

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

MINUTES OF MEETING

Date: Friday, September 27, 2024

Time: 8:30 a.m.

In-Place Meeting Location: King Kalakaua Conference Room, First Floor
HRH King Kalakaua Building
335 Merchant Street
Honolulu, Hawaii 96813

Virtual: Virtual Videoconference Meeting – Zoom Webinar (use link below)
<https://dcca-hawaii-gov.zoom.us/j/83322309885?pwd=V2JFDcNp4KBYkilre1CCUppyvCrJjwH.1>
Zoom Phone Number: 669 900 6833
Meeting ID: 833 2230 9885
Passcode: 594419

Zoom Recording Link:

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).

Members Present: Gary Y. Miyashiro, CPA, Chairperson (“Chair”)
Jon Arbles, CPA, Vice-Chairperson (“Vice Chair”)
Robert Kawahara, CPA, Member
Alexander Smith, CPA, Member (arrived @ 8:42am)
Christopher Lee, CPA, Member
Wendell Lee, CPA, Member (Virtual)
Isabella Gary, Public Member (Virtual)
Zachary Johnson, CPA, Member (Virtual)

Staff Present: Hector West, Executive Officer (“EO West”)
James Paige, Deputy Attorney General (“DAG”)
Marc Yoshimura, Secretary
Johnny Li, Technical Support

Guest(s): Kylie Yamamoto (Virtual)
Erica Forhan (Virtual)
Kelly Lim (Virtual)

Virtual Meeting Instructions: A short video regarding virtual meetings was played for attendees.

The Chairperson Miyashiro provided information on internet and phone access for today’s virtual meeting and announced that today’s meeting was being recorded

and that the recording will be posted on the Board's web page.

Call to Order:

Chairperson Miyashiro took a roll call of the Board members. The Chairperson mentioned that Alexander Smith is on his way, but the board does have a quorum to proceed.

After taking roll, quorum was established, and the meeting was called to order at 8:37 a.m.

Chair's Report:

Announcement

Chairperson Miyashiro reported that there is an annual National Association of State Boards of Accountancy ("NASBA") meeting on October 25, 2024. September 27, 2024 is the last day to sign up if interested.

AICPA & NASBA Seek Input on Proposed Additional Pathway to CPA Licensure

Chairperson Miyashiro stated there is an exposure draft titled "CPA Competency Based Experience Pathway" where NASBA detailed direction other pathways to licensure. The competency exposure draft defines the experiences the other states follow in standard form in accordance to the Uniform Accountancy Act (UAA). They are just providing guidance to states that are considering change to the licensing requirements on more definitions as to general experiences and various ways of licensure. The comment period ends on December 6, 2024.

Mr. Smith arrived and joined the meeting at 8:42 a.m.

A Bill for an Act Relating to Education Requirements for Certified Public Accountants.

Chairperson Miyashiro stated that a bill to change the law for CPA licensure has been drafted. He called on Wendell Lee to explain.

Wendell Lee stated that he is hoping that this bill would pass to eliminate the extra 30 credits requirement for the CPA that a year ago was not even considered. It has gained momentum from a national level with the shortage of accountants and the barriers to entry for students that have graduated. He believes that the additional 30 credits are not a value added, but barriers from entry. The additional 30 credits are not required to take the CPA exam. CPA applicants can pass it with 120 credits or a baccalaureate degree. This law would reduce barrier of entry and allow those who have the requisite, experience, and additional education. They have a "one year commitment in lieu of the 30 credits". It's an additional year to practice under a CPA. The experience with additional year is more valuable than taking 30 credits of not-specified courses. In the education side, students can't afford the additional 30 credits or students take easy courses at the community college just to fulfill the 30 credits requirement. The Board needs to promote it with different industry groups.

EO West mentioned that this is not an administrative bill.

Mr. Johnson said he agreed with Wendell Lee. It is an unnecessary barrier that doesn't have value in terms of producing better CPAs. The 1500 audit hours or two years experience are still in this bill. He asked "With the additional year how does the chargeable audit hours factor into it?"

Chairperson Miyashiro answered that would count as one year. The general licensure is "baccalaureate degree plus two years of experience" so the 1500 could be one year then have it certified for another year then the candidate can apply for the license.

Vice Chairperson Arbles stated that the way to get broad public support is to describe it as the current pathway continues to exist, but there will be an additional pathway where 120 credits plus extra year of experience in public accounting practice would meet the requirement. It does not change anything as it currently exists it just adds a new pathway; thereby reducing the burden to students.

Wendell Lee added that the "120 credit" was taken out and put baccalaureate degree to feature proof the law as there is a talk in the education field to make baccalaureate degree 90 credits. Instead of taking of "humanities courses", students will just take the "core courses" degree requirements. It is starting to happen in certain colleges.

Mr. Johnson said he has no reservation on the bill.

