

SB2421

Measure Title: RELATING TO PUBLIC ACCOUNTANCY.
Report Title: Public Accountancy; Peer Review; Attest
Description: Establishes a peer review process for public accounting firms that engage in attest work.
Companion:
Package: None
Current Referral: CPN
Introducer(s): BAKER, CHUN OAKLAND, ENGLISH, TSUTSUI, Espero, Galuteria, Ryan

<u>Sort by</u> <u>Date</u>		Status Text
1/20/2012	S	Introduced.
1/23/2012	S	Passed First Reading.
1/23/2012	S	Referred to CPN.
1/31/2012	S	The committee(s) on CPN has scheduled a public hearing on 02-23-12 9:00AM in conference room 229.

**PRESENTATION OF THE
BOARD OF PUBLIC ACCOUNTANCY**

**TO THE SENATE COMMITTEE ON
COMMERCE AND CONSUMER PROTECTION**

**TWENTY-SIXTH LEGISLATURE
REGULAR SESSION OF 2012**

Thursday, February 23, 2012
9:00 a.m.

TESTIMONY ON SENATE BILL NO. 2421, RELATING TO PUBLIC ACCOUNTANCY.

TO THE HONORABLE ROSALYN H. BAKER, CHAIR,
AND MEMBERS OF THE COMMITTEE:

My name is Nelson Lau and I am a CPA member of the Board of Public Accountancy ("Board"). Thank you for the opportunity to present testimony on behalf of the Board in strong opposition to Senate Bill No. 2421, Relating to Public Accountancy.

The purpose of this bill is to establish a peer review process for public accounting firms that engage in attest work.

The Board has consistently supported mandatory peer review of the work of CPA firms that engage in the practice of public accountancy in the State of Hawaii. With the passage of Act 66, SLH 2010 ("the Act"), the Board was charged with the responsibility of promulgating administrative rules to implement a peer review program that would require every CPA firm, including the Hawaii offices and Hawaii engagements of foreign or multi-state firms, to undergo a peer review every three years on the firm's Hawaii attest work as a condition of renewing its firm permit to practice. There were some concerns with the provisions of the Act, primarily because it required office-specific peer reviews that are not consistent with current peer review standards.

There is no question that appropriately conducted peer reviews ensure the quality of work prepared by CPAs, and protect the interests of the public who rely on the financial statements, audits, and similar work prepared by these firms. However, no other state mandates office-specific reviews, and the Board learned that the "gold standard" peer review program of the American Institute of Certified Public Accountants ("AICPA") that is adopted in its entirety by most, if not all states that require peer review, could not be modified to comply with the provisions of the Act.

Having identified these inconsistencies of the AICPA peer review program with the Act, the Board realized that it could not model its peer review program after the universally-adopted AICPA peer review program, and focused its efforts on developing a Hawaii-specific peer review program. The Board created a sub-committee (called the Investigative Committee on Peer Review) solely tasked with drafting administrative rules to establish and implement a peer review program that complies with the Act.

This investigative committee has had numerous consultations with the AICPA, the Hawaii Society of Certified Public Accountants ("HSCPA"), the National Association of State Boards of Accountancy, and a number of Hawaii CPAs who have extensive experience in conducting peer reviews, and has held fact-finding meetings with stakeholders, including the Hawaii Association of Public Accountants, the HSCPA, and the Accountants Coalition.

The findings and recommendations of the investigative committee, including draft administrative rules, were presented to the full Board and to all stakeholders and interested parties for review and consideration, as part of the rulemaking process moving toward public hearing and adoption. Copies of these draft rules were also

provided to this Committee; however, in the event that you have not yet received them, copies are available.

In its review of Senate Bill No. 2421, the Board determined that it is unable to support the measure, and has identified a number of points that may potentially be problematic in its implementation, and requests that the Committee consider these points in its decision-making.

