

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

MINUTES

Date: Friday, August 2, 2013

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  
Gregg M. Taketa, CPA, Vice-Chairperson  
Michael H.F. Ching, CPA, Member  
Craig K. Hirai, CPA, Member  
Gabriel Lee, Member  
Keith A. Regan, Member  
Carleton L. Williams, CPA, Member  
Rodney J. Tam, Deputy Attorney General  
Laureen M. Kai, Executive Officer  
Lori Nishimura, Secretary

Excused: Wendy M. Glaus, CPA, Member  
Steven R. Oberg, CPA, Member

Guests: Kathy Castillo, Hawaii Society of Certified Public  
Accountants ("HSCPA")  
Rodney Harano, CPA, CW Associates, CPAs  
John W. Roberts, CPA, President, Hawaii Association of  
Public Accountants ("HAPA")

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.

Executive  
Session:

At 8:33 a.m., it was moved by Mr. Regan, 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 9:32 a.m., it was moved by Vice-Chairperson Taketa, seconded by Mr. Regan, and unanimously carried for the Board to move out of Executive Session and to immediately recess the meeting.

At 9:37 a.m., the Board reconvened its scheduled meeting.

Applications for  
CPA Certification:

After discussion, it was moved by Mr. Regan, seconded by Vice-Chairperson Taketa, and unanimously carried to approve the following applications for certification:

1. CHANG, Ivy X.
2. ISOGAWA, Hirohisa J.
3. MCKINNEY, Richard A.

After discussion, it was moved by Mr. Regan, seconded by Vice-Chairperson Taketa, and unanimously carried (Mr. Williams recused himself from the vote) to approve the following application for certification:

1. CHOW, Ka Lee

Ratification of  
Individual CPA  
Permits to Practice:

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

1. HALL, Maria D.
2. PEDERSON, Bradley P.
3. YEE, Alexander K.

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

1. MIRAMONTES, Louis P.

Ratification of  
Issued Firm  
Permits to Practice:

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

1. IMOWITZ KOENIG & CO LLP

Ratification of  
Firm Name Approval:

After discussion, it was moved by Mr. Regan, seconded by Mr. Ching, and unanimously carried to ratify the approval of the following Firm name approval:

1. Yvonne A Egdamin CPA, LLC

Approval of  
Minutes of the  
July 18, 2013  
Board Meeting:

The Executive Officer informed the Board that the minutes of the July 18, 2013 meeting have not been finalized. The minutes will be available within thirty days after the July 18, 2013 meeting date, as required pursuant to HRS section 92-9, and will be on the September 4, 2013 meeting agenda for the Board's review and approval.

Chairperson's  
Report:

A. Board Committee Assignments

Chairperson Lau announced the newly-assigned standing committee chairpersons and members as follows:

- LEGISLATION AND RULES:  
Chairperson: Mr. Hirai  
Vice-Chairperson: Mr. Ching;
- UNIFORM CPA EXAMINATION:  
Chairperson: Mr. Regan;
- ETHICS:  
Chairperson: Mr. Hirai;
- PEER REVIEW:  
Chairperson: Mr. Oberg;
- CONTINUING PROFESSIONAL EDUCATION:  
Chairperson: Ms. Glaus;
- COMMUNICATIONS:  
Chairperson: Mr. Lee.

Chairperson Lau then announced the newly-assigned investigative committee chairperson and members as follows:

- INVESTIGATIVE COMMITTEE ON PEER REVIEW:  
Chairperson: Mr. Oberg,  
Vice-Chairperson: Mr. Williams,  
Members: Mr. Taketa and Mr. Lau.

He also stated that the Investigative Committee on Mobility, and the Investigative Committee on Two-Tier Licensing will remain dormant.

Chairperson Lau stated that he will be responsible for the review of applications for CPA certification and for the recommendations to the full Board for consideration at its meetings.

- B. National Update
- C. Industry Update

Chairperson Lau combined the National and Industry Update sections of his report and provided the following information:

- The National Association of State Boards of Accountancy (“NASBA”) and the American Institute of Certified Public Accountants (“AICPA”) have pledged to cooperate on private company financial reporting frameworks. Both associations are committed to engaging in an effort to ensure that the Financial Reporting Framework for Small- and Medium-Sized Entities (“FRF for SMEs”), developed by the AICPA as a non-authoritative framework, is not confused with GAAP, and that entities that utilize GAAP or a non-GAAP solution do so in a suitable and transparent manner. In order to accomplish this, the AICPA, with NASBA input, will develop a decision-making tool to assist entities in determining whether the use of the FRF for SMEs is suitable or not.
- The Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) updated its Internal Control – Integrated Framework, retaining its core definition of internal control and its components while seeking to clarify how to design and implement systems of internal control to adapt to changes in the business and operating environments. During the transition period of May 14, 2013 to December 15, 2013, the original framework will continue to be available; however, after this transitional period end date, the original framework will be superseded.

Executive Officer’s Report:

A. Peer Review Oversight Committee Member Vacancy - UPDATE

Executive Officer Kai provided an update on the Peer Review Oversight Committee (“PROC”) member vacancy. She stated that HAPA and

HSCPA have been provided with the required questionnaire to be completed by any prospective candidate, and that the four candidates who had applied and were not previously selected, (Isaac Choy, Brian Isobe, Edward Kosaki, and Dwayne Takeno), were contacted to update their information if they were still interested in serving. She further stated that a deadline date of September 3, 2013 was given; thus, the selection of a new PROC member will be on the Board's agenda for its meeting on September 4, 2013.

Standing Committee Reports:

A. Legislation and Rules

Committee Co-Chairperson Hirai reiterated that the committee will schedule a meeting with State Representative Karl Rhoads, Chairperson of the House Judiciary Committee, to discuss House Bill No. 716, Relating to the Disciplinary Authority of the Board of Public Accountancy, a carryover bill from the 2013 State Legislative Session.

B. Uniform CPA Examination

Committee Chairperson Hirai had no report.

C. Ethics

Committee Chairperson Lau had no report.

Mr. Hirai reported that NASBA would soon respond to the exposure draft of the re-codified code of conduct of the AICPA. He added that state boards would then be responsible to establish the regulatory framework in which the ethics code would be implemented and enforced.

D. Peer Review

Committee Chairperson Oberg was not able to make this meeting due to the unavailability of airline seats to and from Lihue, Kauai.

Mr. Lau commented that the Investigative Committee on Peer Review will meet after the conclusion of this meeting to continue to work on drafting administrative rules to implement the peer review law.

E. Continuing Professional Education

No report due to Committee Chairperson Glaus' excused absence.

F. Communications

Committee Chairperson Lee had no report.

Investigative  
Committee Reports:

A. Investigative Committee on Peer Review

No report.

Open Forum:

There were no public comments on issues that are not on the agenda for consideration for the Board's agenda at a subsequent meeting.

Next Board Meeting:

Wednesday, September 4, 2013  
8:30 a.m.  
PVL Examination Room  
King Kalakaua Building  
335 Merchant Street, Room 330  
Honolulu, Hawaii 96813

Announcements:

Chairperson Lau announced that the 2013 NASBA Annual Meeting would be held on Maui on October 27 through 30. The Board would be the host board for the conference.

Adjournment:                    There being no further discussion, the meeting adjourned at 9:52 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

08/28/13

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