

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

MINUTES

Date: Friday, October 30, 2020

Time: 8:30 a.m.

Place: Virtual Videoconference Meeting – Zoom Webinar
(use link below)
<https://dcca-hawaii-gov.zoom.us/j/99486506593>

Present: Darryl T. Komo, CPA, Chairperson
Gary Y. Miyashiro, 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
Brian Uemori, Member
Christopher Leong, Deputy Attorney General (“DAG”)
Relley W. Araceley, Executive Officer
Leanne Abe, Secretary
Karyn Takahashi, Secretary to DCCA Director Catherine P.
Awakuni Colón
Terry Akasaka-Toyama, Secretary to DCCA Deputy Director
Jo Ann M. Uchida Takeuchi

Excused: None.

Guests: Nemo
Anna
James
Kelsie Iida-Vierra

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).

A brief video was played to explain procedures for this virtual meeting and how members of the public can participate and interact with the Board during the meeting.

Call to Order: There being a quorum present, the meeting was called to order at 8:40 a.m. by Chairperson Komo.

Chairperson Komo proceeded with roll call. All Board members were present.

Approval of the Minutes of the September 25, 2020 Board Meeting:

After discussion, it was moved by Mr. Aratani, seconded by Mr. Punua, and unanimously carried to approve the September 25, 2020 meeting minutes.

Approval of the Executive Session Minutes of the September 25, 2020 Board Meeting:

After discussion, it was moved by Mr. Aratani, seconded by Vice-Chairperson Miyashiro, and unanimously carried to approve the executive session minutes of the September 25, 2020 meeting.

Applications:

At 8:46 a.m., it was moved by Mr. Aratani, 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 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 9:06 a.m., it was moved by Mr. Aratani, seconded by Mr. Roberts, and unanimously carried for the Board to move out of Executive Session.

Chairperson Komo proceeded with roll call. All Board members were present.

Applications for CPA Certification:

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

- 1) YAJIMA, Kenichi
- 2) UGO, Pete A.
- 3) SCHLEICHER, Kristin Ann
- 4) SCHLECT, Michael N.
- 5) SCHABLIK, Peter

- 6) RAMOS, Krizia Kristine B.
- 7) QUINDSLAND, Monique Britt
- 8) POPAL, Mustafa A.
- 9) McNAMARA, Matthew C.
- 10) LEE, Taylor N.
- 11) FUKU, Shane H.
- 12) CHEN, Jennifer Ching Kuan
- 13) BREWER, Brian J.

After discussion, it was moved by Mr. Punua, seconded by Mr. Aratani, and unanimously carried to approve the following applications for certification subject to receiving the missing verification for CPA examination scores:

- 1) ZOLLER, Krista Ann
- 2) MOSHIRZADEH, Kian

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) NELSON TAX LLC
- 2) NEWMAN CERTIFIED PUBLIC ACCOUNTANT
PC
- 3) MAUI CFO LLC
- 4) IAO VALLEY SCUTT CPA AND CONSULTING
PLLC

Ratification 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 firm name:

- 1) LORENA A. OWINGS, CPA LLC

Consideration for
Application:

Applicant requested to defer consideration for application to the October meeting. The Board deferred this agenda item.

- 1) Alaa Eldin Ismail (request for application and acceptance for CPA licensure)

Executive Officer Araceley stated that after speaking with the applicant, the application was requested to be deferred to the next board meeting.

- 2) Haque Nawaz (request consideration of approval for CPA examination)

Executive Officer Araceley stated that after speaking with the applicant, it was confirmed that he needed to get his NIES (NASBA International Evaluation Services) for CPA examination for his completed education credits outside the United States.

Chairperson's Report:

A. Proposed NASBA Bylaw Changes

Chairperson Komo stated there will be changes to the NASBA Bylaws in the upcoming NASBA Annual Virtual Meeting on November 2 - 4, 2020 (no registration fee). He went over the following proposed NASBA Bylaw changes with the Board:

- 1) Amendments dealing with teleconference
- 2) Amendments dealing with the Nominating Committee

Chairperson Komo stated "changes to Sections 4.11 and 7.1.8 modernize the wording to reflect current teleconferencing practices and clarify the extent to which teleconferences may substitute for in-person meetings. Changes to the Nominating Committee's procedures outlined in Section 7.2.2 would allow the Committee to look beyond the initially proposed candidates to make their selection."

After discussion, it was moved by Mr. Williams, seconded by Mr. Roberts, and unanimously carried to accept the proposed NASBA Bylaw changes.

Standing Committee Reports:

A. Exam Committee

- 1) CPA Exam Remote Testing Update

Committee Chairperson Punua stated that NASBA hosted a webinar entitled "Online Exam" on October 19, 2020. He provided the Board with highlights from the webinar:

- Three stakeholders working on this initiative: NASBA, AICPA, and Prometric
- Why exploring an Online Exam option?
 - Nationwide test centers closed from March 18, 2020 – April 30, 2020 due to COVID-19
 - New COVID-19 requirements such as social distancing and limited seating requirements significantly limit CPA testing
 - Possibility of repeat closures of testing centers and limiting the candidate's ability to take the CPA exam
 - NASBA, AICPA, and Prometric want to prevent CPA candidates from dropping out of the testing pipeline due to disruptions
- Decision process
 - NASBA, AICPA, and Prometric currently working on viable options to only physical test taking centers. They will continue to answer any questions and comments.
 - NASBA working on administrative issues
 - NASBA will update Boards periodically through this process
 - Ultimately, State Boards of Accountancy decisions is necessary
- What exactly is Remote Testing?
 - Candidates test in-home or other location outside of the test center
 - Test area requirements: testing area free of distraction, candidates uses own computer, monitor, and WiFi with minimum PC specifications and requirements to test, several stages of observation and integrity checks before testing can start, Remote Testing Proctors act as "security agents" assigned to the candidates test session.
 - Proctor will have capability to "lock down" candidate's computer so that only Proctor's software controls the applications running on the testing computer.

