

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

MINUTES

Date: February 26, 2021

Time: 08:30 a.m.

Place: Virtual Videoconference Meeting – Zoom Webinar
(use link below)
<https://dcca-hawaii-gov.zoom.us/j/94407296876>

Present: Darryl T. Komo, CPA, Chairperson
Gary Y. Miyashiro, CPA, Vice-Chairperson
Carleton L. Williams, CPA, Member
Christopher K. Lee, CPA, Member
Terrence H. Aratani, Member
John W. Roberts, CPA, Member
Edward L. Punua, CPA, Member
Brian Uemori, Member
Christopher Leong, Deputy Attorney General (“DAG”)
Relley W. Araceley, Executive Officer (“EO”)
Micah Cadalzo, Secretary
Kerrie Shahan, Executive Officer
James Skizewski, Executive Officer
Sandra Matsushima, Executive Officer
Faith Nishimura, Secretary
Christine Dela Cruz, Office Assistant

Guest(s): James
Kathy HI

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 8:34 a.m. by Chairperson Komo.

Chairperson Komo proceeded with roll call. Chairperson Komo, Mr. Aratani, Vice-Chairperson Miyashiro, Mr. Punua, Mr. Lee, Mr. Roberts, Mr. Williams, and Mr. Uemori confirmed they were present.

Chairperson Komo provided verbal instructions to attendees on how to connect to the meeting via internet or through phone access. He reminded attendees that all microphones will be muted. If anyone would like to speak, they should raise their hand and when called upon they will be limited to five minutes of testimony per agenda item.

Approval of the
Minutes of the
January 29, 2021
Board Meeting:

Chairperson Komo asked if any members of the public would like to provide oral testimony on this agenda item. There were none.

After discussion, it was moved by Mr. Aratani, seconded by Mr. Punua, and carried by a majority, with the exception of Mr. Williams, who recused himself from voting on this matter, to approve the January 29, 2021 meeting minutes, with the following amendment (with new material underscored in bold and repealed material bracketed and stricken through):

On page 8, first paragraph:

“Mr. Roberts responded that the “holding out” is covered in HRS §466-10(a) and HRS §466-10(c)(1)(b). There is also a [subplot] **subsection** that states the signing partner needs to be a U.S. Citizen or a permanent resident alien status with a PTP license that may or may not be applicable to Mr. Ching’s offices in Cayman Islands.”

Applications:

Chairperson Komo asked if any members of the public would like to provide oral testimony on this agenda item. There were none.

At 8:39 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). (Note: Board and staff moved to Teams.)

EXECUTIVE SESSION

At 9:00 a.m., it was moved by Mr. Aratani, seconded by Mr. Punua, and unanimously carried for the Board to move out of Executive Session.

Chairperson Komo asked if any members of the public would like to provide oral testimony on this agenda item. There were none.

A. CPA Certification

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

- 1) ARAS, Jennifer P.
- 2) KANTER, Trudie D.
- 3) KOBAYASHI, Monica
- 4) LANDRY, Todd C.
- 5) FRANCONI, Vito A.
- 6) MEHLING, Donald
- 7) NUCUM, Alexa N.
- 8) WEIQIONG, Tang
- 9) ZARKOVIC, Sinisa
- 10) WATANABE, Mieko
- 11) LACROIX, Gary F.
- 12) SATO, Keiji
- 13) WARR, Colby

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

- 1) KIM, Lori S.

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

application for certification subject to receiving further information:

- 1) SHANNON, Calvin

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

- 1) GIANG, Kennie W.
- 2) KUEHN, Tracey L.
- 3) PARK, Chang JE

B. Ratification of Individual CPA Permits to Practice

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

- 1) KANG, Jaeyong
- 2) KAZEMI, Maria C.
- 3) CONRAD, Kevin
- 4) ALLMAN, Victoria L.
- 5) WEI, Jiajun

Old Business:

Chairperson Komo asked if any members of the public would like to provide oral testimony on this agenda item. There were none.

