



**HAWAII ADMINISTRATIVE RULES**

**TITLE 16**

**CHAPTER 71**

**CERTIFIED PUBLIC ACCOUNTANTS AND PUBLIC ACCOUNTANTS**

This rule should be read in conjunction with Hawaii Revised Statutes Chapter 466, PUBLIC ACCOUNTANCY, which is distributed separately.

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Amendment and Compilation of Chapter 16-71  
Hawaii Administrative Rules

December 18, 2020

SUMMARY PAGE

1. §16-71-1 is amended.
2. §16-71-3 is amended.
3. §16-71-8 is amended.
4. §16-71-18 is amended.
5. §16-71-19 is amended.
6. §16-71-19.1 is amended.
7. §16-71-21 is amended.
8. §16-71-24 is amended.
9. §16-71-33 is amended.
10. §16-71-34 is amended.
11. §16-71-36 is amended.
12. §16-71-39 is amended.
13. §16-71-64 is amended.
14. Chapter 16-71 is compiled.

HAWAII ADMINISTRATIVE RULES

TITLE 16

DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS

CHAPTER 71

CERTIFIED PUBLIC ACCOUNTANTS AND PUBLIC ACCOUNTANTS

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SUBCHAPTER 1

GENERAL PROVISIONS

**§16-71-1 Objective.** This chapter has been adopted by the board of public accountancy, hereafter

referred to as "board", and is intended to clarify chapter 466, Hawaii Revised Statutes, and to implement the administration thereof to the end that chapter 466, HRS, may be best effectuated and the public interest most effectively served. [Eff 1/1/74; am and ren §16-71-1, 6/25/81; am and comp; 6/8/84; comp 10/23/87; comp 2/22/94; comp 6/3/95; comp 1/22/01; comp 1/30/10; comp 2/13/12; am and comp 11/27/21] (Auth: HRS §466-4) (Imp: HRS §466-4)

**§16-71-2 Biennial renewal; continuing professional education in ethics or professional conduct.** (a) Each license of a certified public accountant and a public accountant shall be renewed biennially on or before December 31 of each odd-numbered year by submitting an application, paying a renewal fee, and attesting that the applicant has completed at least four hours of continuing professional education in ethics or professional conduct.

(b) Each permit to practice of a certified public accountant or public accountant shall be renewed biennially on or before December 31 of each odd-numbered year by submitting an application, paying a renewal fee, and complying with the continuing professional education requirements in section 16-71-33.

(c) Each firm permit to practice shall be renewed biennially on or before December 31 of each odd-numbered year by submitting an application and paying a renewal fee. [Eff 11/21/74; ren §1.02, 3/6/80; am and ren §16-71-2, 6/25/81; am and comp 6/8/84, am and comp 10/23/87; comp 2/22/94; comp 6/3/95; comp 1/22/01; am and comp 1/30/10; comp 2/13/12; comp 11/27/21] (Auth: HRS §466-4) (Imp: HRS §§466-4, 466-5, 466-6)

**§16-71-3 Notification and filing of names and addresses and changes.** The current mailing address of each certified public accountant, registered public accountant, public accounting firm, and permit holder shall be registered with the board. The board shall be immediately notified in writing of all changes. [Eff 1/1/74; ren §1.03, 3/6/80; am and ren §16-71-3, 6/25/81; am and comp 6/8/84; am and comp 10/23/87; comp 2/22/94; comp 6/3/95; comp 1/22/01; comp 1/30/10; comp 2/13/12; am and comp 11/27/21] (Auth: HRS §466-4) (Imp: HRS §466-4)

**§16-71-4 Evidence of authority to practice.** Each permit holder and public accounting firm shall at all times display evidence of the authority to practice, together with the certificate or registration and other evidence of current validation, in the permit holder's and public accounting firm's place of business. [Eff 1/1/74; ren §1.05, 11/21/74; ren §1.04, 3/6/80; am and ren §16-71-4, 6/25/81; am and comp 6/8/84; am and comp 10/23/87; comp 2/22/94; comp 6/3/95; comp 1/22/01; comp 1/30/10; comp 2/13/12; comp 11/27/21] (Auth: HRS §466-4) (Imp: HRS §§466-4, 466-7)

**§16-71-4.5 Minimum insurance requirements for a professional corporation.** (a) Pursuant to section 415A-11, HRS, a professional accounting corporation may provide security for professional responsibility by procuring errors and omissions insurance or a surety bond issued by an insurance company, or any combination thereof, as the corporation may elect.

(b) The minimum amount of errors and omissions insurance or surety bond issued by an insurance company for a professional accounting corporation shall be \$100,000 for each shareholder; provided that the minimum amount for each professional accounting corporation shall not be less than \$250,000. [Eff and

comp 1/30/10; comp 2/13/12; comp 11/27/21] (Auth:  
HRS §466-4) (Imp: HRS §§415A-11, 466-4)

## SUBCHAPTER 2

### DEFINITIONS

**§16-71-8 Definitions. As used in this chapter:**

"Continuing professional education" or "CPE" means a formal course or program of learning from a sponsor approved by the board as provided in this chapter.

"Incidental to a person's practice in such other state or country", as used in section 466-7(c)(4), HRS, means services rendered in this State by a non-licensee for work performed for a client outside the State, such as the audit of a Hawaii subsidiary of an out-of-state parent corporation or an audit of a Hawaii branch or division of an out-of-state partnership, joint venture, or individual proprietorship.

"Not in a public accounting practice" or "not in public practice" means the status of a certified public accountant licensed under section 466-5, HRS, or a public accountant licensed under section 466-6, HRS, or a public accounting firm under section 466-7, HRS, that:

- (1) Does not have a permit to practice under chapter 466, HRS, or this chapter; or
- (2) Is not engaged in any form of public accounting in this State.

"Public accounting practice" or "public practice" means performing, offering to perform, or holding oneself out as being able to perform for a fee one or more types of services involved in the practice of public accountancy by a certified public accountant licensed under section 466-5, HRS, who has a permit to



practice under section 466-7, HRS, and section 16-71-24; a public accountant licensed under section 466-6, HRS, who has a permit to practice under section 466-7, HRS, and section 16-71-24; or by a public accounting firm that has a permit to practice under section 466-7, HRS, and section 16-71-24, including but not limited to:

- (1) A sole proprietor or sole practitioner engaged in public accounting practice;
- (2) A partner in a domestic or foreign general, limited, or limited liability partnership of certified public accountants or public accountants, or a combination of both;
- (3) A principal in a domestic or foreign professional accounting corporation;
- (4) A member of a domestic or foreign limited liability company;
- (5) A staff employee of a domestic or foreign public accounting firm as defined in section 466-3, HRS;
- (6) A domestic or foreign professional accounting corporation;
- (7) A domestic or foreign general, limited, or limited liability partnership of certified public accountants or public accountants, or a combination of both; or
- (8) A domestic or foreign limited liability company. [Eff 1/1/74; am and ren §16-71-8, 6/25/81; am and comp 6/8/84; am and comp 10/23/87; comp 2/22/94; comp 6/3/95; comp 1/22/01; am and comp 1/30/10; comp 2/13/12; am and comp 11/27/21] (Auth: HRS §466-4) (Imp: HRS §§466-4, 466-5, 466-6)

