

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

MINUTES

- Date: Friday, February 23, 2018
- 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")  
James Kobashigawa, Executive Officer  
Lori Nishimura, Secretary
- Guest: Marilyn M. Niwao, JD, CPA, Hawaii Association of  
Public Accountants ("HAPA")
- 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.
- Chairperson Taketa welcomed Executive Officer  
James Kobashigawa. Executive Officer Kobashigawa  
introduced himself and stated that with the untimely  
retirement of former Executive Officer, Laureen Kai –  
who was a tremendous asset to the Board and  
Department, he has been temporarily assigned as the

Executive Officer to this Board. He thanked the Board for welcoming him.

Mr. Lee arrived to the meeting at 8:31 a.m.

Approval of  
Minutes of the  
January 26, 2018  
Meeting:

Mr. Williams requested for a correction on page 10, second to last paragraph:

"It was noted that there are three (3) states that do not allow practice mobility for Hawaii only: Georgia, Pennsylvania, and Massachusetts. They specifically exclude states that do not have mobility."

Mr. Williams commented that he believes it is important for the meeting minutes to reflect a reference or frame of mind of a member of the Board when making a major assertion or an expressive concern. He further commented that Mr. Roberts in open session had commented that Hawaii firms may not be paying taxes in Hawaii by moving their firms to Singapore... Mr. Roberts stated that he had no problems with his comments to be reflected in the meeting minutes. Mr. Williams suggested deferring the approval of the minutes as more review time is needed.

After discussion, the consensus of the Board was to defer decision-making on the approval of minutes of the January 26, 2018 Board meeting to allow for sufficient reviewing time.

Executive Session:

At 8:35 a.m., it was moved by Mr. Lau, seconded by Mr. Punua, 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.

EXECUTIVE SESSION

At 8:47 a.m., it was moved by Mr. Lau, seconded by Mr. Aratani, and unanimously carried for the Board

to move out of Executive Session, and to immediately recess the meeting.

At 8:56 a.m., the Board reconvened its meeting.

Applications for  
CPA Certification:

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

- 1) BENFATTI, Joseph J.
- 2) BUYTAERT, Dale R.
- 3) HOFFMAN, Evan T. F.
- 4) HONGO, David R.
- 5) JOHNSON, Jeffrey M.
- 6) ORTH, Douglas J.
- 7) RODILLAS, Reanne P. S.
- 8) SIEVERS, Ashley A.
- 9) WIRTH, Mark J.
- 10) YANG, Courtney M. M.

After discussion, it was moved by Mr. Aratani, seconded by Mr. Punua, and unanimously carried to defer the following applications for certification:

- 1) BARBIN, Douglas W.
- 2) BLANTON, Claire E.

After discussion (from which Mr. Lau recused himself), it was moved by Mr. Aratani, seconded by Mr. Punua, and unanimously carried to approve the following applications for certification:

- 1) EBERLY, David P.
- 2) KANENAKA, Kent M.
- 3) OPFER, Sarah B.

After discussion (from which Mr. Williams recused himself), it was moved by Mr. Aratani, seconded by Mr. Punua, and unanimously carried to approve the following application for certification:

- 1) YOUNG, Kira S.

Ratification of  
Individual CPA  
Permits to Practice:

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

- 1) FLORES, Brenda V.
- 2) NAGASAKO, Bradley S.
- 3) ROOZEBOOM, Douglas T.

After discussion (from which Mr. Williams recused himself), it was moved by Mr. Aratani, seconded by Mr. Lee, and unanimously carried to ratify the approval of the following individual CPA Permit to Practice:

- 1) MAEMORI, Chelsea E.

