

**BOARD OF PUBLIC ACCOUNTANCY**  
Professional and Vocational Licensing Division  
Department of Commerce and Consumer Affairs  
State of Hawaii

MINUTES

Date: Friday, October 27, 2017

Time: 8:30 a.m.

Place: King Kalakaua Conference Room  
King Kalakaua Building  
335 Merchant Street, 1<sup>st</sup> Floor  
Honolulu, Hawaii 96813

Present: Gregg M. Taketa, CPA, Chairperson  
Darryl T. Komo, CPA, Vice-Chairperson  
Terrence H. Aratani, Member  
Nelson K.M. Lau, CPA, Member  
Gabriel Lee, Member  
Gary Y. Miyashiro, CPA, Member  
Edward L. Punua, CPA, Member  
John W. Roberts, CPA, Member  
Carleton L. Williams, CPA, Member  
Krishna F. Jayaram, Deputy Attorney General ("DAG")  
Lauren M. Kai, Executive Officer  
Lori Nishimura, Secretary

Guests: None.

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 Taketa.

Approval of Minutes of the September 29, 2017 Meeting: After discussion, it was moved by Mr. Lau, seconded by Mr. Aratani, and unanimously carried to approve the minutes of the September 29, 2017 Board meeting as circulated.

Vice-Chairperson Komo arrived to the meeting at 8:33 a.m.

Executive Session: At 8:33 a.m., it was moved by Mr. Lau, seconded by Mr. Roberts, and unanimously carried to enter into Executive Session to consider and evaluate personal information relating to individuals applying for licensure in accordance with HRS section 92-5(a)(1), and to consult with the Board's attorney on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities in accordance with HRS section 92-5(a)(4).

#### EXECUTIVE SESSION

At 8:45 a.m., it was moved by Mr. Roberts, seconded by Mr. Miyashiro, and unanimously carried for the Board to move out of Executive Session, and to immediately recess the meeting.

At 9:00 a.m., the Board reconvened its regularly scheduled meeting.

Applications for CPA Certification: After discussion, it was moved by Mr. Lee, seconded by Mr. Aratani, and unanimously carried to approve the following applications for certification:

- 1) ANDERSON, Mark R.
- 2) BRAUN, Iwalani U.H.
- 3) CORREA, Sarah C.K.
- 4) GURMAN, Paul M.
- 5) HINO, Jordan Y.
- 6) KAJIWARA, Cindy M.
- 7) TANAKA, Kyle R.
- 8) TELLI, Christopher J.

Ratification of Individual CPA Permits to Practice: After discussion, it was moved by Mr. Aratani, seconded by Mr. Punua, and unanimously carried to ratify the approval of the following individual CPA Permits to Practice:

- 1) JAMISON, Steven K.

2) LEWIS, Brian C.

After discussion (from which Mr. Williams recused himself), it was moved by Mr. Aratani and seconded by Mr. Punua to ratify the approval of the following individual CPA Permit to Practice. With Mr. William's abstention from the vote, the motion was carried unanimously:

1) OGIMI, Brandon H.

Ratification of Issued Firm Permits to Practice:

After discussion, it was moved by Vice-Chairperson Komo, seconded by Mr. Lee, and unanimously carried to ratify the approval of the following issued Firm Permits to Practice:

- 1) BRIAN C LEWIS
- 2) KEVIN S NISHIOKA, CPA

Approval of Firm Name Approval:

After discussion, it was moved by Mr. Aratani, seconded by Mr. Punua, and unanimously carried to ratify the approval of the following issued firm name approval:

- 1) Gurman & Company, PLLC

Ratification of Firm Name Approval:

After discussion, it was moved by Mr. Aratani, seconded by Vice-Chairperson Komo, and unanimously carried to ratify the approval of the following issued firm name approval:

- 1) Deneen Nakashima CPA LLC

Chairperson's Report:

A. National and Industry Update

- 1) Appointment of Nelson K.M. Lau to the NASBA 2017-2018 Standard-Setting Advisory Committee

Chairperson Taketa congratulated Mr. Lau on his appointment to the NASBA 2017-2018 Standard-Setting Advisory

Committee. He commented that insight and feedback from Mr. Lau will be beneficial to the Board.

