

**OREGON ADMINISTRATIVE RULES
CHAPTER 801, DIVISION 020 -- BOARD OF ACCOUNTANCY**

**DIVISION 020
MUNICIPAL AUDITS**

Bidding and Contracting For Municipal Audits

801-020-0620(1) Municipal Roster. The Oregon Board of Accountancy is authorized by ORS 297.670 to prepare and maintain the Municipal Roster of licensees who are authorized to conduct municipal audits required by ORS 297.425.

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

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

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

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

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

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

(b) A Firm that has at least one member who is on the Municipal Roster may bid, contract or issue municipal audits in the name of the Firm only if the contract and the related audit report are both signed in the name of the Firm by the member who is on the Municipal Roster.

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

(5) Except as provided in this rule, no person may bid, contract or otherwise offer to issue or issue an audit under ORS 297.405 to 297.555.

Stat. Auth.: ORS 297.670, 297.680 & 297.740

Stats. Implemented: ORS 297.680

Hist.: 1AB 8, f. 8-17-54; 1AB 15, f. 4-23-69; AB 1-1988(Temp), f. 2-17-88, cert. ef. 2-22-88; AB 2-1991, f. & cert. ef. 2-28-91; AB 3-1992, f. & cert. ef. 2-18-92; AB 3-1993, f. 1-14-93, cert. ef. 1-15-93; AB 6-1993(Temp), f. 11-2-93, cert. ef. 11-4-93; AB 1-1994, f. & cert. ef. 1-21-94; BOA 5-2000, f. 12-7-00, cert. ef. 1-1-01; BOA 4-2002, f. 12-27-02, cert. ef. 1-1-03; BOA 5-2004, f. 12-30-04, cert. ef. 1-1-05; BOA 6-2006, f. 12-22-06, cert. ef. 1-1-07

Qualifications for Admission to Municipal Roster

801-020-0690 (1) Eligibility. The following licensees are eligible to apply for admission to the municipal roster:

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

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

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

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

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

- (a) The applicant must be a licensee in good standing with the Board of Accountancy;
- (b) Every application shall be on a form provided by the Board and shall be accompanied by a fee prescribed by OAR 801-010-0010; and
- (c) The application, signed by the applicant, shall constitute an agreement between the applicant and the Board that the applicant will comply with the provisions of the Municipal Audit Law, ORS 297.405 through 297.555, and OAR Chapter 801 Division 020.

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

- (a) The applicant has not complied with the requirements of OAR 801-020-0620;
- (b) The applicant has committed any act or engaged in conduct that reflects adversely on the licensee's fitness to practice public accountancy; or
- (c) The applicant has committed any act or engaged in conduct that would cause a reasonable person to have substantial doubts about the applicant's honesty, fairness and respect for the rights of others or for any law.

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

(4) Initial CPE Requirements. The applicant shall demonstrate to the satisfaction of the Board that, within the two year period immediately preceding the date of application to the municipal roster, the applicant completed 40 CPE hours of Level 1 (basic) or Level 2 (intermediate) education in the following subjects, including at least 4 hours in each subject:

- (a) Audits of state and local governmental units;
- (b) Governmental accounting and financial reporting standards;
- (c) Generally Accepted Governmental Auditing Standards;
- (d) Single Audit Act and related circulars and supplements published by the United States Government Accountability Office, Office of Management and Budget;
- (e) Oregon Local Budget Law; and
- (f) Minimum standards of audits and reviews of Oregon municipal corporations.

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

- (6) Approval.** When an application to the municipal roster is approved, the Board shall:
- (a) Notify the applicant in writing that the application is approved;
 - (b) Enter the applicant's name on the municipal roster; and
 - (c) Notify the Secretary of State that the applicant is authorized to conduct municipal audits.

Stat. Auth.: ORS 297.670, 297.680 & 297.740

Stats. Implemented: ORS 297.680

Hist.: AB 8, f. 8-17-54; 1AB 32, f. 9-18-73, ef. 10-1-73; AB 1-1988(Temp), f. 2-17-88, cert. ef. 2-22-88; AB 4-1988, f. & cert. ef. 10-28-88; AB 3-1992, f. & cert. ef. 2-18-92; AB 5-1992, f. & cert. ef. 8-10-92; AB 6-1993(Temp), f. 11-2-93, cert. ef. 11-4-93; AB 1-1994, f. & cert. ef. 1-21-94; AB 4-1994, f. & cert. ef. 9-27-94; AB 1-1996, f. & cert. ef. 1-29-96; AB 2-1997, f. & cert. ef. 3-10-97; BOA 5-1999, f. & cert. ef. 7-23-99; BOA 6-1999, f. 12-21-99, cert. ef. 1-1-00; BOA 5-2000, f. 12-7-00, cert. ef. 1-1-01; BOA 4-2002, f. 12-27-02, cert. ef. 1-1-03; BOA 5-2004, f. 12-30-04, cert. ef. 1-1-05; BOA 6-2006, f. 12-22-06, cert. ef. 1-1-07