- Security requirements include I.D. capture, test area image capture, 360-degree environmental check, continuous candidate person check, A.I. software to scan for any suspicious activity.
- Remote Testing Proctors can interrupt the testing session and question candidate if anything suspicious is noted, request camera scan, backup, and review video during testing, and terminate the test if needed.
- ProProctor Prometric
 - Focus is to ensure business continuity in test taking and certification process
 - Benefit gives candidates is 24/7 access allowing to test whenever and wherever
 - Three Proctors assigned per candidate with 100% monitoring, 360 degree environmental checks, live security agents, and periodic device checks
- Steps to Get There
 - AICPA working on developing and implementing a CPA Exam in a web hosted format and eventually for cloud deployment
 - Interface consideration between Prometric, ProProctor, and the new web CPA Exam required
 - Prometric and ProProctor will need to implement changes
 - Work with State Boards to frequently update on the progress of this initiative
- Other Major Considerations
 - Approach, technology, and process for remote testing: working on the definition and timing of deployment
 - Remote testing – legal considerations
 - Cyber and systems security consideration
 - Operational considerations: changes to policy, procedures, scheduling (NTS), Opera security, and State Board requirement

- State Board changes needed: rules/regulations to allow for remote proctoring, change in systems, and reporting process that NASBA would need to make changes to accommodate.

Committee Chairperson Punua stated that NASBA is offering to answer Board questions about this Remote Testing initiative (for emergency purposes). They will continue to update the Board throughout the process, and he will report back to the Board.

Executive Officer's Report:

A. Timeline Update for Hawaii Administrative Rules Chapter 71 Amendments

Executive Officer Araceley stated that the Public Hearing Notice will need to be published in the newspapers 30 days prior to the meeting date. The Public Hearing will be held on the December meeting date.

B. October 20, 2020 AICPA Ethics and Peer Review Notification

Executive Officer Araceley stated that there were two CPA firms from Hawaii that have been dropped from the AICPA Peer Review Program:

- 1) Robert W. Abrew CPA Inc.

Chairperson Komo stated that Robert W. Abrew CPA Inc. is closing his firm.

- 2) CPA Hawaii LLP

Executive Office Araceley stated that he will follow up with this firm for further information on the reason why they were dropped from the AICPA Peer Review Program.

C. Update on Patrick Oki Conviction Appeal

Executive Officer Araceley updated the Board that

Patrick Oki of PKF Pacific Hawaii lost his appeal and confirmed that he is no longer licensed in Hawaii.

Mr. Uemori left the meeting at 9:56 a.m.

New Business:

A. Current Uniform Accountancy Act (UAA) Updates

Mr. Williams shared that AICPA and NASBA approved an update to the UAA Model Rules in support of the CPA Evolution initiative.

Mr. Williams stated the proposing UAA Model Rules changes:

“Recognize the large role technology plays in the CPA profession today. Help students in their pursuit of 150 credit hours by expanding the number of credit hours that can be earned through internships. Clarify the role that accreditation plays when a state board of accountancy is reviewing a candidate’s transcript. Align the UAA Model Rules with what many state boards of accountancy already require.”

B. Does an out-of-state company that has recently become a subsidiary of a Hawaii company need to have their attest services done by a Hawaii licensed CPA/Firm?

Chairperson Komo cited Hawaii Revised Statutes section 466-3 which states:

“Hawaii attest work’ means attest services provided or attest reports issued by an individual or firm licensed and authorized to practice public accountancy in this State or any other state, to any of the following clients:

- 1) An individual who is a resident of this State;*
- 2) A person, entity, firm, or trust that is domiciled within this State, or whose principle or home office is physically located within this State; or*
- 3) A subsidiary that has a physical presence in this State, and has a separate, standalone financial statement or report issued on that subsidiary.”*

Chairperson Komo stated that this subsidiary does not have a physical presence in Hawaii and is not domiciled within this State. The firm that performs attest services for this Georgia subsidiary does not need to be licensed in the state of Hawaii. There were no further comments or discussion by the Board.

- C. Email inquiry from a CPA firm in Oregon asking if they need to be licensed in Hawaii to conduct an audit report for an Oregon client who has a component of their business in Hawaii, but the report will include the Hawaii component.

After discussion, the Board requests further clarification and information before providing a response. Executive Officer Araceley will follow up with inquirer and touch base with Chairperson Komo and DAG Leong.

Next Board Meeting: November 20, 2020
Virtual Videoconference Meeting

Announcements: None.

Adjournment: There being no further discussion, the meeting adjourned at 10:13 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

11/15/20

[X] Minutes approved as is.

[] Minutes approved with changes. See minutes of.