

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

MINUTES

Date: Friday, September 2, 2011

Time: 8:30 a.m.

Place: King Kalakaua Conference Room  
King Kalakaua Building  
335 Merchant Street, 1<sup>st</sup> 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  
Jack Karbens, Ed.D., CPA, Hawaii Pacific University  
John W. Roberts, CPA, President, 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 8:30 a.m. by Chairperson Ueno.

Additions/Revisions  
to Agenda:

None.

Executive  
Session:

At 8:31 a.m., it was moved by Mr. Regan, seconded by Mr. Oberg, 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 9:40 a.m., it was moved by Mr. Saniatan, seconded by Mr. Regan, and unanimously carried for the Board to move out of Executive Session.

The Board immediately recessed the meeting.

At 9:45 a.m., the Board reconvened its meeting.

Applications for  
CPA Certification:

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

1. CARRITHERS, James R.
2. CHOI, Jinwha
3. MORITA, Tina M.
4. NAKAMICHI, Yoko
5. SMILEY, Elizabeth A.

After discussion, it was moved by Mr. Regan, seconded by Mr. Saniatan, and unanimously carried (Mr. Lau recused himself from the vote) to approve the following applications for certification:

1. LORETTA, Ralph G.
2. VARJAVAND, Kaveh

After discussion, it was moved by Mr. Regan, seconded by Mr. Saniatan, and unanimously carried (Vice-Chairperson Tsukamoto recused himself from the vote) to approve the following application for certification:

1. YUN, Howard

Ratification of  
Individual CPA  
Permits to Practice:

After discussion, it was moved by Vice-Chairperson Tsukamoto, seconded by Mr. Oberg, and unanimously carried to ratify approval of the following individual CPA Permits to Practice:

1. HOWARD, Richard A., Jr.
2. MOFFITT, Tonya M.
3. POWELL, William P.

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

1. KIUCHI, Payton K.K.

Approval of CPA  
Firm Name:

Executive Officer Kai stated the Board received a request from Jackson Chen for approval of a CPA firm name and that the firm name is abbreviated from his legal name. After discussion, it was moved by Mr. Oberg, seconded by Ms. Glaus, and unanimously carried to approve the CPA firm name:

1. JACK CHEN, CPA INC.

Ratification of  
Issued Firm Permit  
to Practice:

After discussion, it was moved by Mr. Oberg, seconded by Mr. Lau, and unanimously carried to ratify approval of the following Firm Permits to Practice ("FPTP"):

1. CLARK NUBER P S
2. JASON K TAMANAHA LLC

3. CATHY M KAIAMA
4. MAYER HOFFMAN MCCANN PC

Approval of  
Minutes of the  
August 5, 2011  
Board Meeting:

After discussion, it was moved by Mr. Oberg, seconded by Vice-Chairperson Tsukamoto, and unanimously carried to approve the minutes of the August 5, 2011 Board meeting, as circulated.

Chairperson's Report: A. NASBA Regional Directors' Focus Questions

Chairperson Ueno stated the following focus questions had been provided to Board members to review prior to the meeting. The Board discussed and reached consensus on the following responses:

1. Are there any new communications efforts that your Board has implemented within the last year? Please explain. Will your Board be sending its representative to the Communications Officers' breakfast at the Annual Meeting?

Response: Requesting that the public report any complaints against licensees to the Board has been effective. Also, the distribution of information through the professional associations (Hawaii Society of Certified Public Accountants and the Hawaii Association of Public Accountants) has been very helpful as well. Mr. Thomas Ueno, Board Chairperson, will represent the Hawaii Board at the Communications Officers' breakfast at the Annual Meeting.

2. Does your Board restrict the number of on-line classes acceptable for continuing professional education (i.e., can all CPE requirements be obtained via on-line courses)? Please explain.

Response: The Hawaii Board does not restrict the number of on-line CPE classes – all CPE requirements can be met via on-line courses, so long as the sponsor is approved by the Hawaii Board, the National Registry, or any other state/jurisdictional board of accountancy.

3. Is your Board accepting on-line education at the baccalaureate or graduate levels as part of domestic or foreign education? Please explain what qualifications you have for such courses.

Response: Yes, on-line education at the baccalaureate or graduate levels is acceptable so long as the credits are earned at an institution of higher learning accredited by a U.S. regional or national accrediting agency; or in the case of foreign education, has been deemed by one of eight Hawaii Board-approved academic credentials evaluation services to be equivalent to credits earned at a regionally or nationally accredited U.S. school.

4. How is your Board addressing out-of-state CPA firms' mobility compliance. Provide examples.

Response: Unfortunately, Hawaii is not yet a mobility state.

