

## Chapter 801 Board of Accountancy

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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:

- Capitol Press Room;
- Associated Press;
- Oregon Society of Certified Public Accountants;
- 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, 2013.

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; BOA 1-2008, f. 12-30-08, cert. ef. 1-1-09; BOA 1-2009, f. 12-15-09 cert. ef. 1-1-2010; BOA 1-2010, f. 12-15-10, cert. ef. 1-1-11; BOA 1-2011, f. 12-28-11, cert. ef. 1-1-12; BOA 1-2013, f. & cert. ef. 1-8-13

#### 801-001-0040

##### Procedure for Complaints

Pursuant to 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 must investigate all complaints that describe activities that are subject to the jurisdiction of the Board and that provide information in support of the complaint.

(2) Anonymous or unsigned complaints will be investigated only if they meet the criteria of (1).

(3) The Board may also investigate other information of which the Board has knowledge, such as media stories and information provided by law enforcement or other regulatory agencies, which

indicates that a violation of the statutes or rules enforced by the Board may have occurred.

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

(5) The Board may employ private investigators or contract investigators to provide assistance in determining the facts of any case being investigated.

(6) A licensee who is the subject of a complaint may meet with the Complaints Committee to discuss the complaint.

(7) 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 may have violated any provision of ORS 673.010 to 673.455 or rules promulgated by the Board.

(8) If the Board determines that the available evidence is insufficient to indicate that a violation may have occurred, the Board shall dismiss the complaint.

(9) If the Board determines that the available evidence is sufficient to indicate that a violation may have occurred, the Board shall make a preliminary finding of a violation(s) and offer the subject of the complaint a contested case hearing.

(10) A person under investigation and the Board's Executive Director may negotiate a proposed Stipulated Final Order to conclude a matter at any time after the Complaints Committee has considered it.

(11) A negotiated settlement as described in paragraph (10) shall not be binding on either party until approved by the Board and signed by the Chairperson of the Board or the Executive Director.

Stat. Auth.: ORS 670.310 & 673.410

Stats. Implemented: ORS 673.170 & 673.185

Hist.: 1AB 9, f. 6-24-60; 1AB 24, f. 9-15-72, ef. 10-1-72; 1AB 5-1978, f. & ef. 5-16-78; 1AB 3-1982, f. & ef. 4-20-82; AB 4-1994, f. & cert. ef. 9-27-94; 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 3-2010, f. 12-15-10, cert. ef. 1-1-11; Renumbered from 801-010-0190 by BOA 1-2011, f. 12-28-11, cert. ef. 1-1-12

#### 801-001-0045

##### Confidentiality of Complaints Received

(1) All complaints received by the Board office shall be considered confidential.

(2) All documents received will be marked confidential until the Board issues a Notice of Intent or the matter is otherwise resolved.

(3) The Complaints Committee review and deliberations concerning a pending investigation shall occur only in executive session, pursuant to ORS 192.660(2)(f), to consider information that is exempt by law from public inspection.

(4) The Board of Accountancy's review and deliberations concerning a pending investigation shall also occur only in executive session, pursuant to ORS 192.660(2)(f), to consider information that is exempt by law from public inspection.

(5) Any action by the Board to approve a final order, make a preliminary finding of violation or dismiss a matter shall take place in a public meeting.

Stat. Auth.: ORS 183.332 & 673.410

Stats. Implemented: ORS 183.337 & 673.410

Hist.: BOA 1-2011, f. 12-28-11, cert. ef. 1-1-12

#### 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 regula-

tory 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 is 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 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) **Active** means a license issued by the Oregon Board of Accountancy to an individual who has met the requirements to hold a CPA or PA license, maintains the license and is in good standing.

(2) **AICPA** means American Institute of Certified Public Accountants.

(3) **Applicant** means a person applying for a license to practice public accountancy.

(4) **Attestation Services** means the following financial statement services must be performed under the following standards means:

(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.

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

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

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

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

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

(10) **Censure** means an official written expression of reprimand, by Board action, to a licensee for specified conduct.

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

(12) **Client** means a person or entity who agrees with a licensee to receive any professional service from the licensee.

(13) **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.

(14) **Compilation Services** means 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.

(15) **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.

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

(17) **Expired** means a license that has not been renewed after six years from the close of the last license period for which the license was active, inactive or retired.

(a) An expired license may be restored only if the Board determines that there is good cause to do so.

(18) **Fees** include commissions, contingent fees and referral fees.

(19) **Financial statements** means 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.

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

(21) **First time candidate** means a candidate for the CPA exam who is sitting for the exam for the first time in Oregon.

(22) **Generally Accepted Accounting Principles** means accounting principles or standards generally accepted in the United States, including but not limited to Statements of Financial Accounting Standards and interpretations thereof, as published by the Financial Accounting Standards Board, and Statements of Governmental Accounting Standards and interpretations thereof, as published by the Government Accounting Standards Board.

(23) **Generally Accepted Auditing Standards** means the Generally Accepted Auditing Standards adopted by the American Institute of Certified Public Accountants, together with interpretations thereof, as set forth in Statements on Auditing Standards issued by the AICPA, and for federal audits, the Single Audit Act and related U.S. Office of Management and Budget Circulars published by the Government Accountability Office.

(24) **Holding out as a CPA or PA** means 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 in good standing issued under the authority of ORS 673 as a certified public accountant or a public accountant.

