

Secretary of State
NOTICE OF PROPOSED RULEMAKING HEARING*
A Statement of Need and Fiscal Impact accompanies this form.

Board of Accountancy		801
Agency and Division		Administrative Rules Chapter Number
Kimberly Bennett	3218 Pringle Rd SE #110 Salem OR 97302	503-378-2268
Rules Coordinator	Address	Telephone

RULE CAPTION

2009 AICPA Standards for Performing and Reporting on Peer Review

Not more than 15 words that reasonably identifies the subject matter of the agency's intended action.

December 1, 2009	10:00	3218 Pringle Rd SE Salem OR 97302	L. Patrick Hearn, Exec Director
Hearing Date	Time	Location	Hearings Officer

Auxiliary aids for persons with disabilities are available upon advance request.

RULEMAKING ACTION

Secure approval of new rule numbers (Adopted or Renumbered rules) with the Administrative Rules Unit prior to filing.

ADOPT:

AMEND:

801-050-0005, 801-050-0010, 801-050-0020, 801-050-0030, 801-050-0035, 801-050-0040, 801-050-0065, 801-050-0070, 801-050-0080

REPEAL:

RENUMBER:

AMEND & RENUMBER:

Stat. Auth: ORS 673.455, 673.457, 673.310

Other Auth.:

Stats. Implemented: ORS 673.455, 673.457


RULE SUMMARY

The rules are revised to adhere to the 2009 AICPA Standards for Performing and Reporting on Peer Review.

The Agency requests public comment on whether other options should be considered for achieving the rule's substantive goals while reducing the negative economic impact of the rule on business.

December 1, 2009 at 5:00 p.m.

Last Day for Public Comment (Last day to submit written comments to the Rules Coordinator)

	L. Patrick Hearn, Exec. Director	10/14/2009
Signature	Printed name	Date

*Hearing Notices published in the Oregon Bulletin must be submitted by 5:00 pm on the 15th day of the preceding month unless this deadline falls on a weekend or legal holiday, upon which the deadline is 5:00 pm the preceding workday. ARC 920-2005

Secretary of State
STATEMENT OF NEED AND FISCAL IMPACT

A Notice of Proposed Rulemaking Hearing or a Notice of Proposed Rulemaking accompanies this form

Board of Accountancy
Agency of Division

OAR Chapter 801
Administrative Rules Chapter Number

In the Matter of the Board of Accountancy)	Statutory Authority
Amending rules in Chapter 801, Division 050)	Statutes Implemented
Related to rule filing procedures)	Statement of Need
)	Principal Documents Relied Upon
)	Statement of Fiscal Impact

Statutory Authority: ORS Chapter 673.455, OL2001 Ch 638 sec 12, 673.457

Other Authority: None

Statutes Implemented: ORS 673.455, 673.457

Need for the Rule(s): Address new standards for Peer Review

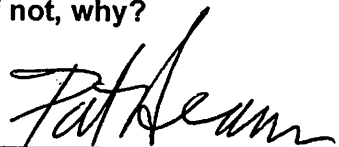
Documents Relied Upon*: 2009 AICPA Standards for Performing and Reporting on Peer Review

Fiscal & Economic Impact, including Statement of Cost of Compliance: None Identified

How were small businesses involved in the development of this rule? Small business interests were represented through professional organization attendance at task force, committee and Board meetings where rule revisions were discussed.

Administrative Rule Advisory Committee consulted? A task force was created to develop the rule revisions to conform with the AICPA standards.

If not, why?


Signature

L. Patrick Hearn, Exec. Director
Printed Name

10/14/09
Date

* The documents listed are available for public inspection at the office of the Oregon Board of Accountancy, 3218 Pringle Road SE, Suite 110 Salem, Oregon 97302-6307, during regular business hours, 8:00 am to 5:00 pm, Monday through Friday.

OREGON ADMINISTRATIVE RULES
CHAPTER 801, DIVISION 050 -- BOARD OF ACCOUNTANCY

PEER REVIEW AND PEER REVIEW OVERSIGHT

Purpose

801-050-0005 (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

Definitions

801-050-0010 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

(32) Board: Oregon Board of Accountancy.

