

**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, February 25, 2016

Time: 1:30 p.m.

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

Present: Dwayne Takeno, CPA, Chairperson
Gordon Ciano, CPA, Member
Wilcox Choy, CPA, Member
Laureen M. Kai, Executive Officer
Lori Nishimura, Secretary

Excused: Rodney J. Tam, Deputy Attorney General

Guests: Nelson K.M. Lau, CPA, Member, Investigative
Committee on Peer Review ("ICPR")
Darryl Komo, CPA, 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 1:30 p.m. by Chairperson Takeno.

Additions/
Revisions to
Agenda: None.

Approval of
Minutes of the
November 24,
2015 PROC
Meeting: After discussion, it was moved by Mr. Ciano,
seconded by Mr. Choy, and unanimously carried
to approve the minutes of the November 24, 2015
PROC meeting as circulated.

Request from the
Board of Public
Accountancy to
Perform an
Assessment of the
Process to Conduct
an Attestation
Engagement in Order
to Issue a Hawaii
Supplement to the
Peer Review:

Chairperson Takeno stated that at the Board of Public Accountancy's ("Board") February 5, 2016 meeting, the Board requested that the PROC assist the Board in a review of the peer review process with respect to the Hawaii Supplement to the Peer Review, and to provide comments and guidance as the PROC members may have pertinent peer review experience. ICPR Member Lau gave a brief overview, to provide clarification and justification to the Board's request. Mr. Lau stated that a conference call was held with representatives of the American Institute of Certified Public Accountants ("AICPA") on January 21, 2016, who posed a number of questions for the Board concerning the peer review process with respect to issuing the Hawaii Supplement to the Peer Review. The ICPR conveyed these questions to the Board as this was an inquiry from the AICPA, which is a Board-approved peer review sponsoring organization, and suggested to the Board that a "walk through" of the process of complying with the requirements of a Hawaii supplement would be the most effective way to identify potential issues that may arise in implementation. The Board discussed the issue at its February 5, 2016 meeting and determined that asking the PROC to proactively look at the peer review process and report its findings to the Board would contribute greatly to the successful implementation of the program.

Lengthy discussion ensued as to the Board's request for the PROC to perform an assessment of the process to conduct an attestation engagement in order to issue a Hawaii Supplement to the Peer Review in accordance with HRS section 466-36. Mr. Lau commented that the AICPA is questioning the conceptual purpose of a peer review supplementary report, as well as the timing of this supplement in the peer review process. The AICPA questioned that in the event a Hawaii attest engagement is not captured in the peer review, is

the supplemental report the right mechanism to meet the requirements of the peer review law. Mr. Lau commented that providing illustrative procedures for the attestation engagement as contemplated by HRS section 466-36 would help to answer these questions.

Mr. Choy suggested for a timeline on the Board's request; after discussion, a tentative meeting date of April 22, 2016 was suggested, to enable members of the PROC to develop illustrative attestation procedures to be performed for firms that are required to submit the Hawaii Supplement to the Peer Review. Thereafter, the PROC may be able to report its findings to the Board at the Board's scheduled May 6, 2016 meeting.

Mr. Lau left the meeting at 2:37 p.m.

Summary of Report
Acceptance Body
Meeting of
January 14, 2016:

Mr. Choy reported that he attended the Hawaii Society of Certified Public Accountants ("HSCPA") Report Acceptance Body ("RAB") meeting on January 14, 2016, as one of the duties of the PROC is to observe how the HSCPA RAB executes its duties in the meeting and to determine whether or not this aspect of the peer review program is operating effectively. His observation included completing a Summary report which he replicated from a sample report utilized by the Mississippi Board of Accountancy's PROC. Mr. Choy stated that this HSCPA RAB meeting met expectations and commented on the limited number of peer reviewers available, which may be a challenge.

Open Forum:

None.

Next PROC
Meeting:

Tentatively scheduled for:
Thursday, April 22, 2016
1:30 p.m.
Details to be announced.

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Adjournment: There being no further discussion, the meeting
adjourned at 2:47 p.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

03/23/16

[X] Minutes approved as is.

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