5. The Texas Board has discovered non-U.S. accountants have signed the SEC's 10-K forms for companies based in Texas and brought this to the attention of the SEC. The Board has found non-U.S. accountants have signed these forms for companies in other states. How does your Board plan to respond to this should you be made aware that such violations are occurring in your State?

Response: All such violations would be forwarded to the Regulated Industries Complaints Office ("RICO") of the Department of Commerce and Consumer Affairs, (the Board's umbrella agency) for action against unlicensed activity. RICO would, in turn, notify the federal authorities, including the SEC.

6. Are there any concerns that you would like NASBA to address?

Response: No, not at this time.

4. NASBA'S Board of Directors would appreciate as much input on the above questions as possible. How were the responses shown above compiled? Please check all that apply.

Response: Input from all Board Members and Executive Officer.

B. Report on NASBA Peer Review Oversight Committee Summit

Chairperson Ueno stated that he and the Executive Officer attended the NASBA Peer Review Oversight Committee ("PROC") Summit, a meeting for the specific purpose of imparting information on the role played by a state's PROC in the peer review program. The sessions dealt primarily with how the Hawaii Board could use NASBA's established procedures and the best practices of states that utilize a PROC in their peer review programs.

C. Standing Committee Updates

Chairperson Ueno provided the following updates to the members serving as chairpersons

of the Board's standing committees, as well as the members of the Investigative Committees:

- Legislation and Rules: Co-Chairs:  
Mr. Saniatan and Mr. Ching
  - Investigative Committee on Mobility  
Chair: Mr. Tsukamoto  
Members: Ms. Glaus and Mr. Saniatan
- Uniform CPA Examination: Mr. Hirai
- Ethics: Ms. Glaus
- Peer Review: Mr. Tsukamoto
  - Investigative Committee on Peer Review  
Chair: Mr. Oberg  
Members: Messrs. Hirai, Lau, and Tsukamoto
- Continuing Professional Education: Mr. Lau
- Communications: Mr. Regan.

D. Standard Setting for Non-Public Entities

Chairperson Ueno stated that CPAs are continuing to receive notices from the American Institute of Certified Public Accountants ("AICPA") requesting comments on this issue. He asks that all Hawaii CPAs take the time to review the issue and to respond to the AICPA.

Chairperson Ueno also reported that NASBA and the AICPA have recently unveiled an on-line mobility tool designed to help CPAs navigate the new practice privilege requirements that allow CPAs to more easily practice across state borders. Although Hawaii is not yet a mobility state, Mr. Ueno suggested that Board members and Hawaii CPAs explore this tool, which is accessible to the public. The site poses the following three (3) questions to CPAs who are interested in practicing across state lines: (1) Where is your principal place of business?; (2) Where are you going to perform services (target state)?; and (3) What type of services will you perform? The on-line tool will then

provide information on the target state's licensing requirements as well as contact information for the state's board of accountancy. The website is CPAmobility.org.

Standing Committee Reports:

A. Legislation and Rules

1. Investigative Committee on Mobility

Executive Officer Kai reported that Representative Isaac Choy's Task Force on Mobility received HAPA's "Wish List" and that a copy was forwarded to this Investigative Committee. Ms. Kai also stated that the Board received Rep. Choy's inquiry relating to his preliminary analysis of the "wishlists" of all participants in his discussion group. Rep. Choy requested confirmation of the "Major Points of Agreement" and "Minor Points of Agreement" that resulted from his analysis. With a deadline of September 10, 2011 for this confirmation, Board members were asked to review Rep. Choy's analysis and direct comments to the Executive Officer, who in turn will respond to Rep. Choy before the deadline.

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

Executive Officer Kai reported that the proposed rules were approved by the Governor on August 15, 2011 to go to public hearing. The law requires that the public hearing notice be published in newspapers on all islands at least 30 days prior to the scheduled public hearing. Therefore, the notice will be published on Monday, September 5, 2011 for a public hearing to be held prior to the Board's meeting on October 7, 2011. The public hearing will



begin at 8:30 a.m., with the Board meeting to follow.

Ms. Kai asked whether the Board would follow its usual practice of entering into Executive Session (to consider and evaluate personal information relating to individuals applying for licensure in accordance with section 92-5(a)(1), HRS, 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 section 92-5(a)(4), HRS) immediately after the Call to Order of the Board meeting. The Board reached consensus that it would follow its usual practice; however, the Executive Session would be limited to thirty minutes (rather than the usual forty-five minutes) unless unforeseen circumstances precluded this plan.