First and foremost, the Board believes that this proposal is unnecessary because the administrative rules implementing Act 66 have been drafted and are being exposed for comment. The Board expects to conduct a vigorous discussion with all interested parties at its March 2, 2012 meeting, and anticipates that it will approve the rules to move forward through the rulemaking process to public hearing. We believe that these draft rules provide workable regulations to implement Act 66 and its unique requirement that Hawaii offices and Hawaii engagements be included in the firm peer review.

Second, the Board believes that Senate Bill No. 2421 mandates provisions for a peer review program that are more appropriately within the purview of the Board's officially promulgated administrative rules, as was the Legislature's intent in the enactment of Act 66.

Third, the proposal requires that the Board directly monitor certain aspects of the peer review process that are typically among the responsibilities of the administering entity or sponsoring organization of a peer review program. The Board is concerned that these requirements are inappropriately assigned to the Board and cannot be fulfilled with the limitations in financial and staffing resources under which the Board operates. Examples of these mandated duties are monitoring sponsoring organizations,

acting as the report acceptance body, accessing the inspection reports from the Public Company Accounting Oversight Board, and overseeing the peer reviewers in determining their qualifications and approving their peer review procedures. The Board fully understands its role as the overall administrator and director of the peer review program, but believes that the aforementioned duties are clearly within the generally-accepted scope of the program's administering entities or sponsoring organizations. In the Board's rules, these responsibilities are appropriately assigned.

Fourth, the proposal mandates that the supplemental Hawaii-only peer review be performed under the *AICPA Standards for Performing and Reporting on Peer Reviews* ("*AICPA Standards*"). These *AICPA Standards* focus on the CPA firm's system of quality control as a whole entity; as such, reviewing and reporting only on the engagements of a single office are not permitted under the *AICPA Standards*. The Board believes that the AICPA would not permit any of its qualified peer reviewers to perform this type of review. In addition, the *AICPA Standards* are copyrighted and the Board cannot presume that the AICPA would grant its permission for its standards to be used in this way. These obstacles would make it impossible for a CPA firm to comply with the requirements of this bill. The Board's draft rules have addressed these problems by not including any references to the AICPA or to its standards, and instead establishing a peer review program that reviews and evaluates the firm's Hawaii attest work in accordance with the attest standards that are specified in Act 66.

With these objections to the provisions of this measure and with the draft administrative rules moving forward toward adoption, the Board is in strong opposition to this bill, and for these reasons respectfully requests that it be held.

Testimony on S.B. 2421
February 23, 2012
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Thank you for the opportunity to testify on Senate Bill No. 2421. I will be available to answer any questions you may have.

Ronald I. Heller
700 Bishop Street, Suite 1500
Honolulu, Hawaii 96813

phone 808 523 6000 fax 808 523 6001
rheller@torkildson.com

**TESTIMONY BEFORE THE SENATE COMMITTEE
ON COMMERCE & CONSUMER PROTECTION**

Re: Senate Bill 2421

**Thursday, February 23, 2012 at 9:00 am
State Capitol, Conference Room 229**

Chair Baker, Vice-Chair Taniguchi, and Members of the Committee:

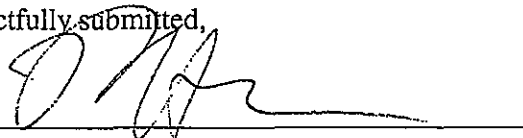
My name is Ronald Heller. I am a practicing attorney, and also licensed as a Certified Public Accountant. I support the concept of peer review for CPAs, but I oppose Senate Bill 2421 in its current form.

The American Institute of Certified Public Accountants has established national standards and procedures for the peer review of CPA firms. Those standards are followed across the country. The standards and procedures are clear and well-defined.

SB 2421 attempts to impose requirements in Hawaii that are different from the established national standards. In fact, as currently drafted, the bill may require reports that if issued, could be viewed as inconsistent with, and possibly in violation of, national standards. At best, this bill would create confusion, uncertainty, and additional burdens for some CPA firms.

The basic goal is to make sure that all CPA firms undergo a regular peer review. We can do that – and we should do that – without creating additional burdens for firms that have already completed a peer review in compliance with the applicable national standards.

