

**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: Thursday, May 18, 2017

Time: 2:00 p.m.

Place: PVL Examination Room  
King Kalakaua Building, 3<sup>rd</sup> Floor  
335 Merchant Street, Room 330  
Honolulu, Hawaii 96813

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

Excused: Rodney J. Tam, Deputy Attorney General

Guests: Carleton L. Williams, 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 2:00 p.m. by Chairperson Takeno.

Approval of  
Minutes of the  
February 7, 2017  
Meeting: After discussion, it was moved by Mr. Ciano,  
seconded by Mr. Choy, and unanimously carried to  
approve the minutes of the February 7, 2017  
PROC meeting as circulated.

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

Discussion ensued on the second draft of the *Annual Report* that Mr. Ciano provided based on six reports - random samples of Peer Review Compliance Reporting Forms and supporting documentation submitted by CPA firms that had been peer reviewed or inspected by the AICPA, the National PRC, and the PCAOB. Mr. Ciano stated that only one of the six reports disclosed that a supplementary report was completed.

Executive Officer Kai commented that the Annual Report is on the administrative entities, "a report on the continued reliability of sponsoring organizations' peer reviews."; the PROC has been tasked to review the administrative entities. Mr. Williams commented that the Hawaii Supplement is a regulatory matter, not a matter for the sponsoring organization; the Annual Report is an assessment.

Further discussion ensued on the responsibility of the PROC as ultimately, the Board of Public Accountancy ("Board") retains the oversight of sponsoring organizations through the PROC. Mr. Choy commented that he is uncomfortable with providing a report, to make a conclusion based on the sampling of six peer reviews.

Executive Officer Kai commented the PROC can issue an Annual Report "based on what they reviewed", as it is on the administrative entities.

Mr. Williams commented on "negative assurance".

The PROC continues to work on the Annual Report.

Discussion on Request From the Board of Public Accountancy for Input on the AICPA Discussion Paper

Discussion ensued on the request from the Board for input on the AICPA *Discussion Paper on the Proposed Evolution of Peer Review Administration - Revised January 2017*. PROC members stated their input on this matter was discussed at the last meeting. All

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On The Proposed Evolution of Peer Administration - Revised January 2017: members of the PROC were not available to attend the next scheduled Board meeting; thus, the consensus of the PROC was to submit the written comments (PROC's meeting minutes) to the Board.

Open Forum: None.

Next PROC Meeting: To Be Announced  
King Kalakaua Building  
335 Merchant Street  
Honolulu, Hawaii 96813

Announcements: None.

Adjournment: There being no further discussion, the meeting adjourned at 2:45 p.m.

Taken and recorded by:

/s/ Lori Nishimura

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Lori Nishimura, Secretary

Reviewed and Approved by:

/s/ Laureen M. Kai

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Laureen M. Kai, Executive Officer

LMK:ln

06/07/17

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