Mr. Roberts confirmed that he has been reappointed to the Enforcement Resources Committee. Mr. Williams stated that he has been reappointed to the Regulatory Response Committee. Chairperson Taketa commented that three (3) Board member representations are great.

Executive Officer's Report:

A. 2018 RICO Public Accountancy Advisory Committee

After discussion, it was moved by Mr. Lau, seconded by Mr. Aratani, and unanimously carried to approve the list of members of the 2018 RICO Public Accountancy Advisory Committee and addendum, which includes any additional interim appointees that RICO deems necessary to aid in its investigations.

B. 2018 Board Meeting Schedule

Executive Officer Kai stated that the meeting dates for year 2018 have been finalized. She requested Board members and DAG Jayaram to check their schedules and inform her should they have scheduling conflicts with the following meeting dates:

- January 26, 2018
- February 23, 2018
- March 23, 2018
- April 27, 2018
- May 25, 2018
- June 22, 2018
- July 27, 2018
- August 24, 2018
- September 28, 2018
- October 26, 2018

- November 16, 2018
- December 21, 2018

Standing Committee Reports:

A. Uniform CPA Examination

- 1) Third Quarter 2017 (July-August) Testing Window
  - a. Ratification of Hawaii Candidate Examination Scores

Committee Chairperson Punua presented the statistics for third quarter 2017 (July-August) testing window as follows:

EXAMINATION RESULTS (BY SCORES)

	Number of Scores	Percentage
Credit	55	36.18
No Credit	97	63.82
Lost Credit	0	0
Voided	0	0
TOTAL	152	100.00

TOTALS BY EXAM PARTS (BY CANDIDATES)

	AUD	BEC	FAR	REG	TOTAL
# Attended	38	31	44	39	152
# Passed	14	13	20	8	55
% Passed	36.84	41.94	45.45	20.51	36.18

#### SUCCESSFUL CANDIDATES SUMMARY

# of Passing First Time Candidates	3 (37.50%)
# of Passing Re-Exam Candidates	5 (62.50%)
# of International Candidates	0
# of Passing Candidates	8

After discussion, it was moved by Committee Chairperson Punua, seconded by Mr. Lau, and unanimously carried to ratify the examination scores from the July-August 2017 testing window.

b. NASBA Jurisdiction Reports: Testing Window 2017 Q-3

Committee Chairperson Punua provided a brief summary of the NASBA Jurisdiction Reports for the 2017 3<sup>rd</sup> Quarter Testing Window, noting that a copy was circulated for Board members' review. He reported an increase in candidates from 33,683 to 44,772, and an increase in the number of candidates who passed (the national average score was 71.1).

Committee Chairperson Punua reported that while Hawaii's passing rate was 36%, all jurisdiction passing percentage rate was in the 50s. A comment was made that Hawaii doesn't follow any trend.

2) Provisions in Hawaii Revised Statutes Chapter 466 and Hawaii Administrative Rules Chapter 16-71 that Allow a Hawaii Examination Candidate to Sit for the Examination Within

### One-Hundred Twenty Days Prior to the Completion of Educational Requirements

Discussion ensued on the Hawaii Certificate of Enrollment form that NASBA created. Executive Officer Kai commented that Hawaii is a minority in allowing a Hawaii examination candidate to sit for the examination within one-hundred twenty days prior to the completion of educational requirements.

The consensus of the Board was that examinees are not limited in the number of Notice to Schedule ("NTS"), as a NTS is good for nine months; thus, NASBA's form is incorrect.

