

**Division 1
Proposed Rule Changes
Redline with Legislative Commentary
August 3, 2016**

Proposed Rules	Explanation
<p>Division 1</p> <p>PROCEDURAL RULES</p> <p>* * * * *</p> <p>801-001-0005</p> <p>Model Rules of Procedure</p> <p>Pursuant to ORS 183.341, the Oregon Board of Accountancy adopts the Attorney General’s Uniform and Model Rules of Procedure in effect on January 1, 2015<u>January 1, 2017</u>.</p> <p>[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.]</p> <p>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; BOA 2-2014 f. 12-15-14, cert. ef. 1-8-15</p> <p>* * * * *</p> <p>801-001-0035</p> <p>Professional Standards</p> <p>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, 2016<u>2017</u>.</p> <p>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; BOA 1-2014, f. 2-14-14, cert. ef. 3-1-14; BOA 2-2014 f. 12-15-14, cert. ef. 1-8-15.</p>	<p>NOTE: Only those rules to which changes are proposed are presented in this discussion draft unless the context requires otherwise.</p> <p>Reflects annual updated reference to Attorney General Model Rules.</p>

sgb/dm7550428-v2-8/3/16[final rulemaking draft].

**Division 5
Proposed Rule Changes
Redline with Legislative Commentary
August 3, 2016**

Proposed Rules	Explanation
<p>Division 5</p> <p>DEFINITIONS AND SAFE HARBOR LANGUAGE</p> <p>801-005-0010</p> <p>Definitions</p> <p>As used in OAR Chapter 801, the following terms or abbreviations have the following meanings, unless otherwise defined therein:</p> <p style="text-align: center;">* * * * *</p> <p>[Inactive Status Licensee]</p> <p>(25) Inactive <u>status</u> means a license status granted by the Board to a licensee:</p> <p>(a) Whose license is not <u>expired</u>, suspended or revoked <u>or in retired status and</u>;</p> <p>(b) Who <u>has met and agreed to all conditions and requirements set out in OAR 801-010-0120 relating to inactive status licensure</u>. is not:</p> <p>(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</p> <p>(B) Practicing public accountancy in a business organization that is required to be registered in Oregon with the Board under ORS 673.160; or</p> <p>(c) A sole practitioner.</p> <p>(d) 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.</p>	<p>NOTE: Only those rules to which changes are proposed are presented in this discussion draft unless the context requires otherwise.</p> <p>The change to the definition of inactive status mirrors the changes proposed in OAR 801-010-0120, Inactive Status and Retired Status, <i>infra</i>.</p>

[In Good Standing]

(26) In good standing means the status of a holder of a license or firm registration issued by any jurisdiction, that is not suspended, revoked, expired, resigned, retired or lapsed. -The good standing status of a licensee or registered firm will not be affected by the lapse of a license issued in another jurisdiction provided that the licensee holds an active license to practice public accountancy in the State of Oregon.

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(39) 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, International Standards on Auditing, Statements on Standards for Attestation Engagements, and Statements on Standards for Valuation Services.

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[Retired Status Licensee]

(47) 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, and

(c) Has met and agreed to all conditions and requirements set out in OAR 801-010-0120 relating to retired status licensure.

~~(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-~~

Language is added to this definition to clarify that an Oregon licensee or registered firm will be considered in good standing in Oregon if the licensee has voluntarily allowed his or her license to lapse in another jurisdiction so long as the licensee remains in active status in Oregon.

No changes are proposed to the definition of the “practice of public accountancy.” The definition is set out here for ease of reference during the Board’s discussion.

The change to the definition of retired status mirrors the changes proposed in OAR 801-010-0120, Inactive Status and Retired Status, *infra*.

~~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 Boards discretion of showing good cause.~~

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(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. [Candidates must provide the Board with official transcripts to verify the educational requirements have been met.](#)

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

Language added to put applicant on notice that education transcripts are required and should be provided at the time transfer of exam scores from another jurisdictions is requested.

801-010-0065

Qualifications for Licensure

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(4) **Qualifying experience.** An applicant must demonstrate to the satisfaction of the Board that the portfolio of experience submitted is of sufficient quality and diversity to meet the requirements of this rule. Qualifying experience may be obtained in the following categories:

(a) **Attest Experience** that demonstrates the competencies prescribed in section (3) of this rule must be obtained while the applicant is:

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(b) **Tax 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)(b)(A) of this rule ~~including internal tax departments.~~

(C) Tax experience related to subsection (3)(a) of this rule will include the practice of tax with integrity, objectivity, independence, professional judgment, due professional care and professional skepticism.

(D) Tax experience related to subsection (3)(b) of this rule will be in the context of federal and state tax law, federal and state tax regulation, judicial precedence and other technical tax sources applied to a variety of taxable and nontaxable business entities, non-business entities, individuals, families, estates and trusts.