**§16-71-9 REPEALED.** [R 1/30/10]

**§16-71-10 REPEALED.** [R 1/30/10]

SUBCHAPTER 3

LICENSE OF CERTIFIED PUBLIC ACCOUNTANT

**§16-71-14 Issuance.** A person shall be entitled to the issuance of a license of certified public accountant upon application to the board and upon the satisfactory fulfillment of the requirements set forth in section 466-5(a), HRS. [Eff 1/1/74; am and ren §16-71-14, 6/25/81; am and comp 6/8/84; comp 10/23/87; comp 2/22/94; comp 6/3/95; comp 1/22/01; am and comp 1/30/10; comp 2/13/12; comp 11/27/21] (Auth: HRS §466-4) (Imp: HRS §466-5)

**§16-71-15 Application for license.** After satisfactorily fulfilling the requirements of section 466-5(a), HRS, an application for a license of certified public accountant shall be filed in accordance with deadline dates established by the board and be accompanied by a fee as provided by the department of commerce and consumer affairs in chapter 16-53. [Eff 1/1/74; am and ren §16-71-15, 6/25/81; am and comp 6/8/84; am and comp 10/23/87; comp 2/22/94; am and comp 6/3/95; comp 1/22/01; am and comp 1/30/10; comp 2/13/12; comp 11/27/21] (Auth: HRS §466-4) (Imp: HRS §§466-5, 466-8)

**§16-71-16 Competence, trustworthiness, and fairness (references).** Each applicant for a license of a certified public accountant shall submit three letters of reference, from persons not related to the applicant, attesting to the applicant's competence,

trustworthiness, and fairness. [Eff 1/1/74; am and ren §16-71-16, 6/25/81; am and comp 6/8/84; comp 10/23/87; comp 2/22/94; comp 6/3/95; comp 1/22/01; am and comp 1/30/10; comp 2/13/12; comp 11/27/21] (Auth: HRS §466-4) (Imp: HRS §§466-4, 466-5)

**§16-71-17 Education.** (a) An applicant for a license of certified public accountant shall:

- (1) Present satisfactory evidence that the applicant has received a baccalaureate degree from a university, college, or other four-year institution of learning accredited by a regional or national accrediting agency or association recognized by the Secretary of Education under the requirements of 20 United States Code section 1099b, as amended; or
- (2) Present satisfactory evidence that the applicant has received a baccalaureate or comparable degree from a foreign or U.S. university, college, or other four-year institution of learning and provide evidence that the baccalaureate or comparable degree qualifies the applicant for acceptance for an advanced degree at an accredited university, college, or other four-year institution of learning as specified in paragraph (1).

(b) An applicant who passed the examination prior to December 31, 2000, or who earned conditional credits prior to December 31, 2000 and subsequently passed the examination before the conditional credits expired, shall, in addition to meeting the requirements in subsection (a), present evidence of satisfactory completion of at least thirty semester hours of upper division or graduate level study comprised of such subjects as:

- (1) Accounting and auditing;
- (2) Taxation;
- (3) Management services;

- (4) Computer science;
- (5) Economics;
- (6) Business law;
- (7) Functional fields of business (e.g., finance, production, marketing, personnel relations, business organization, and business management); or
- (8) Other business-related subjects as approved by the board, at an accredited university, college, or four-year institution of learning as specified in subsection (a).

The baccalaureate degree and the thirty semester hours of additional study shall have included a minimum of eighteen semester hours of upper division or graduate level accounting and auditing subjects.

In the event the additional studies of thirty semester hours are completed before the baccalaureate degree is conferred, the applicant shall furnish the board a letter from the university, college, or four-year institution of learning indicating that the additional studies were not counted toward the baccalaureate degree.

(c) An applicant who did not earn conditional credits prior to December 31, 2000 and who passed the examination after December 31, 2000, shall, in addition to meeting the requirements in subsection (a), present evidence of satisfactory completion of at least one hundred fifty semester hours of college education which shall include:

- (1) At least twenty-four semester hours in accounting courses, of which at least eighteen semester hours are upper division or graduate level accounting courses, including without limitation courses in:
  - (A) Financial accounting;
  - (B) Auditing;
  - (C) Taxation; and
  - (D) Managerial accounting; and
- (2) At least twenty-four semester hours in upper division or graduate level accounting or

non-accounting business-related courses including without limitation courses in:

- (A) Economics;
- (B) Legal and social environment of business;
- (C) Business law;
- (D) Marketing;
- (E) Finance;
- (F) Organizational, group, and individual behavior;
- (G) Quantitative applications in business;
- (H) Communication skills;
- (I) Business ethics;
- (J) Globalization;
- (K) Total-quality management;
- (L) Computer science;
- (M) Human relations; or
- (N) Other business-related courses.

(d) Each applicant shall present evidence satisfactory to the board that the requirements provided in section 466-5(f), or 466-5.5, HRS, as applicable, have been met. Satisfactory evidence shall take the form of a certified copy of a diploma, a certified transcript (date and degree granted), or a statement from a college official indicating that the applicant will graduate within one hundred twenty days after the examination.

(e) An applicant requesting an exemption from the educational requirements pursuant to section 466-5(c), HRS, shall arrange to provide direct confirmation to the board, from an appropriate source, that the applicant meets the requirements stated therein. [Eff 1/1/74; am 5/12/78; am 3/6/80; am and ren §16-71-17, 6/25/81; am and comp 6/8/84; am and comp 10/23/87; am and comp 2/22/94; am and comp 6/3/95; comp 1/22/01; am and comp 1/30/10; comp 2/13/12; comp 11/27/21] (Auth: HRS §466-4) (Imp: HRS §§466-5, 466-5.5)

**§16-71-18 Examination.** The examination prescribed in section 466-5(e), HRS, shall consist of the American Institute of Certified Public Accountants examination. [Eff 1/1/74; am and ren §16-71-18, 6/25/81; am and comp 6/8/84; am and comp 10/23/87; comp 2/22/94; am and comp 6/3/95; comp 1/22/01; comp 1/30/10; comp 2/13/12; am and comp 11/27/21] (Auth: HRS §466-4) (Imp: HRS §466-5)

**§16-71-19 Computer-based examination.** (a) The board shall use the examination prescribed by the American Institute of Certified Public Accountants, and shall make all necessary arrangements with the American Institute of Certified Public Accountants including the grading of the examination. The grades issued by the American Institute of Certified Public Accountants are advisory only and shall be ratified by the board to be official.