(24) **Inactive** means a license status granted by the Board to a licensee:

(a) Whose license is not suspended or revoked;

(b) Who is not:

(A) Performing or offering to perform, for a client, services involving the use of accounting or auditing skills, including but not

limited to issuance of reports on financial statements, management advisory, financial advisory or consulting services, preparation of tax returns or the furnishing of advice on tax matters; and

(B) Practicing public accountancy in a business organization that is required to be registered in Oregon with the Board under ORS 673.160; or

(B) A sole practitioner.

(c) Licensees who are granted inactive status shall not use the CPA or PA designation unless the word “inactive” is used in conjunction with the designation, such as “CPA Inactive” and is listed in the same size font as the designation.

(25) **In good standing** means the status of a holder of a license or registration issued by any jurisdiction, that is not suspended, revoked, expired, resigned, retired or lapsed.

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

(27) **Lapsed** means a license status that is not renewed within 60-days of the close of a license period.

(a) A person in lapsed status may not:

(A) Practice public accounting in a business organization required to be registered with the Board under ORS 673.160;

(B) Practice as a sole practitioner; or

(C) Perform or offer to perform for a client services involving the use of accounting or auditing skills, including but not limited to issuance of reports on financial statements, management advisory, financial advisory or consulting services, preparation of tax returns or the furnishing of advice on tax matters.

(b) A person in lapsed status must not hold out in any form or manner that they are a CPA or PA.

(c) A lapsed license may be reinstated to active status only prior to becoming expired.

(28) **License** means:

(a) A certificate or permit issued under ORS 673.150 or a license issued under ORS 673.100, enabling the holder thereof to practice public accountancy in this state; or

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

(29) **Licensee** means the holder of a license as defined in these rules.

(30) **Material participation** means participation that is regular, continuous and substantial.

(31) **Manager** means a manager of a limited liability company.

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

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

(34) **Non-licensee owner** means 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.

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

(36) **Peer Review** means a study, appraisal or review of one or more aspects of the public accountancy work of a holder of a license under ORS 673.150 or of a registered business organization that performs attestation or compilation services that is 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 license holder or registered business organization being reviewed.

(37) **Permit** means a license to practice public accountancy issued under ORS 673.150.

(38) **Practice of public accountancy** means performance of or any offer to perform one or more services for a client or potential client, including the performance of such services while in the employ of another person by a licensee, professional services of accounting, tax, personal financial planning, litigation support services, and those professional services for which standards are promulgated. These standards include Financial Accounting Standards

Board (FASB) Accounting Standards Codification (ASC), 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, International Financial Reporting Standards, International Accounting Standards, Statements on Standards for Attestation Engagements, and Statements on Standards for Valuation Services.

(39) **Principal Place of Business** means the office location designated by a person for purposes of substantial equivalency and reciprocity.

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

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

(42) **Regional Accreditation** means the college or university is accredited by one of the six regional accrediting associations or by another accrediting body that is recognized by the Board.

(43) **Referral fee** means a referral fee that 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.

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

(45) **Report** see OAR 801-005-0200 and 801-005-0300

(46) **Retired** means a license status conferred by the Board upon a licensee who:

(a) At any age, has held an active license in good standing, to practice public accountancy in Oregon for a combined period of not less than 20 years, or

(b) Has reached 65 years of age,

(A) A licensee in retired status may not perform any attest services nor sign any tax returns as a preparer.

(B) A licensee in retired status may not perform public accounting services for direct or indirect compensation.

(C) A licensee in retired status may sign any documents related to non-compensated services as a “CPA Retired” or “PA Retired”. The word “Retired” must be in the same size font as the designation.

(c) A licensee in retired status, may be restored to active status at the Board’s discretion of showing good cause.

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

(48) **Single Audit Act** means 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.

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

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

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

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

(53) **Substantial equivalency** means:

(a) An individual holds a valid license as a certified public accountant from another state that requires an individual, as a condition of licensure as a certified public accountant to:

(A) Complete at least 150 semester hours of college education and obtain a baccalaureate or higher degree conferred by a college or university;

(B) Achieve a passing grade on the Uniform Certified Public Accountant Examination; and



(C) Possess at least one year of experience, verified by a licensee, providing any type of service or advice involving the use of accounting, attestation, compilation, management advisory, financial advisory, tax or related consulting skills, obtained through public practice or government, industry or academic work; or

(b) An individual has the qualifications specified in paragraph (a) of this subsection and holds a valid license as a certified public accountant from another state that does not require an individual to have the qualifications specified in paragraph (1) of this subsection as a condition of licensure as a certified public accountant.

(54) **Uniform Accountancy Act (UAA)** is 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.

(55) **Valid** means a certified public accountant or a public accountant license, 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 in active status is one that is not revoked, suspended, subject to probation, lapsed, inactive, retired or expired.

[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; BOA 2-2009, f. 12-15-09, cert. ef. 1-1-10; BOA 2-2010, f. 12-15-10, cert. ef. 1-1-11; BOA 2-2011, f. 12-28-11, cert. ef. 1-1-12

#### 801-005-0200

##### Report

(1) "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.

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

(a) Disclaims an opinion when the form of language implies any positive assurance as to the reliability of the financial statements referred to or special knowledge or competence on the part of the person 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 license issued under ORS 673.150, shall not constitute a report under 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 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

Stats. Implemented: ORS 673.325

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; BOA 2-2011, f. 12-28-11, cert. ef. 1-1-12

#### 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, Civil Penalties and Cost Recovery

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 or PA License — \$150.