(E) Tax experience related to subsection (3)(c) of this rule will be in the context of records that are clearly organized, complete, cross-referenced and with adequate documentation and support for positions taken or proposed within the context of federal and state tax law, federal and state tax regulations, judicial precedence and other technical tax sources.

This change reflects the Board discussion on May 12-13, 2016 during which it was agreed that tax experience in the internal tax department of a company or with the government does not equate with the tax experience in a public accounting firm tax practice. Applicants who gain their experience outside a public accounting firm doing tax work must apply for licensure through the industry path and be vetted by the Qualifications Committee.

(F) Tax experience related to subsection (3)(d) of this rule will be in the context of the application of tax law to various types of transactions both individually and in the aggregate and both actual and proposed.

(G) Tax experience related to subsection (3)(e) of this rule will be in the context of the evaluation of the reasonableness of data provided by clients and the sufficiency and adequacy of the data to support reasonable tax positions and conclusions.

(H) Tax experience related to subsection (3)(f) of this rule will be in the context of identifying tax issues, researching technical guidance, choosing appropriate courses of action and proposing solutions.

(I) Tax experience related to subsection (3)(g) of this rule will be in the context of researching and preparing supporting documents for technical tax positions.

(J) Tax experience will be evaluated on a case-by-case basis to ensure that experience meets criteria of subsections (3)(a) through (g).

(c) **Industry accountancy.** Experience that demonstrates the competencies described in section (3) of this rule may also be obtained while the applicant is employed under the direct supervision of a public accountant or certified public accountant as provided under this rule.

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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.

<p>(a) The applicant must complete an application and certify that:</p> <p>(A) The applicant holds an active license to practice public accountancy 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.</p> <p>(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:</p> <p>(A) Held an active CPA license to practice public accountancy, issued by another jurisdiction that is in good standing at the time of application;</p> <p>(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 of full-time employment or equivalent 8,000 hours of part-time employment.</p> <p>(3) Reciprocity application requirements. Applicants under section (2) of this rule must:</p> <p>(a) Submit an application on a form provided by the Board;</p> <p>(b) Pay the fees specified in OAR 801-010-0010;</p> <p>(c) Provide a written statement from the jurisdiction on which the application is based confirming that the applicant:</p> <p>(A) Is in good standing in that jurisdiction;</p> <p>(B) Has not been disciplined for violations of that jurisdiction's standards of conduct or practice;</p> <p>(C) Has no pending actions alleging violations of that jurisdiction's standards of conduct of practice; and</p> <p>(D) Is in compliance with continuing education requirements and peer review requirements of the licensing jurisdiction.</p>	<p>This language is added for clarification.</p> <p>This language is added for clarification.</p> <p>Peer review is not required of individual licensees; only required for firms.</p>
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E) Has taken and passed an ethics exam

(4) Verification of National Qualification Appraisal Service comparable licensing standards. The Board reviews the licensing requirements of other jurisdictions as needed to verify substantial equivalency eligibility. The Board may use information developed by NASBA to make this determination.

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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 published by the Board, fully completed and postmarked or received no later than June 30 of the year in which the license expires. Applications that are postmarked by the US Postal Service or other delivery service, electronically stamped by fax machine or submitted by an online process managed by the Board after June 30 must include a late fee described in OAR 801-010-0010;

(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.

(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 of the year in which the license expires 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.

This addition is intended to require a reciprocity applicant to have taken an ethics exam as a condition of licensure from another jurisdiction or take one as a condition of licensure in Oregon.

(4) The Board may waive the renewal fee if an initial CPA/PA license is issued in May or June of the year in which the license is due for renewal.

Permits the Board to exercise discretion to waive renewal in instances where due to the even / odd licensing numbering system and renewal system in 801-010-0110(1) above, a new licensee may pay for his/her initial license in May only to have it expire on June 30 of that same year.

801-010-0115

Resignation of Licensee by Licensee

Changes to 801-010-0115, Resignation of License by Licensee are generally housekeeping to reflect the current practice of the Board.

(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 to the Board office. All resignations are effective upon the Board's acceptance receipt of the written resignation and certificate. by the Board. After such resignation, iIn the event that a person wishes to reapply for a license to practice public accountancy after such a resignation, the person will be required to meet all requirements of ORS Chapter 673 and OAR chapter 801.

Clarifies that the Board need not take action to approve or accept a voluntary license resignation when discipline is not or anticipated or pending. See also new subsection (5).