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

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

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

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

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

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(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 permit 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:

(i) 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.

(ii) 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 perform engagements under the compilation, review, non-examination attestation, agreed upon procedures and 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 performing and reporting on peer reviews of public accounting firms that provide attest and compilation services.

(109) 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.

(110) 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.

(124) 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 with significant deficiencies identified in the peer review process.

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

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

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

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Peer Review Enrollment and Participation in Peer Review Program
801-050-0020

(1) Enrollment Requirement. Every firm that performs attest as defined by OAR 801-005-0010 (3) or compilation as defined by OAR 801-005-0010 (12) 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 (12) that require participation in a peer review program, ~~include, but are not limited to: any level of review, audit, agreed-upon procedures, report on a financial statement, examination of prospective financial statements, reports on internal control effectiveness, and compilations of a financial statement.~~

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

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

(c) Each firm that is required to participate in a peer review program under this rule shall enroll in an approved program before issuing a report on attest and compilation services as defined by OAR 801-005-0010(3) and (12) within 21 days of the date the engagement letter to perform attest or compilation services is signed by the clients, and notify the Board of such enrollment. The schedule for the firm's peer review shall be established according to the program standards.

(d) Firms that do not have a physical location in this state, but nevertheless perform attest or compilation services in this state, are required to participate in a peer review program that is performed in accordance with the minimum standards for performing and reporting on peer reviews described in OAR 801-050-0080 ~~approved by the Board,~~ and may be required to demonstrate that the out-of-state office(s) through which the services are being provided follows the same quality control policies and procedures established by the firm that has been subjected to peer review in the other state.

(3) Exemption from Enrollment Requirement. Firms that do not perform attest or compilation services ~~described in this rule~~ as defined in OAR 801-005-0010(3) and (12) 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.

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(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.

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

Peer Review Oversight Program

801-050-0030 (1) The Board shall:

- (a) Establish standards for approved peer review programs;
- (b) Review sponsor applications for peer review programs for approval;
- (c) Consider reports from the Peer Review Oversight Committee;
- (d) Take appropriate actions to carry out the functions of the peer review oversight program and achieve the purpose of the peer review requirement; and
- (e) Authorize, conduct or contract for a peer review program ~~for any firm or sole practitioner who is subject to peer review,~~ as the Board, in its discretion, deems to be appropriate.

(2) Peer Review Oversight Committee:

- (a) The committee shall be composed of at least three members;
- (b) No committee member may be a current member of the Board or the RAB;
- (c) At least two members shall have an active license to practice public accountancy in this state and shall have recent-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-licensee with extensive-suitable experience in preparing or using financial statements;
- (e) ~~A member of the Peer Review Oversight Committee shall resign from the committee if the member's firm receives anything other than an unmodified report on its most recent peer review.~~

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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

Peer Review Oversight Committee Responsibilities *(new-section)*

801-050-0035

(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 ~~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 significant deficiencies pass with deficiencies or fail reports as identified in the peer review process.

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

(a) Oversight procedures to be performed by the Peer Review Oversight Committee may consist of 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) Audit a random selection of peer review reports requested from firms that are subject to the peer review requirement, whether or not such reports were required to be provided to the Board under OAR 801-050-0040.

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

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

(3) 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.

~~(de)~~ 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

Reporting Requirements

801-050-0040 (1) Reporting Enrollment in Peer Review Program. Every firm is required to provide the following information in writing with every application for registration and renewal of registration:

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

(b) If the firm is subject to the peer review requirement, provide the name of the sponsor of the approved peer review program in which the firm is enrolled, and the period covered by the firm's most recent peer review. and 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) Certify that the peer review report received during the two-year licensing period then ending did not trigger the reporting requirement described in section (2) of this rule.~~

~~(cd)~~ 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 (12), shall provide written notice of such change in status to the Board within 21 days of accepting the engagement that will cause the firm to participate in a peer review program before issuing a report.

~~(2) Notice-Notice to Board of Substandard Peer Review Reports.~~ Firms are required to submit a copy of the systems review acceptance letter(s) or engagement

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review acceptance letter(s) as well as the related closing letter(s) to the Board office within 45 days of receipt.