Respectfully submitted,



Ronald I. Heller

Before the Senate Committee on Commerce and Consumer Protection

Thursday, February 23, 2012 at 9:00 a.m.

Conference Room 229

Re: Support for SB2421

Chair Rosalyn H. Baker, Vice Chair Brian T. Taniguchi, and Committee Members:

I am an accountant and practice public accounting on the Big Island. I support SB2421 because it will help protect Hawaii's consumers as well as apply mandatory CPA firm peer review requirements fairly and equally to all firms that practice before the public in Hawaii, regardless of the size of the firm or where it is based.

This bill implements the mandatory peer review law that was passed two years ago. The 2010 peer review law was never implemented because the Board of Public Accountancy (Board) failed to pass administrative rules for the peer review law. The peer review law was to be implemented one year after the Board passed its rules. Instead, the Board spent much of its time in 2011 passing a rule that allows a CPA licensee without continuing professional education (except for ethics) to certify the professional experience of a new CPA candidate.

SB2421 provides that all firms, including the Hawaii offices and Hawaii engagements of foreign or multistate firms, shall undergo peer review every three years on the firm's Hawaii attest work. By subjecting the Hawaii work of out-of-state CPA firms to be peer reviewed, the Hawaii consumer is further protected and the peer review process would be fairly and equitably applied to all CPAs that perform attest work in Hawaii.

Please support SB2421. Thank you for this opportunity to testify.

Respectfully submitted,

Nathan Colgrove,

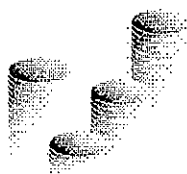
Nathan Colgrove
Taketa, Iwata, Hara & Associates, LLC
101 Aupuni Street, Suite 139
Hilo, HI 96720
Phone: 808-935-5404
Fax: 808-969-1499
nathan@tihcpa.com
www.tihcpa.com

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Jennings
James D. Jennings, CPA, Inc.

1600 Kapiolani Blvd., Suite 1000
Honolulu, HI 96814
Tel: (808) 942-8813
Fax: (808) 943-0572
Website: www.jenningscpa.com

Before the Senate Committee on Commerce and Consumer Protection

Thursday, February 23, 2012 at 9:00 a.m.

Conference Room 229

Re: Support for SB2421

Chair Rosalyn H. Baker, Vice Chair Brian T. Taniguchi, and Committee Members:

I am a CPA, and practice public accounting on Oahu. I am also the sole owner of James D Jennings CPA Inc. I support SB2421 because it will help protect Hawaii's consumers as well as apply mandatory CPA firm peer review requirements fairly and equally to all firms that practice before the public in Hawaii, regardless of the size of the firm or where it is based.

This bill implements the mandatory peer review law that was passed two years ago. The 2010 peer review law was never implemented because the Board of Public Accountancy (Board) failed to pass administrative rules for the peer review law. The peer review law was to be implemented one year after the Board passed its rules. Instead, the Board spent much of its time in 2011 passing a rule that allows a CPA licensee without continuing professional education (except for ethics) to certify the professional experience of a new CPA candidate.

SB2421 provides that all firms, including the Hawaii offices and Hawaii engagements of foreign or multistate firms, shall undergo peer review every three years on the firm's Hawaii attest work. By subjecting the Hawaii work of out-of-state CPA firms to be peer reviewed, the Hawaii consumer is further protected and the peer review process would be fairly and equitably applied to all CPAs that perform attest work in Hawaii.

Please support SB2421. Thank you for this opportunity to testify.

Respectfully submitted,

James Jennings CPA

James Jennings, CPA

Before the Senate Committee on Commerce and Consumer Protection

Thursday, February 23, 2012 at 9:00 a.m.

Conference Room 229

Re: Support for SB2421

Chair Rosalyn H. Baker, Vice Chair Brian T. Taniguchi, and Committee Members:

I have been an owner of a CPA firm, Leslie S Kaya, CPA, for over twenty five years and would like to express my support of SB2421. I believe its contents to reinforce the public's confidence in our profession by requiring mandatory peer review and yet is not overly cumbersome upon CPA firms. It provides a level playing field by requiring all firms to adhere to the same rules irrespective of the size of the firm or their situs.

