

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

MINUTES

Date: Friday, July 8, 2011

Time: 2:30 p.m.

Place: King Kalakaua Conference Room
King Kalakaua Building
335 Merchant Street, 1st Floor
Honolulu, Hawaii 96813

Present: Thomas T. Ueno, CPA, Chairperson
Kent K. Tsukamoto, CPA, Vice-Chairperson
Michael Ching, CPA, Member
Wendy Miki Glaus, CPA, Member
Craig K. Hirai, CPA, Member
Nelson K.M. Lau, CPA, Member
Steven R. Oberg, CPA, Member
Keith A. Regan, Member
Emerito C. Saniatan, Member
Rodney J. Tam, Deputy Attorney General
Laureen M. Kai, Executive Officer
Lori Nishimura, Secretary

Guests: Kathy Castillo, Hawaii Society of Certified Public
Accountants ("HSCPA")
Rodney Harano, CPA, CW Associates, CPAs
John Karbens, Ed.D., CPA, Hawaii Pacific University
Gregg Taketa, CPA, Hawaii Association of Public
Accountants ("HAPA")

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 2:30 p.m. by Chairperson Ueno.

Additions/Revisions
to Agenda:

None.

Welcome and
Introduction of New
Board Member,
Craig K. Hirai, CPA:

Chairperson Ueno briefly introduced the Board's newest member, Craig K. Hirai. He stated that Mr. Hirai is replacing Mark Hunsaker, his partner at Bowen Hunsaker Hirai, CPA, P. C. Board members and staff welcomed Mr. Hirai and thanked him for his willingness to serve on the Board.

Executive
Session:

At 2:31 p.m., it was moved by Mr. Regan, seconded by Mr. Saniatan, and unanimously carried for the Board 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 3:24 p.m., it was moved by Vice-Chairperson Tsukamoto, seconded by Mr. Regan, and unanimously carried for the Board to move out of Executive Session.

The Board immediately recessed the meeting.

At 3:25 p.m., the Board reconvened its meeting.

Applications for
CPA Certification:

After discussion, it was moved by Vice-Chairperson Tsukamoto, seconded by Mr. Oberg, and unanimously carried to approve the following application for certification:

1. KERR, James R.

Ratification of
Individual CPA
Permits to Practice:

After discussion, it was moved by Mr. Lau, seconded by Ms. Glaus, and unanimously carried to ratify approval of the following individual CPA Permits to Practice:

1. BAUTISTA, John Paul B.
2. KAM, Tanner T.K.C.
3. SEARING, Jane M.
4. WOOD, James B.

After discussion, it was moved by Mr. Lau, seconded by Ms. Glaus, and unanimously carried (Vice-Chairperson Tsukamoto recused himself from the vote) to ratify approval of the following individual CPA Permit to Practice:

1. LEE, Daniel H.K.

Ratification of
Issued Firm Permit
to Practice:

After discussion, it was moved by Vice-Chairperson Tsukamoto, seconded by Mr. Oberg, and unanimously carried to ratify the issuance of FPTP # 500 to "PKF, Certified Public Accountants, A Professional Corporation".

Approval of
Minutes of the
June 20, 2011
Board Meeting:

Executive Officer Kai stated that due to the short intervening period between meetings, the meeting minutes for the June 20, 2011 Board meeting were not available for review. The Board was assured that the minutes would be completed and officially filed by the thirty (30) day statutory requirement, and would be presented for review and approval at the Board's August 5, 2011 meeting.

Election of Board
Chairperson and
Vice-Chairperson:

Chairperson Ueno requested that Board members indicate their interest and/or nominate member(s) for the position of Board Chairperson. It was moved by Mr. Saniatan, seconded by Mr. Regan, and unanimously carried to nominate current Chairperson Ueno for the position of Board Chairperson. Mr. Ueno expressed his interest in the position. No further members expressed an interest and no further

nominations were made for the position of Board Chairperson. It was moved by Mr. Regan, seconded by Mr. Saniatan, and unanimously carried to close the nominations for the position of Board Chairperson, and further to elect Mr. Ueno as Chairperson of the Board.

Chairperson Ueno requested that Board members indicate their interest and/or nominate member(s) for the position of Board Vice-Chairperson. It was moved by Mr. Saniatan, seconded by Mr. Regan, and unanimously carried to nominate current Vice-Chairperson Tsukamoto for the position of Board Vice-Chairperson. Mr. Tsukamoto expressed his interest in the position. No further members expressed an interest and no further nominations were made for the position of Board Vice-Chairperson. It was moved by Mr. Regan, seconded by Mr. Saniatan, and unanimously carried to close the nominations for the position of Board Vice-Chairperson, and further to elect Mr. Tsukamoto as Vice-Chairperson of the Board.

Chairperson's Report: Chairperson Ueno stated that the Board, through its Investigative Committee on Peer Review, continues to be very involved in resolving the issues of a peer review program, and remains committed to drafting proposed administrative rules for its implementation.

Chairperson Ueno expressed his appreciation to Board members for their work during the past year on the Board's six (6) standing committees. He stated that it was his intent to rotate assignments among Board members in order to facilitate participation; therefore, he asked Board members to inform him or Vice-Chairperson Tsukamoto of their interests in the various standing committees. Committee chairmanships and members would be announced at the Board's next meeting.