(c) Municipal Auditor Roster Application — \$100.

(d) Reinstatement application fee — \$150.

(2) Initial license and registration fees:

(a) Initial CPA or PA License — \$160.

(b) Municipal Auditor — \$100.

(c) Firm Registration — \$175.

(3) Biennial renewal application fees:

(a) Active CPA or PA License — \$160.

(b) Inactive CPA or PA — \$50.

(c) Municipal Auditor — \$100.

(d) Firm Registration — \$175.

(e) Retired License — \$25.

(4) Late renewal penalty fees:

(a) Active CPA or PA License — \$160.

(b) Inactive CPA and PA — 50.

(c) Municipal Auditor Late Fee — \$100.

(d) Firm Registration — \$175.

(e) Retired License — \$25.

(5) 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) Staff time, \$23 per hour, in quarter hour increments at \$5.75 per quarter hour.

(6) Civil Penalties assessed for Specific Violations.

(a) Failure to provide change of address in 30 days — \$100.

(b) Failure to renew firm registration by January 31 — \$500.

(c) Failure to respond to Notice of Complaint in 21 days — \$1000.

(d) Failure to respond to Notice of CPE audit and all follow-up in 21 days — \$250.

(e) Failure to respond to Notice of Peer Review Audit in 21 days — \$1000.

(f) Failure to respond in 21 days to any Board Communication that is not described above — \$100.

(7) Cost Recovery.

(a) The Board may recover costs associated with a contested case hearing in which the Board has prevailed. The following costs may be included in cost recovery:

(A) Attorney General Fees.

(B) Administrative Hearing Costs.

(C) Contract Investigator Fees.

(D) Expert Witness Fees.

(E) Costs of Appeal.

(8) 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; BOA 2-2008, f. 12-30-08, cert. ef. 1-1-09; BOA 3-2009, f. 12-15-09, cert. ef. 1-1-10; BOA 3-2010, f. 12-15-10, cert. ef. 1-1-11; BOA 3-2011, f. 12-28-11, cert. ef. 1-1-12

#### 801-010-0040

##### CPA and PALicenses Remain Property of the Board

Every license of Certified Public Accountant or Public Accountant, while it is in the possession of the holder, shall be preserved by the holder, but such license shall nevertheless remain the property of the Board. In the event that the license is revoked in the manner prescribed by law, the holder is required to deliver the 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; BOA 3-2011, f. 12-28-11, cert. ef. 1-1-12

#### 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 an 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 must remain open until the candidate schedules testing or until six months have elapsed since the NTS was issued, whichever occurs first.

(c) **Testing Center:** Board approved computer testing facilities, at which candidates may take the CPA examination, are listed on the Board website. Testing centers are located throughout the United States and in Guam, Puerto Rico the Virgin Islands, Japan, United Arab Emirates, Kuwait, Lebanon and Bahrain.

(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 must be submitted on a form provided by the Board and must 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) An application for the CPA examination must be complete in every particular within 3 months from the date it is received at the Board office. If an application is incomplete, the candidate will be found ineligible and the file will be closed. A candidate whose file has been closed as described herein is required to submit a new application, application fee and all required documents.

(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 must not have an open ATT for the same section in any other state or jurisdiction.

(g) The candidate must 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 is cause for disciplinary action under ORS 673.170.



(h) 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 once eligibility is determined.

(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 that apply under the educational requirements of ORS 673.050(1)(a) must demonstrate eligibility as follows:

(a) **150 Hour rule:** 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, which were in effect prior to January 1, 2000. Returning candidates must 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 must 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 must 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) Colleges or universities, which are 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, are 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 must 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; BOA 2-2008, f. 12-30-08, cert. ef. 1-1-09; BOA 3-2010, f. 12-15-10, cert. ef. 1-1-11; BOA 3-2011, f. 12-28-11, cert. ef. 1-1-12

### 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

(b) **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 are 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 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 month period, which begins on the date of the first section is passed;

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

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

(c) 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.

(d) 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 allows the transfer of CPA exam scores and may grant credit to a candidate who has successfully completed any section 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 passed; and

(c) A candidate who first sat for the CPA exam, after January 1, 2000, and met the 150 hour educational requirement at the time the section was taken and passed for 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; AB 4-1991, f. & cert. ef. 7-1-91; AB 1-1994, f. & cert. ef. 1-21-94; AB 3-1994, f. & cert. ef. 8-10-94; AB 4-1994, f. & cert. ef. 9-27-94; AB 5-1995, f. & cert. ef. 8-22-95; BOA 5-1998, f. & cert. ef. 7-9-98; BOA 6-1999, f. 12-21-99, cert. ef. 1-1-00; 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 3-2009, f. 12-15-09, cert. ef. 1-1-10; BOA 3-2010, f. 12-15-10, cert. ef. 1-1-11

### 801-010-0065

#### Qualifications for Licensure

(1) **Requirements.** Applicants for the license of Certified Public Accountant must 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 must 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), otherwise known as the "150-hour rule", that is effective after January 1, 2000, must have 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 must be at least 20 hours per week and must apply under one of the following paths:

(i) **Attest Experience,** applicants who gained experience under the attest function are required to have at least one year of experience and competency in the seven core areas described in this rule.

(ii) **Other Professional Standards:** applicants who gained experience in other professional standards are required to have at least one year experience and competency in the seven core areas described in this rule.