- (b) Applications for the examination shall be:
- (1) Made on a form provided by the board and filed with the board by the date specified in the application form; and
  - (2) Accompanied by the examination fee specified in chapter 16-53 which shall not be refundable. For each section of the examination, the applicant shall pay a candidate testing fee that includes the actual fees charged by the American Institute of Certified Public Accountants, National Association of State Boards of Accountancy, and the test delivery service provider, as well as the application fees specified in chapter 16-53. An application shall not be accepted for consideration unless the application is completed properly, and the correct fee and supporting documents required under this chapter and chapter 466, HRS, are attached to the application. In the case of an applicant

who will complete the educational requirements within one hundred twenty days after the first examination, a transcript of the last semester shall be sent to the board immediately upon the school's release of the grades.

(c) An applicant who, subsequent to filing a completed application, wishes to reschedule the applicant's appointment to take the examination, may reschedule at no charge if the applicant notifies the board at least thirty days prior to the date of the appointment to take the examination. Rescheduling an appointment within thirty days before the date of the appointment to take the examination shall result in the assessment of a fee specified in chapter 16-53 which shall not be refundable. Failure to appear for the examination shall cause the forfeiture of all fees charged for the application and the examination.

(d) Each applicant shall present evidence satisfactory to the board that the requirements set forth in section 466-5, HRS, have been met. Satisfactory evidence shall take the form of a certified copy of a diploma, a certified transcript (date and degree granted), or a statement from a college official indicating that the applicant will graduate within one hundred twenty days after the examination.

(e) In the case of an applicant admitted to the examination on the expectation that the applicant will complete the educational requirements within one hundred twenty days, no grades shall be released and no credit shall be given for any part of the examination unless the educational requirement is met within one hundred twenty days of the examination and evidence of completion is submitted to the board.

(f) The examination for the license of certified public accountant shall be held in the State at places designated by the board.

(g) The board may apply reasonable security measures which are deemed necessary to confirm the identification of the applicants for examination. Notwithstanding any other provision of this chapter,

the board may postpone a scheduled examination, the release of grades, or the issuance of a license due to a breach of examination security or examination misconduct.

(h) An applicant shall attain a grade of at least seventy-five, or the uniform passing grade established through a psychometrically acceptable standard-setting procedure approved by the board, in all sections of the examination in order to satisfactorily complete the entire examination.

(i) An applicant may take the required sections of the examination individually and in any order. Credit for any section passed shall only be valid for eighteen months from the last day of the quarter in which the applicant took that section, and the applicant shall not be required to maintain a minimum score on any failed section(s).

- (1) An applicant shall pass all four sections of the examination within a rolling eighteen-month period, which begins on the last day of the quarter in which the first section(s) passed is taken.
- (2) An applicant can retake a failed section in the same quarter if the applicant's grade for the previous attempt of the same section has been released.
- (3) In the event all four sections of the examination are not passed within the rolling eighteen-month period, credit for any section(s) passed outside the rolling eighteen-month period shall expire and that section(s) shall be retaken.

(j) The board shall accept conditional credits for any section or sections of the examination earned by the applicant and given under the authority of another state; provided that the applicant meets the educational requirements in section 466-5, HRS and further provided that the conditional credits for any section or sections earned in another state would have been given if the applicant had taken the section or sections in this State.



(k) Notwithstanding any other provision to the contrary, conditional credits that have expired may be extended only for good and valid reasons as determined by the board.

(l) The board may waive the examination for a license of certified public accountant in accordance with section 466-5(h), HRS; provided that with respect to the holder of a valid certificate or license of certified public accountant issued under the laws of another state, the board shall obtain written confirmation from an appropriate source in the other state that the certificate or license upon which an application for exemption is based is currently valid and in good standing. [Eff 1/1/74; am 11/21/74; am 3/11/76; am 5/12/79; am and ren §16-71-19, 6/25/81; am and comp 6/8/84; am and comp 10/23/87; am and comp 2/22/94; am and comp 6/3/95; comp 1/22/01; am and comp 1/30/10; comp 2/13/12; am and comp 11/27/21] (Auth: HRS §466-4) (Imp: HRS §§466-5, 466-8)

**§16-71-19.1 Examination misconduct.** (a) Any misconduct by an applicant in applying for, taking, or subsequent to the examination shall be prohibited and shall invalidate any grade earned by an applicant on any section of the examination, and may warrant summary expulsion from the test site, disqualification from taking the examination permanently or for a specified period of time, and other action deemed appropriate by the board.

(b) Acts of misconduct include but are not limited to any of the following:

- (1) Falsifying or misrepresenting educational credentials or other information required for admission to the examination;
- (2) Failure to follow examination instructions or procedures;
- (3) Communication between applicants or with others inside or outside the test site while the examination is in progress;

- (4) Copying another applicant's answers or allowing one's answers to be copied;
- (5) Copying the examination questions or answers;
- (6) Substitution of another person to sit in the test site;
- (7) Reference to crib sheets, outlines, textbooks, or other material or electronic media (other than those provided to the applicant as part of the examination) inside or outside the test site while the examination is in progress;
- (8) Leaving the test site without prior approval;
- (9) Violating the nondisclosure prohibitions of the examination, or aiding or abetting another in doing so; or
- (10) Retaking or attempting to retake a section by an individual holding a valid license of certified public accountant, or by an applicant who has unexpired conditional credit for having already passed the same section, provided that this may be allowed if the individual has been expressly authorized by the board to do so.

(c) In any case where it appears that misconduct has occurred or is occurring, the board or its designee may either summarily expel the applicant involved in the misconduct from the examination, or move the applicant to a separate area in the test site where the applicant can be more closely observed. In any case where the board or its designee permits an applicant to continue taking the examination, it may:

- (1) Admonish the applicant;
- (2) Seat the applicant in a segregated location for the remainder of the examination;
- (3) Keep a record of the seat location and identifying information of the applicant, and the names and identifying information of other applicants in close proximity to the applicant; or

- (4) Notify the national candidate database, the American Institute of Certified Public Accountants, and the test delivery service provider of the circumstances, so that the applicant may be more closely monitored in future examination sessions.

(d) In any case where the board believes that it has evidence that an applicant has been involved in examination misconduct, the board shall conduct an investigation and may conduct a hearing consistent with the provisions of section 16-71-66, chapter 16-201, and chapter 91, HRS.