(2) Resigning licenses that are the subject of pending complaints or Board investigations. If the licensee a licensee or a registered firm with which a licensee is affiliated 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 treated as and deemed to be a revocation for cause. A resignation under this section is not effective unless and until approved by the Board 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 may be required to provide written notification to notify all clients of the effective date of resignation and provide the Board with a list of the clients notified. A licensee may also be required to secure advance approval by the Board of any written notice of

Clarifies conditions and circumstances under which a licensee may resign his or her license during the pendency of a disciplinary complaint, investigation or contested case. Formal Board action is necessary to accept or approve a resignation when discipline is contemplated or pending. Mandatory written notice to

resignation to clients under this section. 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) If required by the Board, that the licensee has provided written notice of resignation under this section to all clients and informed all clients of where client records and work papers will be stored and of the clients' right to secure copies of all such records and work papers at no cost to the client.

(d) That a resignation under this section will be treated as a revocation for cause and reflected accordingly in Board records and communications.

(e) That the licensee agrees to comply with any and all terms or conditions imposed by the Board.

~~(efe)~~ 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~~

~~(fd)~~ That upon any subsequent application to practice public accountancy, the licensee must meet all requirements of ORS Chapter 673 and OAR chapter 801 and that reinstatement of a license following resignation under this provision is discretionary with the Board.

~~(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:

the clients of the licensee who resigns during the pendency of a disciplinary matter is changed to be discretionary with the Board. This is intended to address concerns of the larger firms that all firm clients must receive notice when an individual licensee resigns under this provision.

Requires resigning licensee to notify all clients of resignation and advise clients where records will be maintained and of clients' right to copies at no cost.

Expressly permits the Board to record the resignation under this section as a revocation or a resignation when discipline was pending in the records of the Board and in response to public inquiries.

Clarifies that action to reinstate license after disciplinary resignation is entirely within the Board's discretion, i.e., upon meeting the requirements under ORS and OAR for licensure, the Board retains discretion to deny or condition a new license.

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

(b) Take all reasonable steps to avoid foreseeable harm to any client, including but not limited to providing written notice of resignation under this section to all clients and inform all clients of where client records and work papers will be stored and of the clients' right to secure copies of all such records and work papers at no cost to the 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 Chapter 801 Division 030 pertaining to confidential information and client records.

(4) Unless otherwise ordered by the Board, any pending investigation or disciplinary proceeding shall be closed upon acceptance of the licensee's resignation under subsection (2) above.

(5) Formal acceptance by the Board of a resignation is not required unless the licensee is currently or has been the subject of a complaint or disciplinary investigation.

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

Language added to be consistent with other provisions requiring notice to clients as a means to safeguard records.

Calls out the on-going responsibility of a resigning licensee to protect client interests following a resignation of any kind.

Moved and renumbered for clarity.

801-010-0120

Inactive Status and Retired Status

(1) **Inactive Status:**

(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 that~~ is not lapsed, expired, retired, revoked or suspended; ~~and~~

(B) The licensee is not employed in a public accounting firm; ~~that is required to be registered in Oregon~~; ~~and~~

(C) The licensee is not a sole practitioner; and

(D) The licensee does not perform or offer to perform for compensation or remuneration in Oregon or for an Oregon client, services involving the use of accounting or ~~auditing-attestation~~ 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 or tax planning matters.

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

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

See also definition changes for “inactive status” and “retired status” in OAR 801-005-0010 *supra*.

This change recognizes that not all public accounting firms may be required to register with the Board. It is the intent of this provision to prohibit an inactive license from employment in any Oregon public accounting firm, whether registered or not.

***Pro bono* or volunteer work is generally permissible as an inactive status licensee. The Board has developed tentative guidelines for practitioners that will be published as part of the rulemaking process. These guidelines are intended to assist licensees in the application of these rules to their particular circumstances.**

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

(B) A maximum of 8 hours may be carried-forward to the next renewal period.

(b) Must renew on or before June 30

(A) Licensees with a license number that is even will renew in even numbered years;

(B) Licensees with a license number that is odd will renew in odd numbered years.

(c) Renewal applications that are postmarked by the US Postal Service or other delivery service, electronically stamped by fax machine or submitted by an online process managed by the Board after June 30 must include a late fee described in OAR 801-010-0010.

(3) An inactive licensee may be employed by a governmental unit or private industry employer in which accounting skills are used or required; provided, however, that an inactive licensee may not be employed by more than a single governmental entity or private industry employer at any one time.

(34) 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.

(b5) To the extent applicable, an inactive licensee is subject to the Code of Professional Standards and Conduct set forth in OAR Chapter 801, Division 030. Does not otherwise violate the provisions of OAR 801-030-0005(5).

This addition is intended to implement existing Board policy by identifying the nature and scope of work that is permissible as an inactive status licensee. It also clarifies that an inactive licensee may not work part-time for multiple employers as either an employee or an independent contractor in a capacity that requires the use of accounting or auditing skills as delineated in 801-010-0120(1)(b)(D).

Clarifies that the rules of professional conduct remain applicable to all inactive licensees. This includes both professional standards and ethics standards. Clarifies that the rules of professional conduct remain applicable to all inactive licensees. This includes both professional standards and ethics standards.

(6) Retired Status:

(a) An application for retired 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.