This bill will rightfully implement the mandatory peer review law that was passed two years ago but never enforced due to the failure of the Board of Public Accountancy to pass administrative rules. This bill is overdue and will go a long way in restoring the public's confidence that our profession is serious about ensuring that firms with appropriate training are preparing documents for their review.

SB2421 will provide that all firms, including the Hawaii offices and Hawaii engagements of foreign or multistate firms, shall undergo peer review every three years on the firm's Hawaii attest work. By subjecting the Hawaii work of out-of-state CPA firms to be peer reviewed, the Hawaii consumer is further protected and the peer review process would be fairly and equitably applied to all CPAs that perform attest work in Hawaii.

I respectfully request your support of SB2421.

Very truly yours,

Leslie S Kaya, CPA

Gregg M. Taketa
101 Aupuni Street, Suite 139
Hilo, Hawaii 96720

**BEFORE THE SENATE COMMITTEE
ON COMMERCE AND CONSUMER PROTECTION**

**Thursday, February 23, 2012 at 9:00 a.m.
State Capitol, Conference Room 229**

In Support of Senate Bill 2421

Chair Rosalyn H. Baker, Vice Chair Brian T. Taniguchi, and committee members:

I respectfully ask that you vote YES on SB 2421. I am a CPA and partner in the firm of Taketa, Iwata, Hara & Associates, LLC in Hilo. I am also the past president of the Hawaii Association of Public Accountants and a member of the American Institute of Certified Public Accountants (AICPA) and the Hawaii Society of Certified Public Accountants (HSCPA).

I support SB 2421 because it establishes a peer review process for public accounting firms that perform attest work in Hawaii.

Act 66 was adopted during the 2010 Legislative Session; requiring peer reviews as a condition of certified public accountancy permits to practice for firms that perform attest work in Hawaii. Since that time, the Hawaii State Board of Public Accountancy has failed to adopt rules to establish the peer review process.

The peer review program's ultimate objective is the protection of the public such as shareholders, creditors, insurance companies, banks and government agencies, who rely on the attest work performed by certified public accounting firms.

SB 2421 ensures that all public accounting firms that perform attest work in Hawaii will be treated equally and fairly under Chapter 466 of the Hawaii Revised Statutes.

I urge the committee to support SB 2421 for the reasons noted above. Thank you for this opportunity to testify.

Respectfully submitted,



Gregg M. Taketa, CPA

Niwao & Roberts, CPAs, a Professional Corporation
2145 Wells Street, Suite 402
Wailuku, Hawaii 96793
(808) 242-4600

Before the Senate Committee on Commerce and Consumer Protection

Thursday, February 23, 2012 at 9:00 a.m.

Conference Room 229

Re: Support for SB2421, with amendment

Chair Rosalyn H. Baker, Vice Chair Brian T. Taniguchi, and Committee Members:

I am a licensed CPA and attorney in the State of Hawaii, with over 33 years of public accounting experience. I am president of Niwao & Roberts, CPAs, a P.C., a CPA firm on Maui. Our firm has voluntarily obtained on-site peer reviews from 1990, so I am familiar with the peer review process. I am also a state director of the Hawaii Association of Public Accountants (HAPA) and a legislative committee co-chairperson of HAPA.

Our firm supports SB2421 because it will help protect Hawaii's consumers as well as apply mandatory CPA firm peer review requirements fairly and equitably to all firms that practice before the public in Hawaii, regardless of the size of the firm or where it is based.

SB2421 implements the mandatory peer review law that was passed two years ago. The 2010 peer review law was never implemented because the Board of Public Accountancy (Board) failed to pass administrative rules for the peer review law. The peer review law was to be implemented one year after the Board passed its rules. Instead, the Board spent much of its time in 2011 passing a rule that allows a CPA licensee without continuing professional education (except for ethics) to certify the professional experience of a new CPA candidate.

