

**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: Friday, February 28, 2014

Time: 9:01 a.m.

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

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

Guests: Kathy Castillo, Hawaii Society of Certified Public  
Accountants ("HSCPA")  
Rodney Harano, CPA, CW Associates, CPAs  
Nelson K.M. Lau, CPA, Chairperson, Board of Public  
Accountancy; Member, Investigative Committee on  
Peer Review ("ICPR")

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 9:01 a.m. by Chairperson Takeno.

Additions/Revisions  
to Agenda: None.

Approval of  
Minutes of the  
November 8, 2013  
PROC Meeting:

After discussion, it was moved by Mr. Choy, seconded by Mr. Ciano, and unanimously carried to approve the minutes of the November 8, 2013 PROC meeting as circulated.

Review of Hawaii  
Society of Certified  
Public Accountants  
("HSCPA") Plan of  
Administration:

The PROC had earlier been provided with a copy of HSCPA's Plan of Administration ("Plan") along with an email with questions and comments from Steven Oberg, Chairperson of the Board's Investigative Committee on Peer Review.

Discussion ensued on the provisions of the Plan, specifically on the procedures relating to dispute resolution. It was clear that such dispute resolution for AICPA members would be handled by the existing procedures of the HSCPA and AICPA; however, it was unclear how disputes involving non-AICPA members would be handled.

After considerable discussion, it was recommended that the HSCPA be requested to amend its Plan to reflect that the PROC would be responsible for the initial review of any dispute and to provide its recommendation to the Board, and for the Board to have the final authority for decision making.

Discussion ensued on the need for clarity in the Plan relating to the two (2) types of peer reviews: (1) the overall peer review for AICPA and non-AICPA members, and (2) if applicable, the Hawaii supplement for AICPA and non-AICPA members. It was further noted that the Plan should be more specific about the respective guidelines, procedures, and checklists for each type of peer review.

Discussion then focused on the peer review "team captain/principal/partner" and how this position would be described in the Plan. The PROC suggested that the definition of "partner" be clarified to address this issue.

HSCPA was requested to submit a revised Plan of Administration to the Executive Officer, who will then collaborate with DAG Tam to finalize the Plan for presentation to the PROC. Upon receiving and discussing the revised Plan, the PROC will have a recommendation for the Board's consideration at a subsequent Board meeting.

PROC Response to  
NASBA Email Dated  
February 10, 2014,  
Regarding PROC  
Status and Annual  
PROC Report:

The PROC members then discussed the email from Leona Johnson of the NASBA Compliance Assurance Committee requesting the status of the PROC. It was determined that the status to be reported was that of "inactive", where the "PROC is established via law/rules but are not actively overseeing the peer review program at this time". Also to be reported was that the PROC members have been selected and have met as a committee.

The PROC instructed the Executive Officer to transmit these responses to Ms. Johnson and the NASBA Compliance Assurance Committee.

Open Forum:

None.

Next PROC Meeting:

The consensus of the members of the PROC was that their next meeting will be scheduled once the revised Plan of Administration from HSCPA is received.

Announcements:

None.

Adjournment:                 There being no further discussion, the meeting adjourned at 10:21 a.m.

Taken and recorded by:

/s/ Lori Nishimura

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Lori Nishimura, Secretary

Reviewed and accepted by:

/s/ Lauren M. Kai

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Lauren M. Kai, Executive Officer

LMK:ln

03/28/14

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