Christopher Lee stated that in the revision (page 3, line 17) it says that "additional experiences shall meet the requirement sets forth in subsection (d) and may be credited towards the experience requirement in subsection (d)", meaning that if the applicant has two years of general experience that is inclusive of the one year. So a year is not added to the two years just taking away 30 credits.

Wendell Lee answered that the 30 credits is take away so now there are three pathways: those with different degree with requisite credits that might have the experience; those straight out of school with the accounting degree; and students with 150 credits that meet the requirement and just do the one year. It involves different pathways and put equivalency on the different pathways from the standpoint of experience that if an applicant only has a baccalaureate degree the applicant has to achieve one more year of experience. It would not be three years.

Christopher Lee inquired that if an applicant has the 30 credits would the applicant only need one year? He asked if the experience requirement is shortened.

Wendell Lee answered "No".

Vice Chairperson Arbles stated it addresses reciprocity to other states that two pathways exist right now: 150 credits and 2 years of experience; 150 credits and 1500 chargeable audit hours. If the applicant meets these requirements the applicant can still go outside the state. The 120 credits would be specific to Hawaii.

Chairperson Miyashiro stated that there is no action to be taken under this agenda. This is just to expose the topic to the public. The board will be looking for support from the community. This will be discussed further under the Permitted Interaction Group.

Wendell Lee stated that if the board from a concept stand point wants to go in that direction then the board must go to different industries for comments and consensus.

Chairperson Miyashiro stated it aligns with the "CPA Competency Based Pathway" exposure draft as other state boards are moving to that direction including Minnesota with 2026 as their goal date with the gist of "120 plus 2".

Wendell Lee stated that to answer Christopher Lee's question go to page 3, line 12, it states that "if an applicant has a minimum of 18 hours of upper division or graduate level accounting and auditing subjects, the applicant may elect to replace the 30 semester hours of additional credit with an additional 12 months of professional experience in a public accounting practice". If the applicant has the 150 hours the applicant would only need one year of credits. This adds the 12 months that takes to two years not three.

Christopher Lee asked for clarification regarding "1 year experience".

Wendell Lee answered "1 year experience with 150 credits and 2 years experience in lieu of 150 if applicant only has a baccalaureate".

Vice Chairperson Arbles asked to go to executive session to address legislative issues.

At 8:59 a.m., upon a motion by Vice Chairperson Arbles, seconded by Christopher Lee, it was voted on and unanimously carried to move into Executive Session.

At 9:12 a.m. upon a motion by Vice Chairperson Arbles, seconded by Christopher Lee, it was voted on and unanimously carried to move out of Executive Session.

A Bill for an Act Relating to Peer Review Process for Certified Public Accountancy Firm

Chairperson Miyashiro stated that the Peer Review process mentioned Hawaii Society of Certified Public Accountants (HSCPA). However, HSCPA no longer administers the peer review. The Oregon Society of CPA (OSCPA) administers the

peer review. The objective of the bill is not to list a specific state society as that might change, but just to make a general reference that “whoever administers must be approved by the board.

Approval of Minutes: Approval of the Minutes of the July 26, 2024 Minutes

Chairperson Miyashiro notified the members that the minutes from July 26, 2024 is not yet available. The approval of the July 26, 2024 minutes is deferred.

Executive Officer’s Report:

Audit Letters – Mailed out August 22, 2024

EO West reported that audit letters were mailed out on August 22, 2024. For CPA without Permit-to-Practice (PTP) they are to submit certification of 4 credits in Ethics. For CPA with PTP they are to submit 80 credits of Continuing Professional Education (CPE) credits. For Firm-Permit-to-Practice (FPTP) they need to submit the Peer Review Compliance Form (CPA-PR4).

Formation of Permitted Interaction Group (PIG):

Chairperson Miyashiro reported that there is a Permitted Interaction Group (PIG) which is an action group within the board to conduct study within the industry and outside the board. The purpose of the PIG is to evaluate the significance of reducing the education requirements for licensures from 150 to 120 and different pathways to licensure. The PIG can include members of the board as long as the board members participating do not constitute a quorum. The Board is made up of 9 members so up to 4 members can participate. This is made up of state societies, professional organizations, or any interested CPAs the Board may deem useful in discussion. This does not violate any Act.

DAG Paige stated that this is under HRS §92-2.5 (b) where it states:

“Two or more members of the board, but less than the number of members that would constitute a quorum for the board, may be assigned to:

- (1) Investigate a matter relating to board business; provided that:
 - (A) The scope of the investigation and the scope of each member’s authority are defined at a meeting of the board;*
 - (B) All resulting findings and recommendations are presented to the board at a meeting of the board; and*
 - (C) Deliberation and decision making on the matter investigated, if any, occurs only at a duly noticed meeting of the board held subsequent to the meeting at which the findings and recommendations of the investigation were presented to the board; or**
- (2) Present, discuss, or negotiate any position that the board has adopted at a meeting of the board; provided that the assignment is made and the*

scope of each member's authority is defined at a meeting of the board before the presentation, discussion, or negotiation.