3. Proposed Revision of Hawaii Administrative Rules section 16-71-61

Ms. Glaus, who had volunteered at the Board's last meeting to spearhead this initiative, reported that she received information from the AICPA supporting the proposed repeal of this section, which would allow Hawaii CPAs to accept commissions, as permitted in the Uniform Accountancy Act. She stated that she had found that Hawaii is one of only three states/jurisdictions in the U.S. that do not allow the acceptance of commissions by CPAs. Ms. Glaus then distributed a list compiled by the AICPA that showed the three states/jurisdictions to be Hawaii, Rhode Island, and Puerto Rico.

The Board, by consensus, decided to continue to look into this issue, and instructed the Executive Officer to place this on the agenda for the Board's October 7, 2011 meeting.

B. Uniform CPA Examination

1. Test Site Visit Report

Outgoing Committee Chairperson Glaus reported on her observations made when she recently visited Prometric's testing facility for the Uniform CPA Examination. She noted that the facility was difficult to locate with no obvious or visible signage or directional notices; however, there was ample free parking, which is a definite advantage over the previous site in downtown Honolulu. She observed that the test site included a separate room for the administration of the exam in accordance with the Americans with Disabilities Act, and that there were cameras at each computer work station throughout the facility. Ms. Glaus also witnessed the recently-implemented security procedures involving the hand-held metal detector used to scan candidates.

Ms. Glaus further noted that the bathrooms were quite a distance from the test room. Dr. Karbens commented that several of his students did voice their concern to him that time was wasted walking to the bathroom. Discussion ensued and Board members commented that test administration rules had not changed from the past where time off was never given for a bathroom break.

Chairperson Ueno reported that the international administration of the Uniform CPA Examination had begun and that 1165

candidates had scheduled to test through the end of September. He reiterated that the exams administered internationally are identical to the exams administered in the U.S.

C. Ethics

No Report.

D. Peer Review

1. Investigative Committee on Peer Review

Investigative Committee on Peer Review ("ICPR") Chairperson Oberg provided an update on the stakeholders' meeting held on August 5, 2011, attended by Mr. John Roberts of HAPA, and Ms. Kathy Castillo and Mr. Carl Williams of the HSCPA. He stated that there are numerous nuances in the peer review program provisions that need to be discussed further for resolution, such as the timing issues involved in requiring a peer review every three (3) years for the renewal of a firm permit to practice for every two (2) year license period.

Mr. Oberg stated that the next stakeholders' meeting had not yet been scheduled, but that the Board would be notified of the date upon confirmation.

Committee Chairperson Tsukamoto added that the ICPR met on Wednesday, August 31, 2011 to discuss the various models that have been identified, and that the ICPR is working with the Executive Officer and DAG Tam to begin drafting the administrative rules.

E. Continuing Professional Education

Committee Chairperson Lau stated that the joint NASBA and AICPA CPE Standards Committee has proposed revisions to the Statement on Standards for Continuing Professional Education ("CPE") Programs ("Standards"), and has issued an exposure draft for input from the profession. Last revised in 2002, the guidelines are being revised to update the Standards in response to the proliferation of CPE courses delivered through on-line media. The comment period ends in mid-October 2011.

F. Communications

No report. Committee Chairperson Regan inquired whether the meeting packet could be e-mailed instead of mailed to Board members. Executive Officer Kai noted that a similar request had been denied in the past; however, she would again submit a request to administration.

Ms. Kai informed the Board that, upon approval by the Board, meeting minutes are now posted on the Board's website for review and download by the public.

Next Board Meeting: Friday, October 7, 2011  
8:30 a.m. Public Hearing  
Board Meeting immediately following Public Hearing  
King Kalakaua Conference Room  
King Kalakaua Building  
335 Merchant Street, 1<sup>st</sup> Floor  
Honolulu, Hawaii 96813

Announcements: Chairperson Ueno stated that the Board's next scheduled meeting will be held immediately after the public hearing for the proposed amendment to Hawaii Administrative Rules section 16-71-21(e), and further

that the Board will enter into Executive Session pursuant to HRS section 92-5 a short time after calling the meeting to order.

Mr. Ching informed the Chairperson and members that he would not be able to attend the next Board meeting.

Adjournment:

There being no further discussion, it was moved by Mr. Regan, seconded by Mr. Ching, and unanimously carried to adjourn the meeting at 10:25 a.m.

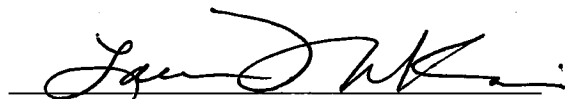
Taken and recorded by:



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Lori Nishimura, Secretary

Reviewed and approved by:



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Laureen M. Kai, Executive Officer

LMK:ln  
09/29/11

Minutes approved as is.  
 Minutes approved with changes. See Minutes of \_\_\_\_\_