

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

MINUTES

Date: Friday, September 27, 2019

Time: 8:30 a.m.

Place: King Kalakaua 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
Christopher Lee, CPA, Member
Terrence Aratani, Member
Gary Y. Miyashiro, CPA, Member
Edward L. Punua, CPA, Member
Carleton L. Williams, CPA, Member
Christopher Leong, Deputy Attorney General ("DAG")
Relley W. Araceley, Executive Officer
Leanne Abe, Secretary

Excused: Gabriel Lee, Member
John W. Roberts, CPA, Member

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.

Additions/
Revisions to the
Agenda: Mr. Williams questioned if the Board can revise the agenda without public notice.

DAG Leong responded "yes." There is a provision in Chapter 92 of Hawaii Revised Statutes section 92-7(d) which states:

No board shall change the agenda, less than six calendar days prior to the meeting by adding items thereto without a two-thirds recorded vote of all members to which the board is entitled; provided that no item shall be added to the agenda if it is of reasonably major importance and action thereon by the board will affect a significant number of persons.

After discussion, it was moved by Vice-Chairperson Komo, seconded by Mr. Punua, and unanimously carried to add the following item to the agenda under "Executive Officer's Report"

I. RICO Public Accountancy Advisory Committee and Addendum

Approval of the Minutes of the August 30, 2019, Board Meeting:

Mr. Punua requested for correction to be made on page 13, date of next Board meeting:

"Friday, [~~October 25~~] **September 27**, 2019"

It was moved by Vice-Chairperson Komo, seconded by Mr. Aratani, and unanimously carried to approve the minutes of the August 30, 2019 meeting, with the aforementioned amendments (with new material underscored in bold and repealed material bracketed and stricken through).

After discussion, it was moved by Vice-Chairperson Komo, seconded by Mr. C. Lee, and unanimously carried to approve the August 30, 2019 executive session meeting minutes, as circulated.

Chapter 91, HRS, Adjudicatory Matter:

None.

Applications:

At 8:35 a.m., it was moved by Mr. Aratani, seconded by Vice-Chairperson Komo, 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 8:39 a.m., it was moved by Mr. Punua, seconded by Mr. Aratani, 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 meeting.

Applications for CPA Certification:

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

- 1) ABPLANALP, Adam R.K.
- 2) EMERSON, Samuel L.
- 3) IDE, Jonathan R.M.
- 4) MILLIGAN, Randy L.

Ratification of Individual CPA 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 individual CPA Permits to Practice:

- 1) CHEN, Sharon
- 2) MORENO, Richard S.
- 3) AURWAY, Stacy Catherine

Ratification of Issued Firm Permits to Practice:

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 Permit to Practice:

- 1) Dori H Kaneshiro
- 2) James B Watkins
- 3) Chad K Okada
- 4) DSR CPA AND CONSULTANTS LLC
- 5) MIURA CPA LLC
- 6) BPM LLP

Ratification of Firm Name Approval:

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

- 1) Jennifer Busch CPA, Inc.

Executive Officer's
Report:

A. DCCA Disciplinary Actions Through August 2019

Executive Officer Araceley stated he did not receive the informational monthly report of the DCCA (Department of Commerce and Consumer Affairs) disciplinary action through August 2019, that includes sanctions DCCA had taken relating to various Board and Programs.

B. American Institute of Certified Public Accountants ("AICPA") State Regulatory Update

Executive Officer Araceley stated he has no report as he did not receive the AICPA State Regulatory Update.

C. Other States' Newsletters

Executive Officer Araceley stated he has no report as he did not receive newsletters from other states.

D. National Association of State Board of Accountancy ("NASBA") Communications

Executive Officer Araceley circulated the NASBA State Board Report.

E. NASBA Center for the Public Trust Newsletter

Executive Officer Araceley stated he has no report as he did not receive the NASBA Center for the Public Trust newsletter.

F. Inquiries Regarding Licensure in Hawaii:

- 1) Contractor's Board licensing application requiring CPA signature on preprinted Financial Statement Form

Executive Officer Araceley briefly updated the Board that the Contractor's Board and Mr. Williams were in discussion regarding the application requiring CPA signature on preprinted Financial Statement Form.

Mr. Williams stated that he spoke with the Contractor's Board Executive Officer Ito and she was going to check if the rules requires a CPA signed document.

