

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

MINUTES

Date: Friday, July 18, 2014

Time: 8:34 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  
Wendy M. Glaus, CPA, Member  
Craig K. Hirai, CPA, Member  
Darryl T. Komo, CPA, Member  
Gabriel Lee, Member  
Edward L. Punua, CPA, Member  
Keith A. Regan, Member  
Carleton L. Williams, CPA, Member  
Rodney J. Tam, Deputy Attorney General ("DAG")  
Laureen M. Kai, Executive Officer  
Lori Nishimura, Secretary

Guests: Jack Karbens, Hawaii Pacific University, CPA  
Carlos Keen, Executive Officer  
Carol Kramer, Executive Officer  
Gordon M. Tom, CPA, President, Hawaii Society of  
Certified Public Accountants ("HSCPA")

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 8:34 a.m. by Chairperson Lau.

Executive Officer Kai introduced new Executive Officers Carol Kramer and Carlos Keen who were attending the meeting to observe the proceedings.

Additions/Revisions to Agenda:

Executive Officer Kai requested for the Board to amend the agenda by correcting a typographical error as follows:

Revision: 5. APPLICATIONS

B. Ratification of Individual CPA Permits to Practice

2) [~~SURRY~~] CURRY, Briana

After discussion, it was moved by Mr. Regan, seconded by Mr. Komo, and unanimously carried to approve the above revision.

Welcome and Introduction of New Member: Edward L. Punua, CPA:

Chairperson Lau welcomed new Board member, Edward L. Punua, CPA. Mr. Punua gave a brief introduction of himself, stating that he is a sole proprietor CPA practicing for the past fourteen (14) years on the Island of Kauai, and that his practice has a concentration on taxation and small businesses. He stated that he was previously employed by Deloitte and Touche LLP as well as small local firms on Oahu for 10 years prior to moving his practice to Kauai.

Approval of Minutes of the June 6, 2014 Board Meeting:

After discussion, it was moved by Mr. Regan, seconded by Mr. Hirai, and unanimously carried to approve the minutes of the June 6, 2014 Board Meeting, as circulated.

Executive Session:

At 8:37 a.m., it was moved by Mr. Komo, seconded by Mr. Williams, 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 9:54 a.m., it was moved by Vice-Chairperson Taketa, seconded by Ms. Glaus, and unanimously carried for the Board to move out of Executive Session and immediately recess the meeting.

At 10:05 a.m., the Board reconvened its scheduled meeting.

Chairperson Lau acknowledged the arrival of Ms. Glaus during the Executive Session.

#### Applications for CPA Certification:

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

1. BOND, Robert C.
2. COLETTA, Lily O.
3. KANEKO, Yayoi
4. LAU, Edison Y.
5. MINRATH, Megan B.
6. RABAGO, Jayrald R.
7. RODRIGUEZ, Isabelle M.
8. WANG, Lawrence S. H.

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

1. CHO, Courtney P.

Ratification of  
Individual CPA  
Permits to Practice:

After discussion, it was moved by Vice-Chairperson Taketa, seconded by Mr. Regan, and unanimously carried to ratify the approval of the following individual CPA Permits to Practice (2014-2015):

1. CHEN, Jasmine
2. HOE, Garret J.
3. KOANUI, Lauren M.K.
4. KOMORI, Lauren Y.
5. MCGEE, Richard B.
6. MITSUHATA, Kayoko
7. MIYAMOTO, Nicholas S.
8. MURREN, Larisa I.
9. SUEHIRO, Alyson K.

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

1. CURRY, Briana

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

1. ROOD, David A.

Ratification of Issued  
Firm Permits to  
Practice:

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

1. KYLE Y STARMER
2. DOI & MATSUO CPAS LLC
3. RICHARD B MCGEE
4. AMY M SURRATT

5. STEVEN R FREITAS
6. GERALD M TASHIMA
7. REUBEN G WICKLUND CPA INC
8. ALEXANDER R AGLUGUB
9. LESLEY T HARWELL
10. LISA A CHOY

Ratification of Firm  
Name:

After discussion, it was moved by Vice-Chairperson Taketa, seconded by Mr. Lee, and unanimously carried to ratify the approval of the following Firm Name:

1. Kathy L. Au, CPA

Chairperson's  
Report:

- A. National Update
- B. Industry Update

Chairperson Lau combined the National Update and Industry Update sections of his report.

Chairperson Lau announced that the Department of Commerce and Consumer Affairs has scheduled a Board member orientation to take place on December 5, 2014 at the State Capitol from 8:30 a.m. – 12:30 p.m. The orientation is targeted for new 2013 and 2014 appointees but is open to all Board members who may be interested. Interested members are to inform the Executive Officer.

Chairperson Lau stated that the National Association of State Boards of Accountancy's ("NASBA") Board of Examiners ("BOE") has requested the Board's participation in the 2014 CPA Examination Practice Analysis of the American Institute of Certified Public Accountants ("AICPA"). He explained that NASBA and AICPA need input from licensed CPAs in public practice, government, business,

and industry, about the skills and knowledge required by newly licensed CPAs, in order to succeed in the profession. This information will be used to evaluate the Uniform CPA Examination for relevance. In order to obtain this input, state boards are asked to provide licensee information to NASBA and the AICPA, so that these licensees can be contacted and asked to participate in a survey designed to solicit the required input. After discussion, it was moved by Mr. Regan, seconded by Mr. Lee, and unanimously carried to release all applicable licensee contact information, to the extent allowable by Hawaii's Uniform Information Practices Act, to NASBA's BOE.

