

**BOARD OF PUBLIC ACCOUNTANCY
PEER REVIEW OVERSIGHT COMMITTEE ("PROC")**

Professional and Vocational Licensing Division
Department of Commerce and Consumer Affairs
State of Hawaii

MINUTES

Date: Tuesday, August 23, 2016

Time: 2:00 p.m.

Place: PVL Examination Room
King Kalakaua Building, 3rd Floor
335 Merchant Street, Room 330
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

Guest: Rodney Harano, CPA, CW Associates, CPAs
Darryl T. Komo, CPA, Member, Investigative
Committee on Peer Review ("ICPR")
Nelson K.M. Lau, CPA, Member, ICPR
Carleton L. Williams, 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 2:00 p.m. by Chairperson Takeno.

Additions/Revisions to Agenda: None.

Approval of Minutes of the April 28, 2016 Meeting: After discussion, it was moved by Mr. Choy, seconded by Mr. Ciano, and unanimously carried to approve the minutes of the April 28, 2016 PROC meeting as circulated.

Approval of
Minutes of the
May 5, 2016
Meeting:

After discussion, it was moved by Mr. Choy, seconded by Mr. Ciano, and unanimously carried to approve the minutes of the May 5, 2016 PROC meeting as circulated.

Request from the
Board of Public
Accountancy for
Comments on the
American Institute of
Certified Public
Accountants ("AICPA")
Proposed Evolution of
Peer Review
Administration – A
Supplemental
Discussion Paper
Seeking Input From
State Boards of
Accountancy:

Discussion ensued on the proposed changes to the oversight responsibilities of the Peer Review Oversight Committee ("PROC") this AICPA proposal may bring. ICPR Member Lau commented that the Board of Public Accountancy ("Board") is interested in the PROC's viewpoint and requests the PROC to comment based on its perspective as an oversight committee.

ICPR Member Komo stated that the Board questions how the PROC would be able to extract and utilize Hawaii-specific information that would be encompassed in a national or regional level report to fulfill its oversight responsibilities. ICPR Member Williams added that there have been many concerns expressed as to how different individual states will oversee their peer review program administration with the proposed changes.

Mr. Harano commented that the HSCPA Review Acceptance Board ("RAB") reviews about ninety (90) peer reviews yearly versus one thousand (1,000) in states such as California and Texas. He also commented that it has been discussed that engagement peer reviews may continue to be administered at the state level, and that system peer reviews may then be handled at a regional or national level. He added that of the ninety (90) peer reviews handled by the RAB, only ten (10) are system reviews.

The points of discussion were distilled to express that the PROC is concerned with how to fulfill its responsibilities with the uncertainty in the consolidation proposal, e.g., logistics, cost of the

PROC's operation, time constraints in providing adequate oversight of the program, and how to discern Hawaii-centric information critical to the effective management of Hawaii's peer review program. Members agreed that inconsistencies in states' programs will continue to exist; however, each state needs to determine its level of acceptable inconsistency. Agreement was reached that more information and data is required on what issue(s) this proposal is designed to address as the problem(s) is/are not clearly defined.

Consensus was reached that Mr. Choy would represent the PROC at the Board's September 2, 2016 meeting to report on the PROC's position on this matter.

Proposed Draft
Presented to Board of
Public Accountancy,
Independent
Accountants Report
on Applying
Agreed-Upon
Procedures:

Discussion ensued on the proposed draft that was presented to the Board, entitled *Independent Accountants Report on Applying Agreed-Upon Procedures*. DAG Tam stated that he edited it following HRS 466, and inquired if the list is exhaustive and whether the PROC agreed with his approach to draft the document following the minimum requirements as mandated by statute. The certification language on the document was questioned.

Mr. Choy stated that he will include this matter in his address to the Board at the September 2, 2016 meeting.

Annual Report from
the Peer Review
Oversight Committee
to the Board of Public
Accountancy:

Discussion ensued on the *Annual Report* the PROC would need to prepare as required in HRS sections 466-42(d)(1)(2)(f). Mr. Choy commented he found a report for the Kansas Board of Accountancy that the PROC may follow as an example. ICPR Member Williams suggested copying the verbiage in the statute and use that language for the Annual Report. Mr. Choy suggested documenting PROC activities in

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the form of a program module for support of the
PROC Annual Report to the Board.

Open Forum: None.

Next PROC Meeting: TBA
King Kalakaua Building
335 Merchant Street
Honolulu, Hawaii 96813

Announcements: None.

Adjournment: There being no further discussion, the meeting
adjourned at 3:11 p.m.

Taken and recorded by:

/s/ Lori Nishimura

Lori Nishimura, Secretary

Reviewed and Approved by:

/s/ Laureen M. Kai

Laureen M. Kai, Executive Officer

LMK:ln

09/21/16

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