees:**

(a) Initial CPA or PA Permit — \$150.

(b) Municipal Auditor — \$100.

(c) Firm Registration — \$100.

(3) **Biennial renewal application fees:**

(a) Active CPA and PA Permits — \$150;

(b) Inactive Permit CPA and PA Permits — \$ 50;

(c) Municipal Auditor — \$100;

(d) Firm Registration — \$100.

(4) **Annual renewal fees:** Substantial equivalency by notification — \$100

(5) **Late renewal penalty fees:**

(a) Active CPA and PA Permits — \$ 50;

(b) Inactive Permit CPA and PA Permits\$ — 35;

(c) Firm Registration — \$ 35.

(6) **Miscellaneous fees:**

(a) Copies of existing mailing lists shall be provided for a fee equal to the amount necessary to prepare each list, including the cost of materials, if any, and the cost of staff time. Staff time shall be calculated at the hourly rates stated in subsection (d) of this section.

(b) Municipal Auditor lists shall be provided at no charge to municipal entities that are subject to audit law.

(c) Copies of records made on a standard office copy machine shall be charged a minimum fee of \$2.50 for five pages or less, and 25 cents per page thereafter. If certified copies of records are requested, there will be a \$2.50 fee for each document certified in addition to the copy cost.

(d) Staff time required to locate, produce, summarize or otherwise provide records shall be charged as follows:

(A) Secretarial/clerical, \$17 per hour, in quarter hour increments at \$4.25 per quarter hour.

(B) Professional/technical, \$25 per hour, in quarter hour increments at \$6.25 per quarter hour.

(7) **Form of Payment:**

(a) Checks or money orders shall be made payable to "Oregon Board of Accountancy".

(b) Visa and Mastercard payments may be submitted in person, by mail or by 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. All payments received after Board deadlines, including, but not limited to payments for renewals, applications and civil penalties, will be considered late and a late penalty will be assessed.

Stat. Auth.: ORS 670.310, 673.040, 673.060, 673.100, 673.150, 673.160, 197.720 & 673.153
 Stats. Implemented: ORS 673, 297 & 192.440
 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; BOA 4-2001, f. 12-28-01, cert. ef. 1-1-02; BOA 3-2002, f. 12-27-02, cert. ef. 1-1-03; BOA 4-2003, f. 12-23-03 cert. ef. 1-1-04; BOA 4-2004, f. 12-30-04, cert. ef. 1-1-05; BOA 2-2006, f. 12-22-06, cert. ef. 1-1-07

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
 Stat. 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; BOA 4-2001, f. 12-28-01, cert. ef. 1-1-02

801-010-0045

Uniform Certified Public Accountant Exam

CPA exam rules. The Board adopts by this reference the CPA Examination Rules of Conduct as promulgated by the AICPA. The Board may deny credit for any or all sections of the exam and may prohibit candidates from retaking the exam for any of the following reasons:

- (1) Conduct that violates the CPA Examination Rules of Conduct,
- (2) Violation of the confidentiality provisions of the CPA Examination Rules of Conduct, which shall result in denial of credit for the candidate's scores on the CPA exam and the candidate shall be prohibited from retaking the CPA exam for a period of ten years.

Stat. Auth.: ORS 670.310 & 673.060
 Stat. Implemented: ORS 673.060 & 673.410
 Hist.: BOA 4-2001, f. 12-28-01, cert. ef. 1-1-02; BOA 3-2002, f. 12-27-02, cert. ef. 1-1-03; BOA 4-2003, f. 12-23-03 cert. ef. 1-1-04

801-010-0050

Application for Uniform CPA Examination

(1) Definitions:

(a) **Authorization to Test (ATT):** Issued by the Board of Accountancy to eligible exam candidates to authorize the candidate to test for specified sections of the CPA exam. The ATT may be issued for one or more CPA exam sections. Each ATT authorizes the candidate to take each CPA exam section designated in the ATT one time only. The ATT may become expired as to one exam section named in the ATT, and remain valid as to other specified exam sections. The candidate must submit a re-examination application and re-examination fee to the Board of Accountancy for any exam section that is expired under the ATT or to retake any section of the CPA Exam not passed.

(b) **Notice to Schedule (NTS):** Issued by NASBA and enables the candidate to schedule testing at an examination test center. The NTS shall remain open until the candidate schedules testing or until six months have elapsed since the NTS was issued, whichever occurs first.

(c) **Testing Center:** Computer testing facilities, approved by the Board and listed on the Board website, at which candidates may take the CPA examination. Testing centers are located throughout the United States, Guam, Puerto Rico and the Virgin Islands.

(d) **Testing Opportunity:** Each testing window is considered a testing opportunity. There are four testing opportunities per year. A

candidate may test for a particular section only once per testing window. A candidate may not retake a failed test section(s) in the same testing window.

(e) **Testing Windows:** The testing window is comprised of two months in which the examination is available to be taken and one month in which the examination will not be offered so that exam sections can be graded and maintenance may be performed.

(2) Applications.

(a) Applications for the CPA exam shall be submitted on a form provided by the Board and shall be accompanied by the appropriate fee. The act of filing an application for the CPA exam constitutes an agreement by the candidate to observe and comply with the CPA Exam rules adopted by the Board.

(b) An application will not be reviewed until the application fee and all required supporting documents have been received, including proof of identity (as determined by the Board and specified on the application form), official transcripts and evidence that the candidate has met eligibility requirements.

(c) All foreign academic credentials submitted as evidence of eligibility for the CPA exam are required to be evaluated by a credentialing agency that is a member of the National Association of Credential Evaluation Services, Inc. (NACES);

(d) Candidates shall file an initial application when applying to take the CPA exam for the first time in Oregon. Thereafter candidates shall file a re-examination application. Each application filed shall specify the exam sections to be taken under that application.

(e) Candidates shall pay the CPA exam application fee designated in OAR 801-010-0010 to the Board. All other fees associated with the CPA exam are required to be paid to NASBA. All CPA exam fees are non-refundable. If a candidate fails to appear for a scheduled testing at an approved test center, all fees paid will be forfeited for the examinations scheduled on that day.

(f) At the time of application and during the time any ATT issued by the Oregon Board of Accountancy is open, the candidate shall not have an open ATT for the same section in any other state or jurisdiction.

(g) The candidate shall certify at the time of application that he or she is in compliance with subsection (f) of this rule. Falsifying this certification or including any false, fraudulent, or materially misleading statements on the application for the examination, or including any material omission on the application for the examination shall be cause for disciplinary action under ORS 673.170.

(h) When an application is approved, the Board or its designee will forward authorization to test (ATT) for the computer-based CPA exam to the candidate and to the NASBA National Candidate Database.

(i) The Board will offer a candidate the opportunity to voluntarily disclose the candidate's social security number to the Board so that the Board may provide the social security number to NASBA for identification purposes.

(3) **Eligibility under education requirements.** 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 demonstrate eligibility as follows:

(a) **150 Hour rule:** Candidates shall present satisfactory evidence that the candidate has successfully completed 150 semester hours or 225 quarter hours, including:

(A) A baccalaureate or higher degree from a regionally accredited college or university as described in ORS 673.050(1)(a);

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

(C) A minimum of 24 semester hours or 36 quarter hours in accounting or related subjects. Related subjects are defined as business, finance, economics, and written and oral communication.

(D) The required number of hours in accounting or related subjects may be obtained by satisfactory completion of such hours taken from divisions of continuing education extended by a regionally accredited four-year college or university, or from a community college, providing the community college courses are transferable as equivalent courses to an accredited four-year college or university.

(E) Credit for community college courses. Applicants who have earned a baccalaureate or higher degree from a regionally accredited college or university may obtain additional hours from a community college, if such hours would be transferable to an accredited college or university. However, completion of 150 hours consisting entirely 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.

(b) **Candidates who applied before January 1, 2000:** Returning candidates after January 1, 2000 who do not meet the educational requirement under ORS 673.050(1)(a) are required to sit for at least two sections of the CPA exam per calendar year in order to maintain eligibility under the requirements of ORS 673.050 that were in effect prior to January 1, 2000. Returning candidates shall provide satisfactory evidence that:

(A) The candidate met CPA exam eligibility requirements that were in effect in Oregon at the time the candidate sat for the CPA exam for the first time in any jurisdiction; and

(B) The candidate sat for and received grades for at least one of the Uniform CPA Examinations in any jurisdiction in 1998 or 1999.

(c) **Evidence of eligibility.** Candidates must meet all requirements under this rule at the time of application. 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 at the time of application, 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) Only official transcripts that are forwarded directly to the Board office by the issuing college or university will be accepted.

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

(4) **Eligibility under experience standards.** 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, that meets the requirements of OAR 801-010-0100(2) and 801-010-0065(2).

(c) Returning candidates after January 1, 2002 who were eligible to take two sections of the CPA Exam under provisions of ORS 673.100 in effect prior to January 1, 2002, are required to sit for at least one exam section in any two testing windows each year in order to maintain eligibility under those requirements.

(5) Authorization to Test and Notice to Schedule:

(a) An ATT authorizes the candidate to test one time for those sections of the CPA exam that are specified in the ATT. An ATT is effective for six months from the date on which the corresponding NTS is issued or until the NTS expires, whichever occurs first; however, the ATT will expire ninety (90) days after it is issued if the candidate has not paid the appropriate fees to NASBA.

(b) Expiration of the ATT. Authorization to take a specified exam section will expire on any of the following events:

(A) When the candidate schedules and takes a designated exam section;

(B) If the candidate schedules a testing date for a designated exam section but fails to appear and take the section at the scheduled time;

(C) If the candidate fails to schedule a designated exam section within the six-month period defined by the NTS; or

(D) If the candidate fails to request an NTS and pay the appropriate fees to NASBA within 90 days of the date the ATT is issued.

(c) Suspension of the ATT. An ATT may be suspended by the Board of Accountancy based on a report from NASBA that a problem related to the candidate is identified on the National Candidate Database, or for other good cause as determined by the Board.

(d) Payment of CPA Exam testing fees. To obtain a Notice to Schedule (NTS), the candidate must remit the CPA exam testing fees required for the CPA exam sections specified in the ATT to NASBA within ninety (90) days from the date the ATT is issued. Failure to remit the required fees and obtain the NTS will cause the ATT to expire, and the candidate must submit a re-examination application to the Board, with the appropriate CPA exam fee, to receive another ATT.

(e) NTS. When the candidate receives an ATT from the Board, the candidate is required to:

(A) Submit to NASBA payment of all fees related to testing of the CPA exam sections authorized by the ATT;

(B) Upon receipt of the NTS, contact an approved test center to schedule the time and place for testing of the exam sections authorized by the NTS. CPA exam sections do not have to be scheduled on the same date.

(C) The NTS remains valid for each exam section until the candidate schedules testing for that specific section, or for six months from the date the NTS was issued, whichever occurs first.

(D) The NTS expires as to each individual exam section when the candidate schedules testing for that section, whether or not the candidate appears at the scheduled testing appointment.

(f) Testing.

(A) A candidate may schedule testing at an approved testing center in Oregon or in another jurisdiction. A list of approved testing centers is on the Board of Accountancy website.

(B) Candidates must comply with the procedures and rules of the test center.

(g) Re-examination. A completed re-examination application and payment of the appropriate fee to the Board of Accountancy is required:

(A) To retake any exam section that the candidate does not pass;

(B) To obtain an NTS for any exam section that the candidate failed to schedule during the six month period for which a previous NTS was issued;

(C) To obtain an NTS for any exam section for which the candidate failed to obtain an NTS during the ninety (90) day period after the date the ATT was issued.

Stat. Auth.: ORS 670.310, 673.050 & 673.100

Stats. Implemented: ORS 673.050, 673.100 & 673.410

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. ef. 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; BOA 4-2001, f. 12-28-01, cert. ef. 1-1-02; BOA 3-2002, f. 12-27-02, cert. ef. 1-1-03; BOA 4-2003, f. 12-23-03 cert. ef. 1-1-04; BOA 1-2004(Temp), f. & cert. ef. 3-15-04 thru 7-1-04; BOA 2-2004(Temp), f. & cert. ef. 7-2-04 thru 12-29-04; BOA 4-2004, f. 12-30-04, cert. ef. 1-1-05; BOA 7-2005, f. 11-22-05, cert. ef. 1-1-06; BOA 2-2006, f. 12-22-06, cert. ef. 1-1-07

801-010-0060

Credit for Uniform CPA Examination Sections

(1) Exam section requirements.

(a) A candidate may sit for any of the four sections of the computer-based CPA exam individually and in any order. A candidate who fails to pass any section of the exam may retake that section; however, a candidate may not retake a failed section more than once in any testing window.

(b) Candidates who were eligible under the provisions of ORS 673.050(2) (1999 Edition) and who sat and received grades for two

sections of the CPA exam before January 1, 2002 are required to take and pass the following two sections of the CPA exam: Regulation and Audit & Attestation.

(c) After January 1, 2002, candidates who are eligible under ORS 673.050(2) (2001 Edition) to take the CPA exam as a public accountant candidate are required to take and pass the following three sections of the CPA exam: Financial Accounting and Reporting, Regulation, and Business Environment & Concepts.

(2) Credit for CPA exam sections.

(a) The passing grade for all sections of the exam is 75. Credit for the CPA exam will be allowed as follows: [Table not included. See ED. NOTE.]