(e) If an applicant is refused credit for any section(s) of the examination, disqualified from taking any section, or barred from taking the examination in the future, the board or its designee may provide information on its findings and actions taken to the board of accountancy of another state or jurisdiction of the United States. [Eff and comp 1/30/10; comp 2/13/12; am and comp 11/27/21] (Auth: HRS §466-4) (Imp: HRS §§466-5, 466-8)

**§16-71-20 REPEALED.** [R 6/3/95]

**§16-71-21 Experience.** (a) Except as otherwise provided in section 466-5(d), HRS, an applicant shall have met one of the following experience requirements for a license:

- (1) Completion of one thousand five hundred chargeable hours in the performance of audits involving the application of generally accepted accounting principles and auditing standards earned while in public accounting practice; or
- (2) Completion of two years of professional experience in:

- (A) Public accountancy practice as defined in section 466-3, HRS; or
  - (B) Private or government accounting or auditing work deemed by the board to be equivalent to professional experience in public accountancy practice.
- (b) The professional experience described in subsection (a)(2) shall:
- (1) Include:
    - (A) The issuance of reports on financial statements involving the use of accounting or auditing skills, or both, and the application of generally accepted accounting principles or another comprehensive basis of accounting of the United States;
    - (B) Management advisory or consulting services involving the use of accounting or auditing skills, or both; or
    - (C) The preparation of tax returns or furnishing of advice on tax matters in accordance with applicable tax laws of the United States; and
  - (2) Be obtained in one of the following categories, or any combination thereof:
    - (A) Public practice (i.e., working for a public accounting firm);
    - (B) Private sector or industry (i.e., working for a private business that is not a public accounting firm);
    - (C) Government (i.e., federal, state, county, etc.); or
    - (D) Education (i.e., working as an instructor teaching upper division or graduate level accounting or auditing subjects);

provided that the experience described in this subsection shall not be credited toward or apply to the thirty months of experience specified in section 466-5(b)(2), HRS. The thirty months of experience

shall be gained in public practice and shall be applicable to the extent provided in section 466-5.5, HRS.

(c) All experience required under this chapter and chapter 466, HRS, shall:

- (1) Be non-routine, non-clerical, and non-ministerial in nature;
- (2) Continually require independent thought and judgment on accounting or auditing matters;
- (3) Be gained under the supervision of an individual who holds or has held a permit in this State, or the equivalent in another jurisdiction, during the period of supervision; provided that an applicant may be immediately supervised by a non-permit holder as long as the applicant ultimately reports to, is instructed by, is reviewed by, and is evaluated directly by an individual who holds or has held a permit in this State, or the equivalent in another jurisdiction, during the period of supervision; and
  - (A) The applicant's supervisor shall have supervised, reviewed, and evaluated the applicant's work on a routine and recurring basis.
  - (B) Supervision may be facilitated through telecommunications systems and devices, and computers; provided that this shall not be the primary method of supervision. A majority of the supervision shall be of a personal nature.
  - (C) To be acceptable, the supervision shall have been provided while the applicant was an employee of the same public accounting firm, entity, or agency that employed the supervisor; and
- (4) Have been of a full-time nature, measured in terms of weeks. Full-time employment shall constitute at least thirty-five hours per week.

(d) Each applicant shall submit a detailed statement or form prescribed by the board which fully describes the applicant's experience to the satisfaction of the board. The statement or form shall be signed and certified by the applicant's present or former supervisor who holds or has held a permit in this State, or its equivalent in another jurisdiction, during the period of supervision. [Eff and comp 6/8/84; am and comp 10/23/87; comp 2/22/94; am and comp 6/3/95; am and comp 1/22/01; am and comp 1/30/10; am and comp 2/13/12; am and comp 11/27/21] (Auth: §466-4) (Imp: HRS §466-5)

**§16-71-22 Knowledge of laws and rules.** On the application, each applicant for a license of certified public accountant shall attest that the applicant has read and shall abide by the provisions of chapter 466, HRS, and this chapter. [Eff and comp 6/3/95; comp 1/22/01; am and comp 1/30/10; comp 2/13/12; comp 11/27/21] (Auth: HRS §466-4) (Imp: HRS §466-5)

#### SUBCHAPTER 4

#### PERMIT TO PRACTICE

**§16-71-24 Permit to practice.** (a) Individual permit to practice. For a permit to practice public accountancy, a certified public accountant licensed under section 466-5, HRS, or public accountant licensed under section 466-6, HRS, shall file an application and include an attestation that the

applicant has fulfilled the continuing professional education requirements specified in subchapter 5.

- (b) Firm permit to practice.
  - (1) For a permit to practice public accountancy, a firm engaged in public accounting in this State shall file an application listing the principals of the firm (i.e., sole proprietor, partners in a partnership, shareholders of a professional accounting corporation, or members of a limited liability company).
    - (A) As of the date of the application, a foreign or multi-state firm shall list only those principals who are residents of Hawaii or who are engaged in public accounting practice in this State.
    - (B) If the firm has no permanent office in this State, and no principals who are residents of this State or principals who are engaged in public accounting practice in this State, the firm shall list a principal with a current Hawaii individual permit to practice.
    - (C) The Hawaii business operations of a foreign or multi-state firm shall constitute a "firm" for purposes of the firm permit to practice under section 466-7, HRS.
  - (2) For a permit to practice public accountancy, a firm shall also provide its Hawaii general excise tax license number pursuant to section 237-9, HRS, on its application. Failure to provide a Hawaii general excise tax license number shall result in a denial of the firm permit to practice unless the firm attests that it does not and shall not have any gross income for engaging in the practice of public accounting in this State.
  - (3) All principals of a firm physically located in the State or that has a permanent office in the State shall be licensed as certified public accountants or public accountants

with individual permits to practice under section 466-7, HRS.

- (4) All foreign or multi-state firms engaged in public accounting practice in this State shall have at least one licensed certified public accountant or public accountant principal (i.e., sole proprietor, partner in a partnership, shareholder of a professional accounting corporation, or member of a limited liability company) with a permit to practice under section 466-7, HRS.
- (5) The firm permit to practice shall be automatically terminated upon the death or loss of the permit to practice of all principals of a firm. The permit to practice for the firm may be reinstated upon the transfer of shares or membership interests to an individual who holds a permit to practice under section 466-7, HRS, or upon the reinstatement of the permit to practice of the sole proprietor, sole shareholder, or sole member of a limited liability company, as the case may be. [Eff 1/1/74; am and ren §16-71-24, 6/25/81; am and comp 6/8/84; am and comp 10/23/87; comp 2/22/94; comp 6/3/95; comp 1/22/01; am and comp 1/30/10; comp 2/13/12; am and comp 11/27/21] (Auth: HRS §466-4) (Imp: HRS §466-7)

**§16-71-25 REPEALED.** [R 6/8/84]

**§16-71-26 Control and reporting.** (a) For the purpose of this section, a permit shall be obtained whether or not the public accounting practice is:

- (1) One of continuation from the prior year;
  - (2) One to be entered into for the first time;
- or



- (3) One to be resumed after the permit to practice for the prior year or prior years has lapsed.