SB2421 provides that all firms, including the Hawaii offices and Hawaii engagements of foreign or multistate firms, shall undergo peer review every three years on the firm's Hawaii attest work. By subjecting the Hawaii work of out-of-state CPA firms to be peer reviewed, the Hawaii consumer is further protected and the peer review process would be fairly and equitably applied to all CPAs that perform attest work in Hawaii.

I understand that the Board of Public Accountancy finally released draft rules on peer review on February 13, 2012 and met last week to discuss and approve its draft rules. Unfortunately, the last minute release of these rules didn't allow all stakeholders to have

sufficient time to review, comment, or provide input on these rules. Although the Board passed the peer review rules to have them move forward for public hearing, I have absolutely no confidence that the current Board will seriously consider oral or written public testimony on the proposed peer review rules since for the last rule they passed in 2011 (amendment to HAR 16-71-21(e), relating to allowing a CPA licensee without professional continuing education (except for ethics) to certify the professional experience of a new CPA candidate), they ignored substantive issues raised during public testimony.

Moreover, for the public hearing at the last rule change, the Board heard oral testimony, then immediately went into executive session before coming out of executive session to vote on the rule change. Before the vote on the rule change, no mention was made that the bulk of the written testimony was against the rule change, nor did the Board address or discuss in public session the substantive points that were brought up by those who testified. Whatever happened to the Sunshine Law? Due to the Board's procedures followed on the past rule change and the Board's apparent disregard for Hawaii's consumers' interest and substantive issues raised by those testifying at public hearings, I urge this committee to support implementation of the peer review law through SB2421 rather than allow the Board to pass rules to implement the 2010 peer review law. If the Board rules are allowed to pass as is, there are drafting problems that I see immediately regarding definitions.

Suggested amendment to SB2421.

Regarding SB2421, I also have a suggested change to be made due to a firm's negative peer review results. As stated in the 2010 law, the purpose of the peer review process is to be for educational or remedial, and not punitive purposes. However, I understand that there may be egregious cases found on peer review that a firm does not or cannot correct through education or other remedial measures. **In those instances, I suggest that a more appropriate remedy may be to restrict the attest work (or certain types of attest work) performed by a firm, rather than deny a firm its permit to practice which would affect its tax and/or management consulting practice.**

Therefore, the following amendment is suggested:

§466-I Restrictions on attest work; Appeals. (a) The board may restrict a firm's or an individual's ability to perform attest work (or on certain types of attest work) in Hawaii or for Hawaii engagements based on the findings or conclusions of a firm's peer review.

(a) (b) A firm or individual shall have ten ~~twenty~~ days after the filing of the peer review compliance reporting form to appeal a "pass with deficiency" or a "fail" rating that may result in a restriction on the denial, termination, or nonrenewal of a permit to practice. a firm's or an individual's ability to perform attest work (or certain types of attest work).

(b) ~~(c)~~ A firm may also appeal the findings or conclusions of any peer review process under this part that results in ~~the denial, termination, or nonrenewal of a permit to practice, a restriction on a firm's or an individual's ability to perform attest work (or certain types of attest work).~~

(e) ~~(d)~~ The appeal process under this section shall include the postponement of any adverse action during the pendency of the appeal.

In addition to the Board's peer review rules, I understand that other stakeholders may have suggested changes to SB2421. Our firm (and HAPA) would like to have time to review and provide input on any suggested changes presented.

Our firm urges you to support SB2421, with amendment. We would be available to answer questions and provide further input. Thank you for this opportunity to testify.

Respectfully submitted,

Marilyn M. Niwao

Marilyn M. Niwao, J.D., CPA
President, Niwao & Roberts, CPAs, a Professional Corporation

Before the Senate Committee on Commerce and Consumer Protection

Thursday, February 23, 2012, at 9:00 a.m.