(b) Transitional Credit from Paper & Pencil CPA Exam. Candidates who hold conditional credit under the paper and pencil CPA exam will retain conditional credit for the corresponding exam sections under the computer based CPA exam as follows:

(c) A candidate who earned conditional credit under the paper and pencil CPA exam will be allowed a transition period to complete remaining exam sections. The transition period is the maximum number of opportunities to complete all remaining test sections that the candidate has remaining at the launch of the computer-based examination, or three years from the last day of the month in which conditional credit was earned, whichever is exhausted first. During the candidate's transition period, credit for any computer-based exam section passed is subject to subsection (e) of this rule.

(d) If a candidate who earned conditional credit under the paper and pencil CPA exam does not pass all remaining exam sections during the transition period described in subsection (c) of this rule, conditional credit earned under the paper and pencil exam will expire and the candidate will lose credit for those exam sections earned under the paper and pencil exam.

(e) Credit for Computer Based CPA Exam. Upon implementation of the computer based CPA exam, a candidate may take the required exam sections individually and in any order. Credit for any exam section(s) passed shall be valid for eighteen (18) months from the actual date the candidate took that section(s), without having to attain a minimum score on any failed section(s) and without regard to whether the candidate has taken other exam sections provided that:

(A) Candidates must pass all four sections of the CPA exam within a rolling eighteen (18) month period, which begins on the date of the first section(s) passed;

(B) Upon passing any CPA exam section, the passing date of that section shall be the date the candidate took the section; and

(C) Candidates who do not pass all sections of the CPA exam within the rolling eighteen (18) month period shall lose credit for any section(s) passed outside the eighteen (18) month period and that section(s) must be retaken.

(f) The Board may extend the period for conditional credit for an exam section upon demonstration by the candidate that the credit was lost because of circumstances beyond the candidate's control.

(g) The time limitations for a candidate to complete all sections of the CPA exam may be extended by the Board because of illness, accident or other exigent circumstance, and shall be extended during the time a candidate is in active military service.

(3) Transfer of CPA exam scores from other jurisdictions. The Board may allow the transfer of CPA exam scores and grant credit to a candidate who has successfully completed any section(s) of the CPA exam in another jurisdiction 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 75 or higher in the section(s) passed; and

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

[ED. NOTE: Tables referenced are available from the agency.]

Stat. Auth.: ORS 670.310 & 673.410

Stats. Implemented: ORS 673.050, 673.060 & 673.075

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; 1AB 4-1991, f. & cert. ef. 7-1-91; 1AB 1-1994, f. & cert. ef. 1-21-94; 1AB 3-1994, f. & cert. ef. 8-10-94; 1AB 4-1994, f. & cert. ef. 9-27-94; 1AB 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; BOA 4-2001, f. 12-28-01, cert. ef. 1-1-02; BOA 3-2002, f. 12-27-02, cert. ef. 1-1-03; BOA 4-2003, f. 12-23-03 cert. ef. 1-1-04; BOA 4-2004, f. 12-30-04, cert. ef. 1-1-05

801-010-0065

Qualifications for Certification

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

(a) Complete and pass all sections of the CPA exam;

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

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

(A) Applicants who qualified for the CPA exam by meeting CPA exam requirements under provisions of ORS 673.040 in effect prior to January 1, 2000 are required to have two years of experience and competency in the seven core areas described in this rule, 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 under ORS 673.040 (1999 Edition) in effect after January 1, 2000 are required to have one year of experience and competency in the seven core areas described in this rule, which means at least 12 months of full-time employment, or a total of 2,080 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 by completing one year of public accounting experience as described in paragraph (1)(c)(B) of this rule.

(d) The experience and examination requirements shall be obtained and completed within eight years immediately preceding the date of application for a certificate.

(2) Experience Requirements.

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

(b) All experience must be gained under the direct supervision of a supervisor licensee, as defined in this rule.

(A) "Supervisor licensee" is a person who qualifies under this rule as a supervisor for the purpose of verifying the experience requirement of an applicant for a CPA certificate under OAR 801-010-0065 or the experience requirement of an applicant for a public accountant license under OAR 801-010-0100.

(B) To qualify as a supervisor licensee the person providing supervision must have held an active CPA license issued by any state, a PA license issued under ORS 673.100 or a chartered accountant certificate recognized by the Board under OAR 801-010-0085 for at least five consecutive years immediately prior to such supervision and during the period of supervision.

(C) A licensee who provides direct supervision over an applicant shall act as supervisor licensee and shall certify to the Board whether or not the applicant has gained qualifying experience under this rule.

(D) "Direct supervision" as used in this rule means that there is a clear connection between the supervisor licensee 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. A licensee who acts as a consultant or independent contractor to the applicant's employer will not

generally meet the requirement of direct supervision unless prior to commencement of supervision there is a written agreement from the employer delegating sufficient authority to the independent contractor to meet the requirements of direct supervision.

(c) 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, management advisory services, tax advisory services, tax return preparation, personal financial planning or reporting on an entity's internal controls.

(3) **Experience portfolio.** 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 Code of Professional Conduct promulgated and adopted by the Board;

(b) Ability to assess the achievement of a client'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 the environment of a business entity.

(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 a client'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.

(4) **Qualifying experience.** An applicant 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. Qualifying experience may be obtained in the following categories:

(a) **Experience based on attest or assurance.** Experience that demonstrates the competencies prescribed in section (3) of 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;

(B) Engaged in employment that is equivalent to that described in paragraph (4)(a)(A) of this rule including internal audit employment; or

(C) Employed in an organization where employment is equivalent to that described in paragraph (4)(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, and

(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) Experience based on other professional standards. Any other experience that demonstrates the competencies prescribed in section (3) of 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 described in paragraph (4)(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) Experience based on industry, government, and other. Qualifying experience that demonstrates the competencies described in section (3) of this rule may also be obtained while the applicant is employed in industry, government, or other settings under the direct supervision of a public accountant or certified public accountant as provided under this rule.

(A) Industry, government or other experience related to subsection (3)(b) of this rule, 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.

(B) Industry, government or other experience related to subsection (3)(d) of this rule, understanding transaction streams and information systems, will include assessing the adequacy of an entity's internal controls.

(C) Experience, other than experience described in subsections (4)(a) and (b) of this rule will be evaluated by the Board on a case-by-case basis to ensure that experience is equivalent to subsection (4)(a) or (b) of this rule.

(5) Submitting applications to the Board.

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

(b) An applicant's file may be included on the agenda of 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 & 673.410

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; BOA 4-2001, f. 12-28-01, cert. ef. 1-1-02; BOA 3-2002, f. 12-27-02, cert. ef. 1-1-03; BOA 4-2004, f. 12-30-04, cert. ef. 1-1-05; BOA 2-2006, f. 12-22-06, cert. ef. 1-1-07

801-010-0073

Certification of Applicant's Experience

(1) Requirement to provide verification of experience.

(a) A supervisor 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 jurisdiction shall complete and submit a certificate of experience for such applicant within 21 days of the request.

(b) The certificate of experience shall be made on forms provided by the Board. A supervisor licensee who completes and submits a certificate of experience shall certify in writing that the experience obtained under the licensee's supervision is sufficient to fulfill the requirements of OAR 801-010-0065.

(c) A supervisor licensee who submits a certification of experience shall maintain the Competency Evaluation worksheet for a period of three years after the applicant's certificate is issued.

(d) A supervisor licensee shall not commit any act which unjustly jeopardizes an applicant's ability to obtain a certificate in this or any jurisdiction.

(2) Cooperation of supervisor licensee. A supervisor licensee who has furnished evidence of an applicant's experience to the Board shall provide full cooperation with any Board inquiry pertaining to such certification.

(a) The supervisor licensee shall respond in writing to any request for further information from the Board including, but not limited to, the following:

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

(B) Explanation regarding a certificate of experience submitted to the Board for which the period of experience appears to be unduly short for achievement of the competencies;

(C) Verification, on a sample basis, of information submitted by an applicant or attested thereto on a certificate of experience;

(D) Explanation regarding questions based on the Board's reasonable belief that the information in the certificate of experience may be false or incorrect; or

(E) Explanation regarding the basis of refusal, if any, for which the supervisor licensee declines to submit evidence of an applicant's experience to the Board or to the licensing agency of another jurisdiction.

(b) The supervisor licensee shall cooperate with any inspection, by the Board 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.

Stat. Auth.: ORS 670.310 & 673.040

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; BOA 4-2001, f. 12-28-01, cert. ef. 1-1-02

801-010-0075

Public Accountants Applying for Certificate of Public Accountancy

A Public Accountant licensed in Oregon who is applying for a certificate of public accountancy shall:

(1) Hold an active Public Accountant license issued under ORS 673.100 that is not revoked, suspended, on probation or lapsed;

(2) Present 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 as described in ORS 673.050(1)(a);

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

(c) A minimum of 24 semester hours or 36 quarter hours in accounting and or related subjects. Related subjects are defined as business, finance, economics, and written and oral communication.

(3) Successfully complete all sections of the CPA exam. Credit may be received for sections of the CPA exam previously completed if the requirements of OAR 801-010-0060 are satisfied; and

(4) Satisfy the experience requirements under ORS 673.040 and OAR 801-010-0065.

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

Stat. Auth.: ORS 670.310 & 673.410

Stats. Implemented: ORS 673.040

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; BOA 4-2001, f. 12-28-01, cert. ef. 1-1-02; BOA 3-2002, f. 12-27-02, cert. ef. 1-1-03; BOA 4-2003, f. 12-23-03 cert. ef. 1-1-04

801-010-0078

Experience as a Self-Employed Public Accountant

(1) Self-employment eligible to meet the experience requirement. 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 experience as a self-employed public accountant. 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 as a Public Accountant.

(d) Experience used to qualify for the CPA exam may not also be used to qualify under the requirements of ORS 673.040 and OAR 801-010-0065.

(2) Verification of self-employment. The period of self-employment shall be verified either by a Public Accountant or a Certified Public Accountant licensed in Oregon and approved by the Board, who is qualified to review the applicant's practice. The applicant shall submit the name of a proposed reviewer to the Board. The reviewer must be in full-time practice. The reviewer shall not be the subject of current or past disciplinary action by the Board, or 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. The reviewer shall certify to 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) Whether the work performed by the applicant demonstrates satisfactory knowledge of current practice standards and pronouncements of the accounting profession;

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

(e) Whether the applicant's experience is sufficient to meet the entry requirements stated in OAR 801-010-0065, including the seven core competencies prescribed in OAR 801-010-0065(3).

Stat. Auth.: ORS 670.310 & 673.410

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; BOA 4-2001, f. 12-28-01, cert. ef. 1-1-02; BOA 3-2002, f. 12-27-02, cert. ef. 1-1-03

801-010-0079

Experience Obtained in Foreign Countries

(1) 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 applicant's experience must be directly supervised by:

(a) A licensed Public Accountant or a Certified Public Accountant whose license is active and in good standing, and who held an active permit during the period of supervision and for a period of no less than five years prior to the period of supervision; or

(b) A Chartered Accountant licensed by a jurisdiction that is eligible for reciprocal licensing under agreement with the International Qualifications Appraisal Board (IQAB) as described in OAR 801-010-0085, who also meets the following requirements:

(A) The Chartered Accountant certificate is active and in good standing;

(B) The Chartered Accountant held an active Chartered Accountant certificate during the period of supervision and for no less than five years prior to the period of supervision; and

(c) The person who directly supervises the applicant's experience shall certify to the Board that the applicant's experience is obtained under professional standards approved by the Board of Accountancy, including but not limited to the Statements on Auditing Standards (SAS) for audits or other engagements, the Statement of Standards for Accounting and Review Services (SSARS) for the review of financial statements and the Statements on Standards of Attestation Engagements (SSAE) for examinations of prospective financial information, or

(d) That the applicant's experience is obtained under professional standards deemed by the Board of Accountancy to be equivalent to experience obtained in the practice of public accountancy in this state.

Stat. Auth.: ORS 670.310 & 673.410

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; BOA 4-2001, f. 12-28-01, cert. ef. 1-1-02; BOA 3-2002, f. 12-27-02, cert. ef. 1-1-03

801-010-0080

Holders of Certificates in Other States, US Territories or Foreign Countries

(1) **Substantial equivalency applications by notification.** An individual whose principal place of business is not in this state, who has an active license in good standing as a certified public accountant issued by another jurisdiction, and who meets the standards of substantial equivalency, may receive authorization to practice public accountancy in this state, upon application. An applicant may meet one of the following two standards to establish eligibility under this rule:

(a) The jurisdiction that issued the license on which the application is based is verified to be of substantial equivalency as determined by the National Qualification Appraisal Service; or

(b) The applicant as an individual meets qualifications that are verified by the Board to be of substantial equivalency.

(2) Notification requirements.

(a) Within 30 days of accepting an engagement or an assignment to render professional services in this State, or offering to render professional services through direct solicitation or marketing targeted to persons in this State, applicants shall submit notification on a form provided by the Board and pay the fees specified in OAR 801-010-0010;

(b) Upon request from the Board applicants shall:

(A) Provide a letter of completion of the most recent peer review of the applicant or the applicant's firm if the applicant intends to perform attest or compilation services in this state; and

(B) Provide a written statement from the jurisdiction on which the application is based confirming that the applicant:

(i) Is in good standing in that jurisdiction;

(ii) Has not been disciplined for violations of that jurisdiction's standards of conduct or practice, and is not the subject of any pending actions alleging violations of that jurisdiction's standards of conduct or practice; and

(iii) Is in compliance with continuing education and peer review requirements of the licensing jurisdiction.

(3) **Notification Not Required.** The notification requirements specified in OAR 801-010-0080(2) are not required if the individual is:

(a) Teaching either a college or continuing professional education course;

(b) Delivering a lecture;

(c) Moderating or participating in a panel discussion; or

(d) Rendering professional services to the individual's employer including affiliated, parent, or subsidiary entities, provided such services are not rendered for the employer's clients and so long as the provisions of ORS 673.320 are met.