Chairperson Lau informed the Board that a letter was received from the Washington State Board of Accountancy ("WBOA") encouraging Hawaii to adopt mobility as it is the only state without mobility provisions. WBOA provided background of its journey to adopting mobility, and offered its assistance, including sharing its own experiences in implementing and carrying out a mobility system.

Discussion ensued on the Board's position in support of mobility and whether mobility legislation would be passed. Mr. Williams commented that practice privilege may be withdrawn from Hawaii CPAs who practice in other states under mobility provisions, should Hawaii decide to not adopt mobility. Vice-Chairperson Taketa commented that the "test of the no escape" has not yet been resolved, as the Regulated Industries Complaints Office ("RICO") has not concluded its investigation of out of State CPAs who were issued temporary permits to practice and may not have paid the general excise tax on income derived from

practicing public accountancy during the terms of those temporary permits. Discussion ensued on whether the Department of Taxation ("DoTAX") would be able to provide evidence of taxes paid, as this information may be confidential. Mr. Williams commented that public information is available from DoTAX that may indicate the date the business began.

The Executive Officer was instructed to request that a representative from RICO attend the Board's next meeting to discuss the status of the ongoing investigation.

Mr. Hirai left the meeting at 10:22 a.m.

Standing Committee Reports:

A. Communications

Committee Chairperson Lee had no report.

B. Continuing Professional Education

Committee Chairperson Glaus had no report.

C. Ethics

Chairperson Lau reported that Committee Chairperson Hirai had no report as he mentioned prior to leaving the meeting.

D. Legislation and Rules

Committee Chairperson Williams had no report.

E. Mobility

Committee Chairperson Taketa had no report.

F. Peer Review

Committee Chairperson Taketa provided an overview of his flowcharts that illustrate the entire peer review and reporting processes. It was noted that the heading of one of the flowcharts should read "Peer Review Process Effective from January 1, 2015", rather than "to January 1, 2015". Committee Chairperson Taketa commented that the flowcharts make reference to an HSCPA flowchart that should document its role in the peer review process, and that he believed that the HSCPA's role should be included in its Plan of Administration ("Plan").

Discussion ensued on the timing of sending out postcard notifications of the peer review requirement to licensees, and the suggested target date of April 2015, after tax season.

Committee Chairperson Taketa stated that he participated in a webcast on the AICPA's New Peer Review Initiatives, and went over the handout of the webcast that Board members had received earlier.

Chairperson Lau commented that the Board has yet to approve a sponsoring agency and further that the revised Plan by HSCPA has yet to be received by the Peer Review Oversight Committee ("PROC") for review, which would then submit its recommendation to the Board for its formal approval.

After discussion, the consensus of the Board was for the Executive Officer to reach out to HSCPA for a status update on the Plan revisions. Ms. Kai was instructed to suggest a meeting or conference call between the



HSCPA, the Peer Review Committee, and the PROC to determine and address the obstacles that HSCPA may be encountering in making the revisions previously identified by the Board and finalizing the Plan. It was also suggested that an HSCPA representative be asked to report on its Plan at the Board's next meeting. Discussion ensued on the Hawaii supplement to the peer review. Mr. Williams commented that it was his understanding that the peer reviewer may be violating the code of conduct as a member of AICPA because they would be providing a judgment or opinion on the Hawaii supplement in order to comply with the statutory requirements. Chairperson Lau commented that a qualified peer reviewer may have to decline a Hawaii supplement engagement because doing so may be a violation of the AICPA's code of conduct.

Committee Chairperson Taketa commented that the recent alert regarding the poor quality of some audits of employee benefit plans ("EBP") that had been discovered by the U.S. Department of Labor, underscored the concern that state boards are experiencing about the quality of peer reviewers. These concerns may make it even tougher to be a qualified peer reviewer by requiring annual mandatory training and testing to ensure that a CPA is still competent to be a qualified peer reviewer. The strengthening of the process of qualifying to be a peer reviewer is good for the profession; however, this development may make it even more difficult for CPA firms to have the Hawaii supplement conducted on their Hawaii attest work, since Hawaii already has a limited number of peer reviewers.

G. Uniform CPA Examination

Committee Chairperson Regan provided a glimpse of the new “more interesting” data and statistics provided by NASBA’s increased data mining initiatives funded by its most recent increases in examination fees. He mentioned that the new data as illustrated by color-coded graphs and charts shows the strengths and weaknesses of Hawaii’s examination candidates in comparison to candidates from across the nation, and also provides rankings of average scores. Unfortunately, Hawaii is ranked 47th out of 53 reporting states and jurisdictions. Mr. Regan also mentioned that the CPA Central Portal has been updated.

Investigative  
Committee Reports:

A. Investigative Committee on Peer Review

Investigative Committee on Peer Review  
Chairperson Taketa had no report.

B. Investigative Committee on Mobility

Investigative Committee on Mobility  
Chairperson Taketa had no report.

Open Forum:

Chairperson Lau acknowledged Gordon M. Tom, President of HSCPA, as a guest at today’s meeting.

DAG Tam announced that he will not be able to make the Board’s next meeting on August 8, 2014 due to a conflict in schedule and that a replacement DAG would attend in his place.

Board of Public Accountancy  
Minutes of the July 18, 2014 Meeting  
Page 11

Next Board Meeting: Friday, August 8, 2014  
8:30 a.m.  
King Kalakaua Conference Room  
King Kalakaua Building  
335 Merchant Street, 1<sup>st</sup> Floor  
Honolulu, Hawaii 96813

Announcements: None.

Adjournment: There being no further discussion, the meeting adjourned at 11:02 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

08/01/14

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