Conference Room 229

Re: Support for SB2421

Chair Rosalyn H. Baker, Vice Chair Brian T. Taniguchi, and Committee Members:

I am a certified public accountant and the state president of the Hawaii Association of Public Accountants (HAPA). HAPA's board of directors has voted unanimously in support of SB2421 because it will help protect Hawaii's consumers as well as apply mandatory CPA firm peer review requirements fairly and equally to all CPA firms that practice before the public in Hawaii, regardless of the size of the firm or where it is based.

The Board of Public Accountancy has just made public a draft of its long-awaited rules for implementing mandatory peer review. A comparison of SB2421 and the draft Board of Public Accountancy rules reveals clear reasons why SB2421 should still be adopted nonetheless.

The essential difference between SB2421 and the Board of Public Accountancy's draft rules is that SB2421 is on its face a much more thought out and reasoned document. Furthermore, the implementation guidance provided in SB2421 is more thorough and complete. Given that none of the members of the Board of Public Accountancy have received training or are experienced in performing CPA firm peer reviews under the American Institute of Certified Public Accountants' (AICPA) standards, and given that the Board's draft rules were rushed to be released in time for this hearing after roughly 20 months without progress, it is not surprising that SB2421 incorporates implementation details that the Board of Public Accountancy either overlooked or was unaware of. Therefore, despite the recent release of draft rules, HAPA continues to strongly support the passage of SB2421.

HAPA wishes to thank this committee for taking the initiative to move implementation of mandatory CPA firm peer reviews from the Board of Public Accountancy's back burner. Nearly two years passed without the Board of Public Accountancy making progress in developing administrative rules for implementing mandatory peer reviews of CPA firms. Thanks to the Senate Committee on Commerce and Consumer Protection, implementation of mandatory CPA firm peer reviews is now on the front burner.

Please support SB2421. Thank you for this opportunity to testify.

Respectfully submitted,

John W. Roberts, M.B.A., CPA
State President
Hawaii Association of Public Accountants

Ronald I. Heller
700 Bishop Street, Suite 1500
Honolulu, Hawaii 96813

phone 808 523 6000 fax 808 523 6001
rheller@torkildson.com

**Before the Senate Committee
On Commerce and Consumer Protection**

**Thursday, February 23, 2012 at 9:00 a.m.
State Capitol, Conference Room 229**

In Opposition to Senate Bill 2421 (*AS WRITTEN*)

Chair Baker, Vice-Chair Taniguchi, and Members of the Committee:

My name is Ronald Heller. I am a practicing attorney, and also licensed as a Certified Public Accountant. I support the concept of peer review for CPAs, but I oppose House Bill 2421 in its current form.

The American Institute of Certified Public Accountants has established national standards and procedures for the peer review of CPA firms. Those standards are recognized and followed across the country. The standards and procedures are clear and well-defined.

SB 421, in its current form, would impose requirements in Hawaii that are different from the established national standards. In its current form, this bill would create confusion, uncertainty, and additional burdens for some CPA firms.

The basic goal is to make sure that all CPA firms undergo a regular peer review. We can do that – and we should do that – in a way that is consistent with the applicable national standards.

Respectfully submitted,



Ronald I. Heller

**Before the Senate Committee
On Commerce and Consumer Protection**

**Thursday, February 23, 2012 at 9:00 a.m.
State Capitol, Conference Room 229**

**In Opposition of Senate Bill 2421
AS WRITTEN**

Chair Baker, Vice-Chair Taniguchi, and Members of the Committee:

I write in opposition to Senate Bill 2421 as written while remaining strongly in support of peer reviews for all firms performing attest work.

In opposition to the original House Bill 2169, I testified that it was clear to me as an experienced peer reviewer and after a careful reading that neither peer reviewers nor firms could comply with both the proposed legislation and the AICPA standards for peer reviews.

Since that testimony, the sponsoring legislator, HSCPA, HAPA, and other members of our profession have collaborated to make the original legislation workable. I believe that the resultant House Bill 2169, HD 2, embodies most of the intent and objectives of those who supported the original legislation while at the same time allowing both peer reviewers and firms to comply with the professional standards for CPAs.