(4) Renewal of application by notification. Every authorization to practice by notification shall expire on December 31 of each year and may be renewed thereafter by submitting the renewal application with payment of the fee designated in OAR 801-010-0010.

(5) Applications by reciprocity. Individuals who wish to establish a principal place of business in this state are required to obtain a CPA certificate and permit under this section prior to practicing as a CPA in this state.

(a) Applications based on an active CPA license that is in good standing and was issued by another jurisdiction prior to January 1, 2000 are eligible under this subsection if the issuing jurisdiction required successful completion of the CPA exam, a Baccalaureate degree and two years public accountancy experience or the equivalent for certification at the time the applicant's license was issued;

(b) Applications based on an active CPA license issued by another jurisdiction that is in good standing are eligible under this subsection if the applicant meets the following qualifications:

(A) Successful completion of the CPA exam;

(B) 150 semester hours, including a Baccalaureate degree, or the equivalent thereof, and 24 semester (36 quarter) hours in accounting and 24 semester (36 quarter) hours in accounting and/or related subjects which are defined as business, economics, finance and written/oral communication; and

(C) At least one year public accounting experience or the equivalent.

(c) Applications based on an active CPA license that is in good standing, but that do not meet the requirements of subsections (5)(a) or (b) of this rule, are eligible under this subsection if the applicant demonstrates to the satisfaction of the Board that during four of the ten years immediately preceding the application under ORS 673.040, the applicant:

(A) Held an active CPA license issued by another jurisdiction that is in good standing at the time of application;

(B) Has four years of public accounting experience or the equivalent thereof, after completing the CPA exam and during the ten year period immediately preceding the application; and

(C) Successfully completed the CPA exam.

(6) Reciprocity application requirements. Applicants under section (5) of this rule shall:

(a) Submit an application on a form provided by the Board;

- (b) Pay the fees specified in OAR 801-010-0010;
- (c) Provide a written statement from the jurisdiction on which the application is based confirming that the applicant:
 - (A) Is in good standing in that jurisdiction;
 - (B) Has not been disciplined for violations of that jurisdiction's standards of conduct or practice;
 - (C) Has no pending actions alleging violations of that jurisdiction's standards of conduct or practice; and
 - (D) Is in compliance with continuing education requirements and peer review requirements of the licensing jurisdiction.
- (7) Verification of National Qualification Appraisal Service comparable licensing standards. The Board shall review the licensing requirements of other jurisdictions on an annual basis to verify substantial equivalency eligibility. The Board may use information developed by NASBA to make this determination.

Stat. Auth.: ORS 670.310, 673.410 & 673.153

Stats. Implemented: ORS 673.040 & 673.153

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; BOA 4-2001, f. 12-28-01, cert. ef. 1-1-02; BOA 3-2002, f. 12-27-02, cert. ef. 1-1-03; BOA 4-2003, f. 12-23-03 cert. ef. 1-1-04; BOA 7-2005, f. 11-22-05, cert. ef. 1-1-06; BOA 2-2006, f. 12-22-06, cert. ef. 1-1-07

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. IQAB 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 in Oregon who holds 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 holds a certificate or license issued 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) Satisfy 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 all sections of the CPA exam required by ORS 673.060; and

(c) Complete the experience requirement under ORS 673.040, 673.100 and OAR 801-010-0065.

Stat. Auth.: ORS 670.310 & 673.410

Stats. Implemented: ORS 673.040 & 673.060

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; BOA 4-2001, f. 12-28-01, cert. ef. 1-1-02; BOA 3-2002, f. 12-27-02, cert. ef. 1-1-03; BOA 4-2003, f. 12-23-03 cert. ef. 1-1-04; BOA 4-2004, f. 12-30-04, cert. ef. 1-1-05

801-010-0100

Public Accountant Licenses

(1) Application requirements. Applicants for the license of public accountant shall meet the following requirements:

(a) Complete and pass the required sections of the CPA exam as described in ORS 673.100 and OAR 801-010-0060;

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

(c) Meet the experience requirements stated in ORS 673.100 as follows:

(A) Obtain 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.

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

(2) Experience requirements.

(a) Applicants shall meet the experience requirements described in OAR 801-010-0065(2)

(b) The experience required under ORS 673.100 shall be as follows:

(A) For applicants who qualified for the CPA exam before January 1, 2002, the experience requirement shall consist solely of experience within activities generally performed by certified public accountants and public accountants, 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 attestation, management advisory services, tax advisory services, tax return preparation or personal financial planning and reporting on an entity's internal controls.

(B) For applicants who qualified for the CPA exam after January 1, 2002, the experience requirement shall consist solely of experience within activities generally performed by certified public accountants and public accountants, including (but not limited to) financial statement reviews, financial statement compilations, attestation engagements, financial forecasts and projections, pro forma financial information, compliance attestation, management advisory services, tax advisory services, tax return preparation or personal financial planning and reporting on an entity's internal controls.

(3) Experience portfolio. The applicant's experience portfolio shall meet the requirements stated in OAR 801-010-0065.

(4) Public Accountant practice restrictions. Licensed public accountants who qualified for the CPA exam after January 1, 2002 shall not perform audits.

Stat. Auth.: ORS 670.310, 673.410 & 673.100

Stats. Implemented: ORS 673.100, 673.150 & 673.103

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; BOA 4-2001, f. 12-28-01, cert. ef. 1-1-02; BOA 3-2002, f. 12-27-02, cert. ef. 1-1-03; BOA 2-2006, f. 12-22-06, cert. ef. 1-1-07

801-010-0110

Renewal of Permits

(1) Unless properly renewed, permits issued under ORS 673.150 that end in even numbers shall expire on June 30 of even-numbered years and permits that end in odd numbers shall expire on June 30 of odd-numbered years. To renew an active or inactive permit, the certificate or license holder shall:

(a) Submit the current renewal form provided by the Board, fully completed and postmarked by the US Post Office or other delivery service no later than June 30 of the year in which the permit shall expire;

(b) Pay the renewal fee specified in OAR 801-010-0010; and

(c) If applying for renewal of an active permit, provide evidence that the applicant has satisfied continuing education and peer review requirements.

(d) If the renewal application is postmarked by the US Post Office or other delivery service after June 30, the licensee shall submit the late fee described in OAR 801-010-0010.

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

Stat. Auth.: ORS 670.310 & 673.410

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; BOA 4-2001, f. 12-28-01, cert. ef. 1-1-02;

BOA 3-2002, f. 12-27-02, cert. ef. 1-1-03; BOA 4-2003, f. 12-23-03 cert. ef. 1-1-04; BOA 2-2006, f. 12-22-06, cert. ef. 1-1-07

801-010-0115

Resignation of Licensee

(1) Resigning permits that are not the subject of pending complaints or Board investigations. A certified public accountant or public accountant may resign and surrender the licensee's certificate or license and permit issued under ORS 673.040, 673.100 and 673.150, by submitting a written resignation, together with the original certificate or license issued by the Board. The licensee's resignation shall be accepted by the Board only if the licensee acknowledges in writing 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 required to meet all requirements of ORS Chapter 673 and OAR chapter 801.

(c) All resignations are effective upon acceptance by the Board.

(2) Resigning permits that are the subject of pending complaints or Board investigations. If the licensee's certificate or license is the subject of a complaint filed with the Board or a Board investigation, or if disciplinary proceedings are pending against a licensee, the resignation by such licensee shall be deemed 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. A licensee who resigns under this section is required to notify all clients of the date of resignation and provide the Board with a list of the clients notified. The Board may refuse to accept a resignation under this provision if the written resignation does not include a written 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.

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

(3) Requirements upon acceptance of resignation. Upon resignation, a former licensee is required to:

(a) Surrender the CPA certificate or PA license to the Board;

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

(c) Maintain client records for a period of at least six years, or return such records to the client; and

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

Stat. Auth.: ORS 670.310 & 673.410

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; BOA 4-2001, f. 12-28-01, cert. ef. 1-1-02; BOA 3-2002, f. 12-27-02, cert. ef. 1-1-03; BOA 4-2003, f. 12-23-03 cert. ef. 1-1-04

801-010-0120

Inactive Status

(1) Application.

(a) An application for inactive status shall be made on a form provided by the Board and shall be accompanied by a fee prescribed by OAR 801-010-0010.

(b) The applicant for inactive status shall certify to the Board that:

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

(B) The applicant will not perform any public accountancy services during the period in which the applicant is granted inactive status.

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

(3) Use of CPA or PA designation. A licensee who is granted inactive 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 OAR 801-030-0005(5).

(c) Except as provided in this rule, a licensee who is granted inactive 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 & 673.410

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; BOA 4-2001, f. 12-28-01, cert. ef. 1-1-02

801-010-0125

Renewal of Inactive Status

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

(2) To renew inactive status, a certificate or license holder shall, before the time at which the inactive 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 OAR 801-010-0010.

(4) Applications that are postmarked by the US Postal Service or other delivery service after June 30 shall include a late fee described in OAR 801-010-0010.

Stat. Auth.: ORS 670.310 & 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; BOA 4-2001, f. 12-28-01, cert. ef. 1-1-02; BOA 4-2003, f. 12-23-03 cert. ef. 1-1-04

801-010-0130

Restoration to Active Status

A person who is granted inactive status under ORS 673.220 and who subsequently applies to renew such permit to active status shall submit an application on a form provided by the Board. The applicant shall:

(1) Pay the permit fee for the renewal period in which the application is submitted;

(2) Meet the CPE requirements for reinstatement described in OAR 801-040-0090;

(3) Meet the peer review requirements described in OAR 801, division 050; and

(4) The applicant shall not perform any public accountancy services until after the applicant receives an active permit.

Stat. Auth.: ORS 670.310, 673.410 & OL 2001, Ch. 735

Stats. Implemented: ORS 673.220 & 673.100

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; BOA 4-2001, f. 12-28-01, cert. ef. 1-1-02

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 & 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; BOA 4-2001, f. 12-28-01, cert. ef. 1-1-02

801-010-0190

Procedure for Complaints

Under ORS 673.185, the Board is authorized to investigate complaints alleging violations of ORS 673.010 through 673.455 and OAR chapter 801. The following procedures govern complaints received by the Board:

(1) The Board shall investigate all complaints that describe activities that are the subject of the complaint and that provide 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 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 & 673.410
 Stats. Implemented: ORS 673.170, 673.185 & OL1999, 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; BOA 4-2001, f. 12-28-01, cert. ef. 1-1-02

801-010-0340

Non-CPA and Non-PA Ownership of Business Organizations

(1) Requirements of non-CPA or non-PA ownership. The ownership of a business organization, defined in ORS 673.010 and registered as a firm under ORS 673.160 and 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 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.

(h) Business organizations with non-CPA or non-PA ownership that are registered under OAR 801-010-0345 shall comply with the requirements for peer review as provided in ORS 673.455 if such business organization performs attestation or compilation services.

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

(2) Registration. 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) Request for extension. If the licensee ownership of a registered business organization whose principal place of business is in this state does not meet the requirements of section (1) of this rule because of a death or other unforeseen circumstance, the business organization may request an extension of 180 days, or until the next renewal period, whichever is longer, for the business organization to meet such requirement.

(4) CPA designation. 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 CPA certificates issued under ORS 673.040.

Stat. Auth.: ORS 670.310, 673.410 & 673.160
 Stats. Implemented: ORS 673.160
 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; BOA 4-2001, f. 12-28-01, cert. ef. 1-1-02; BOA 3-2002, f. 12-27-02, cert. ef. 1-1-03; BOA 2-2007, f. 12-27-07 cert. ef. 1-1-08

801-010-0345

Registration of Business Organizations

(1) Requirement to register as a firm. A business organization organized for the practice of public accountancy shall register with the Board as a firm if the business organization engages in any of the following activities in this state:

(a) Uses the terms "certified public accountant", "CPA", "public accountant" or "PA", or any derivation of such terms;

(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 attestation or compilation services, as defined by these rules.

(2) Registration of sole proprietorships. 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 engages in any of the following activities in this state:

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

(b) Performs attestation or compilation services.

(3) Application requirements. 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 and shall be accompanied by the appropriate fee, stated in OAR 801-010-0010. The application and each renewal application shall provide the following information in writing:

(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.

(4) Application requirements for firms with non-CPA and non-PA ownership. In addition to the information required under section (3) of this rule for firm registrations, business organizations with non-CPA or non-PA owners that are required to register as a firm shall provide the following information with the application for initial registration and with each 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;

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

(a) Renew the firm registration on or before December 31 of each odd-numbered year by submitting the renewal form provided by the Board, together with the appropriate registration renewal fee. The Board may waive the renewal fee if an initial firm registration is issued in November or December of the year in which the registration is due for renewal. 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;

(b) Notify the Board in writing of any change in the firm name within 30 days of such change;

(c) In addition to the notice that is required upon application and for each renewal of the firm registration under section (3) of this rule, business organizations are required to provide written notice to the Board within 45 days of the filing of any lawsuit, settlement or arbitration relating to the professional services of the business organization if an essential element of such lawsuit involves fraud, dishonesty or misrepresentation;

(d) Display the letter of registration issued by the Board in a conspicuous place at the principal office of the firm.

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

(a) Non-CPA or non-PA ownership. 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.

(b) Notwithstanding subsection (6)(a) of this rule, any certified public accountant or public accountant previously licensed in any state whose license to practice public accountancy has been revoked

by any state, may not participate as a non-licensee owner in a business organization required to be registered under ORS 673.160.

(c) Branch offices.

(A) Every branch office 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.