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Requirements for Continuance on Municipal Roster

801-020-0700(1) Renewal. The renewal of authorization to conduct municipal audits is accomplished with the licensee's biennial renewal. Licensees who wish to renew authorization to conduct municipal audits must include the following information with the biennial renewal application:

- (a) A statement that the licensee wishes to renew authority to conduct municipal audits;
- (b) Payment of the municipal auditor renewal fee described in OAR 801-010-0010; and
- (c) A report of the correct number of CPE hours required for municipal auditors.

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

- (a) Audits of state and local governmental units;
- (b) Governmental accounting and financial reporting standards and updates;
- (c) Generally Accepted Governmental Auditing Standards and updates;
- (d) Single Audit Act and related circulars and supplements published by the Government Accountability Office, Office of Management and Budget;
- (e) Oregon Local Budget Law; or
- (f) Minimum standards of audits and reviews of Oregon municipal corporations.

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

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

Stat. Auth.: ORS 297.670, 297.680 & 297.740

Stats. Implemented: ORS.297.680

Hist.: AB 4-1988, f. & cert. ef. 10-28-88; AB 4-1990, f. & cert. ef. 7-17-90; AB 3-1992, f. & cert. ef. 2-18-92; AB 4-1994, f. & cert. ef. 9-27-94; AB 2-1996, f. & cert. ef. 9-25-96; BOA 1-1998, f. & cert. ef. 1-26-98; BOA 6-1999, f. 12-21-99, cert. ef. 1-1-00; BOA 5-2000, f. 12-7-00, cert. ef. 1-1-01; BOA 5-2003, f. 12-23-03 cert. ef. 1-1-04; BOA 5-2004, f. 12-30-04, cert. ef. 1-1-05

Biennial Fee for Inclusion on Roster

801-020-0710(1)

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

Stat. Auth.: ORS 297.670, 297.680 & 297.740

Stats. Implemented: ORS.297.680 & 297.720

Hist.: AB 8, f. 8-17-54; 1AB 23, f. 3-2-72, ef. 3-15-72; 1AB 9-1978, f. & ef. 9-22-78; AB 1-1988(Temp), f. 2-17-88, cert. ef. 2-22-88; AB 4-1988, f. & cert. ef. 10-28-88; Renumbered from 801-020-0720; AB 3-1992, f. & cert. ef. 2-18-92; AB 4-1994, f. & cert. ef. 9-27-94; BOA 6-1999, f. 12-21-99, cert. ef. 1-1-00; BOA 5-2000, f. 12-7-00, cert. ef. 1-1-01; BOA 4-2002, f. 12-27-02, cert. ef. 1-1-03; BOA 5-2004, f. 12-30-04, cert. ef. 1-1-05

Removal, Suspension and Reinstatement to the Municipal Roster

801-020-0720(1) Removal. Licensees may be removed from the municipal roster for the following reasons:

- (a) Failure to pay the biennial fee required by OAR 801-020-0700
- (b) Failure to complete the required CPE described in OAR 801-020-0700, or

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Stat. Auth.: ORS 297.670, 297.680 & 297.740

Stats. Implemented: ORS 297.680 & 297.710

Hist.: AB 8, f. 8-17-54; 1AB 32, f. 9-18-73, ef. 10-1-73; AB 1-1988(Temp), f. 2-17-88, cert. ef. 2-22-88; AB 4-1988, f. & cert. ef. 10-28-88; Renumbered from 801-020-0710; AB 3-1992, f. & cert. ef. 2-18-92; AB 5-1992, f. & cert. ef. 8-10-92; AB 3-1993, f. 1-14-93, cert. ef. 1-15-93; AB 4-1994, f. & cert. ef. 9-27-94; AB 2-1996, f. & cert. ef. 9-25-96; BOA 6-1998, f. & cert. ef. 7-29-98; BOA 6-1999, f. 12-21-99, cert. ef. 1-1-00; BOA 5-2000, f. 12-7-00, cert. ef. 1-1-01; BOA 4-2002, f. 12-27-02, cert. ef. 1-1-03; BOA 5-2004, f. 12-30-04, cert. ef. 1-1-05; BOA 8-2005, f. 11-22-05, cert. ef. 1-1-06