

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

MINUTES

Date: Friday, June 22, 2018

Time: 8:30 a.m.

Place: Queen Liliuokalani Conference Room
King Kalakaua Building
335 Merchant Street, 1st 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: 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.

Additions and Revisions to Agenda: Executive Officer Kobashigawa requested to add the following to the agenda:

6. STANDING COMMITTEE REPORTS
B. Uniform CPA Examination
* * *

2) Request from Hawaii Examination Candidate Sandra R. Bedford for Window Credit Extension for REG Due to Medical Reasons

After discussion, it was moved by Mr. Lau, seconded by Mr. Punua, and unanimously carried to approve the additional aforementioned agenda item to the meeting agenda.

Approval of Minutes of the April 27, 2018 Board Meeting:

Mr. Punua requested for a correction on page 17, second paragraph:

“Mr. Williams informed the Board that the UAA model rules require twenty-four credit hours of upper division accounting courses. [He] Mr. Punua stated [~~there are no~~] we did not receive the NASBA jurisdictional rankings report yet.”

After discussion, it was moved by Vice-Chairperson Komo, seconded by Mr. Lau, and unanimously carried to approve the minutes of the April 27, 2018 meeting, with the aforementioned amendments (with new material underscored and repealed material bracketed and stricken through).

Approval of Minutes of the May 25, 2018 Board Meeting:

Chairperson Taketa stated the minutes of the May 25, 2018 meeting were not finalized. It was noted that the minutes will be available within thirty days after the May 25, 2018 meeting date, as required pursuant to HRS section 92-9, and will be on the July 27, 2018 meeting agenda for the Board’s review and approval.

Executive Session:

At 8:33 a.m., it was moved by Mr. Lau, seconded by Mr. Aratani, 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 8:37 a.m., it was moved by Mr. Lau, seconded by Mr. Punua, and unanimously carried for the Board to move out of Executive Session, and to immediately recess the meeting.

At 8:57a.m., the Board reconvened its meeting.

Applications for CPA Certification:

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

- 1) BRADHAM, Robert P.
- 2) FAN, Kathy
- 3) HALVORSEN, James L.
- 4) HAYAMA, Christopher K. K.
- 5) SALVERSON, Elizabeth A.
- 6) SOARES, Abel, III
- 7) STURGIS, Ryan D.
- 8) UDENZE, Kenneth
- 9) VALENTE, Jennifer

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

- 1) EGAMI, Jason M.

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

- 1) HASEGAWA, Kelly L.

Ratification of
CPA Certification:

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

- 1) KANAZAWA, Shintaro
- 2) LACROIX, James T., Jr.
- 3) ROESSL-DIMERY, Deborah L.

Ratification of
Individual CPA
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 individual CPA Permits to Practice:

- 1) BAKER, Anna K.
- 2) DEVOTO, Timothy J.
- 3) FOWLER, Donya J.
- 4) HATHAWAY, Nathaniel T.
- 5) MENENDEZ, Jennifer L.
- 6) MORIKUBO, Eric
- 7) NAYAR, Pravin
- 8) OBEROI, Alexis N.
- 9) SALVADORI, Arthur M.
- 10) SCUTT, Jason R.
- 11) TAKAMOTO, Iris A.
- 12) TYREE, Joshua O.
- 13) WON, Lara L.

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

- 1) ALMOGELA, Christine Joy C.
- 2) KWOK, Pui Him

Ratification of
Issued Firm
Permits to Practice:

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

- 1) LINDQUIST LLP
- 2) GLOBAL ACCESS ADVISORY PARTNERS LLC
- 3) JLK ROSENBERGER LLP
- 4) CHAE CHOI CPA LLC

CPA Firm Name
Approval:

After discussion, it was moved by Vice-Chairperson Komo, seconded by Mr. Lee, and unanimously carried to approve the following CPA firm name:

- 1) The CPA Collective, LLC

Executive Officer's
Report:

A. DCCA Disciplinary Actions Through May 2018

Executive Officer Kobashigawa circulated the informational monthly report of the DCCA (Department of Commerce and Consumer Affairs) disciplinary action through May 2018, that includes sanctions DCCA had taken relating to various Boards and Programs.

B. AICPA State Regulatory Update

Executive Officer Kobashigawa stated the June 2018, AICPA State Regulatory Update was forwarded to Board members via email. He provided highlights from the update:

- New Hampshire is 25th state to enact CPA firm mobility;
- Legislation in Kentucky and Michigan to adopt CPA firm mobility was enacted; and
- The AICPA Accounting and Review Services Committee issued a new standard – revised compilation and review reporting requirements.

C. CPE Audit

Executive Officer Kobashigawa stated audit notice letters were sent to randomly selected licensees with a deadline date of June 29, 2018.

As of June 21, 2018, the following responses were received:

CPAs only: 99 out of 133; and
CPAs with Permit to Practice: 85 out of 127.

Executive Officer Kobashigawa requested Board members to review auditee's submittals for compliance after the next Board meeting.

Discussion ensued on the percentage of licensees selected for audit. The random selection is currently 10% of on-time renewals, based on a suggestion by a statistician at a past Board meeting. Comments were made to consider decreasing that percentage for future audits.

