

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

MINUTES

Date: Friday, February 21, 2020

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
Edward L. Punua, CPA, Member
Carleton L. Williams, CPA, Member
John W. Roberts, CPA, Member
Christopher Leong, Deputy Attorney General (“DAG”)
Relley W. Araceley, Executive Officer
Leanne Abe, Secretary

Excused: Gabriel Lee, Member
Gary Y. Miyashiro, 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 8:32 a.m. by Chairperson Taketa.

Approval of the Minutes of the January 31, 2020, Board Meeting: The minutes of January 31, 2020 meeting is not finalized. The minutes shall be made available to the public within forty days after the meeting, as required pursuant to HRS section 92-9, and will be on the March 27, 2020 meeting agenda for the Board’s review and approval.

Applications:

At 8:33 a.m., it was moved by Mr. Aratani, 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 8:38 a.m., it was moved by Mr. Punua, seconded by Mr. Roberts, and unanimously carried for the Board to move out of Executive Session, and to immediately recess the meeting.

At 8:40 a.m., the Board reconvened its meeting.

Applications for
CPA Certification:

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

- 1) IMHOFF, Stephanie K.
- 2) KOWALCZYK, Joseph W. III
- 3) LAFFER, Martin G.
- 4) O'BRIEN, Mary Louise
- 5) RUDOLPH, Jin H.
- 6) WEI, Jiajun
- 7) YEE, Pamela H.S.

After discussion, it was moved by Mr. Roberts, seconded by Mr. Aratani, and carried by a majority, with the exception of Mr. Punua, who recused himself from the discussion and voting on this application, to approve the following application:

- 1) MENTZER, Chantal Ann

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) BURCZYK, Andrew C.
- 2) CHANDRAPPA, Sudha
- 3) KIM, Wona

- 4) MARTIN, Rosanne C.
- 5) MASSIMI, Thomas F.
- 6) McREYNOLDS, Matthew A.
- 7) MIYASHIRO, Sheri C.K.
- 8) NOH, Jason P.
- 9) PANG, Xiaolei
- 10) PEDREGON, Adrienne R.
- 11) ROBBINS, Erin N.
- 12) SANDERS, Kinley R.
- 13) SERIKAKU, Michele L.
- 14) SUMPTER, Katelyn G.
- 15) THOMAS, Tricia L.
- 16) YAMADA, Ashley K.

After discusison, it was moved by Mr. Aratani, seconded by Vice-Chairperson Komo, and carried by a majority, with the exception of Mr. Williams, who recused himself from the discussion and voting to ratify the approval of the following individual CPA Permit to Practice:

- 1) OGI, Crystie M.

Ratification of
Issued Firm
Permits to Practice:

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

- 1) ALAN S. LEVINE
- 2) ARMANINO LLP
- 3) BRANDON T. MIYASHIRO
- 4) BRIAN Y.S. GOO
- 5) GAVIN H.W. LOO
- 6) LOUIS M. GUERRA

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 firm name:

- 1) The CPA Collective

Executive Officer's
Report:

- A. DCCA Disciplinary Actions Through January 2020
None.

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

None.

C. Other States' Newsletters

None.

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

None.

E. NASBA Center for the Public Trust Newsletter

None.

F. Inquiries to the Board

- 1) Sheri Cabral email regarding firms offering to discount outstanding dues and 2019 tax filings of previous clients to incentivize them to stay with firm.

Discussion ensued and the Board is not aware of any issues regarding discounting fees based on the information provided of the inquiry.

- 2) Update of general inquiries posed to the Board: issue regarding an applicant that took the Uniform CPA Examination in the Hawaii jurisdiction, but Hawaii and NASBA are not able to locate the physical examination scores.

Executive Officer Araceley briefed the Board that this Hawaii applicant has been licensed for over 20 (twenty) years in another jurisdiction. This particular jurisdiction's licensing requirements (at that time) included passing all four parts of the Uniform CPA Examination. This Hawaii applicant meets all the requirements, unfortunately Hawaii and

NASBA are not able to locate the physical CPA examination scores at this time.

Discussion ensued, and Executive Officer Araceley cited Hawaii Administrative Rules (“HAR”) §16-71-19(k)(1):

The board may waive the examination for a license of a 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 applicant for exemption is based is currently valid and in good standing.

After discussion, the Board stated that based on HAR §16-71-19(k)(1), a written confirmation from the other state that the individual’s license is valid and in good standing would be needed to discuss the application for approval at the next meeting.

Chairperson’s Report: A. NASBA Focus Questions

Chairperson Taketa stated that Board’s response to the following questions are due by April 9, 2020.

1. Has your Board reviewed the AICPA’s invitation to comment on the practice analysis, entitled “Maintaining the Relevance of the Uniform CPA Examination”? If so, did your Board submit comments to the AICPA Board of Examiners or a letter in support of the NASBA comment letter?

The Board reviewed the practice analysis, “Maintaining the Relevance of the Uniform CPA Examination” and will revisit this question at the next meeting.

2. Recognizing that the CPA Evolution initiative will be the primary topic discussed during the Regional Meeting's Regional Breakout Sessions, what additional topics would your Board like discussed during your Region's Breakout – time permitting?