(b) For a 1974 permit, an applicant shall file an application prior to the commencement date of the applicant's public practice. For a permit to practice public accountancy for the year 1975 and each year thereafter, the applicant shall file an application, on a form prescribed by the board, at least thirty days prior to the date on which the permit shall become effective. [Eff 1/1/74; am and ren §16-71-26, 6/25/81; am and comp 6/8/84; am and comp 10/23/87; comp 2/22/94; comp 6/3/95; comp 1/22/01; comp 1/30/10; comp 2/13/12; comp 11/27/21] (Auth: HRS §466-4) (Imp: HRS §§466-4, 466-7)

**§16-71-27 Temporary permit to practice.** An application for a temporary permit to practice, pursuant to section 466-7(c), HRS, shall be filed on a form prescribed by the board not later than sixty days prior to the commencement of the period covered by the application and shall be accompanied by a statement signed by an official of the jurisdiction which issued the certificate or registration, attesting that the same is currently valid, and unrevoked. The board may waive the filing deadline requirement for good cause. [Eff 1/1/74; am and ren §16-71-27, 6/25/81; am and comp 6/8/84; comp 10/23/87; am and comp 2/22/94; comp 6/3/95; comp 1/22/01; comp 1/30/10; comp 2/13/12; comp 11/27/21] (Auth: HRS §466-4) (Imp: HRS §466-7)

## SUBCHAPTER 5

### CONTINUING PROFESSIONAL EDUCATION

**§16-71-31 Basic concept.** The overriding consideration in determining whether or not a specific program qualifies as acceptable continuing professional education is whether the program is a formal program of learning which will contribute directly to the professional competence of a licensee in public practice. Each licensee shall determine the course of study to be pursued by the licensee within the guidelines established by this chapter. [Eff 1/1/74; am and ren §16-71-31, 6/25/81; am and comp 6/8/84; comp 10/23/87; comp 2/22/94; comp 6/3/95; comp 1/22/01; am and comp 1/30/10; comp 2/13/12; comp 11/27/21] (Auth: HRS §466-4) (Imp: HRS §466-7)

**§16-71-32 Persons covered.** Any person in public accounting practice, regardless of the extent or degree of the practice, shall be covered by this chapter. [Eff 1/1/74; am and ren §16-71-32, 6/25/81; am and comp 6/8/84; comp 10/23/87; comp 2/22/94; comp 6/3/95; comp 1/22/01; comp 1/30/10; comp 2/13/12; comp 11/27/21] (Auth: HRS §466-4) (Imp: HRS §466-7)

**§16-71-33 Basic requirements of study hours.**

(a) For a permit to practice public accountancy covering each biennium, an individual applicant shall file, together with the application and payment of a fee for a permit to practice, an attestation as to the completion of at least eighty hours in continuing professional education programs. The eighty hours shall have been earned by the applicant within a twenty-four-month period, and within twenty-four months prior to the date of the application for a

permit to practice, with a minimum of twenty hours earned within each calendar year.

(b) The applicant shall include within the eighty hours of continuing professional education programs, at least four hours of continuing professional education in the subject area of ethics or professional conduct; provided that these hours may also be used to simultaneously fulfill the requirements to renew the license of a certified public accountant or public accountant under section 16-71-2.

(c) The continuing professional education requirement of eighty hours may be prorated only for the permit obtained for the biennium period immediately following an individual's first permit to practice. The proration schedule shall be ten hours for each three-month period of the biennium. The number of hours required shall be determined by the date on which the individual's first permit to practice was approved.

(d) An applicant whose first permit was approved in the first three months of the biennium shall earn eighty hours to obtain the subsequent permit; an applicant whose first permit was approved in the second three months of the biennium shall earn seventy hours to obtain the subsequent permit; and the total hours required shall decrease by ten hours for each three month period to a minimum of ten hours for an applicant whose first permit was approved in the last three months of the biennium period. [Eff 1/1/74; am and ren §16-71-33, 6/25/81; am and comp 6/8/84; am and comp 10/23/87; am and comp 2/22/94; comp 6/3/95; comp 1/22/01; am and comp 1/30/10; comp 2/13/12; am and comp 11/27/21] (Auth: HRS §466-4) (Imp: HRS §466-7)

**§16-71-34 Hours which qualify.** A minimum of fifty minutes shall constitute one continuing professional education hour. No credit for continuing professional education hours shall be allowed for time

expended for study outside of the classroom nor shall additional credits be allowed for programs or courses repeated in any single year. The hours spent in continuing professional education programs shall be measured, as follows:

- (1) A one-day program, other than a university or college course, of not less than six hours shall equal eight continuing professional education hours;
- (2) One hour of attendance in a group program, other than a university or college course, shall equal one continuing professional education hour;
- (3) Each hour certified by the sponsor of an individual self-study program shall equal one continuing professional education hour;
- (4) An academic credit hour for a semester earned from an accredited university or college as specified in section 16-71-17(a)(1) shall equal fifteen continuing professional education hours, provided the credits were not counted toward certification;
- (5) An academic credit hour for a quarter earned from an accredited university or college as specified in section 16-71-17(a)(1) shall equal ten continuing professional education hours, provided the credits were not counted toward certification;
- (6) Each university or college classroom hour in noncredit study shall equal one continuing professional education hour;
- (7) Each hour of university or college classroom work as a teacher, instructor, or lecturer shall equal one continuing professional education hour; however, the total cumulative continuing professional education hours earned by this method shall not exceed forty credit hours towards continuing professional education in any biennium; credit for the same course shall be awarded only once during a three year period;

- (8) Each hour spent at a group program, other than a university or college course, as a lecturer, discussion leader, or speaker shall equal one continuing professional education hour if the attendees of the group program shall be able to earn continuing professional education credit as a result of the attendance; and provided that the total cumulative hours earned by this method shall not exceed forty credit hours toward continuing professional education in any biennium; credit for the same course shall be awarded only once during a three-year period;
- (9) Fifty per cent of each hour spent as a reviewer at a formally sponsored inter-office or inter-firm quality review program; and provided that the credit shall not exceed twenty continuing professional education hours in any biennium;
- (10) Credit may be allowed for authoring articles and books published in any one year, provided that they contribute to the professional competence of the licensee. Credit for the publications may be given on a self-declaration basis; provided the credit shall not exceed twenty continuing professional education hours in any biennium; and
- (11) An applicant for a permit to practice shall be allowed eighty hours of continuing professional education credit for passing the American Institute of Certified Public Accountants examination for the two years following the date the applicant is notified of passing the examination. If an applicant has not taken credit in the two years following notification, the applicant shall be allowed to take credit for forty hours of continuing professional education during the third year following notification. Credit

for passing the American Institute of Certified Public Accountants examination shall not be taken more than once. [Eff 1/1/74; am 11/21/74; am and ren §16-71-34, 6/25/81; am and comp 6/8/84; comp 10/23/87; am and comp 2/22/94; comp 6/3/95; comp 1/22/01; am and comp 1/30/10; comp 2/13/12; am and comp 11/27/21] (Auth: HRS §466-4) (Imp: HRS §466-7)

**§16-71-35 Deficiency in hours and carryover hours.** (a) In the event an applicant, except as provided in section 16-71-46, is found to be lacking in the eighty required continuing professional education hours as of December 31 of any odd-numbered year, the applicant shall be required to make up the deficient hours before the board approves the permit to practice.

(b) In the event the total continuing professional education hours is found to be in excess of the minimum requirements in any biennium, the applicant may carryover the excess to the following biennium's requirements, provided that the carryover shall be limited to forty hours. It shall be the responsibility of the licensee to maintain a record of any carryover credits. [Eff 1/1/74; am and ren §16-71-35, 6/25/81; am and comp 6/8/84; am and comp 10/23/87; am and comp 2/22/94; comp 6/3/95; comp 1/22/01; am and comp 1/30/10; comp 2/13/12; comp 11/27/21] (Auth: HRS §466-4) (Imp: HRS §466-7)

**§16-71-36 Program classifications.** (a) The continuing professional education programs shall be classified into two categories, as follows:

- (1) Group programs as prescribed in section 16-71-37; and

(2) Individual self-study programs as prescribed in section 16-71-38.