(B) The Board may, at its discretion, approve the operation of a branch office that does not meet the supervision requirements of paragraph A of this subsection. Licensees seeking approval under this paragraph shall submit in advance a written proposal describing how the licensee will provide adequate supervision of the branch office. The proposal shall specify the minimum number of hours each week that a named licensee will provide physical supervision at the branch office.

(C) Any licensee operating a branch office under approval authorized by paragraph (B) of this subsection shall notify the Board in writing of any deviation from an approved plan within 30 days of the deviation.

(D) The location of each branch office in Oregon shall be reported to the Board at the time of application for registration as a firm and with each renewal application, together with a statement that each branch office meets the requirements of OAR 801-010-0345(6)(c)

(d) Internet Practice. Licensees using the CPA or PA title to perform or solicit services via a website, are required to include information on the website naming the state(s) in which each CPA or PA is licensed to perform public accounting services, or provide a name and contact information for an individual who will respond within seven business days to inquiries regarding individual licensee information. Information required to be posted by this rule must be clearly visible and prominently displayed.

Stat. Auth.: ORS 670.310, 673.410 & 673.160

Stats. Implemented: ; ORS 673.160

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; BOA 4-2001, f. 12-28-01, cert. ef. 1-1-02; BOA 4-2003, f. 12-23-03 cert. ef. 1-1-04; BOA 2-2006, f. 12-22-06, cert. ef. 1-1-07

DIVISION 20

MUNICIPAL AUDITS

801-020-0620

Bidding and Contracting for Municipal Audits

(1) Municipal Roster. The Oregon Board of Accountancy is authorized by ORS 297.670 to prepare and maintain the Municipal Roster of licensees who are authorized to conduct municipal audits required by ORS 297.425.

(2) Requirement for firm registration. Municipal audits required by ORS 297.425 may only be conducted through a Firm registered under the provisions of ORS 673.160.

(3) Licensees authorized to bid and contract for municipal audits. The following licensees who are admitted to the Municipal Roster may bid and contract for municipal audits in accordance with ORS 297.465:

(a) A licensed CPA who is a sole proprietor and registered under ORS 673.160;

(b) A licensed PA under ORS 673.100 who passed the audit section of the CPA Exam as a requirement for licensing and who is registered under ORS 673.160;

(4) Firms authorized to bid and contract for municipal audits. Bids, contracts and municipal audits may be issued in the name of a Firm under the following circumstances:

(a) A licensee who is a member of a Firm, and who is on the Municipal Roster, may bid, contract or issue municipal audits in accordance with ORS 297.465 under the name of such Firm if all owners of the Firm are on the municipal roster; or

(b) A Firm that has at least one member who is on the Municipal Roster may bid, contract or issue municipal audits in the name

of the Firm only if the contract and the related audit report are both signed in the name of the Firm by the member who is on the Municipal Roster.

(c) For purposes of this rule, “member” means a partner, shareholder, or owner of the firm. Any other licensee, including an independent contractor, office sharer or licensee working for or with a firm on a limited basis is not a member.

(5) Except as provided in 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, 297.680 & 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 5-2000, f. 12-7-00, cert. ef. 1-1-01; BOA 4-2002, f. 12-27-02, cert. ef. 1-1-03; BOA 5-2004, f. 12-30-04, cert. ef. 1-1-05; BOA 6-2006, f. 12-22-06, cert. ef. 1-1-07

801-020-0690

Qualifications for Admission to Municipal Roster

(1) The following licensees are eligible to apply for admission to the municipal roster:

(a) Individuals holding an active CPA permit issued under ORS 673.150,

(b) Individuals holding an active PA license issued under ORS 673.100 prior to January 1, 2002,

(c) Individuals holding an active PA license issued under ORS 673.100 who were licensed after January 1, 2002 and who passed the audit section of the CPA Exam as a requirement of licensing, and

(d) Individuals with an active CPA license issued by another jurisdiction that is recognized by the Board and who have received authority to practice public accountancy in Oregon under ORS 673.153.

(2) Application Requirements. Qualified applicants for admission to the municipal roster must meet the following requirements:

(a) The applicant must be a licensee in good standing with the Board of Accountancy;

(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 the Municipal Audit Law, ORS 297.405 through 297.555, and OAR chapter 801 division 020.

(3) Grounds for Denial. In addition to the specific grounds stated in ORS 673.170(2), the Board may deny admission or reinstatement to the municipal roster if:

(a) The applicant has not complied with the requirements of OAR 801-020-0620;

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

(c) The applicant has committed any act or engaged in conduct that would cause a reasonable person to have substantial doubts about the applicant’s honesty, fairness and respect for the rights of others or for any law.

(d) 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.

(4) Initial CPE Requirements. 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 CPE hours of Level 1 (basic) or Level 2 (intermediate) 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 and related circulars and supplements published by the United States Government Accountability Office, Office of Management and Budget;

(e) Oregon Local Budget Law; and

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

(5) CPE Credit. The 40 hours of education required for admission to the municipal roster may be included in the 80 hours of CPE required for renewal of the CPA/PA permit.

(6) Approval. When an application to the municipal roster is approved, the Board shall:

(a) Notify the applicant in writing that the application 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, 297.680 & 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; BOA 5-2000, f. 12-7-00, cert. ef. 1-1-01; BOA 4-2002, f. 12-27-02, cert. ef. 1-1-03; BOA 5-2004, f. 12-30-04, cert. ef. 1-1-05; BOA 6-2006, f. 12-22-06, cert. ef. 1-1-07

801-020-0700

Qualifications for Continuance on Roster

(1) Renewal. The renewal of authorization to conduct municipal audits is accomplished with the licensee’s biennial renewal. Licensees who wish to renew authorization to conduct municipal audits must include the following information with the biennial renewal application:

(a) A statement that the licensee wishes to renew authority to conduct municipal audits;

(b) Payment of the municipal auditor renewal fee described in OAR 801-010-0010; and

(c) A report of the correct number of CPE hours required for municipal auditors.

(2) Continuing CPE Requirement. Licensees admitted to the municipal roster are required to complete 24 hours of CPE in subjects directly related to the governmental environment and governmental auditing during each renewal period. The required number of CPE hours for renewal may include CPE programs of any level (basic, intermediate, advanced or updates). At least 16 of the 24 CPE hours required must be in one or more of 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 and related circulars and supplements published by the Government Accountability Office, Office of Management and Budget;

(e) Oregon Local Budget Law; or

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

(3) Limitation. No more than 8 of the 24 required hours may be in courses relating to generally accepted auditing standards and procedures. Courses that make up the 8 hours described herein may include such topics as current developments in audit methodology, assessment of internal controls and statistical sampling.

(4) CPE credit. The 24 hours of CPE required for renewal of municipal audit authority may be included in the 80 hours of CPE required for renewal of the CPA/PA permit. During the first renewal period after appointment to the municipal roster, the 24 hour CPE requirement shall be prorated at one (1) CPE hour per month.

Stat. Auth.: ORS 297.670, 297.680 & 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; BOA 5-2000, f. 12-7-00, cert. ef. 1-1-01; BOA 5-2003, f. 12-30-03 cert. ef. 1-1-04; BOA 5-2004, f. 12-30-04, cert. ef. 1-1-05

801-020-0710

Biennial Fee for Inclusion on Roster

This section is deleted and its contents are moved to specific sections of OAR 801 division 020.

Stat. Auth.: ORS 297.670, 297.680 & 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; BOA 5-2000, f. 12-7-00, cert. ef. 1-1-01; BOA 4-2002, f. 12-27-02, cert. ef. 1-1-03; BOA 5-2004, f. 12-30-04, cert. ef. 1-1-05

801-020-0720

Removal, Suspension and Reinstatement to the Municipal Roster

(1) Removal. Licensees may be removed from the municipal roster for the following reasons:

(a) Failure to pay the biennial fee required by OAR 801-020-0700;

(b) Failure to complete the required CPE described in OAR 801-020-0700; or

(c) Failure to maintain an active CPA/PA permit in good standing as required by OAR 801-020-0690.

(d) Licensees whose CPA/PA permits lapse as described in OAR 801-040-0090, or who fail to renew the authorization to conduct municipal audits as described in OAR 801-040-0700 shall be removed from the municipal roster and the Board of Accountancy shall notify the Office of the Secretary of State.

(2) **Suspension.** Licensees may be suspended from the municipal roster for:

(a) Failure to comply with the provisions of the Oregon Municipal Audit Law, ORS 297.405 through 297.555; or

(b) Any of the reasons stated as grounds for denial in OAR 801-020-0690(3).

(3) **Reinstatement.** Licensees who wish to be reinstated to the municipal roster are required to hold an active CPA/PA permit in good standing.

(a) **Two years or less.** A licensee seeking to be reinstated to the municipal roster within the two year period following the date such licensee was removed from the roster is required to:

(A) Pay the appropriate fee stated in OAR 801-010-0010; and

(B) Complete and report 24 hours of CPE as described in OAR 801-020-0700, plus a 16-hour CPE penalty.

(b) **More than two years.** A licensee seeking to be reinstated to the municipal roster more than two years after the date such licensee was removed from the roster is required to:

(A) Pay the appropriate fee stated in OAR 801-010-0010; and

(B) Meet the requirements for initial admission to the municipal roster described in OAR 801-020-0690.

(c) **Suspension.** Approval of reinstatement applications submitted by licenses who are suspended from the municipal roster, or whose CPA or PA permit has been suspended by the Board of Accountancy, is subject to the discretion of the Board. Licensees under this section are required to:

(A) Meet all conditions and terms of the suspension order;

(B) Pay the appropriate fee stated in OAR 801-010-0010;

(C) Meet the requirements for initial admission to the municipal roster described in OAR 801-020-0690; and

(D) Complete and report a 16-hour CPE penalty.

(d) **CPE requirements for reinstatement.** All CPE hours required for reinstatement to the municipal roster, including CPE penalty hours, must be in subjects directly related to the governmental environment and governmental auditing and must be completed within two years preceding the date of the reinstatement application.

Stat. Auth.: ORS 297.670, 297.680 & 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; BOA 5-2000, f. 12-7-00, cert. ef. 1-1-01; BOA 4-2002, f. 12-27-02, cert. ef. 1-1-03; BOA 5-2004, f. 12-30-04, cert. ef. 1-1-05; BOA 8-2005, f. 11-22-05, cert. ef. 1-1-06

DIVISION 30

CODE OF PROFESSIONAL CONDUCT

Codes of Conduct

801-030-0005

Independence, Integrity, and Objectivity

(1) Independence. The Board adopts the Independence Rule established by the AICPA, ET Section Rule 101 Independence. The AICPA Interpretations and Ethics rulings relating to AICPA Rule 101 are adopted by the Board as a non-exclusive list to provide guidance to licensees, prospective licensees, the Board and members of the public.

(a) Licensees who perform services that are subject to independence standards promulgated by other regulatory or professional standard setting bodies, agencies and organizations, including but not limited to the Securities and Exchange Commission, the General Accounting Office and the US Department of Labor, must also comply with those standards applicable to the services provided.

(2) **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) When accepting new employment or a new engagement, a licensee shall not use confidential client information in a manner that is adverse to a former client or employer. Confidential client information is any information communicated to or obtained by the licensee from a client or employer that relates to services rendered by the licensee to the client or employer.

(d) The Board adopts the AICPA Interpretations and Ethical Rulings relating to AICPA Rule 102 as a non-exclusive list to provide guidance to licensees, prospective licensees, the Board and members of the public.

(3) **Commissions and referral fees.** Certified public accountants, public accountants and firms in the practice of public accountancy are permitted to pay and receive commissions and referral fees subject to the requirements of ORS 673.345 and this rule.

(a) Notice to the Board. Licensees who receive or pay commissions or referral fees shall report this fact on the application for biennial renewal of the license.

(b) Related licensure/registration. Prior to accepting commissions, licensees shall acquire and maintain in good standing any license or registration required by another governmental or private standard-setting body for the purpose of receiving commissions. Examples of licensing requirements include, but are not limited to the following:

(A) Oregon Department of Consumer and Business Services;

(B) National Association of Securities Dealers;

(C) Oregon Real Estate Agency; and

(D) Oregon Appraiser Certification and Licensure Board.

(c) Prohibited commissions and referral fees. A certified public accountant, public accountant or firm engaged in the practice of public accountancy shall not recommend or refer to a client any product or service, or recommend or refer any product or service to be supplied by a client in exchange for the payment or acceptance of a commission or referral fee when the certified public accountant, public accountant or firm also performs any of the following listed services for that client:

(A) An audit, review or agreed-upon-procedures of a financial statement;

(B) An examination of prospective financial information; and

(C) A compilation of a financial statement if the compilation report does not disclose a lack of independence between the client and the certified public accountant.

(d) Application of prohibitions. The prohibitions in this rule apply:

(A) When the holder of a permit or any partner, officer, shareholder, member, manager or owner of the firm performs the services listed in this rule, and

(B) During the period in which the certified public accountant, public accountant or firm is engaged to perform any of the services listed in this rule, including the period(s) subject of the report and the period covered by any historical financial statements involved in the listed services.

(e) Disclosure requirements. A certified public accountant, public accountant or firm engaged in the practice of public accountancy who is not prohibited by this rule from paying or receiving a commission or referral fee, and who is paid or expects to be paid a commission or referral fee, shall disclose that fact to any client to whom the commission or referral fee relates.

(A) A copy of each disclosure shall be provided to the client prior to the time the product or service that is the basis of the fee is recommended, referred or sold, or prior to the time the client retains the licensee to whom the client has been referred and for which the fee or other valuable consideration will be paid.

(B) A copy of the disclosure shall be retained by the certified public accountant, public accountant or firm for a period of at least six years after the licensee performs any services for the client.