The Board discussed the impact of standards overload and peer review on the supply of CPA services. The Board will revisit this question at the next meeting.

3. What is happening in your jurisdiction that is important for other State Boards and NASBA to know about?

The Board discussed that NASBA is aware of the rules amendments and the Board will revisit this question at the next meeting.

4. Can NASBA be of any assistance to your Board at this time?

Chairperson Taketa stated that the Board will revisit this question at the next meeting.

B. NASBA Pacific Region Conference Call on February 18, 2020

Chairperson Taketa provided some highlights from his participation in the NASBA Pacific Region conference call on February 18, 2020, which included representation from all the Pacific region jurisdictions except for the Northern Mariana Islands:

- NASBA Board of Directors Meeting
- NASBA webinar on CPA Evolution on March 25, 2020
- Each jurisdiction shared an issue/challenge for their respective board:
 - Alaska continues to have budget constraints, so their travel is restricted. They currently do not have a PROC (Peer

- Review Oversight Committee) and will have to go to the Legislature to authorize.
- o Arizona continues to have Anti-Regulatory Legislation that they need to address. There is a bill to require the board to be majority public members instead of CPAs and discussed possible issues.
- o California is having problems staffing their three Advisory Committees.
- o Guam's tourist industry and testing centers are being affected due to global COVID-19 pandemic.
- o Oregon is in the process of having their rules changed to adopt nano learning, continuous testing and contingency plans for sole practitioners.
- NASBA will be making a decision by April 1, 2020 if the continuous testing implementation date will still be July 1, 2020

C. NASBA Webinar on CPA Evolution on March 25, 2020

Chairperson Taketa provided some details regarding the NASBA Webinar on CPA Evolution on March 25, 2020:

- Focus has shifted to the education requirements. There is an Education Task Force that is looking at how the education requirements should evolve.
- Overall positive feedback on CPA Evolution based on individuals that responded to a survey (mainly students and candidates).
- All boards are urged to review the new Continuing Professional Education ("CPE") standards on NASBA website – CPE Committee.
- Western Regional Meeting 2020 is on June 2 - 4, 2020 at Colorado Springs.

Standing Committee Reports:

A. Legislation and Rules

- 1) Hawaii Administrative Rules ("HAR") Amendments – Update on Process

Executive Officer Araceley stated that the Small Business Regulatory Review Board (“SBRRB”) met on February 20, 2020 to discuss the HAR amendments. SBRRB passed the HAR amendments with no concerns. Once the Board receives the official memo from SBRRB, the next step will be to set a public hearing as approved by the Governor’s office.

DAG Leong briefly discussed that the Board would be able to set a policy regarding the continuous testing as it applies to the Board’s rules that are forthcoming but not in effect yet. He stated that this will need to be put on the agenda for the next meeting so it can be formally discussed in detail.

2) 2020 Legislative Session Bills Update

Committee Chairperson Aratani provided updates on bills pertaining to the Board:

- A) Discussion on House Bill (“H.B.”) No. 2325 / Senate Bill (“S.B.”) No. 2881 – Relating to the Peer Review Oversight Committee

Committee Chairperson Aratani reported on H.B. 2325 and companion bill S.B. 2881. The two identical bills seek to clarify the role of the Board of Public Accountancy in selecting members to serve on the Board’s Peer Review Oversight Committee.

The Board supports H.B. 2325 / S.B. 2881, as this is in their administrative bill.

Committee Chairperson Aratani stated that H.B. No. 2325 is the only bill surviving the Legislature at this time and is currently with the House Committee of Finance.

Executive Officer Araceley stated that companion bill S.B. No. 2881 was recently heard by the Senate Committee on Commerce, Consumer Protection, and Health and it was passed unamended.

B. Uniform CPA Examination

1) AICPA Practice Analysis, “Maintaining the Relevance of the Uniform CPA Examination”

Committee Chairperson Punua reported that AICPA issued 2019 Practice Analysis in December 2019. AICPA released the Exposure Draft and Invitation to Comment due April 30, 2020. He provided a brief summary overview of the 2019 Practice Analysis:

- Explores the current impact of technology on the profession and the work of newly licensed CPAs
- Looks at areas where the CPA exam may have become too broad and not sufficiently focused on the critical knowledge and skills required of today’s newly licensed CPAs
- Differentiating between the Practice Analysis and the CPA Evolution initiative:
 - Practice Analysis is based on the structure of the current CPA Exam, comprising of four areas: audit, tax and regulations, financial reporting, and business concepts.
 - CPA Evolution initiative is exploring changes to the licensure structure in the future, including exam, experience, and education.

Chairperson Taketa recommended feedback from the newly licensed CPAs. Committee Chairperson Punua recommended the Board review the Practice Analysis in detail and encouraged members to provide their response/feedback. He will combine comments from the board members collectively at the next meeting.

Open Forum: None.

Next Board Meeting: Friday, March 27, 2020
8:30 a.m.
King Kalakaua Conference Room
King Kalakaua Building
335 Merchant Street, 1st Floor
Honolulu, Hawaii 96813

Adjournment: There being no further discussion, the meeting adjourned at 9:55 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

03/30/20

Minutes approved as is.

Minutes approved with changes. See minutes of.