(b) Continuing professional education programs may include but are not limited to the following subjects:

- (1) Accounting (public, private, and governmental);
- (2) Auditing (public, private, and governmental);
- (3) Administrative practice;
- (4) Social environment of business;
- (5) Ethics or professional conduct;
- (6) Business law;
- (7) Business management and organization;
- (8) Finance;
- (9) Business valuation;
- (10) Insurance;
- (11) Management advisory services;
- (12) Marketing;
- (13) Behavioral ethics;
- (14) Communications;
- (15) Personal development;
- (16) Personnel/human relations;
- (17) Computer science;
- (18) Economics;
- (19) Mathematics;
- (20) Production;
- (21) Financial planning;
- (22) Statistics; and
- (23) Taxes. [Eff 1/1/74; am and ren §16-71-36, 6/25/81; am and comp 6/8/84; am and comp 10/23/87; am and comp 2/22/94; comp 6/3/95; comp 1/22/01; am and comp 1/30/10; comp 2/13/12; am and comp 11/27/21] (Auth: HRS §466-4) (Imp: HRS §466-7)

**§16-71-37 Requirements for group programs. Each group program shall:**

- (1) Require attendance;

- (2) Be at least fifty minutes in duration;
- (3) Be conducted by a qualified instructor or discussion leader;
- (4) Through its sponsor, maintain written records of its attendees and of the program outline for a period of two years immediately following the conclusion of the program;
- (5) Through its sponsor, issue to each attendee written evidence of attendance with the suggested continuing professional education credit hours shown thereon, exclusive of any study or preparation time; and
- (6) Have a board approved sponsor. [Eff 1/1/74; am and ren §16-71-37, 6/25/81; am and comp 6/8/84; am and comp 10/23/87; am and comp 2/22/94; comp 6/3/95; comp 1/22/01; am and comp 1/30/10; comp 2/13/12; comp 11/27/21] (Auth: HRS §466-4) (Imp: HRS §466-7)

**§16-71-38 Requirements for individual self-study programs.** Each individual self-study program shall:

- (1) Be conducted by a qualified board approved sponsor;
- (2) Through its sponsor, issue a certificate of completion, specifying subject matter and recommended continuing professional education credit hours; and
- (3) Through its sponsor, maintain written records of each student and of the program outline for a period of two years immediately following the conclusion of the program. [Eff 1/1/74; am and ren §16-71-38, 6/25/81; am and comp 6/8/84; am and comp 10/23/87; am and comp 2/22/94; comp 6/3/95; comp 1/22/01; am and comp 1/30/10; comp 2/13/12; comp 11/27/21] (Auth: HRS §466-4) (Imp: HRS §466-7)



**§16-71-39 Sponsors whose programs automatically qualify.** Subject to compliance with the requirements of sections 16-71-37 and 16-71-38, the program sponsors who automatically qualify shall include:

- (1) All non-profit nationally recognized accounting and auditing associations, such as the American Institute of Certified Public Accountants, the National Society of Accountants, the Accounting and Financial Women's Alliance, the National Association of Accountants, the National Association of State Boards of Accountancy, and their respective state societies, state boards, chapters, or branches;
- (2) Universities and colleges, provided that the institutions are accredited as specified under section 16-71-17(a)(1); or
- (3) Sponsors approved by another state board or by the National Association of State Boards of Accountancy's National Registry. [Eff 1/1/74; am 5/12/78; am and ren §16-71-39, 6/25/81; am and comp 6/8/84; am and comp 10/23/87; am and comp 2/22/94; comp 6/3/95; comp 1/22/01; comp 1/30/10; comp 2/13/12; am and comp 11/27/21] (Auth: HRS §466-4)  
(Imp: HRS §466-7)

**§16-71-40 REPEALED.** [R 2/22/94]

**§16-71-41 Requirements for approval by the board.** Sponsors who do not automatically qualify shall be required to apply to the board on a form prescribed by the board prior to the program event. The sponsor shall comply with all requirements, policies, and standards set forth by the board. [Eff

1/1/74; am 11/21/74; am and ren §16-71-41, 6/25/81; am and comp 6/8/84; comp 10/23/87; am and comp 2/22/94; comp 6/3/95; comp 1/22/01; comp 1/30/10; comp 2/13/12; comp ] (Auth: HRS §466-4) (Imp: HRS §466-7)

**§16-71-42 REPEALED.** [R 2/22/94]

**§16-71-43 Duration of approval.** The approval by the board of each group program sponsor and each individual self-study program sponsor shall expire on December 31 of every odd-numbered year. [Eff 1/1/74; am and ren §16-71-43, 6/25/81; am and comp 6/8/84; comp 10/23/87; am and comp 2/22/94; comp 6/3/95; comp 1/22/01; am and comp 1/30/10; comp 2/13/12; comp 11/27/21] (Auth: HRS §466-4) (Imp: HRS §466-7)

**§16-71-44 REPEALED.** [R 2/22/94]

**§16-71-45 Information requirements.** (a) Accompanying an application for a permit to practice, each certified public accountant and public accountant shall also file, on a form prescribed by the board, an attestation relating to the applicant's continuing professional education, setting forth the following:

- (1) Name of the course sponsor;
- (2) Identification number of the course sponsor as issued by the National Association of State Boards of Accountancy's National Registry, the board, or any other board of accountancy in a state or jurisdiction of the United States;
- (3) Title of the course;

- (4) Date attended; and
- (5) Hours claimed.

(b) The board may randomly audit continuing professional education hours and require an applicant to submit written evidence satisfactory to the board demonstrating compliance with the continuing professional education requirements provided in this chapter. [Eff 1/1/74; am and ren §16-71-45, 6/25/81; am and comp 6/8/84; comp 10/23/87; am and comp 2/22/94; comp 6/3/95; comp 1/22/01; am and comp 1/30/10; comp 2/13/12; comp 11/27/21] (Auth: HRS §466-4) (Imp: HRS §466-7)

**§16-71-46 Exceptions.** The board may issue a permit to practice to any applicant who has not fully complied with the continuing professional education requirement in cases where failure by the applicant to fulfill the requirement has been caused by reason of:

- (1) Health, as certified by a medical doctor;
- (2) Military service on extended active duty with the armed forces of the United States; or
- (3) Other good and valid causes, as determined and approved by the board. [Eff 1/1/74; am and ren §16-71-46, 6/25/81; am and comp 6/8/84; am and comp 10/23/87; comp 2/22/94; comp 6/3/95; comp 1/22/01; am and comp 1/30/10; comp 2/13/12; comp 11/27/21] (Auth: HRS §466-4) (Imp: HRS §466-7)