~~Firms that receive any of the following peer review reports shall provide written notice to the Board describing such peer review reports within 45 days of the date of the acceptance letter issued by the peer review report acceptance body (RAB):~~

- ~~— (a) Two consecutive modified system review reports;~~
- ~~— (b) One adverse system review report;~~
- ~~— (c) Two consecutive adverse engagement review reports;~~
- ~~— (d) Two consecutive report reviews with “significant comments”;~~
- ~~— (e) An adverse engagement review following a modified engagement review;~~
- ~~— (f) One report with a scope limitation; and~~
- ~~— (g) Any combination of the above.~~

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

- ~~(a) Peer review report issued;~~
- ~~(b) Letter of comments;~~
- ~~(be) Letter, if any, from the RAB prescribing corrective actions;~~
- ~~(cd) Firm’s response letter, if any;~~
- ~~(de) A letter from the firm to the Board describing corrective actions taken by the firm that relate to requirements of the RAB; and~~
- ~~(ef) 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 that the result of the firm’s most recent Peer Review.:~~

- ~~— (a) The firm has not received any peer review report(s) described in section (2) of this rule, or~~
- ~~(b) The firm received peer review report(s) described in section (2) of this rule and submitted a copy of such report(s) together with the documents described in section (3) of this rule to the Board within the 45-day time period.~~

~~(45) 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

Exemptions from Peer Review Requirements

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801-050-0050

(The provisions of this rule were moved to OAR 801-050-0020)

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

Confidentiality

801-050-0060 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

Document Retention *(new-section)*

801-050-0065

(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 ~~ninety (90)~~ 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 ~~report~~ engagement subject to Peer review that was reviewed, for ~~three~~ five years from the date of acceptance of the peer review by the sponsor, ~~or as required by OAR 801-030-0020(2)(d), whichever is later.~~

Stat. Auth.: ORS 673.455 & 673.457

Stats. Implemented: ORS 673.457

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

Application for Administration of Peer Review Program

801-050-0070

(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

Minimum Standards for Peer Review Programs

801-050-0080

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(1) Peer review programs must inform the firm of the results and include systems procedures as appropriate to the type of review being conducted, that assure a firm that the firm's system of each of the following elements of quality control is met appropriately designed to provide reasonable assurance by the firm under review. The peer review program should provide the firm under review with reasonable assurance that:

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

(b) The firm or the firm's engagement partners issue reports that are appropriate in the circumstances performs professional responsibilities with integrity;

(c) The firm maintains objectivity in discharging professional responsibilities has adopted policies designed to achieve the objectives of its system of quality control;

(d) The firm personnel have the competencies necessary to perform assigned responsibilities has established procedures necessary to implement and monitor compliance with policies;

(e) The firm undertakes only those engagements that can be completed with professional competence;

(f) The firm provides appropriate consideration of the risks associated with providing professional services;

(g) The firm and the firm's clients understand the services to be performed;

(h) The work performed for all engagements meets applicable professional standards, regulatory requirements and the firm's standards of quality.

(i) The firm's policies and procedures related to other elements of quality control are suitably designed and effectively applied, that appropriate criteria are in place to determine whether to accept or continue a client relationship, and whether to perform a specific engagement for a client.

(2) 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: *The Standards for Performing and Reporting on Peer Reviews*, promulgated by the profession through the AICPA, provide a benchmark against which sponsors may measure a peer review program. Peer review programs that meet or are substantially equivalent to the AICPA standards are eligible for approval by the Board.

(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

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and reported on in conformity with applicable professional standards in all material respects.

(3) Firm inspection standards required by the PCAOB shall be deemed to meet the minimum standards for public company audit firms; provided, however, that such firms, that~~which~~ also perform attest services for non-public companies shall be required to meet the peer review requirements of OAR 801-050.

~~—(4) The Board may specify that a peer review program that is administered by another state board of accountancy satisfies the requirements of OAR 801-050 if the Board determines that the program substantially meets or exceeds the minimum standards described in this rule.~~MOVED TO 50-020-(4)(f)

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