### 3) Request for Extension of Expired Conditional Credit from Hawaii Examination Candidate Kelvin Ho

Committee Chairperson Punua reported that the Board has received a request for extension of expired conditional credit from Hawaii examination candidate Kelvin Ho. He stated that Mr. Ho is not identified by NASBA as being adversely affected by the delay in second quarter score release.

After discussion, it was moved by Committee Chairperson Punua, seconded by Mr. Lee, and unanimously carried to deny Mr. Ho's request for extension of expired conditional credit based on the following:

- Delay in score release was not a factor in the Board's consideration of his request since he did not take an exam in the second quarter; and

- Mr. Ho did not demonstrate good cause to grant an extension of expired conditional credit.

4) Examination Score Release Timeline for Examinations Taken in 4<sup>th</sup> Quarter 2017 and 1<sup>st</sup> Quarter 2018

Committee Chairperson Punua reported that the examination score release timeline for examinations taken in fourth quarter 2017 and first quarter 2018 will be back to the eight-ten day release dates. He further reported that examinees of the BEC (Business Environment and Concepts) section may experience a one week delay due to additional review of written task.

B. Peer Review

1) Status Report from the Hawaii Society of Certified Public Accountants regarding its Peer Review Program

- a. Number of Enrolled Firm that Have Not Completed Their Initial Peer Reviews

Committee Chairperson Lau reported that based on the status report from the Hawaii Society of Certified Public Accountants, there may be about fifty (50) CPA firms that needs a peer review before the year end.

- b. Frequency of Meetings of the Report Acceptance Body ("RAB") During the 4<sup>th</sup> Quarter of 2017

Committee Chairperson Lau reported that the RAB may be



scheduled to meet November 7, 2017, and a possible meeting to be scheduled in late December 2017.

- c. Problems or Concerns with the Peer Review Integrated Management Application ("PRIMA") System

Committee Chairperson Lau stated that the PRIMA system mechanizes the paper way of the past. Mr. Roberts commented that instructions were non-existent. Vice-Chairperson Komo commented that PRIMA is more stringent.

- 2) Status Report on the Peer Review Oversight Committee

- a. PROC 2016 Annual Report

A copy of the PROC (Peer Review Oversight Committee) 2016 Annual Report was distributed to Board members.

- b. PROC Meeting of October 18, 2017

Committee Chairperson Lau stated that the PROC met on October 18, 2017 and finalized the PROC 2016 Annual Report. Chairperson Taketa stated that the contents of the report satisfies the statutes. He commented that they did a good job, and requested that it be timely the next time around.

After discussion, it was moved by Committee Chairperson Lau, seconded by Mr. Roberts, and unanimously carried to accept the PROC 2016 Annual Report.

C. Education

- 1) Questionnaire regarding Online Accounting Program at the University of Maryland University College

Discussion ensued on the questionnaire received by the Board, from the University of Maryland University College regarding their online accounting program. Board members had earlier been provided with the questionnaire to review. Executive Officer Kai stated that she confirmed with NASBA that some states - ignored the questionnaire, referred the matter to NASBA, or responded with reference to their laws and rules.

Committee Chairperson Williams stated that this Board is not in practice of pre-qualifying anything but generally are responsive as a State Board. Mr. Williams prepared a draft response for the Board to consider, approve, and the Executive Officer to transmit. After discussion, it was moved by Committee Chairperson Williams, seconded by Mr. Roberts, and unanimously carried to approve the draft with minor verbiage corrections.

Open Forum: None.

Next Board Meeting: Wednesday, November 15, 2017  
8:30 a.m.  
King Kalakaua Conference Room  
King Kalakaua Building  
335 Merchant Street, 1<sup>st</sup> Floor  
Honolulu, Hawaii 96813

Announcements: None.

Adjournment:                    There being no further discussion, the meeting  
adjourned at 10:58 a.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

11/24/17

[ X ] Minutes approved as is.

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