

**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, November 24, 2015

Time: 8:30 a.m.

Place: Princess Likelike Conference Room  
King Kalakaua Building  
335 Merchant Street, 3<sup>rd</sup> Floor  
Honolulu, Hawaii 96813

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

Excused: Lauren M. Kai, Executive Officer

Guest: Nelson K.M. Lau, CPA, 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 8:30 a.m. by Chairperson Takeno.

Additions/  
Revisions to  
Agenda: None.

Approval of  
Minutes of the  
February 18,  
2015 PROC  
Meeting: After discussion, it was moved by Mr. Ciano,  
seconded by Chairperson Takeno, and unanimously  
carried to approve the minutes of the February 18,  
2015 PROC meeting as circulated.

Mr. Lau stated that the Board of Public Accountancy ("Board") had assumed that the Hawaii Society of Certified Public Accountants ("HSCPA"), the only approved Sponsoring Organization, would enroll all CPA firms that hold a Hawaii firm permits to practice license into their Peer Review Program. He also stated a meeting was held (about a month ago) with DAG Tam, Executive Officer Kai, Kathy Castillo of HSCPA, and himself, whereby Ms. Castillo had stated that their peer review program would be for firms with a principal office in Hawaii; HSCPA cannot process mainland CPA firms.

DAG Tam arrived to the meeting at 8:32 a.m.

Mr. Ciano inquired on the reasoning of HSCPA's statement; Mr. Lau stated that HSCPA is not allowed to conduct peer reviews of out of state CPA firms because they are in a different jurisdiction. Thus, the American Institute of Certified Public Accountants ("AICPA") National Peer Review Committee and behalf of the other state societies submitted their Plans of Administration for the Board's approval. DAG Tam commented that due to HRS section 466-34(b), all firms shall enroll in the applicable program of an approved sponsoring organization by December 31, 2015.

Discussion ensued on the PROC's "responsibility" and HRS section 466-42(d). Mr. Choy commented that the PROC is looking at the peer review process and not the end result.

Review of the  
AICPA National  
Peer Review  
Committee  
Plan of  
Administration:

Prior to this meeting the PROC was provided with the American Institute of Certified Public Accountants ("AICPA") National Peer Review Committee ("PRC") Plan of Administration ("Plan 1").

Firms whose peer review are administered by the National PRC range from sole practitioners to the largest CPA firms. Plan 1 lists each request from

HRS section 466-40(a)(1) to (7), and all procedures described were in place as of January 1, 2015.

After discussion, it was moved by Mr. Ciano, seconded by Mr. Choy, and unanimously carried to recommend Plan 1 retroactive January 1, 2015, to the Board for their approval.

Review of the  
AICPA Consolidated  
Sponsoring  
Organizations  
Plan of  
Administration:

Prior to this meeting the PROC was provided with the AICPA Consolidated Sponsoring Organizations Plan of Administration ("Plan 2").

Plan 2 for approval is submitted on behalf of the 39 sponsoring organizations included with their plan. These 39 sponsoring organizations are approved annually by the AICPA Peer Review Board to administer the AICPA peer review program using the Standards for Performing and Reporting on Peer Reviews (Standards). Plan 2 lists each request from HRS section 466-40(a)(1) to (7), and all procedures described were in place as of January 1, 2015.

After discussion, it was moved by Mr. Ciano, seconded by Mr. Choy, and unanimously carried to recommend Plan 2 retroactive January 1, 2015, to the Board for their approval.

Open Forum:

Mr. Choy commented that he has yet to attend a Report Acceptance Body ("RAB") meeting this year. He had requested to HSCPA to keep him informed and stated that according to Ms. Castillo, no RAB meeting has been scheduled at this years end. Mr. Choy stated that he will follow up with HSCPA again.

DAG Tam informed the PROC of the Board's proposed amendments to HRS section 466-42 that provide for the reimbursement of applicable expenses and provide immunity from civil liability for members of the PROC that have been included in the

DCCA administrative bill package. The PROC expressed their acknowledgment/gratitude.

Next PROC Meeting:

To Be Announced.

Adjournment:

There being no further discussion, the meeting adjourned at 9:02 a.m.

Taken and recorded by:

/s/ Lori Nishimura

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Lori Nishimura, Secretary

Reviewed and accepted by:

/s/ Charlene Tamanaha

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for Laureen M. Kai, Executive Officer

LMK:ln

12/18/15

[ X] Minutes approved as is.

[ ] Minutes approved with changes. See minutes of \_\_\_\_\_.