(A) A retired status licensee is not required to obtain or report any CPE.

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

(A) The licensee meets the age or experience requirements for retired status as set forth in OAR 801-005-0010(47);

(B) The licensee holds a license issued under ORS 673.150 that is not lapsed, expired, revoked or suspended.

(C) The licensee does not perform any accounting services for which professional standards have been established or adopted for either direct or indirect compensation or remuneration;

(D) The licensee is not employed in a public accounting firm for either direct or indirect compensation or remuneration;

(E) The licensee does not perform or offer to perform in Oregon or for an Oregon client, financial advisory, tax planning or financial consulting services.

This provision regarding “retired status” licenses is new and is designed to establish the distinctions between the inactive license status and the retired license status. It represents a departure from existing practice in some instances and clarifies the nature and scope of work that is properly performed by a retired status licensee. It should be noted that changes to the UAA and Model Rules regarding retired status were recently proposed by NASBA in a November 2015 Exposure Draft. The scope and type of work that may be performed by a “CPA-Retired” status individual is significantly more limited under the NASBA proposal than what is proposed by the Board here.

Establishes that a retired status licensee may not provide or perform for compensation of any kind public accounting services for which standards have been established. Reimbursement for expenses or a nominal *per diem* is not considered compensation or remuneration for the purpose of this provision. Work that is performed as a volunteer is generally intended to be permitted as a retired status licensee.

(7) Upon prior approval of the Board, a retired licensee may for compensation, provide services or engage in business activities in which the licensee’s accounting skills may be utilized so long as the activity or service performed is not subject to any established or adopted professional standard or rule. The Board may, in its discretion, attach reasonable conditions to its approval under this section.

(8) Retired Licensee’s Use of CPA or PA Designation. A licensee who is granted retired status shall not use the CPA or PA designation unless the word “Retired” is used in conjunction with the designation, such as “CPA Retired,”; and is listed in the same font size.

(9) To the extent applicable, a retired licensee is subject to the Code of Professional Conduct set forth in OAR Chapter 801, Division 030.

(10) A licensee in retired status will be permitted to reinstate to active or inactive status in accordance with the provisions in OAR 801-010-0130(7) ~~0130(7)~~ and OAR 801-010-0130(8) ~~0130(8)~~ may be restored to active status at the Board’s discretion upon a showing of good cause.

This provision acknowledges that a retired CPA/PA may, *with prior Board approval*, choose to work in a capacity that utilizes his or her accounting skills and for which compensation is paid. Approval is discretionary with the Board. If, however, any part of the work performed is subject to professional standards of any kind, it may not be performed as a retired status licensee. For example, it would not be permissible to handle tax accounting or attest work as a paid trustee. The specific approval process will be developed after the new rule becomes effective. Note also that the Board may reasonably condition approval under this provision.

Limits the manner in which the CPA/PA designation may be used by a retired status licensee.

As with inactive status licensees, this provision clarifies that the rules of professional conduct remain applicable to all retired licensees. This includes both professional standards and ethics standards.

Permits a retired status licensee to reinstate to active or inactive status as provided in OAR 801-010-0130(7) and OAR 801-010-0130(8).

(11) A licensee in retired status who was licensed by the Board in that status prior to January 1, 2017, must come into compliance with the standards established in this section no later than December 31, 2017.

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; BOA 2-2014 f. 12-15-14, cert. ef. 1-8-15

801-010-0130

Restoration to Active Status

~~(1) 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:~~

~~(a) Pay the application fee and the license fee for the renewal period in which the application is submitted;~~

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

~~(c) The applicant must not perform any public accountancy services until after the applicant receives an active license.~~

This provision is intended to create a 1-year grace period in which a retired status licensee must come into compliance with the rule changes and limitations.

OAR 801-010-0130 the Restoration to Active Status rule is renamed to Reinstatement Requirements for Lapsed, Suspended, Inactive and Retired Status Licensees. Former OAR 801-040-0090 that previously addressed the reinstatement requirements for these license categories is repealed. See *infra*.

801-010-0130

Reinstatement Requirements: Lapsed, Suspended, Retired or Inactive to Active Status

(1) Lapsed licenses. Licenses that are not properly renewed shall lapse. Lapsed licenses may be reinstated to active, inactive or retired 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;

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

(e) Complete and report four (4) CPE hours in professional conduct and ethics; and ;

(f) Submit evidence that the 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 (plus the 16 penalty hours per OAR 801-010-130(1)(d), which shall be completed within the 12 month period immediately preceding the date of application for reinstatement;

(b) Complete and report four CPE hours in professional conduct and ethics; and;-

(c) 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

The new OAR 801-010-0130 significantly modifies the former and now repealed reinstatement requirements in Division 40 as explained below.

Expanded to permit a lapsed status licensee to reinstate to inactive status upon meeting the requirements of this rule.