(iii) **Industry, Government and Other:** applicants who gained experience in industry, government or other area not described above are required to have at least one-year of experience and competency in the seven core areas as described in this rule.

(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 the required hours of experience as described in paragraph (1)(c)(B)(i) through (iii) of this rule.

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

##### (2) Experience Requirements:

(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 license 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 or a PA license issued under ORS 673.100 or a chartered accountant license 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 must 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 regular and meaningful interaction between the supervisor licensee and the person being supervised in terms of planning, coordinating, guiding, inspecting, controlling, and evaluating activities, and having authority to influence the decision to discharge the employee being supervised.

(A) A licensee who acts as a consultant or independent contractor to the applicant's employer will not meet the requirement of direct supervision.

(e) The experience required under ORS 673.040 must 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.

(f) Overtime hours worked are not credited toward the experience requirement.

(3) **Experience portfolio.** The applicant must 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 must demonstrate to the satisfaction of the Board that the portfolio of experience sub-

mitted 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 must 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 must 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 must 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) Experience described in paragraph (4)(b) of this rule must 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) Regulatory agencies.

(C) Experience obtained in accordance with other professional standards must 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 license 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; BOA 3-2010, f. 12-15-10, cert. ef. 1-1-11; BOA 3-2011, f. 12-28-11, cert. ef. 1-1-12

**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 must complete and submit a certificate of experience for such applicant within 21 days of the request.

(b) The certificate of experience must be made on forms provided by the Board. A supervisor licensee who completes and submits a certificate of experience must 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 must maintain the Competency Evaluation worksheet for a period of three years after the applicant's license is issued.

(d) A supervisor licensee must not commit any act, which unjustly jeopardizes an applicant's ability to obtain a license 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 must provide full cooperation with any Board inquiry pertaining to such certification.

(a) The supervisor licensee must 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 must 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 must 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; BOA 3-2010, f. 12-15-10, cert. ef. 1-1-11; BOA 3-2011, f. 12-28-11, cert. ef. 1-1-12

**801-010-0075**

**Public Accountants Applying for Certificate of Public Accountancy**

A public accountant licensed in Oregon who is applying for a certified public accountant license must:

(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 must be obtained and completed within eight years immediately preceding the date of application

(6) Licensee must surrender the Public Accountant license issued before the CPA license will be issued.

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; BOA 3-2009, f. 12-15-09, cert. ef. 1-1-10; BOA 3-2010, f. 12-15-10, cert. ef. 1-1-11; BOA 3-2011, f. 12-28-11, cert. ef. 1-1-12

**801-010-0078**

**Experience as a Self-Employed Public Accountant**

**Self-employment eligible to meet the experience requirement.**

A public accountant licensed in Oregon prior to January 1, 2000 that 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 must 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.

(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 must 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 must submit the name of a proposed reviewer to the Board.

**(3) Requirements for proposed reviewer.**

(a) Must be in full-time practice.

(b) Must not be the subject of current or past disciplinary action by the Board, or the subject of ongoing complaints.

(c) Must not be found to have violated technical standards.

(d) Must not be related to or financially affiliated with the applicant.

(4) The applicant shall reimburse the reviewer for expenses of the review.

(5) **Verification required.** The reviewer shall certify to the following information about the applicant:

(a) Length of time in full-time public practice;

(b) Nature and extent of the work performed;

(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, eff. 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; BOA 3-2010, f. 12-15-10, cert. ef. 1-1-11

#### 801-010-0079

##### Experience Obtained in Foreign Countries

Experience obtained by an applicant outside the United States that is claimed to be equivalent to public accountancy experience obtained in the United States may be acceptable under ORS 673.040 provided that the experience meets all of the requirements of OAR 801-010-0065. The applicant's experience must be directly supervised by:

(1) A licensed public accountant or a certified public accountant whose license is active and in good standing, and who held an active license during the period of supervision and for a period of no less than five years prior to the period of supervision, or

(2) 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 license is active and in good standing;

(b) The chartered accountant held an active chartered accountant license during the period of supervision and for no less than five years prior to the period of supervision, and

(3) The person who directly supervises the applicant's experience must 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

(4) 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; BOA 3-2010, f. 12-15-10, cert. ef. 1-1-11; BOA 3-2011, f. 12-28-11, cert. ef. 1-1-12

#### 801-010-0080

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

(1) **Substantial equivalency.** 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 as defined in ORS 673.010(21) and OAR 801-005-0010(48), may practice public accountancy in this state.

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

(a) The applicant must complete an application and certify that:

(A) The applicant holds an active license in good standing as a certified public accountant issued by another jurisdiction whose requirements are substantially equivalent to Oregon as defined in Section 23 of the Uniform Accountancy Act.

