

**BOARD OF PUBLIC ACCOUNTANCY**  
Professional and Vocational Licensing Division  
Department of Commerce and Consumer Affairs  
State of Hawaii

MINUTES

Date: Friday, July 10, 2015

Time: 8:32 a.m.

Place: King Kalakaua Conference Room  
King Kalakaua Building  
335 Merchant Street, 1<sup>st</sup> Floor  
Honolulu, Hawaii 96813

Present: Nelson K.M. Lau, CPA, Chairperson  
Craig K. Hirai, CPA, Member  
Darryl T. Komo, CPA, Member  
Gabriel Lee, Member  
Edward L. Punua, CPA, Member  
Carleton L. Williams, CPA, Member  
Daniel K. Jacob, Deputy Attorney General ("DAG")  
Laureen M. Kai, Executive Officer  
Lori Nishimura, Secretary

Excused: Gregg M. Taketa, CPA, Vice-Chairperson  
Rodney J. Tam, DAG

Guests: None.

Agenda: The agenda for this meeting was filed with the Office of the Lieutenant Governor, as required by Hawaii Revised Statutes ("HRS") section 92-7(b).

Call to Order: There being a quorum present, the meeting was called to order at 8:32 a.m. by Chairperson Lau.

Additions/Revisions to Agenda: None.

Approval of  
Minutes of the  
June 5, 2015  
Board Meeting:

After discussion, it was moved by Mr. Punua, seconded by Mr. Lee, and unanimously carried to approve the minutes of the June 5, 2015 Board meeting as circulated.

Executive  
Session:

At 8:34 a.m., it was moved by Mr. Punua, seconded by Mr. Lee, and unanimously carried for the Board to enter into Executive Session to consider and evaluate personal information relating to individuals applying for licensure in accordance with HRS section 92-5(a)(1), and to consult with the Board's attorney on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities in accordance with HRS section 92-5(a)(4).

EXECUTIVE SESSION

At 9:00 a.m., it was moved by Mr. Komo, seconded by Mr. Punua, and unanimously carried for the Board to move out of Executive Session and to immediately recess the meeting.

At 9:15 a.m., the Board reconvened its scheduled meeting.

Applications for  
CPA Certification:

After discussion, it was moved by Mr. Komo, seconded by Mr. Punua, and unanimously carried to approve the following applications for certification:

1. ALLISON, Shannon M.
2. CALVEY, Raymond
3. DEMOS, Mark S.
4. HOLMES, David C.
5. LEE, Christopher D.
6. RICE, Carolyn H.
7. RICHARDSON, Stephanie R.L.
8. TAKARA, Mano
9. WONG, Tiffany H.L.

Temporary Permit  
to Practice:

Discussion ensued on the Temporary Permit to Practice application received by the Board that did not meet the requirement that the application be received sixty (60) days prior to the proposed commencement of the engagement; thus, a request for a waiver of the filing deadline was received. It was noted that, pursuant to Hawaii Administrative Rules section 16-71-27, the filing deadline requirement could be waived by the Board for "good cause", and that Mr. O'Toole had provided a detailed explanation for the delay in the completion of his application.

After discussion, it was moved by Mr. Williams, seconded by Mr. Komo, and unanimously carried to approve the waiver request and the following application for Temporary Permit to Practice, for a term commencing on July 10, 2015 and extending through October 8, 2015, of:

1. O'TOOLE, Thomas F.

Ratification of  
Individual CPA  
Permits to Practice:

After discussion, it was moved by Mr. Lee, seconded by Mr. Komo, and unanimously carried to ratify the approval of the following individual CPA Permits to Practice:

1. AMENT, Tifanie L.
2. DECAIRES, Cleo P.K.
3. MCMILLAN, David W.
4. NGUYEN, Thuy Linh Mary
5. PETERSON, Frederick J.
6. RABAGO, Jayrald R.

After discussion, it was moved by Mr. Lee, seconded by Mr. Komo, and unanimously carried (Mr. Williams recused himself from the vote) to ratify the approval of the following individual CPA Permit to Practice:

1. MOFFIT, Sondra T.

Ratification of Issued  
Firm Permits to  
Practice:

After discussion, it was moved by Mr. Komo, seconded by Mr. Lee, and unanimously carried to ratify the approval of the following issued Firm Permits to Practice:

1. CORONA CONSULTING COMPANY
2. MILLER KAPLAN ARASE LLP
3. MARY C WOOLLEN
4. PERSHING YOAKLEY & ASSOCIATES P C
5. EKSH LLLP
6. SASLOW LUFKIN & BUGGY LLP

Approval of  
Firm Name:

After discussion, it was moved by Mr. Komo, seconded by Mr. Punua, and unanimously carried to approve the following firm name:

1. RSM US LLP

Chairperson's  
Report:

A. National and Industry Update

1. Report from the AICPA Professional Ethics Division

Chairperson Lau provided a summary of the report from the AICPA Professional Ethics Division concerning violations of professional standards in government and not-for-profit entity audits by CPA practitioners. These violations related to single audit issues, auditor's reporting, audit procedures, and financial statement deficiencies. He commented that because these violations as well as previously-identified Department of Labor audit deficiency issues have been raised on a national level, he wanted to sensitize the Board in order to enhance members' awareness of these deficiencies and issues, especially since the Board's mandatory peer review statute requires

that Hawaii CPA firms that provide attest services undergo peer review as a precondition to the renewal of their firm permits to practice for the 2018-2019 license period.