(C) In the event of continuing engagements or a series of related transactions involving similar products or services with the same client, one written disclosure may cover more than one recommendation, referral or sale so long as the disclosure is provided at least annually and is not misleading.

(D) Disclosures under this rule shall:

(i) Be in legible, clear and conspicuous writing, in no less than 12 point characters (if typed) and provided on a separate form that is acknowledged in writing by the client with the client's signature and date of acknowledgment;

(ii) State the amount of the commission or referral fee or the basis on which the payment will be calculated;

(iii) Identify the source of the payment and the relationship between the source of the payment and the person receiving the payment; and

(iv) Specify the services to be performed by the Licensee for the compensation to be received by the Licensee.

(f) Transactions not prohibited. This rule does not prohibit the following transactions:

(A) Payments for the purchase of all or a material part of, an accounting practice;

(B) Retirement payments to persons formerly engaged in the practice of public accountancy, or payments to the heirs or estates of such persons; or

(C) Payments, including incentive or bonus payments, to employees or members of an accounting firm as compensation for their services.

(g) Audit of disclosure requirements. Licensees are subject to audits conducted by the Board or its designee to determine licensee compliance with the provisions of this rule. Licensees shall, upon request, furnish to the Board copies of disclosure records required under this rule.

(4) Contingent fees. Certified public accountants, public accountants and firms in the practice of public accountancy may perform professional services for a client in exchange for a contingent fee subject to the requirements of ORS 673.345 and this rule.

(a) Notice to the Board. Licensees who receive contingent fees in exchange for professional services shall report this fact on the application for biennial renewal of the license.

(b) Prohibited contingent fees.

(A) A certified public accountant, public accountant or firm in the practice of public accountancy may not perform professional services for a client in exchange for a contingent fee when the certified

public accountant, public accountant or firm also performs any of the following listed services for that client:

(i) Audit, review or agreed-upon-procedures of a financial statement;

(ii) Compilation of a financial statement if the compilation report does not disclose a lack of independence between the client and the licensee; or

(iii) Examination of prospective financial information.

(B) A certified public accountant, public accountant or firm in the practice of public accountancy may not prepare an original or amended tax return or a claim for a tax refund for any client in exchange for a contingent fee.

(c) Application of prohibitions. The prohibitions stated in paragraph (4)(c)(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 listed in this rule and during any period covered by any historical or prospective financial statements involved with or related to such services.

(d) Requirement for written agreement. Every agreement to perform services in exchange for a contingent fee shall be in writing and shall be signed by the client.

(A) A copy of the agreement shall be provided to the client prior to the time the client retains the licensee for the service, or prior to the time that the service that is subject to the agreement is performed.

(B) Agreements under this rule shall:

(i) Be in legible, clear and conspicuous writing, in no less than 12 point characters (if typed);

(ii) Include the signatures of all parties and date of each signature; and

(iii) State the amount of the contingent fee or the basis on which the fee will be calculated;

(C) A copy of the agreement shall be retained by the certified public accountant, public accountant or firm for a period of at least six years after the licensee performs the disclosed services for the client.

(e) Contingent fee transactions not prohibited. Fees are not contingent if fixed by courts or other public authorities, or in tax matters if such fees are determined based on the results of judicial proceedings or the findings of governmental agencies.

(f) Audit of contingent fee agreements. Licensees are subject to audits conducted by the Board or its designee to determine licensee compliance with the provisions of this rule. Licensees shall, upon request, furnish to the Board copies of contingent fee agreements required under this rule.

(5) Improper use of CPA and PA designation.

(a) Non-public accounting business. 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 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) Commissions or contingent fees. 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 sections (3) and (4) of this rule.

(c) Non-licensee owners.

(A) 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.

(B) A business organization that includes non-licensee owners shall not use a firm name that includes both the name of a non-licensee owner and the title or designation for "certified public accountant", "public accountant", or any other words or description that would imply that the non-licensee owner included in the firm name is authorized to provide public accounting services.

Stat. Auth.: ORS 670.310, 673.410 & OL 2001, Ch. 313

Stats. Implemented: ORS 673.160, 673.320, 673.345 & 673.445
 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; BOA 1-2001(Temp), f. & cert. ef. 7-9-01 thru 1-1-02; BOA 5-2001, f. 12-28-01, cert. ef. 1-1-02; BOA 6-2003, f. 12-23-03 cert. ef. 1-1-04; BOA 9-2005, f. 11-22-05, cert. ef. 1-1-06; BOA 3-2006, f. 12-22-06, cert. ef. 1-1-07

801-030-0010

General and Technical Standards

(1) **General Standards.** Licensees shall comply with the following general standards.

(a) **Professional Competence.** Licensees shall undertake only those professional services that the licensee or the licensee's firm can reasonably expect to be completed with professional competence.

(b) **Due Professional Care.** Licensees shall exercise due professional care in the performance of professional services.

(c) **Planning and Supervision.** Licensees shall plan and supervise the performance of professional services.

(d) **Sufficient Relevant Data.** Licensees shall obtain sufficient relevant data to afford a reasonable basis for conclusions or recommendations in relation to any professional services performed.

(e) The Board adopts the AICPA Interpretations under AICPA rule 201 as a non-exclusive list to provide guidance to licensees, prospective licensees, the board and members of the public.

(2) **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 there from must be justified when such standards are not followed.

(3) Accounting principles.

(a) **Responsibility of Licensees in Public Accounting.** 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.

(b) **Responsibility for the preparation** of financial statements in conformity with GAAP. A person who holds an active, inactive or lapsed license shall not state affirmatively that financial statements or other financial data of an entity are presented in conformity with generally accepted accounting principles (GAAP) if such statements or data contain any departure from an accounting principle promulgated by the Financial Accounting Standards Board and its predecessor entities and similar generally recognized authority that has a material effect on the statements or data taken as a whole.

(c) **Departures from Established Accounting Principles.** There is a strong presumption that adherence to officially established accounting principles would in nearly all instances result in financial statements that are not misleading. There may be unusual circumstances where literal application of pronouncements on accounting principles would have the effect of rendering financial statements misleading. In such cases the proper accounting treatment is that which will render the financial statements not misleading. The question of what constitutes unusual circumstances is a matter of professional judgment involving the ability to support the position that adherence to a promulgated principle would be regarded by a reasonable person as producing a misleading result.

(4) **Tax standards.** Licensees shall not perform tax planning services, recommend tax return positions or prepare or sign tax

returns (including amended returns, claims for refund and information returns) filed with any taxing authority unless the licensee has complied with Statements on Standards for Tax Services issued by the Tax Executive Committee of the American Institute of Certified Public Accountants and with United States Department of Treasury Circular No. 230.

(5) **Other professional standards.** Licensees, in the performance of consulting 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 Consulting 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, 673.410 & 673.445

Stats. Implemented: ORS 673.445

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; BOA 5-2001, f. 12-28-01, cert. ef. 1-1-02; BOA 3-2006, f. 12-22-06, cert. ef. 1-1-07; BOA 3-2007, f. 12-27-07 cert. ef. 1-1-08

801-030-0015

Responsibilities to Clients

(1) **Confidential client information.** A member in public practice shall not disclose any confidential client information without the specific written consent of the client.

(a) **Prohibited disclosures.** Except as provided in subsection (b) of this rule:

(A) No licensee or any partner, officer, shareholder, member, manager, owner or employee of a licensee, shall voluntarily disclose information communicated to or obtained by the licensee from a client or on behalf of a client if such information relates to services that the licensee rendered for the client.

(B) Members of the Board, members of Board committees and professional practice reviewers shall not disclose confidential client information which comes to their attention in the course of investigations, disciplinary proceedings or otherwise in carrying out their responsibilities, except that the Board may furnish such information when disclosure is required as described in subsection (b) of this rule.

(b) **Permitted disclosures.** Nothing in subsection (a) of this rule shall prohibit the disclosure of confidential client information under the following circumstances:

(A) When disclosure is required by the standards of the public accountancy profession in reporting on the examination of financial statements;

(B) When disclosure is required by a court order;

(C) In response to subpoenas issued 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 in connection with a claim or potential claim; or

(G) When disclosure is required by the Oregon Board of Accountancy for regulatory purposes of the Board.

(2) Client records and working papers.

(a) **Definitions.** As used in this rule:

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

(B) Working papers include but are not limited to all statements, records, schedules, general ledgers, journals, trial balances and depreciation schedules made by the licensee incident to or in the course of rendering services to a client or former client. Working papers are and shall remain the property of the licensee in the absence of an express agreement to the contrary between the licensee and client.

(C) In addition to the requirements specified in paragraph (B) of this rule, attest documentation shall include, but not be limited to, the following:

(i) The objectives, scope and methodology, including any sampling criteria used;

(ii) Documentation of the work performed to support significant conclusions and judgments, including descriptions of transactions and records examined that would enable a reviewer with relevant knowledge and experience, having no previous connection with the attest engagement, to examine the same transactions and records; and
(iii) Evidence of any supervisory review of the work performed.

(b) **Requested records.** Licensees are required to furnish the following records to a client or former client, upon request, within a reasonable time after such request:

(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 to the client or former client 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) 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 the licensee, the licensee shall furnish to the client or former client:

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

(ii) 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

(iii) 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.

(c) **Non-payment by client.** Licensees shall not refuse to provide client records and working papers as described in subsection (b) of this rule based on the client's failure or refusal to pay the licensee's fees.

(d) **Custody and disposition of working papers.**

(A) 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.

(B) 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 as provided by section (1)(b) of this rule.

(C) A licensee shall implement reasonable procedures for the safe custody of working papers and shall retain working papers for a period sufficient to meet the needs of the licensee's practice and to satisfy applicable professional standards and pertinent legal requirements for record retention.

(D) A licensee shall retain working papers during the pendency of any Board investigation, disciplinary action, or other legal action involving the licensee. Licensees shall not dispose of such working papers until notified in writing by the Board of the closure of the investigation or until final disposition of the legal action or proceeding if no Board investigation is pending.

(e) Retention of attest and audit working papers.

(A) Licensees must maintain for a period of at least five years the working papers for any attest service or audit report prepared by the licensee together with any other supporting information, in sufficient detail to support the conclusions reached in such report.

(B) The five-year retention period described in paragraph (A) of this subsection is extended if a longer period is required for purposes of a Board investigation as provided in paragraph (d)(D) of this rule and OAR 801-010-0115(3).

Stat. Auth.: ORS 670.310 & 673.410

Stats. Implemented: ORS 673.445

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; BOA 5-2001, f. 12-28-01, cert. ef. 1-1-02; BOA 6-2003, f. 12-23-03 cert. ef. 1-1-04; BOA 1-2005, f. 1-26-05, cert. ef. 2-1-05; BOA 9-2005, f. 11-22-05, cert. ef. 1-1-06; BOA 3-2006, f. 12-22-06, cert. ef. 1-1-07; BOA 3-2007, f. 12-27-07 cert. ef. 1-1-08

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 would cause a reasonable person to have substantial doubts about the individual's honesty, fairness and respect for the rights of others or 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 for violation of laws or rules on ethics by a federal or state agency or by any jurisdiction for the practice of public accountancy.

(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 experience for CPA or PA applicants.

(a) Licensees who supervise the work experience of CPA or PA applicants for the purpose of verifying the applicant's eligibility under ORS 673.040 shall provide to the Board an accurate and complete certificate of experience for the applicant. Licensees who provide any certificate of experience for an applicant shall not:

(A) Make any false or misleading statement as to material matters in any certificate of experience, or

(B) Commit any act that would unjustly jeopardize an applicant's ability to obtain a certificate in this or any other jurisdiction.

(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 the use of internet domains, e-mail names, advertising or solicitation by direct personal communication, having reference to the licensee's professional services that 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 that:

(a) Includes a misrepresentation of fact;

(b) Is intended or likely to mislead or deceive because it fails to disclose relevant facts;

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

(d) Falsely states or implies educational or professional attainments or licensing recognition;

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

(f) Falsely represents that professional services can or will be competently performed for a stated fee, or misrepresents fees for professional services by failing to disclose all variables affecting the fees that will in fact be charged; or

(g) Contains other representations or implications of fact that would 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 unless the representation is true at the time it is made or published.

(6) Firm names.

(a) False and misleading firm names.

(A) A public accounting firm shall not offer or provide public accounting services using a firm name that is misleading as to the legal entity or organization of the firm, as to the owners or

employees of the firm, or as to any matter restricted by section (4) of this rule.

(B) A firm name shall not include false or misleading language about the business organization of the firm, the nature of the services provided, the number of licensees associated with or working for the firm or the identity of individual members of the firm. Except as provided in paragraphs (D) and (E) of this subsection, a firm name shall not include information about or indicate an association with, individuals who are not members of the firm.

(C) A firm name shall include words or abbreviations required by the laws under which the business organization is organized to identify the form of business organization or legal entity being used by the firm.

(D) 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, so long as the past partner, shareholder, owner or member:

(i) Is not actively engaged in the practice of public accountancy as a sole proprietor in the same market area, and

(ii) Approves in writing of the continued use of such name. Approval given by a licensee for the continued use of licensee's name may be withdrawn by the licensee, in writing and shall allow a reasonable period of time for the firm to withdraw such name.

(E) 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 stated in this rule.

(b) **Singular firm names.** The use by a certified public accountant or public accountant in individual practice of the individual's full legal name in the singular form, followed by the title "Certified Public Accountant," "Public Accountant," "CPA" or "PA" is not misleading.

(c) **Plural firm names.**

(A) The use by a firm of a plural title or designation, including words like "company", "and company", "associates" and "accountants", is not misleading if, in addition to the names of persons included in the firm name, the firm employs at least one staff person, who works 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.

