

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: Thursday, August 7, 2014

Time: 9:30 a.m.

Place: Prince Leleiohoku Conference Room
King Kalakaua Building
335 Merchant Street, 3rd Floor
Honolulu, Hawaii 96813

Present: Dwayne Takeno, CPA, Chairperson
Wilcox Choy, CPA, Member
Gordon Ciano, CPA, Member
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 ("BOPA"); Member, Investigative
Committee on Peer Review ("ICPR")
Carleton L. Williams, CPA, Member, BOPA, Member,
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 9:30 a.m. by Chairperson Takeno.

Additions/Revisions
to Agenda: None.

Approval of
Minutes of the
February 28, 2014
PROC Meeting:

After discussion, it was moved by Mr. Ciano, seconded by Mr. Choy, and unanimously carried to approve the minutes of the February 28, 2014 PROC meeting as circulated.

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

The PROC had earlier been provided with the HSCPA's revised Plan of Administration ("Plan"), comprised of two separate documents that address the Plan as applicable to: (1) CPA firms with a Hawaii Firm Permit to Practice that are members of the American Institute of Certified Public Accountants ("AICPA"); and (2) CPA firms with a Hawaii Firm Permit to Practice that are non-members of the AICPA.

Discussion ensued on the provisions of the Plan, focusing on the Plan as it applies to CPA firms with a Hawaii Firm Permit to Practice that are non-members of the AICPA. There were a number of points that were discussed, keeping in mind that the PROC was established by statute for the purpose of: (1) Monitoring sponsoring organizations to ensure that peer reviews are being conducted and reported in accordance with standards for performing and reporting on peer reviews adopted by the AICPA Peer Review Board; (2) Reviewing the policies and procedures of sponsoring organization applicants as to their conformity with the peer review standards of any applicable peer review organization and HRS section 466-42; and (3) Reporting to the board on the conclusions and recommendations reached as a result of performing the functions in (1) and (2) previously cited.

After discussion, it was moved by Mr. Choy, seconded by Mr. Ciano, and unanimously carried to conditionally approve the Plan contingent upon the following revisions being completed by the HSCPA, and to present this revised Plan to the Board with the PROC's

recommendation for approval. The changes are as follows, with deletions bracketed and stricken and additions underscored:

2014 Plan of Administration (for Firms with a Hawaii Permit to Practice that are Non-Members of the AICPA)

1. Global revision – "committee" to be revised to "Committee" when the term refers to the HSCPA.
2. DO YOU [~~PRACTICE PUBLIC ACCOUNTANCY~~] ENGAGE IN ATTEST SERVICES IN HAWAII, AS DEFINED IN HRS SECTION 466-3? [~~(Audits, compilations, reviews or agreed upon procedures)~~] If yes, then this applies to you.
3. "Attest" definition from HRS section 466-3.
4. PROGRAM ENROLLMENT- * * * [~~Firms that perform compilations when the financial statements are not expected to be used by a third party (management use only) as their highest level of service are not required to enroll because no report is issued.~~]
5. SELECT A QUALIFIED PEER REVIEWER – * * * 1. A reviewer must have a valid Hawaii CPA license and permit to practice and engage in providing peer review services through a Hawaii firm with a valid firm permit to practice.
6. FIRM MONITORING PROCEDURES FOR NON-COMPLIANT FIRMS - FAILING TO COOPERATE ONCE THE REVIEW HAS COMMENCED – * * * The third letter indicates that if the information is not received by a specific date (typically 10 days from the date of letter) the administering entity will ask the Hawaii PROC to [~~determine~~] recommend whether the firm should be sanctioned by the Hawaii Board of Public Accountancy for failure to cooperate.
7. REVIEWER AND REVIEWED FIRM NON-COOPERATION – 1. * * * In instances in which

the committee believes that there has been noncompliance with standards or non-cooperation on the part of the reviewer, ~~[additional]~~ actions that may be considered by the committee or staff include ~~[referral]~~ notification to the ~~[Hawaii-PROC]~~ AICPA Peer Review Board for permanent removal from the list of qualified peer reviewers; and depending upon the circumstances referral to the AICPA's Professional Ethics Division for violating the Code of Professional Conduct. 2. * * * In instances in which the committee believes that there has been noncompliance with standards or non-cooperation on the part of the reviewed firm, ~~[additional]~~ actions that may be considered by the committee or staff include ~~[referral]~~ notification to the Hawaii PROC for ~~[sanction]~~ recommendation by the Hawaii Board of Public Accountancy for possible sanction. * * * The firm will be advised by certified mail that the Committee will refer the matter to the Hawaii PROC for the purpose of making recommendation to the Hawaii Board of Public Accountancy.

2014 Plan of Administration (for Firms with a Hawaii Permit to Practice that are Members of the AICPA)

1. Global revision - "committee" to be revised to "Committee" when the term refers to the HSCPA.
2. DO YOU ~~[PRACTICE PUBLIC ACCOUNTANCY]~~ ENGAGE IN ATTEST SERVICES IN HAWAII, AS DEFINED IN HRS SECTION 466-3? ~~[(Audits, compilations, reviews or agreed-upon procedures)]~~ If yes, then this applies to you.
3. "Attest" definition from HRS section 466-3.
4. PROGRAM ENROLLMENT- * * * ~~[Firms that perform compilations when the financial statements are not expected to be used by a third party (management use only) as their highest~~

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~~level of service are not required to enroll because
no report is issued.]~~

Open Forum: None.

Next PROC Meeting: To Be Announced.

Announcements: None.

Adjournment: There being no further discussion, the meeting
adjourned at 10:45 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

08/25/14

[X] Minutes approved as is.

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