

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

Board of Accountancy	801	
Agency and Division	Administrative Rules Chapter Number	
Kimberly Bennett	3218 Pringle Rd SE #110 Salem OR 97302	503-378-4181
Rules Coordinator	Address	Telephone

RULE CAPTION

Ethics CPE required every renewal period and new licensees Oregon specific ethics.

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

December 1, 2008	10:00 – Noon	3218 Pringle Rd SE Salem OR 97302	Stuart Morris, PA
Hearing Date	Time	Location	Hearings Officer

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

RULEMAKING ACTION

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

ADOPT:

AMEND:

801-040-0010, 801-040-0090

REPEAL:

RENUMBER:

AMEND & RENUMBER:

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

Other Auth.:

Stats. Implemented: **ORS 673.165**

RULE SUMMARY

Revisions require new licensees to complete an Oregon specific ethics course during the first renewal cycle. All licensees will be required to report 4 hours of general ethics each renewal cycle. Reduces reinstatement fees for certain licensees.

The Agency requests public comment on whether other options should be considered to achieve the rule's substantive goals while reducing the negative economic impact, if any, of the rule on business.

December 1, 2008

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

	Carol Rives, Administrator	10/15/2008
Signature	Printed name	Date

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

Secretary of State
STATEMENT OF NEED AND FISCAL IMPACT

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

Board of Accountancy

Agency of Division

OAR Chapter 801

Administrative Rules Chapter Number

In the Matter of the Board of Accountancy)	Statutory Authority
Amending rules in Chapter 801, Division 040)	Statutes Implemented
Related to rule filing procedures)	Statement of Need
)	Principal Documents Relied Upon
)	Statement of Fiscal Impact

Statutory Authority: ORS Chapter 670.310, 673.040, 673.050, 673.410

Other Authority: None

Statutes Implemented: ORS 673.165

Need for the Rule(s): Revised to require new licensees to complete specific Oregon ethics course and current licensees to complete ethics requirement each renewal cycle.

Documents Relied Upon*: None

Fiscal & Economic Impact, including Statement of Cost of Compliance: Increases the frequency of ethics requirement from every four years to every two years which may impact licensees.

How were small businesses involved in the development of this rule?

Small business interests were represented by representation by two professional organizations at Board meetings where rule revisions were discussed.

Administrative Rule Advisory Committee consulted? Yes, Ethics Task Force and Continuing Education Committee served as an advisory committee.

If not, why?

Signature	Carol Rives, Administrator	10/15/2008
	Printed Name	Date

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

CONTINUING PROFESSIONAL EDUCATION

Basic Requirements

801-040-0010(1) Biennial CPE requirement. Each biennial renewal period, certified public accountants and public accountants shall report satisfactory evidence of having completed 80 hours of continuing professional education (CPE) unless such requirement is waived by the Board under ORS 673.165 and OAR 801-040-0150. The 80-hour CPE requirement shall be completed as follows:

(a) At least 24 of the required 80 CPE hours shall be completed in each year of the renewal period. Hours carried forward from the previous reporting period (carry-forward hours) may not be used to meet the minimum annual requirement.

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

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

(2) Ethics CPE requirement.

~~(a) Active New~~ licensees are required to ~~successfully~~ complete and report at least four hours of CPE in a professional conduct and ethics program that meets the requirements of section four of this rule during the licensee's first biennial renewal period. ~~(ethics requirement) every four years.~~

~~(b) All other~~ licensees are required to complete and report four hours of CPE in professional conduct and ethics with each biennial renewal application.