Vice Chairperson Arbles asked if the scope can be widened or adjusted later if the research leads to wider scope.

DAG Paige stated it has to be done at the present time. Once research is conducted the PIG must present it to the board, but the board can't act at that meeting. The board must wait so the public can hear what the board came up with before the board can act.

DAG Paige stated that the way it is set on 5C seems to capture PIG.

Chairperson Miyashiro stated it does capture, but it does not address the experience requirement.

Christopher Lee stated to make it more general "significant in changing a requirement in licensure".

DAG Paige stated it must include 5C so people know what is going on.

Vice Chairperson Arbles stated instead of reducing requirements put in "to explore pathways which include 150 and 120 semesters as the board is trying to explore new opportunities".

Mr. Kawahara stated how about just using the title "CPA Competency Based Experience Pathway". The PIG will evaluate the CPA Competency Based Pathway.

DAG Paige stated that is broad enough so that the members of the Committee will be empowered to consult other industries whether it will need legislative change.

At 9:27 a.m., Mr. Kawahara made a motion "For the formation of PIG to evaluate the significance of the CPA Competency Based Experience Pathway Exposure" draft issued by AICPA and NASBA, seconded by Christopher Lee, and unanimously carried to approve the formation of PIG.

Board members that volunteered to be part of the PIG are: Wendell Lee; Christopher Lee; Vice Chairperson Arbles; and the Chairperson Miyashiro.

At 9:29 a.m., it was moved by Vice Chairperson Arbles, seconded by Mr. Smith and unanimously carried to approve the membership of PIG.

At 9:31 a.m., it was moved by Vice Chairperson Arbles, seconded by Christopher Lee and unanimously carried to move into executive session to consider personal information relating to applicants.

CPA Scores Extension Report Upon a motion by the Vice Chairperson Arbles, seconded by Mr. Kawahara, it was voted on and unanimously carried to defer the score extension request of Abdallah Seko.

Applications: Ratification of CPA Permit to Practice
Upon a motion by Vice Chairperson Arbles, seconded by Mr. Kawahara, it was voted on and unanimously carried to approve the ratification of CPA Permit to Practice.

Cheryl L Collins	CPA6277
Kristina W L Tommee	CPA6159
Paul C Kiley Jr	CPA6296
Derek K Yang	CPA6027
Sara E Anderson	CPA6147
Marie Lyn Stiegel	CPA6357
Erin K T Wong	CPA6172
Rumzei Atef Abdallah	CPA6351
Jennifer Munemitsu	CPA4638
Wataru Ito	CPA6082
Funinori Matsubara	CPA6350

Approval of Firm and Trade Names

Upon a motion Vice Chairperson Arbles, seconded by Mr. Kawahara, it was voted on and unanimously carried to approve the following firm and trade names:

Salvator, Goldhamer & Company, CPA PC
MH Miles Company, CPA, PC
CBIZ CPAs P.C.
GTS C.P.A. Inc.

CPA Applications

Upon a motion by Vice Chairperson Arbles, seconded by Mr. Kawahara, it was voted on and unanimously carried to approve the CPA Applications:

Srinivasa Venkut
Trevor K Kaiama
Christina Shigeko Rivers
Yu Hunt
Dennis Matthew Gardiner
Shuang Wu Wolf
Spencer Tawa
Jaclyn Morrocco
Eddis William Watkins
Dipika H Nagin
Xiuqui Li

Jennifer Lee Brown
Dawn Colt
Kylie M Yamamoto
Mark H Erwin
Tammy M Lei
Mika Yoshimura
Mark Joseph Vuono
You Lin
Sheri Ann M Tengan
Fred K Barats
Roger W Mills
Lori J Fenstermaker
Louis J Collins
Risa M Oue
Matthew G Medlin

CPE Sponsor Agreement

Upon a motion by Vice Chairperson Arbles, seconded by Mr. Kawahara, it was voted on and unanimously carried to approve the CPE Sponsor Agreement.

Laulima Tax Advisory Group, LLC
Kwock & Company CPAs

Next Meeting:

Chairperson Miyashiro announced the next scheduled meeting.

Date: Friday, November 15, 2024
Time: 8:30 a.m.
In-Person: King Kalakaua Conference Room
King Kalakaua Building, 1st Floor 335 Merchant Street
Honolulu, Hawaii 96813
Virtual: Zoom Webinar

Adjournment:

With no further business to discuss, the Chair adjourned the meeting at 9:57 a.m.

Reviewed by:

Taken by:

/s/ Hector West

/s/ Hector West

Hector West
Executive Officer

Hector West
Executive Officer

HW: hw

11/08/2024

Minutes approved as is.

Minutes approved with changes. See minutes of _____