(B) A firm using a plural name that ceases to employ at least one licensed staff person for 20 hours per week or more shall:

(i) Cease using the plural name and so notify the Board in writing; or

(ii) Notify the Board in writing within 30 days of non-compliance. Such firm shall have 90 days in which to employ a licensed staff person as required under paragraph (A) of this subsection. The firm shall provide written notice to the Board when the firm has employed the required licensed staff person.

(C) A firm may file a written request for an additional 90-day extension in which to employ the required licensed staff person.

(d) **Assumed business names.**

(A) A 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.

(B) 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 shall meet the requirements of paragraph (6)(a)(B) of this rule.

(e) **Notice to Board.** A business organization registered as a firm under ORS 673.160 shall provide the following information to the Board:

(A) List of the names and certificate or license numbers of all Oregon licensees employed by the firm at the time of application for registration as a firm and with every renewal application, and

(B) Written notice of any change of firm name, firm address or firm ownership within 30 days of such change.

(7) **Board communications and investigations.**

(a) Communications from the Board to licensees shall be sent by first class mail or certified mail and addressed to the licensee at the last official address or the alternate address furnished to the Board by the licensee.

(b) Licensees who receive any Board communication requesting the licensee to provide a written response shall:

(A) Provide a written response to the Board within 21 days of the date the Board communication was mailed,

(B) Respond fully and truthfully to inquiries from and comply with all Board requests.

(c) The Board of Accountancy shall provide written notice to licensees of complaints filed against the licensee and of any Board investigation that affects the licensee. Licensees who receive notice of a complaint investigation:

(A) Shall cooperate fully with all Board investigations, including any request to appear to answer questions concerning such investigations, and

(B) Shall not engage in any conduct or activity that would hinder or obstruct a Board investigation.

(8) **Business transactions with clients.**

(a) Except for business transactions that occur in the ordinary course of business, licensees shall not enter into a business transaction with a client if the licensee and client have differing interests therein unless the client has consented to the transaction after full disclosure of the differing interests in writing. Disclosure in writing shall be made prior to the time the business transaction is accepted.

(b) A loan transaction between a licensee and a client does not require disclosure under this rule if the client is in the business of making loans of the type obtained by the licensee and the loan terms are not more favorable than loans extended to other persons of similar credit worthiness and the transaction is not prohibited by other professional standards.

(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 30 days of such change. Written notice required under this rule may be provided by US mail, private delivery service, fax transmittal, e-mail or personal delivery. The information required under this rule 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;

(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) **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.

(11) **State tax defaults.** In accordance with ORS 305.385, and upon request by the Department of Revenue (DOR), the Board shall provide DOR with 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.

(12) **Continuing violation.** A continuing violation is a violation of any provision of ORS 673.010–673.457 or OAR chapter 801 that remains in place (“continues”) without additional conduct on the part of the violator. For example the continued existence of an office sign purporting to offer public accounting services by an unregistered firm would be a continuing violation. The Board shall provide written notice of the alleged continuing violation to the individual or firm. The duration of the violation prior to the date of notice from the Board shall be deemed a single violation, and each day of continuance after the date of notice from the Board is a separate violation and may be subject to a civil penalty.

(13) **Non-Disclosure Agreement.** “Non-disclosure agreement” means any written or oral agreement that inhibits any party to the agreement from reporting an alleged violation of ORS Chapter 673 or OAR chapter 801 to the Board, or that inhibits any party from cooperating with an investigation by the Board, an agency of any state, or an agency of the Federal government.

(a) Licensees shall not enter into, nor benefit directly or indirectly from, any non-disclosure agreement.

(b) Any licensee who is a party to a non-disclosure agreement and who receives written notice from the Board, an agency of any state, or an agency of the Federal government requesting information that is subject to the provisions of such non-disclosure agreement, shall provide a written release for information requested within 30 days of the date of notice.

Stat. Auth.: ORS 670.310 & 673.410

Stats. Implemented: ORS 673.160, 673.410 & 673.445

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; BOA 5-2001, f. 12-28-01, cert. ef. 1-1-02; BOA 5-2002 f. 12-27-02, cert. ef. 1-1-03; BOA 6-2003, f. 12-23-03 cert. ef. 1-1-04; BOA 4-2005, f. & cert. ef. 8-12-05; BOA 9-2005, f. 11-22-05, cert. ef. 1-1-06; BOA 3-2006, f. 12-22-06, cert. ef. 1-1-07; BOA 3-2007, f. 12-27-07 cert. ef. 1-1-08

DIVISION 40

CONTINUING PROFESSIONAL EDUCATION

801-040-0010

Basic Requirements

(1) **Biennial CPE requirement.** Each biennial renewal period, certified public accountants and public accountants shall report satisfactory evidence of having completed 80 hours of continuing professional education (CPE) unless such requirement is waived by the Board under ORS 673.165 and OAR 801-040-0150. The 80-hour CPE requirement shall be completed as follows:

(a) At least 24 of the required 80 CPE hours 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.

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

(c) A maximum of 20 CPE hours in technical subjects may be carried forward from one reporting period to the next and may be used in partial fulfillment of the 80 hour requirement.

(2) **Ethics requirement.** Active licensees are required to successfully complete and report at least four hours of CPE in professional conduct and ethics (ethics requirement) every four years. All licensees holding even numbered permits shall complete and report the ethics requirement beginning with the reporting period in 2004, and every fourth year thereafter. All licensees holding odd-numbered permits shall complete and report the ethics requirement beginning with the reporting period in 2005, and every fourth year thereafter. Licensees may report the four hour Ethics CPE requirement in either of the two renewal periods that fall within each four year period.

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

(b) If a licensee's principal place of business is located in another jurisdiction and the other jurisdiction has established a professional conduct and ethics CPE requirement, the licensee may meet the ethics requirement by demonstrating compliance with the other jurisdiction's professional conduct and ethics CPE requirement. The number of CPE hours and the ethics course that meet the CPE requirement of such other jurisdiction will be accepted in Oregon, except that the ethics requirement of the other jurisdiction must provide for an ethics program to be reported at least once every four years. The licensee shall report such classes as provided in these rules.

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

(3) **CPE ethics programs.** CPE programs in professional conduct and ethics shall qualify for CPE credit under this section if such programs are offered by a sponsor registered with the Board and include information pertaining to each of the following topics:

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

(b) Examples of issues or situations that require an understanding of statutes, rules and case law relevant to all licensees.

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

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

(4) **Substantial equivalency.** Licensees who are authorized to practice public accountancy in this state under the provisions of substantial equivalency under ORS 673.153 may satisfy the CPE requirements under this section by demonstrating to the satisfaction of the Board that the licensee is in compliance with 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 these rules. 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 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 manner described in OAR 801-040-0090(7).

(c) Licensees described in this section are required to:

(A) Submit a signed statement that the licensee is in compliance with the CPE requirements of the jurisdiction in which the licensee's principal place of business is located or, if such jurisdiction has no

CPE requirements, the licensee shall complete and report CPE programs as described in OAR 801-040-0010; and

(B) Submit a signed statement that the licensee is in compliance with CPE requirements in professional conduct and ethics of the jurisdiction in which the licensee's principal place of business is located or, if such jurisdiction has no CPE requirements in professional conduct and ethics, the licensee shall report Ethics CPE programs as described in OAR 801-040-0010(3).

Stat. Auth.: ORS 670.310, 673.040, 673.050 & 673.410

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; BOA 5-2000, f. 12-7-00, cert. ef. 1-1-01; BOA 7-2001, f. 12-31-01, cert. ef. 1-1-02; BOA 6-2002, f. 12-27-02, cert. ef. 1-1-03; BOA 6-2004, f. 12-30-04, cert. ef. 1-1-05; BOA 10-2005, f. 11-22-05, cert. ef. 1-1-06; BOA 4-2006, f. 12-22-06, cert. ef. 1-1-07

801-040-0020

Controls and Reporting

(1) Reporting requirement. As a requirement of renewal of an active permit, licensees are required to certify that the licensee has fulfilled the CPE requirement by signing the certification section on the renewal form. Licensees are required to report the following information for each CPE program listed on the renewal form:

(2) CPE programs.

(a) Name of program sponsor;

(b) Program title or description of content;

(c) Type of CPE program, using designations provided on renewal form;

(d) For self-study programs, the program sponsor's QAS number;

(e) Date(s) attended or date of completion; and

(f) Number of hours claimed.

(3) Published articles and books. The CPE report must include the following information for publications to be eligible for CPE credit:

(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.

Stat. Auth.: ORS 670.310, 673.040, 673.050 & 673.410

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; BOA 5-2000, f. 12-7-00, cert. ef. 1-1-01; BOA 7-2001, f. 12-31-01, cert. ef. 1-1-02; BOA 6-2004, f. 12-30-04, cert. ef. 1-1-05

801-040-0030

Programs that Qualify for CPE Credit

(1) Qualifying programs. 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 licensee. It is the obligation of each licensee to select a course of study that contributes to the licensee's professional competence in public accountancy. The licensee may take programs in a variety of topics that are relevant to the licensee's practice.

(2) Program requirements. 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) A record of attendance is maintained by the sponsor; evidence of completion is provided to participating licensees;

(d) The program is conducted by a qualified instructor whose background, training, education or experience qualifies the person to teach or lead a discussion on the subject matter of the particular program.

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

(a) Programs presented by national, state or local accounting organizations;

(b) Programs offered by a firm to licensees;

(c) Programs sponsored by organizations that provide professional educational programs on a regular basis;

(d) University or college courses are eligible for CPE credit at the rate of 15 CPE hours for each semester hour credit and 10 CPE hours for each quarter hour credit. University or college courses that do not earn college credit are eligible for one CPE hour for each classroom hour of learning;

(e) Distance learning programs offered by an accredited university or college are eligible for CPE credit as described in subsection (3)(d), without meeting the requirement of NASBA Quality Assurance Service approval described in section (4) of this rule.

(f) Other programs may qualify for CPE credit if the program meets the requirements of section 2 of this rule.

(4) Individual study programs.

(a) Correspondence courses or other individual study programs do not qualify for CPE credit unless both the CPE sponsor and the specific CPE program are approved by the NASBA Quality Assurance Service (QAS).

(5) Programs not eligible for CPE credit. The following programs do not qualify for CPE credit:

(a) Courses taken to fulfill the requirements for licensure as a certified public accountant or public accountant;

(b) Ethics courses that were taken to fulfill the Ethics exam requirement for licensure; and

(c) CPA exam review or study courses.

Stat. Auth.: ORS 670.310, 673.040, 673.050 & 673.410

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; BOA 5-2000, f. 12-7-00, cert. ef. 1-1-01; BOA 7-2001, f. 12-31-01, cert. ef. 1-1-02; BOA 6-2002, f. 12-27-02, cert. ef. 1-1-03; BOA 6-2004, f. 12-30-04, cert. ef. 1-1-05; BOA 4-2007, f. 12-27-07 cert. ef. 1-1-08

801-040-0040

Acceptable Subject Matter

(1) Examples listed not all-inclusive. The subjects listed in this rule serve as examples only, and are not all inclusive of technical and non-technical subjects that may qualify for CPE credit.

(2) Technical subjects. Qualified continuing education programs in the following subjects are eligible for CPE credit as technical subjects:

(a) Accounting

(b) Auditing and assurance

(c) Consulting

(d) Specialized knowledge and applications

(e) Management

(f) Taxation

(g) Professional ethics

(h) Other subjects may be acceptable if they maintain or improve the licensee's professional competence.

(3) Non-technical subjects. Qualified continuing education programs in subjects other than those listed in section (2) of this rule are non-technical subjects and are eligible for CPE credit if the program directly contributes to the licensee's professional competence.

(a) Credit for programs in non-technical subjects is limited to 16 CPE hours per renewal period.

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

(c) The following are examples of non-technical subjects:

(A) Interpersonal management skills;

(B) Public relations;

(C) Practice development; and

(D) Practice administration.

Stat. Auth.: ORS 670.310, 673.040, 673.050 & 673.410

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; BOA 5-2000, f. 12-7-00, cert. ef. 1-1-01; BOA 7-2001, f. 12-31-01, cert. ef. 1-1-02; BOA 6-2004, f. 12-30-04, cert. ef. 1-1-05

801-040-0050

Credit Allowed and Evidence of Completion

(1) Credit hours. Eligible CPE credit is measured by program length, with one 50 minute period equal to one CPE credit. CPE credit may be issued in half increments (equal to 25 minute program periods) after the first credit has been earned.

(2) Evidence of completion. Licensees are required to document all CPE programs claimed for CPE credit and to provide the appropriate proof of completion for the number of qualifying CPE credits claimed for each program. Licensees shall retain proof of completion for each CPE program reported for a period of 5 years after completion of the program.

(3) Group study programs.

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

(b) Evidence of completion includes a written course outline and certificate of completion or attendance record provided by each program sponsor. The evidence of completion must include the sponsor name, course title, date of attendance or date of completion, name of participating licensee, statement that the program and sponsor are QAS approved, if appropriate, and the number of CPE hours earned;

(4) Individual study programs.

(a) Individual study programs are eligible for CPE credit only if the program is offered by a NASBA-QAS approved sponsor and the program itself is QAS approved;

(b) CPE credit will be awarded in an amount equal to the average completion time determined by the QAS approved sponsor.

(c) The date for which CPE credit is allowed is the completion date specified on the evidence of completion provided by the sponsor.

(d) Evidence of completion must include the name of the participating licensee, sponsor name, program title, date of completion, Instructor name, if applicable and number of QAS CPE hours allowed.