I respectfully ask that you allow us to continue to collaborate to complete the necessary amendments to this legislation.

Sincerely,

Carleton L. Williams, CPA

CW Associates, CPAs

Carleton L. Williams, Managing Partner

700 Bishop Street, Suite 1040

Honolulu, Hawaii 96813

E-Mail: cwilliams@cwassociatescpas.com

Telephone: (808) 531-1040

Rodney M. Harano, CPA
700 Bishop Street, Suite 1040
Honolulu, Hawaii 96813

Before the Senate Committee on Commerce and Consumer Protection

February 23, 2012
9:00 a.m.
Conference Room 229
State Capitol
415 South Beretania Street

In Opposition of SB 2421 (AS WRITTEN)

Chair Baker, Vice Chair Taniguchi, and Committee Members:

My name is Rodney Harano and I am a partner in the local firm, CW Associates, CPAs. I am an active peer reviewer since 1995 and chair the Hawaii Society of CPAs' Peer Review Committee. In addition, I had the honor and privilege to serve 6 years ~~2-3-year terms~~ as a member of the national Peer Review Board of the American Institutes of CPAs. This body issues standards and rules on performing and reporting on peer reviews administered by the American Institutes of CPAs and over 46 administering entities across the nation ~~Hawaii Society of CPAs~~. As an active Hawaii-based peer reviewer, I oppose Senate Bill 2421 as written.

Key members of the CPA community and accounting organizations have been collaboratively working on the peer review language in this bill and the companion bill in the House. I believe we are really close to finalizing language and provisions that all parties will find acceptable. Thus, we are asking for your patience as we continue to finalize compromised language that will be workable and acceptable to all parties.

Thank you for the opportunity to testify.

Rodney M. Harano, CPA

**Before the Senate Committee
On Commerce and Consumer Protection**

**Thursday, February 23, 2012 at 9:00 a.m.
State Capitol, Conference Room 229**

In Opposition of Senate Bill 2421 (AS WRITTEN)

Chair Baker, Vice-Chair Taniguchi, and Members of the Committee:

My name is Wendell Lee and I am a past president of the Hawaii Society of Certified Public Accountants (HSCPA) and current member of its Board of Directors. On behalf of the HSCPA Board, we oppose Senate Bill 2421, as written in its current form.

The HSCPA is diligently working with the proponents of peer review, and we believe much progress is being made. Previously, we have supported House Bill 2169, with amendments to clarify language and other technical issues. We would like to propose the same amendments to SB 2421.

We humbly ask for your patience as we continue to work towards that goal by proposing amendments to this measure.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Wendell Lee', is enclosed in a thin black rectangular border.

Wendell Lee, CPA
On behalf of the HSCPA Board of Directors

Testimony for CPN 2/23/2012 9:00:00 AM SB2421

Conference room: 229
Testifier position: Support
Testifier will be present: No
Submitted by: Brian Iwata
Organization: Individual
E-mail: brian@tihcpa.com
Submitted on: 2/21/2012

Comments:
Brian M. Iwata, CPA
101 Aupuni St., #139
Hilo, HI 96720

February 21, 2012

The Honorable Senator Rosalyn H. Baker, Chair The Honorable Brian T. Taniguchi,
Vice Chair Committee on Commerce and Consumer Protection Hawaii State Capitol
415 South Beretania Street
Honolulu, HI 96813

Re: Support for SB 2421
Relating to Public Accountancy

Chair Baker and Vice-Chair Taniguchi and committee members:

I am a CPA from Hilo and I support SB 2421 for the very reason that it addresses my concerns via the statutes about the peer review process. This bill will apply equally to all CPAs operating in Hawaii and will go further in protecting the consumers in Hawaii.

The current peer review law was enacted two years ago and the Board of Public Accountancy was directed to adopt administration rules to implement the law. The Board has not yet adopted rules to implement the law.

Because of the timeliness of this bill in addressing my concerns and the failures of the Board, I ask your committee to pass this bill.

Respectfully submitted,

Brian M. Iwata, CPA