

BOARD OF PUBLIC ACCOUNTANCY
PEER REVIEW OVERSIGHT COMMITTEE (“PROC”) MEETING
Professional and Vocational Licensing Division
Department of Commerce and Consumer Affairs
State of Hawaii

MINUTES

Date: Tuesday, October 1, 2013

Time: 10:23 a.m.

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

Present: Dwayne Takeno, CPA, Chairperson
Wilcox Choy, CPA, Member
Gordon Ciano, CPA, Member
Rodney J. Tam, Deputy Attorney General
Laureen M. Kai, Executive Officer
Lori Nishimura, Secretary

Guests: Rodney Harano, CPA, CW Associates, CPAs
Marilyn M. Niwao, J.D., CPA, Hawaii Association of
Public Accountants (“HAPA”)
John W. Roberts, CPA, President, HAPA
Steve R. Oberg, CPA, Investigative Committee on Peer
Review (“ICPR”) Chairperson
Nelson K.M. Lau, CPA, ICPR Member
Gregg N. Taketa, CPA, ICPR Member
Carleton L. Williams, CPA, ICPR Vice-Chairperson

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 10:23 a.m. by Chairperson Pro-Tempore
Choy.

Additions/Revisions
to Agenda: None.

At 10:24 a.m., Mr. Takeno arrived to the meeting.

Election of
Chairperson:

After discussion, Mr. Ciano made a motion to nominate Mr. Takeno for the position of Chairperson. Mr. Choy seconded the motion, and it was unanimously carried to approve Mr. Takeno as Chairperson.

The consensus of the PROC was that a position of Vice-Chairperson was not needed for their committee.

At 10:25 a.m., it was moved by Mr. Choy, seconded by Mr. Ciano, and unanimously carried for the PROC to enter into Executive Session to consult with the PROC's attorney on questions and issues pertaining to the PROC's powers, duties, privileges, immunities, and liabilities in accordance with HRS section 92-5(a)(4).

EXECUTIVE SESSION

At 10:40 a.m., it was moved by Mr. Ciano, seconded by Mr. Choy, and unanimously carried for the PROC to move out of Executive Session.

Overview of PROC
Responsibilities:

A. HRS Chapter 92, Public Agency Meetings and Records ("The Sunshine Law")

DAG Tam provided a brief overview of HRS Chapter 92, Public Agency Meetings and Records ("the Sunshine Law").

B. HRS Chapter 466, Public Accountancy

Discussion ensued on the peer review oversight committee's purpose which includes monitoring sponsoring organizations, reviewing the policies and procedures of sponsoring organizations, and reporting to the Board its findings in monitoring and reviewing sponsor organizations.

Further discussion ensued on the peer review sponsoring organization, pursuant to HRS

chapter 466. Ms. Niwao commented that HAPA currently has no plans to apply as a sponsoring organization.

Overview of the
AICPA/HSCPA Peer
Review Process:

Executive Officer Kai introduced Rodney Harano, Peer Review Committee Chair of the Hawaii Society of Public Accountants ("HSCPA"), who provided a handout illustrating the HSCPA peer review process, and presented a brief overview.

Mr. Harano stated that members of the American Institute of Certified Public Accountants ("AICPA") who do audits, reviews or compilations are required to have a peer review every three years. HSCPA administers the AICPA Peer Review Program which includes a technical review of the final peer reviewer's report, checklists and other required documentation. Once all documentation is complete, the report is forwarded to the HSCPA Report Acceptance Body ("RAB") to determine if it is acceptable. Firms either receive an acceptance letter or RAB will advise the firm and/or peer reviewer of any additional corrective action(s) and once the corrective action(s) are completed and approved by the RAB, a final acceptance letter is then issued to the firm.

Mr. Harano commented that half of the firms that undergo their initial peer review receive a "fail" rating. He also commented that AICPA has oversight on their peer review process, and that HSCPA/RAB also conduct their own internal oversight.

Discussion ensued on the qualification of a sponsoring organization. DAG Tam commented that HSCPA would need to submit a peer review administration plan for the Board to review and approve to become a sponsoring organization.

PROC Process
Discussion &
Recommendations:

It was moved by Mr. Choy, seconded by Mr. Ciano, and unanimously carried to defer this agenda item to the PROC's next meeting.

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Open Forum: Mr. Williams commented that in other states, the accountancy board is notified when a CPA firm's peer review has been completed.

At 11:50 a.m., DAG Tam left the meeting.

Mr. Choy commented that non-member AICPA firms would probably be the most problematic.

Next PROC Meeting: Friday, November 8, 2013
10:00 a.m.
King Kalakaua Conference Room
King Kalakaua Building
335 Merchant Street, 1st Floor
Honolulu, Hawaii 96813

Announcements: There were no announcements.

Adjournment: There being no further discussion, the meeting adjourned at 11:54 a.m.

Taken and recorded by:

/s/ Lori Nishimura

Lori Nishimura, Secretary

Reviewed and accepted by:

/s/ Laureen M. Kai

Laureen M. Kai, Executive Officer

LMK:ln

10/31/13

[X] Minutes approved as is.

[] Minutes approved with changes. See Minutes of _____.