(b) Applications based on an active CPA license that is in good standing, but that do not meet the requirements of subsections (2)(A) of this rule, are eligible under this subsection if the applicant demonstrates to the satisfaction of the Board that 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. Four years means 48 months (8,320 hours) of full-time employment. One hundred seventy-three (173) hours of part-time employment is equivalent to one full-time month. Qualifying part-time employment must be at least 20 hours per week; and

(3) **Reciprocity application requirements.** Applicants under section (2) of this rule must:

(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 of practice; and

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

(4) **Verification of National Qualification Appraisal Service** comparable licensing standards. The Board reviews 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; BOA 3-2009, f. 12-15-09, cert. ef. 1-1-10; BOA 3-2010, f. 12-15-10, cert. ef. 1-1-11; BOA 3-2011, f. 12-28-11, cert. ef. 1-1-12

#### 801-010-0085

##### Holders of Foreign Licenses, 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.

tries seeking recognition as having requirements substantially equivalent to requirements in the United States to qualify for and receive the license 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 license in Oregon who holds a license, credential or degree issued by a foreign country that is claimed to be comparable to a 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; BOA 3-2011, f. 12-28-11, cert. ef. 1-1-12

## 801-010-0100

### Public Accountant Licenses

(1) **Application requirements.** Applicants for the license of public accountant must 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 must be obtained and completed within eight years immediately preceding the date of application for license.

#### (2) Experience requirements.

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

(b) The experience required under ORS 673.100 must 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.

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

#### (4) Public Accountant practice restrictions.

(a) Licensed public accountants who qualified for the CPA exam after January 1, 2002 must 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; BOA 3-2009, f. 12-15-09, cert. ef. 1-1-10; BOA 3-2010, f. 12-15-10, cert. ef. 1-1-11

## 801-010-0110

### Renewal of License

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

(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 license expires;

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

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

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

(2) A licensee that does not renew by June 30 shall not hold out as a CPA or PA and practice public accounting until the license is renewed.

(3) The Board will pro-rate a licensee's first renewal fee in six month increments, depending on the date of issuance.

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; BOA 3-2010, f. 12-15-10, cert. ef. 1-1-11

## 801-010-0115

### Resignation of Licensee

(1) Resigning licenses that are not the subject of pending complaints or Board investigations. A certified public accountant or public accountant may resign and surrender a license 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. All resignations are effective upon acceptance by the Board. After such resignation, in the event that a person wishes to reapply for a license to practice public accountancy, the person will be required to meet all requirements of ORS Chapter 673 and OAR chapter 801.

(2) Resigning licenses that are the subject of pending complaints or Board investigations. If the 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 cause in the event that the licensee applies for a 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 or PA wall certificate and wallet license card 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; BOA 2-2008, f. 12-30-08, cert. ef. 1-1-09; BOA 3-2010, f. 12-15-10, cert. ef. 1-1-11; BOA 3-2011, f. 12-28-11, cert. ef. 1-1-12

#### 801-010-0120

##### Inactive Status

###### (1) Inactive:

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

(b) The licensee applying for inactive status must certify to the Board that:

- (A) The licensee holds a license issued under ORS 673.150 which is not lapsed, expired, revoked or suspended;
- (B) The licensee is not employed in a public accounting firm that is required to be registered in Oregon with the Board;
- (C) The licensee is not a sole practitioner; and
- (D) The licensee does not perform or offer to perform for a client services involving the use of accounting or auditing skills, including but not limited to issuance of reports on financial statements, management advisory, financial advisory or consulting services, preparation of tax returns or the furnishing of advice on tax matters.

(2) **CPE and Peer Review Requirements.** A licensee who is granted inactive status must:

(a) Obtain 32 hours of qualified continuing professional education during a two-year renewal period;

(A) A maximum of 8 hours may be in non-technical subjects

(b) Is not subject to Peer Review requirements under ORS 673.455 during the period in which inactive status is approved.

(3) **Inactive Licensees' Use of CPA or PA Designation.** A licensee who is granted inactive status shall not use the CPA or PA designation unless the word "Inactive" is used in conjunction with the designation, such as "CPA Inactive" and is listed in the same font size.

(a) Licensees who are granted inactive status will not receive a license card from the Board office upon renewal.

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

(4) 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 & 673.220

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; BOA 3-2009, f. 12-15-09, cert. ef. 1-1-10; BOA 3-2010, f. 12-15-10, cert. ef. 1-1-11

#### 801-010-0125

##### Renewal of Inactive Status

(1) Inactive status granted to a licensee under ORS 673.220 expires on June 30 of each expiration year under the provisions of OAR 801-010-0110.

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

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

(4) Submit a minimum of 32 hours of continuing professional education.

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

Stat. Auth.: ORS 670.310 & 673.220

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; BOA 3-2010, f. 12-15-10, cert. ef. 1-1-11; BOA 3-2011, f. 12-28-11, cert. ef. 1-1-12

#### 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 must submit an application on a form provided by the Board. The applicant must:

(1) Pay the license 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 must not perform any public accountancy services until after the applicant receives an active license.

Stat. Auth.: ORS 670.310 & 673.220

Stat. Implemented: ORS 673.220

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; BOA 3-2010, f. 12-15-10, cert. ef. 1-1-11; BOA 3-2011, f. 12-28-11, cert. ef. 1-1-12

#### 801-010-0170

##### Publication of Disciplinary Action

The Board in its discretion will 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; BOA 3-2010, f. 12-15-10, cert. ef. 1-1-11

#### 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 license holder under ORS 673.150 who shall be responsible for the management and registration of the business organization in this state;

(d) A license 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 must not hold themselves out as certified public accountants or public accountants and must not have a license in Oregon or any other jurisdiction, which has been suspended or revoked for disciplinary reasons.

(h) Business organizations with non-CPA or non-PA ownership that are registered under OAR 801-010-0345 must 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 must 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, must 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; BOA 3-2010, f. 12-15-10, cert. ef. 1-1-11; BOA 3-2011, f. 12-28-11, cert. ef. 1-1-12

## 801-010-0345

### Registration of Business Organizations

(1) **Requirement to register as a firm.** A business organization organized for the practice of public accountancy must register with the Board as a firm if the business organization:

(a) Is located in Oregon and

(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.