Ratification of  
Issued Firm  
Permits to Practice:

After discussion, it was moved by Mr. Aratani, seconded by Mr. Roberts, and unanimously carried to ratify the approval of the following issued Firm Permits to Practice:

- 1) MICHAEL FRANCIS SIMONDS
- 2) DANIEL J DEKORTE CPA PC
- 3) TAXGUY INC
- 4) TIFFANY P TRANG
- 5) VAVRINEK TRINE DAY & CO LLP
- 6) SY CONSULTING LLC
- 7) HILI ACCOUNTING SERVICES LLC
- 8) JULIANN Y KOO
- 9) BRENDA V FLORES

Chairperson's  
Report:

A. National and Industry Update

- 1) NASBA Pacific Region Conference Call – February 22, 2018

Chairperson Taketa provided some highlights from his participation in the NASBA Pacific Region conference call held on February 22, 2018, which included representation from all the

Pacific region jurisdictions except for the Mariana Islands:

- Katrina Salazar (former Chair of the California Board of Accountancy) is now the Pacific Regional Director.
- Discussion of pathway to licensure for data technologist – growing field that NASBA and AICPA believes may become heavily relied on especially for attestation; thus, to encourage candidates in data technology to become CPAs.
- Promotional videos are available for Board members who may be asked to speak about the profession.
- Each jurisdiction gave a brief report of their jurisdiction’s “happenings”:
  - California completed their mobility report and concluded that it meets their objective of protecting the public; thus, they have pending individual mobility legislation to make it permanent.
  - Arizona has pending legislations: firm registration as well as use of titles - would allow the designation of CGMA.
  - Guam’s main concern is budget.
  - State of Washington reported they had a number of problems with their peer review results. They also have pending legislation that would allow Canadian chartered accountants to complete Washington attestation work.

Chairperson Taketa stated that he provided his report and mentioned three things:

- Retirement of Executive Officer Lauren Kai;

- Completed registration of the mandatory peer review; thus, will be looking at the level of compliance in this coming year.
- Pending legislation of Senate Bill No. 2059.

Mr. Williams inquired if he had mentioned the Board's testimony on S.B. 2059, that the majority vote of the Board was in opposition to mobility. Chairperson Taketa stated that he did not mention the Board's position to S.B. 2059, that he only mentioned the progress of the bill, adding that NASBA's director of legislative affairs, John Johnson was aware this bill. Mr. Williams commented that he was "just curious of other regional's reaction" if they knew the Board's position.

2) NASBA Enforcement Committee Report – January 24, 2018

Chairperson Taketa stated the report from Mr. Roberts was circulated at the last meeting. Mr. Roberts stated that he wanted to also note that the brain-chart videos he mentioned in his report will be provided to the Board. He obtained permission from NASBA to share the email with links to the brain-chart videos that are also open to the public.

Standing Committee Reports:

A. Peer Review

1) Peer Review Board Open Session on February 2, 2018

Committee Chairperson Lau provided a brief summary of the discussion points from the Peer Review Board open session on February 2, 2018. He informed the

Board that the evolution of peer review administration is a part of the AICPA's Enhancing Audit Quality initiative whose main objective is to improve audit performance by increasing the consistency, efficiency and effectiveness of the AIPCA Peer Review Program administration.

Administering Entities ("AEs") will be expected to meet the specific benchmarks during the pilot period, where they will self-monitor their performance against the benchmarks. Pilot period is May 1 – September 30, 2018, and in November, AEs will report results to the Oversight Task Force. Beginning in 2019, AEs will report on compliance with benchmarks on a quarterly basis, and all AEs are required to have a CPA on staff by January 1, 2021.

Committee Chairperson Lau summarized examples of familiarity threats that AEs should identify, evaluate the significance, and apply safeguards to mitigate the threat. He also reported on the Oversight Task Force's report on its summary of RAB (Report Acceptance Body) observations.

- 2) Notification from the Hawaii Society of Certified Public Accountants of its Decision to Conclude its Role as Administering Entity of the AICPA and Hawaii Board of Public Accountancy's Peer Review Program

Committee Chairperson Lau stated that he has spoken with the Hawaii Society of Certified Public Accountants ("HSCPA") since their notification to the Board to conclude its roles as AE of the AICPA and the Board's Peer Review. He stated that HSCPA is looking at different options and working with the AICPA to find an AE who

may be compatible with Hawaii's market. They are in their "discovery phase".

