

Testimony of the Board of Public Accountancy

**Before the
House Committee on Intrastate Commerce
Tuesday, February 12, 2019
9:15 a.m.
State Capitol, Conference Room 430**

**On the following measure:
H.B. 751, RELATING TO THE PEER REVIEW OVERSIGHT COMMITTEE**

Chair Ohno and Members of the Committee:

My name is Gregg Taketa, and I am the Chairperson of the Board of Public Accountancy (Board). The Board supports this bill.

The purpose of this bill is to clarify that a member may qualify for the peer review oversight committee so long as the member's firm did not receive a fail rating from its last peer review.

For the Committee's information, at its meeting on October 26, 2018, the Board discussed Hawaii Revised Statutes (HRS) section 466-42(c) relating to the qualifications of a Peer Review Oversight Committee (PROC) member. It is the Board's opinion that the intent of the law is to allow a candidate or current member to be a PROC member if the candidate's firm received a rating of "pass with deficiency" from its latest peer review. A rating of "pass with deficiency" is generally considered to involve a minor, correctible deficiency.

It is the Board's understanding that the peer review process will become more stringent in the future, and thus, negatively impact the pool of qualified PROC volunteers. The Board believes that this bill will eliminate any confusion regarding the requirements to serve on the PROC and also assist in generating more interest to serve on a PROC.

Thank you for the opportunity to testify on this bill.