(b) Is not located in Oregon; and

(A) Uses the terms “certified public accountants”, “CPA”, “public accountants” 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 and performs any of the following services:

(i) An audit or other engagement for which performance standards are included in Statements on Auditing Standard (SAS)

(ii) Examination of prospective financial information for which performance standards are included in the Statement on Standards for Attestation Engagements (SSAE)

(iii) Engagements for which performance standards are included in the auditing standards of the Public Company Accounting Oversight Board (PCAOB)

(C) Has a person, who is a license holder under ORS 673.150 or meets the substantial equivalency requirements of 673.153, that is responsible for supervising attestation services and signs or authorizes someone to sign the accountant’s report on the financial statements on behalf of the business organization.

(2) **Registration of sole proprietors.** A business organization organized as a sole proprietorship, a professional corporation or a limited liability company, and comprised of a single license 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.

(a) Firms located in Oregon: Application by a business organization to be registered as a firm to practice as Certified Public Accountant(s) or Public Accountant(s) must 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 must 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.

(G) Provide a letter of completion of the firm’s most recent peer review if the firm intends to perform attest or compilation services in this state.

(b) Firms not located in Oregon

(A) Name of the firm

(B) Identification by name and by active certificate or license number, indicating the state in which the certificate or license is issued of each CPA who is associated with or employed by the business organization and is authorized to practice in Oregon under substantial equivalency pursuant to ORS 673.153 who will practice public accounting in Oregon.

(C) Provide a letter of completion of the firm’s most recent peer review if the firm intends to perform attest or compilation services in this state.

(D) Any out of state firm that is required to register in Oregon and subsequently opens an office in Oregon shall notify the Board of the existence of the new office within 30 days of opening the office.

(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 must 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.

(b) Business organizations that fail to renew a registration within 60-days of the close of the renewal period will be terminated and required to pay the renewal fee plus a late fee and submit a reinstatement form to the Board office;

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

(d) 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;

(e) 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.

(A) Notwithstanding subsection (6)(a) of this rule, any certified public accountant or public accountant whose license to practice public accountancy has been suspended or revoked for disciplinary reasons in any jurisdiction, may not participate as a non-licensee owner in a business organization required to be registered under ORS 673.160.

(b) Branch offices.

(A) Every branch office located in this state shall be managed by a licensee holding a license 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)(b)

(c) 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; BOA 2-2008, f. 12-30-08, cert. ef. 1-1-09; BOA 3-2009, f. 12-15-09, cert. ef. 1-1-10; BOA 3-2010, f. 12-15-10, cert. ef. 1-1-11; BOA 3-2011, f. 12-28-11, cert. ef. 1-1-12

## 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) **Eligibility.** 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 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.

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

(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; BOA 4-2009, f. 12-15-09 cert. ef. 1-1-10

## 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. 12-23-03 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; IAB 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

#### 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 acknowledgement;

(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.**

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, or who is authorized under 673.153 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 in writing to the transaction after receiving full written disclosure of the differing interests from the licensee. Both written disclosure and client's written consent 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; BOA 3-2008, f. 12-30-08, cert. ef. 1-1-09; BOA 5-2009, f. 12-15-09 cert. ef. 1-1-10

## DIVISION 40

### CONTINUING PROFESSIONAL EDUCATION

#### 801-040-0010

##### Basic Requirements

(1) **Biennial CPE requirement for Active licensees.** Each biennial renewal period, certified public accountants and public accountants must 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 must be completed as follows:

(a) At least 24 of the required 80 CPE hours must 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 CPE requirement.** CPE hours in professional conduct and ethics are included in the 80 hour requirement for each renewal period.

(a) All active licensees who are applying for the first license renewal in Oregon are required to complete and report at least four hours of CPE in a professional conduct and ethics program that meets the requirements of section three (3) of this rule.

(b) Licensees who are not renewing for the first time and whose principal place of business is located in another jurisdiction may meet the ethics requirement of this rule by demonstrating compliance with

the other jurisdiction’s professional conduct and ethics CPE requirement. The number of CPE Ethics hours that meets the Ethics requirement of such other jurisdiction will be accepted in Oregon, so long as the other jurisdiction requires the licensee to complete an ethics program as a condition of renewal.

(c) An active licensee who is not renewing for the first time and whose principal place of business is in another jurisdiction that does not have a professional conduct and ethics CPE requirement must complete the ethics requirement described in subsection (2)(d) of this rule.

(d) All other active licensees are required to complete and report four hours of CPE in professional conduct and ethics with each biennial renewal application, which may be satisfied by any ethics program that meets the general CPE requirements described in OAR 801-040-0030.