**§16-71-47 Certification to other jurisdiction.** The board shall certify, upon request, to any state as to the compliance with continuing professional education requirements under the laws of the State by any of its licensees. [Eff 1/1/74; am and ren §16-71-47, 6/25/81; comp 6/8/84; comp 10/23/87; comp 2/22/94; comp 6/3/95; comp 1/22/01; am and comp 1/30/10; comp

2/13/12; comp 11/27/21] (Auth: HRS §466-4) (Imp:  
HRS §466-7)

**§16-71-48 Exception for temporary permits.** This subchapter governing continuing professional education shall not apply to any applicant for a temporary permit to be issued under section 466-7(c), HRS. [Eff 1/1/74; am and ren §16-71-48, 6/25/81; am and comp 6/8/84; comp 10/23/87; am and comp 2/22/94; comp 6/3/95; comp 1/22/01; am and comp 1/30/10; comp 2/13/12; comp 11/27/21] (Auth: HRS §466-4) (Imp: HRS §466-7)

SUBCHAPTER 6 - REPEALED

**§16-71-52 REPEALED.** [R 2/22/94]

**§16-71-53 REPEALED.** [R 2/22/94]

**§16-71-54 REPEALED.** [R 2/22/94]

**§16-71-55 REPEALED.** [R 2/22/94]

**§16-71-56 REPEALED.** [R 2/22/94]

**§16-71-57 REPEALED.** [R 8/25/88]

SUBCHAPTER 7

RULES OF CONDUCT

**§16-71-61 Independence, integrity, and objectivity.** (a) A licensee shall not express an opinion on financial statements of an enterprise in a manner as to imply that the licensee is acting as an independent public accountant with respect thereto unless the licensee is independent with respect to the enterprise.

Independence shall be considered to be impaired if, for example:

- (1) During the period of the licensee's professional engagement, or at the time of expressing an opinion, the licensee:
  - (A) Had acquired or was committed to acquire any direct or material indirect financial interest in the enterprise;
  - (B) Was a trustee, executor, or administrator of any trust or estate which had acquired or was committed to acquire any direct or material indirect financial interest in the enterprise;
  - (C) Had any joint closely held business investment with the enterprise or any officer, director, or principal stockholder thereof which was material in relation to the net worth of either the licensee or the enterprise; or
  - (D) Had any loan to or from the enterprise or any officer, director, or principal stockholder thereof other than loans of the following kinds made by a financial institution under normal lending procedures, terms, and requirements:

- (i) Loans obtained by the licensee which are not material in relation to the net worth of the borrower;
  - (ii) Home mortgages; and
  - (iii) Other secured loans, except those secured solely by a guarantee of the licensee;
- (2) During the period covered by the financial statements, during the period of the professional engagement, or at the time of expressing an opinion, the licensee:
- (A) Was connected with the enterprise as a promoter, underwriter, voting trustee, director, or officer, or in any capacity equivalent to a member of management or of an employee; or
  - (B) Was a trustee of any pension or profit-sharing trust of the enterprise.

Paragraphs (1) and (2) are not intended to be all-inclusive examples.

(b) A licensee, in the performance of professional services shall not knowingly misrepresent facts and shall not subordinate the licensee's judgment to others. In tax practice, however, a licensee may resolve doubt in favor of a client as long as there is reasonable support for the position.

(c) A licensee shall not pay a commission to obtain a client, nor accept a commission for a referral to a client of products or services of others. This subsection shall not prohibit payments for the purpose of all, or a material part, of an accounting practice or retirement payments to persons formerly engaged in the practice of public accountancy, or payments to the heirs or estates of those persons.

(d) A licensee shall not offer or perform professional services for a fee which is contingent upon the findings or results of those services; provided this subsection shall not apply to professional services involving federal, state, or

other taxes in which the findings are those of the tax authorities and not those of the licensee, nor shall it apply to professional services for which the fees are to be fixed by courts or other public authorities, and which are, therefore, indeterminate in amount at the time the professional services are undertaken.

(e) A licensee shall not concurrently engage in the practice of public accountancy and in any other business or occupation which impairs the licensee's independence or objectivity in rendering professional services. [Eff 3/6/80; am and ren §16-71-61, 6/25/81; am and comp 6/8/84; am and comp 10/23/87; am and comp 2/22/94; comp 6/3/95; comp 1/22/01; comp 1/30/10; comp 2/13/12; comp 11/27/21] (Auth: HRS §466-4) (Imp: HRS §466-4)

**§16-71-62 Competence and technical standards.**

(a) A licensee shall not undertake any engagement for the performance of professional services which the licensee cannot reasonably expect to complete with due professional competence, including compliance, where applicable, with subsections (b) and (c).

(b) A licensee's name shall not be permitted to be associated with financial statements in a manner as to imply that the licensee is acting as an independent public accountant with respect to the financial statements unless the licensee is in compliance with applicable generally accepted auditing standards. Statement on Auditing Standards issued by the American Institute of Certified Public Accountants, and other pronouncements having similar generally recognized authority, are considered to be interpretations of generally accepted auditing standards, and departures therefrom shall be justified by those who do not follow them.

(c) A licensee shall not express an opinion that financial statements are presented in conformity with generally accepted accounting principles if the financial statements contain any departure from an accounting principle which has a material effect on

the statements taken as a whole, unless the licensee can demonstrate that due to unusual circumstances the financial statements would otherwise have been misleading. In that case, the licensee's report shall describe the departure, the approximate effects thereof, if practicable, and the reasons why compliance with the principles would result in a misleading statement.

(d) A licensee, in the performance of professional services, shall not permit the licensee's name to be used in conjunction with any forecast of future transactions in a manner which may reasonably lead to the belief that the licensee vouches for the achievability of the forecast. [Eff 3/6/80; am and ren §16-71-62, 6/25/81; am and comp 6/8/84; am and comp 10/23/87; comp 2/22/94; comp 6/3/95; comp 1/22/01; comp 1/30/10; comp 2/13/12; comp 11/27/21] (Auth: HRS §466-4) (Imp: HRS §466-4)

**§16-71-63 Responsibilities to clients.** (a) A licensee, without the consent of the client, shall not disclose any confidential information pertaining to the client obtained in the course of performing professional services.

- (b) Subsection (a) shall not:
- (1) Relieve a licensee of any obligations under section 16-71-62(b) and (c);
  - (2) Affect in any way a licensee's obligation to comply with a validly issued subpoena or summons enforceable by order of a court;
  - (3) Prohibit disclosures in the course of a quality review of a licensee's professional services; or
  - (4) Preclude a licensee from responding to any inquiry made by the board or any investigative or disciplinary body established by law or formally recognized by the board.



(c) Members of the board and professional practice reviewers shall not disclose any confidential client information which comes to their attention from licensees in disciplinary proceedings or otherwise in carrying out their responsibilities, except that they may furnish the information to an investigative or disciplinary body of the kind referred to in subsection (b).