Chairperson Taketa commented it would be in the best interest for the Board to be represented in their discussion and report back to the Board, that it would be critical to get feedback and information in a timely manner. Committee Chairperson Lau volunteered to work with HSCPA with their transition to find an AE.

Chairperson Taketa commented that the biggest concern is the time frame and the Board should be aware of what their (HSCPA) thoughts are.

Mr. Roberts commented the transition may be centralizing to a national level, there may be no more AEs. Committee Chairperson Lau commented that peer reviews may be consolidated into a few "lumps", HSCPA may be limited in their options.

B. Legislation and Rules

- 1) Proposed Amendments to Title 16, Chapter 71 of the Hawaii Administrative Rules
  - a) Section 16-71-21(c)(3) and (d) – change supervision by an individual who holds or has held a "permit" instead of "license".

Committee Chairperson Aratani read the proposal to amend HAR section 16-71-21(c)(3) and (d). Mr. Lau inquired on the purpose of the change; what will the change solve and what was the concern.



Chairperson Taketa commented that overall, the purpose of these proposals to amend the HAR is to protect the public, to provide clarification in the rules, for the benefit of future Boards.

Mr. Lau stated that he is reminded of a conversation he had at the time when the rules stated the supervisor needed to hold a permit; whereby, a prospective applicant gained their experience working for the Internal Revenue Service ("IRS"), whose daily work day may be no different as one gained in public accounting practice. But, this prospective applicant (who may have had the experience if not more) could not attain the required experience for licensure because the supervisor held a CPA license and not a permit; thus, that prospective applicant at that time, would have needed to get a new supervisor who holds a permit or find a new job.

Chairperson Taketa suggested a motion should be made to continue on the discussion to the first proposed amendments.

It was moved by Mr. Roberts, and seconded by Committee Chairperson Aratani to approve the aforementioned proposal to amend HAR sections 16-71-21(c)(3) and (d). Discussion continued – Mr. Lau commented he is trying to "understand what the change will mean", that he believes from a public prospective and thinking

back to his conversation with the prospective applicant (and not limiting to other similar situations), he believes that person has the qualifying experience for license.

Mr. Roberts commented that in this State, you are not a CPA unless you have a permit. Vice-Chairperson Komo commented that the number of applicants may decrease.

Mr. Miyashiro commented what about CPA license holders (who may not know "public accounting") but are able to provide the experience for a prospective CPA who also intends on getting their permit.

Mr. Williams commented that a CPA license holder could easily obtain their permit by completing the required continuing professional education ("CPE").

Chairperson Taketa commented the proposed amendments would affect candidates in private industry, and that the change would address experience equivalency; this change is trying to make private practice as equivalent to public practice as much as possible. He further commented that the difference between a license and permit is CPEs, and he believes CPEs are important to ensure that the experience gained will be from a CPA who can adequately supervise, as they (CPAs with permits) have kept up with the standards; "it's an effective safeguard".

Executive Officer Kobashigawa asked if CPAs employed by government agencies are allowed to obtain a permit to practice. The response was yes.

Ms. Niwao commented the Board needs to look at having just one CPA license (a single tier); having a license and a permit is misleading to the public.

Chairperson Taketa stated the motion if passed will place the proposed rules "on the docket", as the proposed rule amendments go through a long process; the vote will allow for consideration.

Mr. Roberts commented that proposed rules amendments also go through the Small Business Regulatory Review Board.

With the motion already mentioned, the proposal to amend HAR section 16-71-21(c)(3) and (d) was approved with six (6) ayes and three (3) nays (Vice-Chairperson Komo, Mr. Punua, and Mr. Williams).

- b) Section 16-71-24(b)(2) – remove "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."

Committee Chairperson Aratani read the proposal to amend HAR section 16-71-24(b)(2).

Chairperson Taketa elaborated on the proposed amendment.

It was moved by Mr. Roberts, and seconded by Committee Chairperson Aratani to approve the proposal to amend HAR section 16-71-24(b)(2) to go through the administrative rule process.

Discussion ensued with Mr. Williams commenting that it's concerning to impose a requirement that does not exist in the Board's statute, HRS chapter 466. He further commented that the Board is taking on the role of the Department of Taxation ("DoTax") and that the Board is basically stating that a firm without their GET (general excise tax) number cannot get a license.