(5) 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 meets CPE requirements for the participants;

(b) One CPE hour is allowed for each 50 minute period completed as an instructor or discussion leader for the first presentation of the subject material if such activity increases the instructor's professional competence. CPE credit may be allowed for additional presentations if the substantive content of the program was substantially changed and the licensee provides evidence that such change required significant additional study or research;

(c) CPE credit for preparation time allowed for 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 described in section (6) of this rule, combined, shall not exceed one-half of the total number of CPE hours required for the renewal period;

(e) Evidence of completion includes a copy of the agenda or outline provided for each presentation, lecture or speaking engagement, stating the date of presentation and name of the sponsoring organization.

(6) Published articles.

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

(b) CPE credit for authoring published articles or books is allowed as of the date of publication and is only allowed for the first publication of such writing. The number of CPE hours is based on the time spent writing the published article,

(c) Authorship of a published article does not contribute to the professional competence of the licensee unless the published article is suitable for a professional audience. Published articles may be reviewed on a case-by-case basis to determine whether such articles contribute to the licensee's professional competence

(d) The maximum credit for published articles and books allowed under this section and for preparation and teaching under section (5) of this rule, combined, is no more than one-half of the total CPE requirement for the renewal period.

(e) A licensee may request additional CPE credit for authoring a published article by submitting an explanation of the circumstances which justify greater credit than is otherwise allowed. The Board shall determine whether additional credit is justified.

(f) Evidence of completion includes a copy of the title page or other pages that show the title, date of publication and a description of the content for each article reported for CPE credit.

(7) Reviewing peer review reports for Board approved Peer Review Programs.

(a) Licensees who serve as volunteer members of the Review Acceptance Body or any other committee that reviews peer review reports on behalf of a board approved peer review program are allowed two hours of CPE credit per meeting attended, for a maximum of 16 hours for the renewal period.

(b) Evidence of completion includes proof of attendance, provided by the sponsor of the approved Peer Review Program, for each meeting attended.

(8) State Legislative Joint Ways and Means Committee members.

(a) Licensees who serve as members of the Oregon Joint Ways and Means Legislative Committee are allowed up to 16 hours of the total CPE requirement for the renewal period during which the licensee served on the legislative committee.

(b) Evidence of completion shall be a copy of the membership roster published during the legislative session indicating the specific section of the Joint Ways and Means sub-committee on which the licensee served.

(9) University and college courses.

(a) CPE credit allowed is described in OAR 801-040-0030.

(b) An official copy of the college transcript is evidence of completion for courses that earn college credit.

(c) An attendance schedule or sign-in sheet demonstrating the licensee's attendance and prepared and maintained by the college will provide evidence of completion for courses that do not earn college credit.

Stat. Auth.: ORS 670.310, 673.040, 673.050 & 673.410

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; BOA 5-2000, f. 12-7-00, cert. ef. 1-1-01; BOA 7-2001, f. 12-31-01, cert. ef. 1-1-02; BOA 6-2002, f. 12-27-02, cert. ef. 1-1-03; BOA 6-2004, f. 12-30-04, cert. ef. 1-1-05

801-040-0070

Verification

(1) The Board may verify CPE reports submitted by licensees. When selected for verification licensees are required to provide the following information for each CPE program selected by the Board:

(a) Certificate of completion or similar documentation that confirms attendance at the program and the number of eligible CPE hours; and

(b) Upon request from the Board, a written statement describing how a CPE program directly contributes to the licensee's professional competency.

(2) Licensees who do not meet CPE requirements described in OAR 801-040-0010 and section (1) of this rule will be notified of the deficiency and a designated number of days will be allowed for the applicant to correct the deficiencies.

Stat. Auth.: ORS 670.310 & 673.410

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; BOA 5-2000, f. 12-7-00, cert. ef. 1-1-01; BOA 7-2001, f. 12-31-01, cert. ef. 1-1-02; BOA 7-2003, f. 12-23-03 cert. ef. 1-1-04; BOA 6-2004, f. 12-30-04, cert. ef. 1-1-05; BOA 10-2005, f. 11-22-05, cert. ef. 1-1-06

801-040-0080**Reciprocity**

This section is deleted. Or Laws 1999, ch 322 repealed ORS 673.080, which authorized licensing by reciprocity. The provisions of OAR 801-040-0080 are replaced in 801-040-0020 and 801-040-0095 and pertain to licensees who receive a permit under the provisions of substantial equivalency, which replaced reciprocity under Or Laws 1999, ch 322.

Stat. Auth.: ORS 670.310, 673.040, 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; BOA 5-2000, f. 12-7-00, cert. ef. 1-1-01

801-040-0090**Reinstatement Requirements: Lapsed, Suspended or Inactive to Active Status**

(1) **Lapsed permits.** 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 permit during the period of lapse, stating whether the licensee was holding out as a CPA or PA during the period of lapse;

(b) Submit an application for reinstatement on a form provided by the Board;

(c) Submit payment of the active renewal fee for each renewal period that the permit was lapsed; and

(d) Complete and report the appropriate CPE hours described in this rule, plus a penalty of an additional 16 CPE hours.

(e) CPE hours submitted for reinstatement must meet the requirements for CPE credit under these rules.

(2) **Permits lapsed within the first renewal period.** Holders of permits that lapse within the first renewal period shall complete and report the number of CPE hours that were required to renew the permit at its last expiration date, including any professional conduct and ethics requirement.

(3) **Permits lapsed more than two, but less than five years.** Holders of permits that lapse more than two, but less than five years shall:

(a) Complete and report 80 CPE hours, which shall be completed within the 12 month period immediately preceding the date of application for reinstatement; and

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

(c) Complete and report four CPE hours in professional conduct and ethics.

(4) **Permits lapsed more than five years.** Holders of permits that lapse more than five years shall:

(a) Complete and report 160 CPE hours which shall be completed within the 24 month period immediately preceding the date of application for reinstatement;

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

(c) Complete and report four CPE hours in professional conduct and ethics.

(d) In lieu of meeting the CPE requirements described in this section, the holder of a lapsed permit 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 requirements of OAR 801-010-0060.

(5) **Inactive permits.** To reinstate a permit from inactive to active status, the holder of such permit shall meet the requirements for reinstatement of lapsed permits described in section (1) of this rule, with the following exceptions:

(a) Payment of the active renewal fee described in subsection (1)(c) of this rule for each renewal period that the permit was

inactive is not required for reinstatement from inactive to active status; and

(b) The 16 hour CPE penalty described in subsection (1)(d) of this rule, is not required for applicants reinstating from inactive to active status so long as the reinstatement application is submitted more than two years after the last active renewal.

(6) **Suspended permits.** To reinstate a permit that is suspended under ORS 673.170, the holder of such permit shall:

(a) Provide evidence of satisfaction or completion of all terms and conditions stated in the Order of Suspension; and

(b) Meet the requirements for reinstatement of an inactive permit as stated in this rule.

(7) **Permit holders in other jurisdictions.** Licensees who hold an active permit to practice public accountancy issued under the laws of another jurisdiction, whose principal place of business is in such other jurisdiction, and who wish to reinstate an Oregon permit that has been lapsed or inactive for more than two years shall:

(a) Submit evidence that the applicant holds an active permit to practice public accountancy, in good standing, issued by another jurisdiction; and

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

(8) **24 Hour annual CPE requirement.** Licensees whose permits are reinstated under this rule are required to meet the 24 hour annual CPE requirement at the pro-rated calculation of two (2) CPE hours for each month, including the month of reinstatement, until June 30 of the year in which the licensee is reinstated.

Stat. Auth.: ORS 670.310, 673.040, 673.050 & 673.410

Stats. Implemented: ORS 673.165 & 673.210

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; BOA 5-2000, f. 12-7-00, cert. ef. 1-1-01; BOA 7-2001, f. 12-31-01, cert. ef. 1-1-02; BOA 7-2003, f. 12-23-03 cert. ef. 1-1-04; BOA 6-2004, f. 12-30-04, cert. ef. 1-1-05; BOA 10-2005, f. 11-22-05, cert. ef. 1-1-06

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; BOA 5-2000, f. 12-7-00, cert. ef. 1-1-01

801-040-0100**New Permits**

(1) CPE Requirement for new licensees.

(a) 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 CPE hours per month, including the month of issuance, until June 30 of the renewal period in which the permit is issued.

(b) The 24 hour annual CPE requirement shall also be prorated at two (2) CPE hours per month, including the month of issuance, until June 30 of the renewal period in which the permit was issued.

(c) CPE hours earned during any month of the two-year renewal cycle during which the initial permit was issued shall be eligible to meet the initial CPE requirement.

(2) Requirement for licensed public accountants who become licensed as certified public accountants. Licensees who hold a permit to practice public accountancy as a licensed public accountant under ORS 673.100, and who receive an initial certificate and permit to practice public accountancy as a certified 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. CPE hours earned during any month of the twoyear renewal

cycle during which the initial permit was issued shall be eligible for credit to meet this requirement.

Stat. Auth.: ORS 670.310, 673.040, 673.050 & 673.410

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; BOA 5-2000, f. 12-7-00, cert. ef. 1-1-01; BOA 7-2001, f. 12-31-01, cert. ef. 1-1-02; BOA 7-2003, f. 12-23-03 cert. ef. 1-1-04; BOA 6-2004, f. 12-30-04, cert. ef. 1-1-05

801-040-0150

Waivers

(1) CPE waivers. 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; and

(c) Other good cause, to be demonstrated as the Board requests.

(2) Requests for waivers. A request for waiver of CPE requirements must be submitted in writing for each renewal period during which the conditions supporting the waiver exist.

(3) Waivers not available for inactive status. The provisions of this rule are not available for licensees on inactive status granted under OAR 801-010-0120.

Stat. Auth.: ORS 670.310, 673.040, 673.050 & 673.410

Stats. Implemented: ORS 673.165 & 673.170

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; BOA 5-2000, f. 12-7-00, cert. ef. 1-1-01; BOA 7-2001, f. 12-31-01, cert. ef. 1-1-02; BOA 6-2004, f. 12-30-04, cert. ef. 1-1-05

801-040-0160

Failure to Comply

(1) 16-hour CPE penalty. Licensees who submit an application for renewal of a permit and who have not complied with the CPE requirements described in OAR 801-040-0010 are required to complete and report an additional 16 hours of qualifying CPE.

(2) Failure to comply with CPE requirements. Licensees who do not meet the CPE requirements are subject to disciplinary action under ORS 673.170(L), unless CPE requirements have been waived under OAR 801-040-0150.

Stat. Auth.: ORS 670.310 & 673.410

Stat. Implemented: ORS 673.165 & 673.170

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; BOA 7-2001, f. 12-31-01, cert. ef. 1-1-02; BOA 7-2003, f. 12-23-03 cert. ef. 1-1-04; BOA 6-2004, f. 12-30-04, cert. ef. 1-1-05

DIVISION 50

PEER REVIEW

801-050-0005

Purpose

(1) The purpose of peer review is to monitor firm compliance with applicable accounting and auditing standards promulgated by generally recognized standard setting bodies.

(2) The Peer Review requirement established by the Board shall emphasize education and appropriate remedial procedures. In the event a firm does not comply with professional standards, or the firm's work is so inadequate as to warrant disciplinary action, the Board shall take appropriate action to protect the public interest.

(3) The Board shall appoint a Peer Review Oversight Committee, and such other committees as the Board, in its discretion deems necessary, to provide oversight of the administration of approved peer review programs in order to provide reasonable assurance that peer reviews are being conducted and reported on in accordance with the minimum standards for performing and reporting on peer reviews described in these rules.

(4) This chapter shall not require any firm or licensee to become a member of any organization sponsoring a peer review program.

Stat. Auth.: ORS 673.455 & OL 2001, Ch. 638, Sec. 12

Stats. Implemented: ORS 673.455

Hist.: AB 2-1994, f. & cert. ef. 4-28-94; BOA 6-2001, f. 12-28-01, cert. ef. 1-1-02; BOA 11-2005, f. 11-22-05, cert. ef. 12-15-05

801-050-0010

Definitions

As used in OAR 801-050 the following terms have the following meanings:

(1) **Acceptance of Engagement:** The date the engagement letter is signed by the client.

(2) **Board:** Oregon Board of Accountancy.

(3) **CPCAF Peer Review Standards:** Standards used by the Center for Public Company Audit Firms Peer Review Program for performing and reporting on peer review for firms that do not audit SEC registrants.

(4) **Client records:** Supporting documents relating to financial statements that are the subject of peer review and that may contain confidential financial or personal information about a client of the firm.

(5) **Firm:** A registered public accounting firm or a CPA or PA doing business as a sole proprietor, if such firm or sole proprietor performs attest or compilation services in Oregon or for Oregon clients and is subject to the peer review requirement.

(6) **Minimum standards for performing and reporting on peer reviews:** Standards described in OAR 801-050-0080 that are required for approved peer review programs.

(7) **PCAOB:** Public Company Accounting Oversight Board that conducts firm inspections of public accounting firms that perform audits for publicly-held companies.

(8) **Peer Review:** a study, appraisal or review of one or more aspects of the public accountancy work of a firm or a permit holder under ORS 673.150 who performs attest or compilation services.

(9) **Peer Reviewer:** A qualified public accountant as defined in this rule, or a certified public accountant licensed in any state, who is trained and qualified to perform peer review for an approved peer review program and who is independent of the firm under review.

(10) **Qualified Public Accountant:** A public accountant licensed under ORS 673.100 who was required to pass the audit section of the Uniform CPA Exam as a requirement for licensing.