Clarifies that the 16 CPE penalty hours for reinstatement from a lapsed license are in addition to the regularly required CPE. See 801-010-0130(1)(d) above.

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

(a) Complete and report 160 CPE hours (plus the 16 penalty hours per OAR 801-010-130(1)(d), 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) Reinstatement from Lapsed Status to Inactive Status: A person who is lapsed may apply to reinstate the license to inactive status by:

(a) Paying the application and the inactive renewal fee for the renewal period in which the application is submitted;

(b) Meet the CPE requirements for reinstatement

(A) Complete and submit 32 hours plus an 8-hour penalty (40 hours) of CPE with proof of completion certificates that were taken within 12 months immediately preceding the date the reinstatement application is received at the Board office.

(5) 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.

As with holders of licenses that are lapsed for less than two years, this change clarifies that the 16 CPE penalty hours for reinstatement from a lapsed license are in addition to the regularly required CPE. See 801-010-0130(1)(d) above.

Affirmatively sets out the authority and process for reinstating from lapsed status to inactive status.

Section (5) here captures ORS 673.150(5)(c) by Board rule. The statute provides that a license that is lapsed more than six (6) years will expire.

Restoration/reinstatement of an expired license is subject to all requirements of initial licensure.

(6) Inactive Status licenses reinstating to Active Status. To reinstate a license from inactive status to active status, the holder of such license shall:

(a) Submit an application for reinstatement on a form provided by the Board together with ~~and~~ payment of the application fee and active license fee;

(b) Provide a detailed written description of the business and professional activities of the individual during the period of inactive, and indicate whether the individual was holding out as a CPA or PA during the period of inactive;

(c) Complete and report CPE as provided by this rule.

(A) If Inactive for 2-years or less, inactive licensees are required to complete and report 80 CPE hours, which shall have been completed within the 12 month period immediately preceding the date ~~of~~ of the application for reinstatement.

(B) If Inactive for more than 2-years, inactive licensees are required to complete and report 160 CPE hours, which shall be completed within the 12 month period immediately preceding the date of the application for reinstatement.

(d) Complete and report four (4) CPE hours in professional conduct and ethics.

(e) Credit will only be given for CPE taken while on inactive status ~~will be given~~ for the two (2) renewal periods immediately preceding the date of the reinstatement application ~~only~~ (maximum of 64 hours).

(7) Reinstatement from Retired Status to Inactive Status: A ~~person who is a retired status licensee may apply to reinstate the license to inactive status by:~~

(a) Paying the application and the inactive renewal fees for the license renewal period in which the application is submitted;

(b) Meet the CPE requirements for reinstatement

(Ab) Complete and submit 32 hours of CPE with proof of completion certificates that were taken within 12 months immediately preceding the date the reinstatement application is received at the Board office.

Sets out process for moving from inactive status to active status.

Sets out process for moving from retired status to inactive status.

Penalty CPE hours are not contemplated for reinstatement to inactive or active status from retired status.

(8) Reinstatement from Retired Status to Active Status: ~~A person who is a retired status licensee may apply to reinstate the license to active status by:~~

~~(a) Paying the application and the active renewal fees for the license renewal period in which the application is submitted;~~

~~(b) Meet the ~~same~~ CPE requirements for reinstatements as set forth in as stated in the OAR 801-010-0140 (2) or (3) relating to reinstatement from lapsed status to active status, as applicable; provided, however that no penalty CPE hours shall be required. ~~provision sections (2) and (3) above for lapsed licensees reinstating to active status.~~~~

(9) Reinstatement of 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 suspending the license;

(b) Provide a detailed written description of the business and professional activities engaged in by the suspended licensee during the period of suspension and certify that the suspended licensee was not holding out or otherwise representing him/herself as a CPA or PA during the period of suspension;

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

(d) Submit payment of the application fee and the active renewal fee for each renewal period that the licensed was suspended;

(e) Complete and report the appropriate CPE hours as follows:

(A) If the license has been suspended for less than two (2) years, 80 CPE hours, which shall be completed within the 12 month period immediately preceding the date of application for reinstatement; or

(B) If the license has been suspended for more than 2 years, 160 CPE hours, which shall be completed within the 12 month period immediately preceding the date of application; and

(C) Complete and report four (4) CPE hours in professional conduct and ethics.

(D) Compliance with CPE requirements under these rules for the period following reinstatement until the next renewal date will be determined 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.

Process from moving from retired status to active status.

Sets out the process for reinstatement from a period of disciplinary suspension.

The provisions relating to reinstatement of suspended licenses are designed to reflect the long term policy and practice of the Board, i.e., reinstatement of a suspended license is not automatic – Board approval is required. The rules are designed to be generally consistent with the rules relating to reinstatement to practice from other recognized classes of licenses.

(f) The holder of a suspended license shall remain in suspended status until the holder's application for reinstatement has been approved by the Board.