(3) **CPE ethics programs.** CPE programs in professional conduct and ethics required by subsection (2)(a) of this rule are eligible for CPE credit if the program is offered by a sponsor registered with the Board and includes 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) **Biennial CPE Requirements for Inactive Licensees.** A licensee who is granted inactive status must:

(a) Obtain 32 hours of qualified continuing professional education during a two-year renewal period;

(b) A maximum of 8 hours may be in non-technical subjects;

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; BOA 4-2008, f. 12-30-08, cert. ef. 1-1-09; BOA 6-2009, f. 12-15-09 cert. ef. 1-1-10; BOA 4-2010, f. 12-15-10, cert. ef. 1-1-11; BOA 4-2011, f. 12-28-11, cert. ef. 1-1-12

#### 801-040-0020

##### Controls and Reporting

(1) **Reporting requirement.** As a requirement for renewal of an active license, 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; BOA 4-2011, f. 12-28-11, cert. ef. 1-1-12

#### 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; and
- (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 must 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 is 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, must 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; BOA 4-2010, f. 12-15-10, cert. ef. 1-1-11

**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 licenses.** Licenses that are not properly renewed shall lapse. Lapsed licenses may be reinstated only to active status. To reinstate to active status an individual must:

(a) Provide a detailed written description of the business and professional activities of the individual during the period of lapse, and indicate whether the individual 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 application fee and the active renewal fee for each renewal period that the license 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) **Holders of licenses that are lapsed less than two years must:**

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

(3) **Holders of licenses that are lapsed more than two and less than six years must:**

(a) Complete and report 160 CPE hours which shall be completed within the 12 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 license 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.

**(4) Lapsed more than six years or three renewal periods:**

(a) A license that is lapsed for more than three renewal periods will expire.

(b) An expired license may be restored only upon the Board's determination that there is good cause.

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

(a) **Credit for CPE** taken while on inactive status will be given for the first two bienniums only (maximum of 64 hours)

(6) **Suspended licenses.** To reinstate a license that is suspended under ORS 673.170, the holder of such license 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 a lapsed license as stated in this rule.

(7) **License holders in other jurisdictions.** Licensees who hold an active license 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 license that has been lapsed for less than six years or inactive for more than two years shall:

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

(b) Submit payment of the initial license fee stated in OAR 801-010-0010(2)(a) plus the biennial renewal application fee stated in 801-010-0010(3)(a).

(c) Upon reinstatement, licensee shall 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 until the end of the renewal period in which reinstatement occurs.

(8) **24 Hour Minimum annual CPE requirement.** Licensees whose licenses are reinstated under this rule are required to meet the 24 hour minimum 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; BOA 4-2008, f. 12-30-08, cert. ef. 1-1-09; BOA 4-2011, f. 12-28-11, cert. ef. 1-1-12

**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 Licenses**

**(1) CPE Requirement for new licensees.**

(a) Licensees who receive an initial license to practice public accountancy shall comply with the CPE requirements from the date of issuance of the license 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 license 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 license was issued.

(c) CPE hours earned during any month of the two-year renewal cycle during which the initial license 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 license to practice public accountancy as a licensed public accountant under ORS 673.100, and who receive an initial certificate and license 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 license as a public accountant. CPE hours earned during any month of the two year renewal cycle during which the initial license 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; BOA 4-2011, f. 12-28-11, cert. ef. 1-1-12

**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 license 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; BOA 4-2011, f. 12-28-11, cert. ef. 1-1-12

**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 (PROC), 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; BOA 7-2009, f. 12-15-09 cert. ef. 1-1-10

## 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) **Peer Review Board:** The Peer Review Board is responsible for maintaining, promoting and governing the activities of the American Institute of Certified Public Accountants Peer Review Program, including the issuance of Peer Review Standards, and peer review guidance

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

(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 conducted in accordance with Peer Review Standards of one or more aspects of the public accountancy work of a firm or a license holder under ORS 673.150 who performs attest or compilation services.

(a) **Systems Review:** Required of firms that perform engagements under the auditing and examination attest professional standards. It is a professional service intended to provide the reviewer with a reasonable basis for expressing an opinion on whether, during the year under review:

(A) The reviewed firm's system of quality control for its accounting and auditing practice has been designed in accordance with quality control standards established by the American Institute of Certified Public Accountants.

(B) The reviewed firm's quality control policies and procedures were being complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects.

(b) **Engagement Review:** Required of firms that only perform engagements under the compilation, review, non-examination attestation and agreed upon procedures professional standards. It is a professional service intended to evaluate whether engagements submitted for review are performed and reported in conformity with applicable professional standards in all material aspects.

(9) **Peer Review Standards:** Standards issued by the Peer Review Board and used by peer review program sponsors for per-

forming and reporting on peer reviews of public accounting firms that provide attest and compilation services.

(10) **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.

(11) **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.

(12) **Report Acceptance Body (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 who receive a pass with deficiencies or a fail report as identified in the peer review process.

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

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; BOA 7-2009, f. 12-15-09 cert. ef. 1-1-10; BOA 5-2011, f. 12-28-11, cert. ef. 1-1-12

## 801-050-0020

### Peer Review Enrollment and Participation in Peer Review Program

(1) **Enrollment Requirement.** Every firm that performs attest as defined by OAR 801-005-0010(3) or compilation as defined by 801-005-0010(13) 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 as defined in OAR 801-005-0010(3) and (13) that require participation in a peer review program.

(a) Firms that prepare financial statements which do not require reports under Statements on Standards for Accounting and Review Services and that perform no other attest or compilation services, are not required to participate in a peer review program; however, such engagements conducted by a firm that is otherwise required to participate in a peer review program shall be included in the selection of engagements subject to 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 before issuing a report on attest and compilation services as defined by OAR 801-005-0010(3) and (13). The firm must send proof of enrollment and the date for initial review to the Board before the report is issued.. 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 that is performed in accordance with the minimum standards for performing and reporting on peer reviews described in OAR 801-050-0080, 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 as defined in OAR 801-005-0010(3) and (13) 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 peer review and 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.