Chairperson's Report:

A. Report on Mandatory Peer Review Compliance

Chairperson Taketa reported that he completed his review of the mandatory peer review compliance, by "initial matching". He stated that he checked firms who indicated that they were subject to peer review in their renewal - a matching was done to confirm receipt of their compliance reporting form and supporting document(s).

Chairperson Taketa stated he created two lists: (1) firms that did not match as the Board's office did not have a copy of their compliance reporting form; and (2) firms with discrepancies on their compliance reporting form, such as late submittals or incomplete supporting document(s). Chairperson Taketa stated he gave both lists to the Executive Officer for appropriate action. He commented that the "ball is in the Department's hand as

Chairperson Taketa suggested the first step should be to follow up with firms that did not have a compliance reporting form on file, as the second list may need to be updated should more firms have discrepancies. He also suggested the Board should decide if a referral to the Regulated Industries Complaints Office be made.

Discussion ensued on finding an easier way to check for compliance rather than a manual "matching". Chairperson Taketa proposed two recommendations: (1) database should have a matching program; whereby a check may be conducted electronically to verify if a compliance form was submitted when a firm renews their license; and (2) wording on the firm renewal form should be amended relating to Hawaii engagement - to be consistent with the statute, omit "scope" and replace with "sample" of the peer review.

Standing Committee
Reports:

A. Peer Review

- 1) Extension to Complete Peer Review
Pursuant to HRS Section 466-34

- (1) Robert H Y Leong & Company CPAs PC

Vice-Chairperson Komo recused himself from discussion of his firm's request for extension to complete their peer review. He stepped out of the meeting at 9:15 a.m.

Committee Chairperson Lau stated the Board received a request from Robert H Y Leong & Company CPAs PC asking for an additional sixty-day extension to get through their peer review's process. He noted that because of the change in sponsoring organization from Hawaii Society of

Certified Public Accountants to the Oregon Society of Certified Public Accountants, acceptance by the Hawaii's Reporting Acceptance Body ("RAB") was delayed and will now be processed through the OSCPA's RAB.

It was moved by Mr. Williams, and seconded by Mr. Lee to grant an extension. Mr. Roberts commented if it was even necessary for the firm to request for another extension being that if a report was issued by the peer reviewer, does that not satisfy the time line for the peer review requirement?

Chairperson Taketa commented that he believes the statute requires the submittal of the complete compliance reporting form which includes its attachments (including the peer review acceptance letter). Mr. Roberts commented that he believes the statute states that within twenty days of receiving the acceptance letter, a copy should be submitted to the Board.

Further discussion ensued on the timeline referenced in the statutes. Chairperson Taketa noted that timelines may be different for initial and recurring peer reviews by firms. Initial firms may have an eighteen-month window, whereas firms with recurring peer review is 3.5 years. He believes "that is the trigger". Chairperson Taketa requested DAG Jayaram to verify the statutes and report back at the next meeting.

With no further discussion, the motion to grant an extension was unanimously carried (as it was due to extenuating circumstances beyond their control).

Vice-Chairperson Komo returned to the meeting at 9:18 a.m.

B. Uniform CPA Examination

1) CPA Exam Score Release Schedule

Committee Chairperson Punua reiterated that the CPA exam score release schedule for Q2 (Quarter 2: exams taken April 1, 2018 to June 10, 2018) has changed as follows:

- AUD, FAR, REG: ~~June 27, 2018~~
→ June 28, 2018; and
- BEC: June 29, 2018 (no change).

Mr. Roberts inquired on the status of his request for the historical passing rates for the past ten years for Hawaii. Committee Chairperson Punua stated that he did inquire with Ms. Hinson of NASBA, and will follow up. He also stated that Ms. Hinson recommended grants may be better from a university rather than the Board for a customized report.

2) Request from Hawaii Examination Candidate Sandra R. Bedford for Window Credit Extension for REG Due to Medical Reasons

Committee Chairperson Punua stated at the Board's last meeting, the Board had determined that Ms. Bedford's request for

REG credit extension due to her medical reasons would be a good and valid reason (pursuant to HAR section 16-71-19(k)), but her request was premature because her credit was not expired. Mr. Punua stated Ms. Bedford's credit is now expired.

After discussion, it was moved by Committee Chairperson Punua, seconded by Mr. Lee, and unanimously carried to extend Ms. Bedford's REG credit for one examination window.

Open Forum: None.

Next Board Meeting: Friday, July 27, 2018
8:30 a.m.
King Kalakaua Conference Room
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Announcements: Mr. Williams inquired on the status of the memorandum of agreement with OSCPA. Mr. Kobashigawa stated the memorandum will be sent soon.

Chairperson Taketa stated that today was Mr. Lau's last meeting with the Board. He thanked Mr. Lau for serving eight years with the Board and expressed his appreciation for volunteering his time and expertise.

Mr. Lau commented that serving on the Board for eight years was interesting, finding a way to work together, and to share thoughts. He further commented that while the Board may not have always been in agreement/have the same position, members have shared their different thoughts/position which have led to positive outcomes.