(108) 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 reinstatement application fee stated in OAR 801-010-0010(2)(a) together with the renewal application fee stated in OAR 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.

(119) 24 Hour Minimum annual CPE requirement for active status level permits. Licensees whose licenses are reinstated under this rule to active status 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 & 673.220

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; BOA 2-2014 f. 12-15-14, cert. ef. 1-8-15

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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:

Sets out process for a lapsed Oregon licensee working in another state under that state's licensing structure to reinstate his or her Oregon license

This provision is in intended to clarify how the 24 hour per year CPE minimum for all active status licensees will be calculated for mid-term reinstatements.

(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, [review and/or](#) attestation 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, that~~ [jurisdiction that](#) has been suspended or revoked for disciplinary reasons.

NOTE: As to 801-010-0340(f), the trend in the country is that only natural persons may be owners of a registered firm. This is true whether the owner is a licensee or a non-licensee. The Board and its Laws and Rules Committee will evaluate the need for changes to this provision in its next phase of work.

(h) Inactive, suspended, revoked and retired licensees may not hold an ownership interest in a registered CPA or PA firm.

This language is added to clarify that since neither a retired nor inactive licensee may work in a public accounting firm, they should not hold an ownership interest. The change also expressly calls out the Board's long time practice of barring a suspended or revoked status licensee from holding an ownership interest in an accounting firm. In the event a licensee is suspended or revoked, the licensee must divest him or herself from all ownership interest in the firm in which he/she was employed or held an interest in. If a suspended or revoked licensee's name is part of the firm name, it must be removed until the license is reinstated to avoid misleading the public.

(i) 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 services, [reviews](#) or compilation services.

(j) 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 that is located in Oregon or serving Oregon clients, must register with the Board as a firm if the business organization:

(a) Is located in Oregon and

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

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

~~(c)~~ (c) Holds out to clients or the public that it is comprised of more than one licensee; or

~~(ed)~~ (ed) Is located in Oregon and performs attestation, review or compilation services, as defined by these rules.

~~(2) or~~ **Out of State Firms.** Firms that are not located in Oregon and are but serving Oregon clients must comply with the registration requirements in (1) above if the firm performs any of the following services:

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:

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

The changes to the business organization registration rules here are designed to conform to the ORS 673.160 registration requirements, but to do so with language that is easier to understand. There are no real substantive changes. Note that the definition of "business organization" is found at OAR-801-005-0010(5).

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

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

(3) Out of State firms that are required to register under the criteria in (2) above, must provide to the Board the name and contact information for the person who is a license holder under ORS 673.150 or meets the substantial equivalency requirements of ORS 673.153, and 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.

~~(C) Performs attestation services 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 ORS 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.~~

(24) Registration of sole proprietors. A business organization organized as a sole proprietorship, a professional corporation, ~~or~~ a limited liability company or other form of business entity authorized by statute, 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, review or compilation services ~~or compilation services~~.~~

(35) 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. In the event a registered firm changes its form of business to a different entity type, a new firm registration application must be completed. The Registration applications and each renewal application must provide the following information in writing:

(A) Name of the firm;

(B) Identification by name and by certificate number of each CPA and PA in this state who is associated with, has an ownership interest in, or is employed by the business organization. Licenses who do not hold an Oregon license must provide the name and licensing information relating to jurisdiction in which they are licensed.

(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 or other disciplinary action that is or has been issued by any jurisdiction against the firm or any licensee ~~associated with the business organization;~~

Change is intended to recognize that there are other forms of business under which a small CPA/PA firm may operate.

Deleted in favor of new language at 801-010-0345(1)(c) above.

The majority of changes proposed in connection with firm application requirements are to clarify language or for ease of reference. Substantive changes are noted by margin comments.

~~(E) Notice of the filing of any lawsuit relating to the professional services of the business organization or any licensee currently or formerly affiliated with the business organization, including but not limited to claims for negligence, malpractice, breach or violation of the standard of care, breach of a fiduciary duty, securities violations, unlawful or unfair trade practices, fraud, dishonesty or misrepresentation; if an essential element of such lawsuit involves fraud, dishonesty or misrepresentation; and~~

(F) Notice of any criminal investigation or action filed against the business organization or against any owner or professional employee or agent of the business organization ~~manager~~ and notice of any conviction against any owner or professional employee or agent of the business organization ~~manager of the business organization~~. Notice of ~~a~~ The term 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, regardless of whether a judgment of conviction has been entered, sentence imposed or an appeal of the conviction has been undertaken. ~~t 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~~ A letter showing proof of enrollment in Peer Review and/or acceptance and/or completion letter and the peer review report of the firm's most recent peer review if the firm intends to perform attestation, review or compilation services ~~or compilation services~~ in this state.