Chairperson Taketa stated that he agrees with Mr. Williams that the GET requirement does fall under the purview of DoTax but the proposed amendment would allow the Board to put the GET requirement back to DoTax; whereby the firm could declare whether or not they have income from Hawaii. Chairperson Taketa stated that this should eliminate the Board from deciding whether or not a firm will need to get a GET number.

Mr. Miyashiro commented that he believes the current disclaimer is entrusting the GET requirement on the Board.

Mr. Punua commented why is the Board requiring firms to get a GET number when the firm states that they don't need it. He further

commented that it is the purview of DoTax to prove whether or not a firm needs a GET number. It is not under the Board's authority.

Ms. Niwao commented about use tax and GET, commenting to stop tax evasion, you have to have one or the other.

Chairperson Taketa stated it's one additional safeguard to confirm that firms are in compliance.

Ms. Niwao commented the state is losing more and more revenue with people getting away with not paying their general excise tax and use tax. She further commented that "all taxes owed are paid or in State people will pay higher taxes." Mr. Williams commented this is not going to solve that problem.

Chairperson Taketa stated the conversation appears to be going off the agenda subject matter, and requested Ms. Niwao to limit her discussion.

Vice-Chairperson Komo commented that his experience reviewing CPA applications leads him to believe that some firms may be applying in this state so that they can state that they hold a license here but may not practice here; thus, he believes requiring the GET number may hinder them from obtaining a license here and is a burdensome requirement.

After discussion, with a vote of four (4) ayes, and five (5) nays (Vice-Chairperson Komo, Messers. Lau, Lee, Punua, and Williams), the motion did not pass; thus, the Board opposed the proposal to amend HAR section 16-71-24(b)(2).

- c) Section 16-71-33(a) – add to the end of the last sentence “with a minimum of 20 hours earned within each twelve-month period.”

Committee Chairperson Aratani read the proposal to amend HAR section 16-71-33(a). Executive Officer Kobashigawa stated that if the intent is to earn a minimum of 20 CPE hours within each calendar year, that should be reflected in the rules as a twelve-month period as proposed may overlap into two calendar years.

After discussion, it was moved by Mr. Williams, seconded by Mr. Roberts, and unanimously carried to amend the proposal to amend HAR section 16-71-33(a) by specifying “calendar year” instead of a “twelve-month period”.

- d) Section 16-71-64(e) – insert in the first sentence “managers of a manager managed limited liability company”.

Committee Chairperson Aratani read the proposal to amend HAR section 16-71-64(e). After discussion, it was moved by Mr. Williams, seconded by Mr. Aratani,

and unanimously carried to approve the proposal to amend HAR 16-71-64(e).

Chairperson Taketa commented that making amendments to rules is a long process, any changes and concerns can be taken/brought up.

C. Uniform CPA Examination

1) Proposed CPA Exam Fees for 2018, 2019, and 2020

Committee Chairperson Punua provided the following information on candidate fees for the CPA exam:

- Prometric Fees: Prometric hourly rate increase from \$19.85 to \$20.57, beginning January 1, 2018.
- AICPA Fees: AICPA per section fee increased to \$100 per section, beginning January 1, 2018; will remain at \$100 through 2019; and does not anticipate a fee increase in 2020.
- NASBA Fees: NASBA fee per Examination section increased to \$20 per section, beginning January 1, 2018; will remain at \$20 through 2019; and does not anticipate a fee increase in 2020.
- Candidate cost per section in 2018-2019: \$208.40.

Open Forum: None.

Board of Public Accountancy  
Minutes of the February 23, 2018 Meeting  
Page 16

Next Board Meeting: Friday, March 23, 2018  
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 10:12 a.m.

Taken and recorded by:

/s/ Lori Nishimura

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Lori Nishimura, Secretary

Reviewed and Approved by:

/s/ James Kobashigawa

\_\_\_\_\_  
James Kobashigawa, Executive Officer

JK:ln

03/23/18

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