(11) **RAB:** An independent report acceptance body associated with an approved peer review program. The purpose of the RAB is to consider and accept the results of each peer review and to require corrective actions of firms with significant deficiencies identified in the review process.

(12) **Significant Comments:** Significant comments on a report review may include incomplete, missing, or incorrect elements of the report or financial statements where corrective action imposed by the RAB and taken by the firm would be appropriate. The AICPA Peer Review Standards, Interpretation No. 9, lists examples of significant comments that may be considered by the peer reviewer when issuing a report review.

(13) **Sponsor:** An organization that administers a Board-approved peer review program.

[Publications: Publications referenced are available from the agency.]

Stat. Auth.: ORS 673.455 & OL 2001, Ch. 638, Sec. 12

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; BOA 6-2001, f. 12-28-01, cert. ef. 1-1-02; BOA 11-2005, f. 11-22-05, cert. ef. 12-15-05

801-050-0020

Peer Review Enrollment and Participation in Peer Review Program

(1) **Enrollment Requirement.** Every firm that performs attest or compilation services in Oregon or for Oregon clients, is required to participate in an approved peer review program as a condition of registration under ORS 673.160 and for each renewal thereof.

(2) **Public accounting services subject to peer review.** Attest and compilation services that require participation in a peer review program include, but are not limited to: any level of review, audit, agreed-upon procedures, report on a financial statement, examination of prospective financial statements, reports on internal control effectiveness, and compilations of a financial statement.

(a) Firms that prepare reports under Statements on Standards for Accounting and Review Services that do not require a report (SSARS 8) and that perform no other attest or compilation services, are not required to participate in a peer review program; however SSARS 8 reports prepared by a firm that is otherwise required to participate in a peer review program shall be included in the selection of reports for peer review.

(b) Individual licensees may participate in a peer review program through their firms. If the licensee has an individual practice apart from the firm in which the licensee performs attest or compilation services, the individual practice is also subject to the requirement to participate in a peer review program.

(c) Each firm that is required to participate in a peer review program under this rule shall enroll in an approved program within 21 days of the date the engagement letter to perform attest or compilation services is signed by the clients, and notify the Board of such enrollment. The schedule for the firm's peer review shall be established according to the program standards.

(d) Firms that do not have a physical location in this state, but nevertheless perform attest or compilation services in this state, are required to participate in a peer review program approved by the Board, and may be required to demonstrate that the out-of-state office(s) through which the services are being provided follows the same quality control policies and procedures established by the firm that has been subjected to peer review in the other state.

(3) **Exemption from Enrollment Requirement.** Firms that do not perform attest or compilation services described in this rule are not required to participate in a peer review program, and shall notify the Board of such exemption on the initial firm registration application and on each firm renewal application.

(4) **Peer Review Participation.** Every firm that is required to participate in a peer review program shall have a peer review in accordance with the peer review program standards.

(a) It is the responsibility of the firm to anticipate its needs for review services in sufficient time to enable the reviewer to complete the review by the assigned review date.

(b) Any firm that is rejected or terminated by a sponsor for any reason shall have 21 days to provide written notice to the Board of such termination or rejection, and to receive authorization from the Board to enroll in the program of another sponsor.

(c) In the event a firm is merged, otherwise combined, dissolved or separated, the sponsor shall determine which firm is considered the succeeding firm. The succeeding firm shall retain its peer review status and the review due date.

(d) A firm choosing to change to another sponsor may do so only if there is not an open active review.

(e) With respect to firms that perform attest or compilation services in more than one state, the Board may accept a peer review based solely on work conducted outside this state if the peer review is performed in accordance with the minimum standards for performing and reporting on peer reviews described in OAR 801-050-0080.

Stat. Auth.: ORS 673.455 & OL 2001, Ch. 638, Sec. 12

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; BOA 6-2001, f. 12-28-01, cert. ef. 1-1-02; BOA 11-2005, f. 11-22-05, cert. ef. 12-15-05

801-050-0030

Peer Review Oversight Program

(1) The Board shall:

(a) Establish standards for approved peer review programs;

(b) Review sponsor applications for peer review programs for approval;

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

(d) Take appropriate actions to carry out the functions of the peer review oversight program and achieve the purpose of the peer review requirement; and

(e) Authorize, conduct or contract for a peer review program for any firm or sole practitioner who is subject to peer review, as the Board, in its discretion, deems to be appropriate.

(2) Peer Review Oversight Committee:

(a) The committee shall be composed of at least three members;

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

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

(d) One member may be a non-licensee with extensive experience in preparing or using financial statements;

(e) A member of the Peer Review Oversight Committee shall resign from the committee if the member's firm receives anything other than an unmodified report on its most recent peer review.

Stat. Auth.: ORS 673.455 & OL 2001, Ch. 638, Sec. 12

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; BOA 6-2001, f. 12-28-01, cert. ef. 1-1-02; BOA 11-2005, f. 11-22-05, cert. ef. 12-15-05

801-050-0035

Peer Review Oversight Committee Responsibilities

(1) **Approval of sponsor applications.** The Peer Review Oversight Committee shall review applications received from sponsors of peer review programs and recommend approval or disapproval of such applications. The Board shall review approved programs at least biennially to assure that approved programs continue to meet the requirements of these rules and provide systems to provide reasonable assurance that the program meets the following criteria:

(a) Provides reasonable assurance that the elements of quality control described in OAR 801-050-0080 are met by the firm under review;

(b) Peer Reviewers assigned are appropriately trained and qualified to perform the review for a specific firm;

(c) Peer Reviewers use appropriate materials in conducting the peer review;

(d) The sponsor consults with the reviewers on problems arising during the peer review and that specified occurrences requiring consultation are outlined;

(e) The sponsor reviews the results of the peer review; and

(f) The sponsor has provided for an independent report acceptance body (RAB) that meets the standards for peer review and that performs the following duties:

(A) Provides technical review of peer reviews performed under the program for acceptance by the RAB; and

(B) Requires corrective actions of firms with significant deficiencies identified in the peer review process.

(2) **Oversight and verification.** The Peer Review Oversight Committee shall conduct oversight of approved peer review programs to provide reasonable assurance that such programs are in compliance with the minimum standards for performing and reporting on peer reviews. The committee shall report to the Board any modifications to approved peer review programs and shall make recommendations regarding the continued approval of peer review programs.

(a) Oversight procedures to be performed by the Peer Review Oversight Committee may consist of the following activities:

(A) Visit the sponsor of the approved peer review program;

(B) Review the sponsor's procedures for administering the program;

(C) Meet with the sponsor's RAB during consideration of peer review documents.

(b) The Peer Review Oversight Committee shall verify that firms are in compliance with peer review requirements as follows:

(A) Audit a random selection of peer review reports requested from firms that are subject to the peer review requirement, whether or not such reports were required to be provided to the Board under OAR 801-050-0040.

(B) Verification may include review of the peer review report, the letter of comments, the firm's response to the matters discussed in the letter of comments, and the acceptance letter outlining any additional corrective or monitoring procedure, and the working papers on the selected review.

(C) The documents under review may be redacted to preserve client confidentiality. Review by the Peer Review Oversight Committee may be expanded if significant deficiencies, problems or inconsistencies are encountered during the random review.

(3) **Peer Review Reports.** The Peer Review Oversight Committee shall:

(a) Assess peer review reports and related documents submitted by firms pursuant to the requirements of OAR 801-050-0040, as directed by the Board;

(b) Consult with the Board regarding the appropriate action for firms that have unresolved matters relating to the peer review process or that have not complied with, or acted in disregard of the peer review requirements.

(c) In conducting an assessment pursuant to ORS 673.455 and 673.457, the Committee and the Board shall have complete access to reports submitted by firms pursuant to the requirement of this rule and OAR 801-050-0040.

Stat. Auth.: ORS 673.455 & OL 2001, Ch. 638, Sec. 12

Stats. Implemented: ORS 673.455

Hist.: BOA 11-2005, f. 11-22-05, cert. ef. 12-15-05

801-050-0040

Reporting Requirements

(1) **Reporting Enrollment in Peer Review Program.** Every firm is required to provide the following information in writing with every application for registration and renewal of registration:

(a) Certify whether the firm is or is not required to participate in a peer review program;

(b) If the firm is subject to the peer review requirement, provide the name of the sponsor of the approved peer review program in which the firm is enrolled, and the period covered by the firm's most recent peer review; and

(c) Certify that the peer review report received during the two-year licensing period then ending did not trigger the reporting requirement described in section (2) of this rule.

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

(2) **Notice of Substandard Peer Review Reports.** Firms that receive any of the following peer review reports shall provide written notice to the Board describing such peer review reports within 45 days of the date of the acceptance letter issued by the peer review report acceptance body (RAB):

(a) Two consecutive modified system review reports;

(b) One adverse system review report;

(c) Two consecutive adverse engagement review reports;

(d) Two consecutive report reviews with "significant comments";

(e) An adverse engagement review following a modified engagement review;

(f) One report with a scope limitation; and

(g) Any combination of the above.

(3) **Documents required.** Firms that received any peer review report described in section (2) of this rule during the most recent peer review reporting period that occurred prior to December 31, 2005 shall provide to the Board copies of the following documents related to each substandard peer review report with the firm registration renewal application that is due December 31, 2005. Thereafter Firms shall provide copies of the following documents to the Board within 45 days of the date of the RAB acceptance letter as described in section (2) of this rule.

(a) Peer review report issued;

(b) Letter of comments;

(c) Letter, if any, from the RAB prescribing corrective actions;

(d) Firm's response letter;

(e) A letter from the firm to the Board describing corrective actions taken by the firm that relate to requirements of the RAB; and

(f) Other information the firm deems important for the Board's understanding of the information submitted.

(4) **Certification.** Firms shall certify on the initial firm registration application and on each renewal application that:

(a) The firm has not received any peer review report(s) described in section (2) of this rule; or

(b) The firm received peer review report(s) described in section (2) of this rule and submitted a copy of such report(s) together with the documents described in section (3) of this rule to the Board within the 45 day time period.

(5) **Verification.** The Board may verify the certifications of peer review reports that firms provide on initial registration and renewal applications.

Stat. Auth.: ORS 673.455 & OL 2001, Ch. 638, Sec. 12

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; BOA 6-2001, f. 12-28-01, cert. ef. 1-1-02; BOA 11-2005, f. 11-22-05, cert. ef. 12-15-05

801-050-0060

Confidentiality

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

Stat. Auth.: ORS 673.455 & OL 2001, Ch. 638, Sec. 12

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; BOA 6-2001, f. 12-28-01, cert. ef. 1-1-02; BOA 11-2005, f. 11-22-05, cert. ef. 12-15-05

801-050-0065

Document Retention

(1) Documents created by the sponsor of an approved peer review program shall be retained by the sponsor for a period of time corresponding to the designated retention period of the sponsor. In no event shall the retention period be less than ninety (90) days from the date of acceptance of the review by the sponsor.

(2) Firms shall retain all documents relating to peer review reports described in OAR 801-050-0040, including working papers of the underlying report that was reviewed, for three years from the date of acceptance of the peer review by the sponsor, or as required by OAR 801-030-0020(2)(d), whichever is later.

Stat. Auth.: ORS 673.455 & 673.457

Stats. Implemented: ORS 673.457

Hist.: BOA 11-2005, f. 11-22-05, cert. ef. 12-15-05

801-050-0070

Application for Administration of Peer Review Program

Application. Applications for administration of a peer review program shall be submitted to the Board in writing and shall be accompanied by materials describing the operation of the proposed peer review program. Materials submitted by the sponsor must be sufficient to demonstrate that the proposed peer review program meets the minimum standards for performing and reporting on peer reviews.

Stat. Auth.: OL 2001, Ch. 638, Sec. 12 & 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; BOA 11-2005, f. 11-22-05, cert. ef. 12-15-05

801-050-0080

Minimum Standards for Peer Review Programs

(1) Peer review programs must include systems that assure that each of the following elements of quality control is met by the firm under review. The peer review program should provide the firm under review with reasonable assurance that:

(a) The firm maintains independence when required;

(b) The firm performs professional responsibilities with integrity;

(c) The firm maintains objectivity in discharging professional responsibilities;

(d) Firm personnel have the competencies necessary to perform assigned responsibilities;

(e) The firm undertakes only those engagements that can be completed with professional competence;

(f) The firm provides appropriate consideration of the risks associated with providing professional services;

(g) The firm and the firm's clients understand the services to be performed;

(h) The work performed for all engagements meets applicable professional standards, regulatory requirements and the firm's standards of quality.

(i) The firm's policies and procedures related to other elements of quality control are suitably designed and effectively applied, that appropriate criteria are in place to determine whether to accept or continue a client relationship, and whether to perform a specific engagement for a client.

(2) *The Standards for Performing and Reporting on Peer Reviews*, promulgated by the profession through the AICPA, provide a benchmark against which sponsors may measure a peer review program. Peer review programs that meet or are substantially equivalent to the AICPA standards are eligible for approval by the Board.

(3) Firm inspection standards required by the PCAOB shall be deemed to meet the minimum standards for public company audit firms; provided however, that such firms that also perform attest services for non-public companies shall be required to meet the peer review requirements of OAR 801-050.

(4) The Board may specify that a peer review program that is administered by another state board of accountancy satisfies the requirements of OAR 801-050 if the Board determines that the program substantially meets or exceeds the minimum standards described in this rule.

Stat. Auth.: ORS 673.455 & OL 2001, Ch. 638, Sec. 12

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; BOA 6-2001, f. 12-28-01, cert. ef. 1-1-02; BOA 8-2003, f. 12-23-03 cert. ef. 1-1-04; BOA 11-2005, f. 11-22-05, cert. ef. 12-15-05