~~(c) The four hour requirement described in sub section (b) of this rule may be satisfied by any ethics program that meets the general CPE requirements described in OAR 801-040-0030. holding even numbered permits shall complete and report the ethics requirement beginning with the reporting period in 2004, and every fourth year thereafter. All licensees holding odd numbered permits shall complete and report the ethics requirement beginning with the reporting period in 2005, and every fourth year thereafter. Licensees may report the four hour Ethics CPE requirement in either of the two renewal periods that fall within each four year period.~~

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

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

~~(fe)~~ If a licensee has a principal place of business in another jurisdiction that does not have a professional conduct and ethics CPE requirement, the licensee must complete the ethics requirement described in subsection (2)(b) of this rule. ~~from a sponsor registered with the Board.~~

(3) CPE ethics programs. CPE programs in professional conduct and ethics required by subsection (2)(a) of this rule are eligible for CPE credit shall qualify for CPE credit under this section if such programs are if the program is offered by a sponsor registered with the Board and includes information pertaining to each of the following topics:

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

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

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

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

(4) Substantial equivalency. Licensees who are authorized to practice public accountancy in this state under the provisions of substantial equivalency under ORS 673.153 may satisfy the CPE requirements under this section by demonstrating to the satisfaction of the Board that the licensee is in compliance with CPE requirements of the jurisdiction in which the licensee's principal place of business is located.

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

(b) Licensees described in this section are required to comply with the continuing education requirement from the date such permit is issued. The number of CPE hours required for a partial licensing period shall be calculated in the manner described in OAR 801-040-0090 (7).

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

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

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

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

Stats. Implemented: ORS 673.165

Hist.: AB 1-1985, f. & ef. 3-21-85; AB 5-1991, f. & cert. ef. 7-1-91; AB 1-1994, f. & cert. ef. 1-21-94; AB 4-1994, f. & cert. ef. 9-27-94; BOA 5-1999, f. & cert. ef. 7-23-99; BOA 6-1999, f. 12-21-99, cert. ef. 1-1-00; BOA 5-2000, f. 12-7-00, cert. ef. 1-1-01; BOA 7-2001, f. 12-31-01, cert. ef. 1-1-02; BOA 6-2002, f. 12-27-02, cert. ef. 1-1-03; BOA 6-2004, f. 12-30-04, cert. ef. 1-1-05; BOA 10-2005, f. 11-22-05, cert. ef. 1-1-06; BOA 4-2006, f. 12-22-06, cert. ef. 1-1-07

Reinstatement Requirements:

Lapsed, Suspended or Inactive to Active Status

801-040-0090 (1) Lapsed permits. Permits that are not properly renewed shall lapse. To reinstate a "lapsed" permit the holder of such permit shall:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(d) In lieu of meeting the CPE requirements described in this section, the holder of a lapsed permit may elect to take and pass the CPA exam within the five years immediately preceding the date of application for reinstatement. A person who elects this option must meet the requirements of OAR 801-010-0060.

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

(a) Payment of the active renewal fee described in subsection (1)(c) of this rule for each renewal period that the permit was inactive is not required for reinstatement from inactive to active status; and

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

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

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

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

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

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

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

(b) 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, ~~from the date of reinstatement~~ until the end of the renewal period in which reinstatement occurs.

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

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

Stats. Implemented: ORS 673.165 & 673.210

Hist.: AB 1-1985, f. & ef. 3-21-85; AB 5-1991, f. & cert. ef. 7-1-91; AB 1-1994, f. & cert. ef. 1-21-94; AB 3-1994, f. & cert. ef. 8-10-94; AB 4-1994, f. & cert. ef. 9-27-94; AB 2-1996, f. & cert. ef. 9-25-96; AB 1-1997, f. & cert. ef. 1-28-97; BOA 1-1998, f. & cert. ef. 1-26-98; BOA 2-1999, f. & cert. ef. 2-22-99; BOA 5-1999, f. & cert. ef. 7-23-99; BOA 6-1999, f. 12-21-99, cert. ef. 1-1-00; BOA 5-2000, f. 12-7-00, cert. ef. 1-1-01; BOA 7-2001, f. 12-31-01, cert. ef. 1-1-02; BOA 7-2003, f. 12-23-03 cert. ef. 1-1-04; BOA 6-2004, f. 12-30-04, cert. ef. 1-1-05; BOA 10-2005, f. 11-22-05, cert. ef. 1-1-06