A. Board's position on exam remote testing and possible acceptance of Pilot Test scores

DAG Leong stated that there's no statutes/laws that would prohibit the acceptance of scores taken from remote testing.

DAG Leong cited the following:

HRS chapter §466-5(e):

"The examination required to be passed for licensure shall test the applicant's knowledge of the subjects of accounting theory, accounting practice, auditing, and other related subjects as the board may specify by rule. The board shall prescribe the methods of applying for

and conducting the examination, including methods for grading papers and determining a passing grade required by an applicant for a license; provided that the board shall, to the extent possible, see to it that the grading of the examination and the passing grades are uniform with those applicable in all other states. The board may use the Uniform Certified Public Accountant Examination and Advisory Grading Service of the American Institute of Certified Public Accountants (AICPA), and may contract with third parties to perform the administrative services with respect to the examination as the board deems appropriate to assist it in performing its duties herein.”

HRS §16-71-18:

“Examination. The examination prescribed in section 466-5(e), HRS, shall consist of the AICPA examination.”

HRS §16-71-19(a):

“The board shall use the examination prescribed by the AICPA, and shall make all necessary arrangements with the AICPA including the grading of the examination. The grades issued by the AICPA are advisory only and shall be ratified by the board to be official.”

DAG Leong stated that what may be of concern is HRS §16-71-19(f) which states:

“The examination for the license of certified public accountant shall be held in the State at places designated by the board.”

DAG Leong noted that candidates that are not at designated testing sites may cause conflict. He noted that the rule is both limiting and permitting, and the Board may designate the site elsewhere with some of Prometric testing centers closed due to the COVID emergency situation. He also noted that with National Association of State Boards of Accountancy (“NASBA”) and Prometric going through measures to have remote testing in place, it is up to the Board to determine whether it is okay for candidates to participate elsewhere other than Prometric testing centers.

Discussion ensued within the Board regarding candidates participating in remote testing and whether their exam scores will be accepted.

After discussion, the Board decided to defer their decision to the next meeting. Colleen Conrad from NASBA will be addressing the Board at the next meeting, tentatively scheduled, regarding questions and concerns of remote testing.

Standing Committee Report:

Chairperson Komo asked if any members of the public would like to provide oral testimony on this agenda item. There were none.

A. Exam Committee

1) Exam fee changes

Committee Chairperson Punua stated that AICPA, NASBA and Prometric are increasing their fees for candidates during 2021 and 2022.

Table summary of the current and the 2022 fees:

| Fee Schedule | NASBA Section Fee | AICPA Section Fee | Prometric Hourly Fee | Prometric Security Fee |
|---------------------------|-------------------|-------------------|----------------------|------------------------|
| 2021 | \$25.00 | \$110.00 | \$20.94 | \$6.23 |
| 2022 | \$25.00 | \$110.00 | \$21.21 | \$6.31 |
| | | | | |
| Candidate Cost by Section | AUD | REG | FAR | BEC |
| 2021 | \$224.99 | \$224.99 | \$224.99 | \$224.99 |
| 2022 | \$226.15 | \$226.15 | \$226.15 | \$226.15 |

B. Legislative Committee

1) Senate Bill 1103 – Peer Review Oversight Committee

Mr. Aratani announced that the Senate Bill 1103, unamended, is scheduled for its Third Reading at Senate on March 4, 2021.

Chairperson's Report: Chairperson Komo asked if any members of the public would like to provide oral testimony on this agenda item. There were none.