Executive Officer's
Report:

Executive Officer Kai stated that in response to the Board's request for NASBA to modify the timetable associated with the Notice to Schedule ("NTS") for the Uniform CPA examination to more effectively accommodate Hawaii exam candidates who have difficulty in scheduling a test date within the current six-month period, the NTS period was extended, effective July 1, 2011, to nine (9) months.

Executive Officer Kai reported that, to date, 406 Firm Permits to Practice ("FPTP") have been issued and ratified by the Board since permitting started nearly a year ago. Ms. Kai gave the following statistics on the ratified FPTP applications' responses to the optional question posed on the FPTP application, "Does your CPA/PA firm currently participate in a peer review or quality review program?":

- 184 – Yes
- 144 – No
- 78 – No response

Ms. Kai noted that these statistics may be useful to the Investigative Committee on Peer Review in the development of the procedures related to the peer review requirement for the renewal of the FPTP. She informed the Board that she will continue to update these statistics until the initial FPTP renewal on December 31, 2011.

Vice-Chairperson Tsukamoto requested that HSCPA and HAPA continue to inform their members about the December 31, 2011 deadline to renew their CPA licenses, individual permits to practice, and firm permits to practice and applicable renewal requirements.

Standing Committee
Reports:

A. Legislation and Rules

1. Investigative Committee on Mobility

Vice-Chairperson Tsukamoto reported, on behalf of the Investigative Committee, that the drafting of the proposed mobility "wishlist", as requested by Representative Isaac Choy for his mobility discussion initiative, would be finalized and distributed to Board members for review prior to the Board's next meeting on August 5, 2011, at which time it would be presented for the full Board's approval. Upon approval, the "wishlist" will be submitted to Representative Choy. Chairperson Ueno requested that Board members review the draft and send comments to the Investigative Committee prior to the meeting.

2. Proposed Revision of Hawaii Administrative Rules section 16-71-21

Executive Officer Kai reported that since the Board's approval of the proposed revision of Hawaii Administrative Rules ("HAR") chapter 16-71, to strike HAR section 16-71-21(e), at the June 20, 2011 meeting, the draft rules have been reviewed by the Attorney General's Office and the Legislative Reference Bureau, and are currently awaiting consideration by the Small Business Regulatory Review Board to allow the Board to request approval from the Governor to proceed to public hearing.

B. Uniform CPA Examination

Committee Chairperson Glaus stated that she has been granted authorization from NASBA and CPA Examination Services to conduct an unannounced visit to the testing site. Ms. Glaus stated that she

intended to make that visit before the end of September, and would include her findings in her subsequent committee report.

Executive Officer Kai reported that NASBA has implemented a new on-line service where eligible Uniform CPA exam candidates can now download and reprint their NTS as needed.

C. Ethics

Committee Chairperson Regan stated that the AICPA ethics recodification project is ongoing and that an exposure draft would soon be released for comment.

Mr. Oberg verified with Ms. Castillo that the HSCPA is continuing to sponsor ethics continuing professional education ("CPE") courses on Oahu. Ms. Castillo commented that a schedule of courses is available on the HSCPA website. It was noted that HAPA is offering ethics CPE courses on Oahu as well as the Neighbor Islands.

D. Peer Review

1. Investigative Committee on Peer Review

Investigative Committee Chairperson Oberg reported that a meeting with stakeholders and interested parties took place after the Board's last meeting on June 20, 2011. He mentioned that participants included Linda Mackenzie from The Accountants Coalition; Ms. Castillo, Carl Williams, Rodney Harano, and Ron Heller from the HSCPA; and John Roberts and Marilyn Niwao from HAPA. The group discussed licensure requirements for peer reviewing firms and enforcement for non-compliance with peer review requirements. Mr. Oberg further stated that his research into

the peer review programs of Arizona and Massachusetts had resulted in both states' boards confirming that they had no "in-house" peer review programs, despite Ms. Niwao's stated belief that the peer review programs in both states were board-operated. Mr. Oberg concluded his report by stating that the committee was open to and would very much appreciate any comments on all issues relating to peer review.

E. Continuing Professional Education

No report.

F. Communications

No report.

Next Board Meeting: Friday, August 5, 2011
8:30 a.m.
King Kalakaua Conference Room
King Kalakaua Building
335 Merchant Street, 1st Floor
Honolulu, Hawaii 96813

Announcements: Vice-Chairperson Tsukamoto distributed copies of an Oregon tax return document that required the CPA tax preparer to report the CPA's license number as an example of collaborative efforts between the Oregon Board of Accountancy and the Oregon state tax department to regulate the profession. A brief discussion ensued as to the viability of such a collaboration between the Board and the Hawaii Department of Taxation.

Executive Officer Kai stated that, as instructed by the Board, a sympathy letter was drafted and signed on behalf of the Board to the family of the late Mr. Alfred Fernandez.

Board of Public Accountancy
Minutes of the July 8, 2011 Meeting
Page 9

Adjournment: There being no further discussion, it was moved by Mr. Lau, seconded by Mr. Ching, and unanimously carried to adjourn the meeting at 3:53 p.m.

Taken and recorded by:



Lori Nishimura, Secretary

Reviewed and approved by:



Laureen M. Kai, Executive Officer

LMK:ln

07/28/11

Minutes approved as is.

Minutes approved with changes. See Minutes of _____