Chairperson Lau informed the Board that he had received an inquiry from the AICPA concerning implementation of peer review procedures relating to the Hawaii-specific attest engagement requirement. Mr. Lau stated that the inquiry will be referred to the Peer Review Standing Committee for consideration and recommendation to the full Board.

Standing Committee

A. Communications

Committee Chairperson Lee had no report.

B. Continuing Professional Education

Committee Chairperson Punua had no report.

C. Ethics

Committee Chairperson Hirai had no report.

D. Peer Review

1. Peer Review Forms

Due to Committee Chairperson Taketa's excused absence, Chairperson Lau reported on his behalf. He stated that the latest drafts of the peer review forms and the postcard notification, which incorporated revisions made by DAG Tam and the Executive Officer, were sent to

members of the Board and DAG Tam for comments and suggestions.

Mr. Punua suggested designating the different peer review forms with a number or name and referencing the forms in the postcard notification; this would alleviate questions as to which form is applicable to each CPA firm. He also commented that he understands why the sponsoring organization's name on the forms are left blank (and not pre-filled in with "HSCPA"), as there may be other sponsoring organizations utilized by CPA firms.

Mr. Komo suggested that the words "that begin" be stricken from the title of the form "Notice of Enrollment in a Peer Review Program (For CPA firms [~~that begin~~] performing Hawaii attest work as of December 31, 2014)", and also commented that the web address on the postcard notification did not work and should be corrected.

After discussion, it was moved by Mr. Williams, seconded by Mr. Komo, and unanimously carried to approve the peer review forms and postcard notification with the suggested amendments.

2. Operating Agreement with HSCPA as Sponsoring Organization

Chairperson Lau reiterated that HSCPA had declined to sign the Operating Agreement and that a response to the Board's request for reconsideration has not been received.

Discussion ensued on providing the PROC with a level of immunity that is afforded board members. Mr. Punua commented that some states had some level of immunity in their statutes for their PROC members. Chairperson Lau requested Mr. Williams (Chairperson of the Legislation and Rules Committee) to obtain language from the statutes relating to the immunity given to RICO advisory committee members to consider in proposing a revision to the Board's statutes relating to peer review.

3. NASBA Peer Review Oversight Committee ("PROC") Summit Meeting

Chairperson Lau stated that Vice-Chairperson Taketa, on a scholarship from NASBA, is currently attending the PROC Summit Meeting as the Board's representative. He expressed appreciation to Mr. Taketa for taking the time to participate in the Summit as the members of PROC were not able to attend.

E. Mobility

This agenda item was deferred due to Committee Chairperson Taketa's excused absence.

F. Legislation and Rules

Committee Chairperson Williams reported that he had no report; however, as discussed previously, he will conduct research on the language in RICO's statute relating to the provision of immunity for advisory committee

members, and bring a recommendation to the full Board at a subsequent meeting.

G. Uniform CPA Examination

1. CPA Review Program by Shidler College of Business, School of Accountancy, University of Hawaii at Manoa

Committee Chairperson Williams reported that the University of Hawaii at Manoa, School of Accountancy, will be offering free CPA review and governmental accounting programs for eligible candidates of the Uniform CPA Examination. These programs may include courses on Financial Accounting and Reporting, Business Environment and Concepts, Regulations, and Auditing and Attestation. He further stated that he will inquire if such programs would be made available on the Neighbor Islands (as suggested by Mr. Punua), as it is costly for Neighbor Island candidates to fly to Honolulu to attend these programs. Mr. Williams further reported that there are currently sixty-six (66) candidates who have already signed up for the first class, with a projected total of 80 per class.

Open Forum: None.

Next Board Meeting: Friday, August 7, 2015  
8:30 a.m.  
King Kalakaua Conference Room  
King Kalakaua Building  
335 Merchant Street, 1<sup>st</sup> Floor  
Honolulu, Hawaii 96813



Announcements: Executive Officer Kai informed the Board that the Hawaii State Ethics Commission is offering an ethics training class for state board and commission members on August 26, 2015. Interested members should notify the Executive Officer who will provide them with the information to register themselves for the training. As Neighbor Island board members' expenses would not be covered for attendance, Executive Officer Kai commented that the Department of Commerce and Consumer Affairs' board members' orientation session is scheduled for the Fall of 2016, for which the DCCA would provide reimbursement for Neighbor Island members' travel expenses.

Adjournment: There being no further discussion, the meeting adjourned at 9:50 a.m.

Taken and recorded by:

/s/ Lori Nishimura

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Lori Nishimura, Secretary

Reviewed and accepted by:

/s/ Laureen M. Kai

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Laureen M. Kai, Executive Officer

LMK:ln

07/30/15

[ X ] Minutes approved as is.  
[ ] Minutes approved with changes. See Minutes of \_\_\_\_\_.