A. Pacific Regional Call – February 16, 2021

Chairperson Komo shared the discussed topics with the Board:

- Pilot Testing Program
 - between 215 – 1,000 candidates will be participating
 - Asking each states whether they will accept the exam scores from the pilot test
- CPA Evolution
 - Working on a new CPA exam format which will be starting January 2024
- Non-Compliance with Laws/Regulations
 - Exposure draft will be coming out on June 2021 in which they will be asking the Board for comments
- Association of Professional Organization
 - The organization did a study, commissioned by Oxford Economics, and have determined the strong benefit for having specific license programs not just for CPAs but for other professions and occupations.
 - When issues comes up in different states, to defend the licensing programs in each state, they can refer back to this study.
- Regional meeting coming up on June 2021, in which the details will be coming out on March 2021

Executive Officer's Report:

Chairperson Komo asked if any members of the public would like to provide oral testimony on this agenda item. There were none at this time.

A. Notice to Schedule (NTS) update from NASBA

EO Araceley stated that NASBA verified that they will be extending the NTS by case-by-case basis due to the

fee changes. Any requests received by the Board will be forwarded to NASBA.

B. Include of Hawaii to NASBA Accountancy Licensing Database

Mr. Williams announced that Utah became the 54th jurisdiction to participate in the National Licensee Database in which Hawaii does not participate yet. Mr. Williams noted that the National Licensee Database is a service where an individual can search and verify a person's license in the jurisdiction that they claim to be licensed in.

EO Araceley noted that Hawaii was previously in the process of participating, but it was halted due to internal technical issue.

Discussion ensued within the Board in regard to privacy concerns for Hawaii CPAs and obtaining their permission. DAG Leong noted that the database should only provide public information. The Board asked that EO Araceley gather more information with NASBA before deciding.

New Business:

Chairperson Komo asked if any members of the public would like to provide oral testimony on this agenda item. There were none.

A. How does the Board verify applicant compliance with HRS 436(b) regarding US Citizenship or permanent resident alien status?

- i. Example: If a college student from overseas obtained education in the US and is granted 1-year work permit and applies to be a CPA during work period, when it's time to renew CPA license, how does the Board verify compliance with laws/rules?

EO Araceley noted that the compliance of being either a US Citizen or a permanent resident alien status is only stated in HRS Chapter 436(b) – Professional and Vocational Licensing Law. He further noted that there

is none specific in the renewal form that restate the compliance of that law.

DAG Leong cited HRS §436B-10(a)(6):

“Proof that the applicant is a United States citizen, a United States national, or an alien authorized to work in the United States;”

DAG Leong further noted that this is more of a question to the Department of Commerce and Consumer Affairs (“DCCA”), not only for the Board of Public Accountancy but for all of the other Boards as it’s a requirement for all licensure.

After discussion, the Board decided and asked that EO Araceley will need this issue to be brought to attention and discussed with DCCA.

- B. Does the Hawaii Board rules and laws contain any provisions whereby a peer-reviewed firm cannot refuse to pay the reviewer?

After discussion, the Board clarified that there is no provisions whereby a peer-reviewed firm cannot refuse to the pay the reviewer in the Hawaii Revised Statutes and Hawaii Administrative Rules. The Board requested EO Araceley communicate with the inquirer and follow up with the respective licensing jurisdiction if necessary.

Tentative
Next Board Meeting:

Friday, March 19, 2021- cancelled, to be determined
8:30 a.m.
Virtual Zoom Webinar

Announcements:

EO Araceley informed the Board of the following:

- Small Business Regulatory Review Board has approved proposed HAR 16-71 amendments and is now moving forward in the process of making the drafts of the proposed amendments.
- Mike Ching contacted EO Araceley regarding old business with new information and shall be discussed at the next Board meeting.

Chairperson Komo shared to the Board that Hawaii Society of CPAs posted their meetings for the next year, which concludes monthly meetings.

Adjournment: There being no further discussion, the meeting adjourned at 10:06 a.m.

Reviewed and approved by:

Taken and recorded by:

/s/ Relley W. Araceley

/s/ Micah Cadalzo

Relley W. Araceley
Executive Officer

Micah Cadalzo
Secretary

RWA:mc

03/12/21

- Minutes approved as is.
 Minutes approved with changes. See minutes of March 25, 2021 meeting.