- 2) Letter response and other correspondence with Alaa Eldin Ismail

Executive Officer Araceley briefly informed the Board of a recent inquiry regarding Certified Public Accountant licensure that was referred to the Governor's office. He circulated a copy of the response letter to Mr. Ismail.

- 3) NASBA focus questions

Executive Officer Araceley shared the following focus questions emailed from Katrina Salazar to the Board.

- 1) What is happening in your jurisdiction that is important for other state boards and NASBA to be aware of?
- 2) Can NASBA be of any assistance to your board at this time?

Executive Officer Araceley informed the Board to email their response to him. The Board's response is due in early October.

Chairperson Taketa commented if it would be proper to ask NASBA to provide testimony when the rules amendments get to the public hearing.

H. Update on peer review committee legislation request

Executive Officer Araceley informed the Board members that the peer review legislation has gone to the DCCA's Director's Office. The current version of the bill removes the minimum requirement of a firm's peer review status and gives the Board leeway to

appoint members of the Peer Review Oversight Committee (PROC).

I. RICO Public Accountancy Advisory Committee and Addendum

The Board reviewed the RICO Public Accountancy Advisory Committee and Addendum document. Discussion ensued, and it was moved by Vice-Chairperson Komo, seconded by Mr. Miyashiro, and unanimously carried to accept the RICO Public Accountancy Advisory Committee list and Addendum.

Chairperson's Report:

A. Western Regional Conference Call Report

Chairperson Taketa stated that the conference call was the "[~~Western~~] **Pacific** Regional Conference Call Report" and provided a brief summary:

- Katrina Salazar gave a report on the last NASBA board meeting held in July.
 - The board opposed the PEEC (Professional Ethics Examination Committee) amendment for staff augmentation. Their amendment for changes to the standard with respect to staff augmentation, which would have allowed CPA firms to loan their staff to clients. NASBA had opposed that amendment because of concerns over independence in respect to leasing employees to other clients.
 - Accepted the slate of officers and Katrina Salazar was re-elected as Regional Director.
 - Proposed change in the by-laws clarifying the qualification for the respective individuals who are serving on the nominating committee.
 - Discussion on the anti-regulatory movement and NASBA's involvement in the ARPL (Alliance for Responsible Professional Licensing).
- John Johnson will be circulating an ARPL contact list to all the Executive Officers.
- Each jurisdiction was represented in that conference call meeting. During the conference call, Chairperson Taketa shared the following:

- The rules amendment is going through the process. Amendments include changes to the exam (continuous testing and the ability to retake the same section/same quarter) and the minimum of 20 hours of CPE per year (in line with the UAA).
- The next steps will be to the smalls business regulatory review board for approval before it goes to the public hearing.
- The State of Washington will be putting a cap on nano learning: twelve hours per recording period/CPA can only take credit for twelve hours.
- NASBA communication encouraged boards to take advantage of NASBA resources specifically the social media platform where they can assist in helping the state boards.

Standing Committee Reports:

A. Legislation and Rules

- 1) Hawaii Administrative Rules (“HAR”) Amendments – Legislative Reference Bureau (“LRB”) review

Executive Officer Araceley briefly reported on the latest draft version of the rule package. He updated the Board that he found the repeal dates to continue the rule changes process and was awaiting confirmation and approval from supervisors before moving on to submitting it for the Small Business Review Regulatory Board (SBRRB)

B. Peer Review Committee

- 1) Peer Review Oversight Committee (“PROC”) meeting

Mr. Miyashiro announced that the Peer Review Oversight Committee is scheduled to meet on October 8, 2019 to go over the oversight of OSCPA and they will prepare a report to the Board by December 10, 2019.

Open Forum: None.

Next Board Meeting: Friday, October 25, 2019
8:30 a.m.
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Announcements: Executive Officer Araceley will email Board members the upcoming 2020 board meeting schedule.

Adjournment: There being no further discussion, the meeting adjourned at 9:37 a.m.

Reviewed and approved by:

Taken and recorded by:

/s/ Relley W. Araceley

/s/ Leanne Abe

Relley W. Araceley
Executive Officer

Leanne Abe
Secretary

RWA:la

10/17/19

Minutes approved as is.

Minutes approved with changes. See minutes of the October 25, 2019, meeting.