(b) Firms not located in Oregon

(A) Name of the firm

~~(C) Provide a letter of acceptance and/or completion and the peer review report of the firm's most recent peer review if the firm intends to perform attestation services or compilation services in this state.~~ or proof of enrollment in peer review.

~~(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.~~

The changes in (E) and (F) are designed to expand the scope of persons to which the obligation to report adverse legal action (civil and criminal) applies. It also expands and clarifies the types of civil complaints to which the obligation to report attaches.

~~(JH) Firms~~ Confirmation that the firm is registered as an active business organization ~~must register with the Oregon Secretary of State Business Registry Office.~~

(46) Application requirements for firms with non-CPA and non-PA ownership. In addition to the information required under section (35) 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;~~

~~(cd)~~ 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;~~

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

(57) 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~~ submitting a completed 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 subject to registration that fail to renew a registration by the end of the month following the close of the renewal period (January 31), will be terminated. Firms may be reinstated by submitting a reinstatement application together with and required to pay the required the renewal fee plus any applicable penalties and submit a reinstatement form to the Board office;

(c) Notify the Board in writing of any change in the firm name or the entity type within 30 days of such change. Firms that have an entity change must submit an initial firm registration application with the Board office;

(d) In addition to the notice that is required upon application and for each renewal of the firm registration under section (35) 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 identified in OAR 801-010-0345(5)(E) or within 10 days of the initiation of any criminal investigation or action identified in OAR 801-010-0345(5)(F); 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.

(f) An out of state firm that is required to register in Oregon must notify the Board in writing within 30 days if the firm opens an office in Oregon.

(68) Form of Practice

* * * * *

(79) Firm Names

* * * * *

(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 "and company," "associates" and "accountants"; is not misleading if, in addition to the names of persons included in the firm

Clarifies the time periods in which a firm and/or an individual licensee must report civil and criminal matters to the Board. These time periods are reinforced elsewhere in these rules for the benefit of practitioners.

Housekeeping/renumbering changes.

name, the firm has at least one additional partner, shareholder, owner or member, or employs at least one staff person (excluding independent contractors), 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 [ORS 673.153](#) and whose permit is not revoked, suspended, lapsed, [retired](#) or inactive.

* * * * *

(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, or change in the form of operating entity within 30 days of such change.

(C) Written notice of civil actions or criminal investigations or actions identified in this rule within the time periods set forth in OAR 801-010-0345(5)(d).

New language reinforces when notice to the Board is required. See also new OAR 801-030-0020(2), Reporting Requirements, as a component of the Code of Conduct.

**Division 20
Proposed Rule Changes
Redline with Legislative Commentary
August 3, 2016**

Proposed Rules	Explanation
<p>Division 20</p> <p>MUNICIPAL AUDITS</p> <p>* * * * *</p> <p>801-020-0690</p> <p>Qualifications for Admission to Municipal Roster</p> <p>(1) Eligibility. The following licensees are eligible to apply for admission to the municipal roster:</p> <p>(a) Individuals holding an active CPA permit issued under ORS 673.150,</p> <p>(b) Individuals holding an active PA license issued under ORS 673.100 prior to January 1, 2002,</p> <p>(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</p> <p>(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.</p> <p>(2) Application Requirements. Qualified applicants for admission to the municipal roster must meet the following requirements:</p>	<p>NOTE: Only those rules to which changes are proposed are presented in this discussion draft unless the context requires otherwise.</p>

(a) The applicant must be a licensee in good standing with the Oregon Board of Accountancy or with the jurisdiction in which the applicant is licensed if a municipal-only authorization is sought through substantial equivalency;

(b) Every application shall be on a form provided by the Board and shall be accompanied by 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:

* * * * *

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

Oregon allows out of state licensees who are “substantially equivalent” to obtain a “Muni-Only” license for work in Oregon. The change provides that an applicant must be in good standing in his or her licensing jurisdiction.

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.

[\(5\) The Board will pro-rate a license's first municipal auditor renewal fee in six month increments, depending on the date of issuance.](#)

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

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Proration of CPE in this section is consistent with other CPE licensing requirements when issuance dates vary.

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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) Reporting requirements

(a) In addition to the reporting requirements on any application for initial registration or licensure, or application for renewal thereof, registered firms and licensees are required to provide written notice to the Board within 45 calendar days of the filing of any lawsuit, settlement or arbitration relating to the professional services or business operations or practices of the registered firm or any licensee currently or formerly affiliated with the registered firm, including but not limited to claims for negligence, malpractice, breach or violation of the standard of care, breach of a fiduciary duty, securities violations, unlawful or unfair trade practices, fraud, dishonesty or misrepresentation;

b) In addition to the requirement in (2)(a), licensees and firms must provide written notice within 10 calendar days of the initiation of any criminal investigation or action against a licensee, a registered firm, or against any owner or other professional employee or agent of the registered firm, and an additional notice within 10 days of any conviction against a licensee, registered firm or any owner or professional employee or agent of the registered firm. The term conviction under this rule includes the initial plea,

These reporting requirements are also found in Division 10; they are called out separately here to clarify that a licensee's or firm's failure to timely report adverse legal actions against an individual, a registered firm, a firm employee, etc., to the Board may constitute professional misconduct. This requirement was previously limited to registered firms. This proposal expands the reporting obligation of firms and also expressly applies to all individual licensees.

verdict or finding of guilt, pleas of no contest or pronouncement of sentence by a trial court, regardless of whether a judgment of conviction has been entered, sentence imposed or an appeal of the conviction has been undertaken.