(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.

(f) On request of the firm, 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.

(g) Exceptions. The Board may grant an extension of time for submission of the peer review report to the Board office. Extensions will be determined by the Board on a case-by-case basis. Firms that are granted any extension by the peer review program administrator, must submit a copy of such extension to the Board office within 14-days.

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; BOA 7-2009, f. 12-15-09 cert. ef. 1-1-10; BOA 5-2011, f. 12-28-11, cert. ef. 1-1-12

#### 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 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 or the RAB;

(c) At least two members shall have an active license to practice public accountancy in this state and shall have current experience in accounting and auditing; quality control practices, and obtain 16-hours of continuing education (CPE) relating to conducting peer review inspections.

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

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; BOA 7-2009, f. 12-15-09 cert. ef. 1-1-10

#### 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.

(2) On behalf of the Board, the Peer Review Oversight Committee 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 pass with deficiencies or fail reports as identified in the peer review process.

(3) **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 but are not limited to 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;

(D) Review the sponsor's compliance with their programs and oversight quality control compliance.

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

(A) Verification may include review of the peer review report, the firm's response to the matters discussed in the peer review report, and the acceptance letter outlining any additional corrective or monitoring procedures

(B) 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 audit.

(4) **Peer Review Reports.** The Peer Review Oversight Committee (PROC) 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. The Peer Review Oversight Committee will consult with the Board when the PROC believes there are issues with a peer review report that may warrant further action.

(c) The specific rating of a peer review report, individually, is not a sufficient basis to warrant disciplinary action.



(d) 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; BOA 7-2009, f. 12-15-09 cert. ef. 1-1-10

#### 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. If there is a change in the peer review program utilized as compared to the sponsor of the prior peer review program, provide the name of the sponsor of the approved peer review program in which the firm is currently enrolled, and the period covered by the firm's most recent peer review.

(c) 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 attestation or compilation services as defined by OAR 801-005-0010(3) and (13), shall provide written notice of such change in status to the Board before issuing a report.

(2) **Notice to Board** Firms are required to submit a copy of the most recent Systems Review Acceptance letter(s) or Engagement Review Acceptance letter(s) from the Peer Review Program Sponsor to the Board office within 45 days of receipt or with submission of firm renewal application, whichever occurs first. Completion letters must also be submitted to the Board office within 45 days of receipt.

(3) **Documents required.** A firm that has opted out of participating in the AICPA Facilitated State Board Access (FSBA) program, shall provide to the Board copies of the following documents related to the review report:

(a) Peer review report issued;

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

(c) Firm's response letter, if any;

(d) A letter from the firm to the Board describing corrective actions taken by the firm that relate to requirements of the RAB; and

(e) Other information the firm deems important for the Board's understanding of the information submitted.

(f) Other information the Board deems important for the understanding of the information submitted.

(4) **Certification.** Firms shall certify on the initial firm registration application and on each renewal application the result of the firm's most recent Peer Review.

(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; BOA 7-2009, f. 12-15-09 cert. ef. 1-1-10; BOA 5-2011, f. 12-28-11, cert. ef. 1-1-12

#### 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 and Peer Reviewer 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 one hundred twenty (120) 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 engagement subject to Peer review that was reviewed, for five years from the date of acceptance of the peer review by the sponsor.

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; BOA 7-2009, f. 12-15-09 cert. ef. 1-1-10

#### 801-050-0070

##### Application for Administration of Peer Review Program

(1) **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.

(2) Sponsors that are over sighted by and report to the AICPA Peer Review Board are not required to submit an application for approval to the Board.

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; BOA 7-2009, f. 12-15-09 cert. ef. 1-1-10

#### 801-050-0080

##### Minimum Standards for Peer Review Programs

(1) **Peer review programs** must inform the firm of the results and include procedures as appropriate to the type of review being conducted, that assure a firm that the firm's system of quality control is appropriately designed to provide reasonable assurance that:

(a) The firm and its personnel comply with professional standards and applicable regulatory and legal requirements;

(b) The firm or the firm's engagement partners issue reports that are appropriate in the circumstances;

(c) The firm has adopted policies designed to achieve the objectives of its system of quality control;

(d) The firm has established procedures necessary to implement and monitor compliance with policies;

(2) **System Peer Review.** The peer review program must also provide, as appropriate to the type of review being conducted, the firm under review with reasonable assurance that the firm's system of quality control includes well designed and effectively applied policies and procedures addressing each of the following elements:

(a) Leadership responsibilities for quality within the firm;

(b) Relevant ethical and independence requirements;

(c) Acceptance and continuance of client relationships and specific engagements;

(d) Human resources that provide the firm with personnel who have capabilities, competence and professional ethics;

(e) Engagement performance requirements.

(f) Monitor compliance with the firm's quality control requirements

(3) **Engagement Peer Review** programs must include procedures that inform the firm of the results of engagement reviews of the following conditions:

(a) Engagement reviews that identify significant and material non-compliance with professional standards and regulatory and legal requirements.

(b) Engagement reviews where nothing came to the reviewer's attention that caused the reviewer to believe that the engagements submitted for review were not performed and reported on in conformity with applicable professional standards in all material respects.

(4) **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, which also perform attest services for non-public companies shall be required to meet the peer review requirements of OAR 801-050.

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; BOA 7-2009, f. 12-15-09 cert. ef. 1-1-10

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