(d) When an engagement is completed, a licensee shall furnish to a client or former client, upon request made within a reasonable time after original issuance or preparation of the document in question:

- (1) A copy of a tax return of the client;
- (2) A copy of any report, or other document, issued by the licensee to or for the client;
- (3) Any accounting or other records belonging to, or obtained from or on behalf of, the client which the licensee removed from the client's premises or received for the client's account, but the licensee may make and retain copies of the documents when they form the basis of work done; and
- (4) A copy of the licensee's working papers, to the extent that the working papers include records which would ordinarily constitute part of the client's books and records and are not otherwise available to the client, provided that a licensee may require that any fees due and owing from the client to the licensee for the licensee's services, where the client has agreed in advance to pay such fees, be paid before a copy of the licensee's working papers is provided to the client. [Eff 1/1/74; am and ren §16-71-63, 6/25/81; am and comp 6/8/84; am and comp 10/23/87; am and comp 2/22/94; comp 6/3/95; comp 1/22/01; comp 1/30/10; comp 2/13/12; comp 11/27/21] (Auth: HRS §466-4) (Imp: HRS §466-4)

**§16-71-64 Other responsibilities and practices.**

(a) A licensee shall not commit any act which reflects adversely on the licensee's fitness to engage in the practice of public accountancy.

(b) A licensee shall not permit others to carry out on the licensee's behalf, either with or without compensation, acts which, if carried out by the licensee, would place the licensee in violation of the rules of conduct.

(c) A licensee shall not use or participate in the use of any form of public communication having reference to the licensee's professional services which contains a false, fraudulent, misleading, deceptive, or unfair statement or claim. A false, fraudulent, misleading, deceptive, or unfair statement or claim includes, but is not limited to, a statement or claim which:

- (1) Contains a misrepresentation of fact;
- (2) Is likely to mislead or deceive because it fails to make full disclosure of relevant facts;
- (3) Contains any testimonial or laudatory statement, or other statement or implication that the licensee's professional services are of exceptional quality;
- (4) Is intended or likely to create false or unjustified expectations of favorable results;
- (5) Implies educational or professional attainments or licensing recognition not supported in fact;
- (6) States or implies that the licensee has received formal recognition as a specialist in any aspect of the practice of public accountancy, if this is not the case;
- (7) Represents that professional services can or will be competently performed for a stated fee when this is not the case, or makes representations with respect to fees for professional services that do not disclose

all variables affecting the fees that will be charged; or

- (8) Contains other representations or implications that in reasonable probability will cause an ordinarily prudent person to misunderstand or be deceived.

(d) A licensee shall not by any direct personal communication solicit an engagement to perform professional services:

- (1) If the communication would violate subsection (c) and it is a public communication; or
- (2) By the use of coercion, duress, compulsion, intimidation, threats, overreaching, or vexatious or harassing conduct.

(e) A licensee shall not practice public accountancy under a firm name which is misleading in any way, as to the legal form of the firm, or as to the persons who are sole practitioners, partners, officers, managers of a manager managed limited liability company, or shareholders of the firm, or as to any matter with respect to which public communications are restricted by subsection (c). A firm name shall not be used by a licensee in the practice of public accountancy unless the name has been registered with and approved by the board and the registration of the firm has been approved by the business registration division of the department of commerce and consumer affairs. However, names of one or more past partners or shareholders may be included in the firm name of a partnership or corporation or its successor, and a partner surviving the death or withdrawal of all other partners may continue to practice under a partnership name for up to two years after becoming a sole practitioner.

(f) A licensee, when requested, shall respond to communications from the board within thirty days of the mailing of the communications by registered or certified mail. [Eff 1/1/74; am and ren §16-71-64, 6/25/81; am and comp 6/8/84; am and comp 10/23/87; am and comp 2/22/94; comp 6/3/95; comp 1/22/01; comp

1/30/10; comp 2/13/12; am and comp 11/27/21] (Auth: HRS §466-4) (Imp: HRS §466-4)

## SUBCHAPTER 8

### PRACTICE AND PROCEDURE

#### **§16-71-66 Administrative practice and procedure.**

The rules of practice and procedure for certified public accountants and public accountants shall be as provided in chapter 16-201, the rules of practice and procedure of the department of commerce and consumer affairs, which are incorporated by reference and made a part of this chapter. [Eff and comp 10/23/87; am and comp 2/22/94; comp 6/3/95; comp 1/22/01; comp 1/30/10; comp 2/13/12; comp 11/27/21] (Auth: HRS §§91-2, 466-4) (Imp: HRS §§91-2, 466-4)

## SUBCHAPTER 9

### ORAL TESTIMONY

**§16-71-69 Oral testimony.** (a) The board shall accept oral testimony on any item which is on the agenda, provided that the testimony shall be subject to the following conditions:

- (1) Each person seeking to present oral testimony shall notify the board not later than forty-eight hours prior to the meeting, and at that time shall state the item on which testimony is to be presented;

- (2) The board may request that any person providing oral testimony submit the remarks, or a summary of the remarks, in writing to the board;
- (3) The board may rearrange the items on the agenda for the purposes of providing for the most efficient and convenient presentation of oral testimony;
- (4) Persons presenting oral testimony shall, at the beginning of the testimony, identify themselves and the organization, if any, that they represent;
- (5) The board may limit oral testimony to a specified time period but in no case shall the period be less than five minutes, and the person testifying shall be informed prior to the commencement of the testimony of the time constraints to be imposed; and
- (6) The board may refuse to hear any testimony which is irrelevant, immaterial, or unduly repetitious to the agenda item on which it is presented.

(b) Nothing in this section shall require the board to hear or receive any oral or documentary evidence from a person on any matter which is the subject of another pending proceeding, subject to the declaratory relief or rule relief provisions of chapter 16-201.

(c) Nothing in this section shall prevent the board from soliciting oral remarks from persons present at the meeting or from inviting persons to make presentations to the board on any particular matter on the board's agenda. [Eff and comp 10/23/87; comp 2/22/94; comp 6/3/95; comp 1/22/01; comp 1/30/10; comp 2/13/12; comp 11/27/21] (Auth: HRS §466-4)  
(Imp: HRS §92-3)

Amendments to and compilation of chapter 16-71, Hawaii Administrative Rules, on the Summary page dated December 18, 2020, were adopted on December 18, 2020, following a public hearing held on December 18, 2020, after public notice are given in the Garden Island, Maui News, West Hawaii Today, Hawaii Tribune-Herald, and Honolulu Star Bulletin newspapers November 17, 2020.

These rules shall take effect ten days after filing with the Office of the Lieutenant Governor.

APPROVED:

/s/ Catherine P. Awakuni  
Colón  
CATHERINE P. AWAKUNI COLÓN  
Director of Commerce and  
Consumer Affairs

Date: 10/28/2021

/s/ David Y. Ige  
DAVID Y. IGE  
Governor  
State of Hawaii

Date: 11/17/21

APPROVED AS TO FORM:

/s/ Christopher J.I. Leong  
Deputy Attorney General

'21 NOV 17

Filed