(c) The notices required by this rule shall be signed by the person or persons against whom the civil action and/or criminal investigation or action is raised. If the civil action or criminal investigation or action is against a registered firm only, the notice(s) must be signed by an authorized owner of the firm.

(d) The notice required by this rule shall state the facts that constitute the reportable event(s) 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, the name of any legal representatives involved, and, if available, copies of any civil complaint or criminal charging document(s).

~~(23)~~ Verification of experience for CPA or PA applicants.

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

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

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

~~(34)~~ Acting through others.

(a) 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.

(b) A licensee shall not ratify, endorse, facilitate, solicit, plan or otherwise assist another licensee to violate any Board law or rule.

(c) A licensee is bound by the Board laws and rules notwithstanding that the licensee acted at the direction of another person.

(A) A subordinate licensee does not violate this rule if the licensee acts in accordance with a supervisory licensee's reasonable resolution of an arguable question of professional duty.

~~(45)~~ 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

Subsections (c) and (d) identify by whom the notice of civil or criminal action must be given and identifies the information that must be contained in the written notice.

The remaining changes to Division 30 reflect only numbering changes.

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 accountancy;
- (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.

~~(56)~~ 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.

~~(67)~~ 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.

~~(78)~~ 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.

~~(89)~~ 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.

~~(910)~~ 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 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.

~~(4011)~~ 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.

~~(4412)~~ 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.

~~(4213)~~ 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.

(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 for a period of five (5) years; 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) Accredited 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;

Licensees must maintain their individual CPE attendance records for 5 years. Sponsors recognize an obligation to retain attendance records; however, some have requested guidance in how long the information is to be retained. A 5-year period was selected to mirror the requirements for licensees.

(e) Distance learning programs offered by a regionally accredited university or college are eligible for CPE credit as described in subsection (3)(d), without meeting the requirement of NASBA National CPE ~~QAS~~Registry 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 National CPE ~~QAS~~Registry. The sponsor registry number must be identified.

(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

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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 ~~Registry number are QAS approved~~, if appropriate, and the number of CPE hours earned;

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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 to only to active, inactive or retired 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~~

OAR 801-040-0090 is repealed. Reinstatement requirements for lapsed, suspended, inactive and retired status licensees are now found at OAR-801-010-0130.

~~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 two renewal periods immediately preceding the date of reinstatement application 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 OAR 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-

sgb/dm7550552-v2-8/3/16[final rulemaking draft].

**Division 50
Proposed Rule Changes
Redline with Legislative Commentary
August 3, 2016**

Proposed Rules	Explanation
<p>Division 50</p> <p>PEER REVIEW</p> <p>* * * * *</p> <p>801-050-0020</p> <p>Peer Review Enrollment and Participation in Peer Review Program</p> <p>(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.</p> <p>(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.</p> <p>(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.</p> <p>(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.</p> <p>(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</p>	<p>NOTE: Only those rules to which changes are proposed are presented in this discussion draft unless the context requires otherwise.</p>

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, ~~dropped~~ 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.

Clarifies that out of state firms who perform no attest work in Oregon and only do compilations here are not required to participate in peer review. Note that if an out of state firm does attest work in Oregon, the firm must register in Oregon and participate in peer review.

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

(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-Division-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 may request an extension of time for completion of the peer review report from the Peer Review Sponsor. If a firm that is~~ granted any extension by the peer review program administrator, a copy must submit a copy of such extension must to be sent to the Board office within ~~14 days~~21 days of the date the extension was granted.

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

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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,

Changes are designed to reflect the actual practice with respect to extensions of time to complete and file a peer review report with the Board.

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.** All firms are required to participate in the AICPA Facilitated State Board Access (FSBA) program. Firms that are not members of the AICPA will be required to, upon request by the Board, Firms are required to submit a copy of the most recent Systems Review Acceptance letter(s) or Engagement Review Acceptance letter(s) and other documents listed in section (3) below 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 or 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: Upon request by the Board, the firm shall provide any of the following documents:

- (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.

(g) Acceptance Letter, and / or

Under this change, firms are no longer permitted to opt out of the AICPA/OSCPA peer review program(s).

Adds references to documents

(h) Completion Letter

(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

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that have often been required in the past to the list of documents that are required as a matter of course.