

A BIG DEAL

Inaugural Speech

October 26, 2010

Earlier this year, I had the privilege to address my Arizona colleagues at the Society Annual Meeting. In introducing me to the audience, the Society's President, Cindie Hubiak, was given the arduous task of not only telling the audience who I was, but to explain what this organization called the **National Association of State Boards of Accountancy** was and what it does for the profession. As we know, many of our colleagues are not very familiar with **NASBA**. In Cindie's efforts to emphasize the significant role that **NASBA** plays, she was trying to impress upon the audience how important **NASBA** is and consequently, how important my role and **responsibility** are for the profession. In referring to me, she stated that as **NASBA's** Vice Chair, I was a **Big Deal** in terms of the regulation of our profession. Now, aside from the fact that Cindie assigned me a heavy burden of expectations, I was then given the opportunity to further explain the significance of the **State Boards** and their national representative. It wasn't until later that I really accepted that in terms of our profession, clients and community, I am a **Big Deal**, as are the **State Boards**, its Board members and **NASBA**. We impact the financial fabric of society, the investors and the lenders, and our clients, both individuals and businesses, by helping to insure the creditability of the information on which so many rely.

Just as we have a **responsibility** to our family and friends, when we committed to represent our profession and our state as a regulator, we assumed as great a **responsibility** to our communities, and specifically to our clients and to the many businesses that depend on our advice and guidance. That makes us a **Big Deal**.

When accepting the appointment to our **State Board**, many of us thought that we will at least have another nice entry on our resume. However, it doesn't take very long before we realize the awesome **responsibility** we have, to the public and the individual professional. We have the **responsibility** to regulate rigorously and fairly. Furthermore, we are not serving the public, if we are imposing unfair or inconsistent enforcement of the statutes, rules, and standards. And we are not serving the professional, whose career and livelihood may be at stake. We must stand up, recognize that we are a **Big Deal** and be judicious with our authority, as well as, our **responsibilities**.

An integral part of our **responsibilities** is to insure that we are enforcing statutes, rules and standards that facilitate and promote due professional care, integrity, competence, and ethical behavior. In light of that, we would be shirking our **responsibilities**, if we were to not be proactive in the development of the statutes and rules that we would be enforcing; be they local, national, or international. We cannot assume that because our distinguished professional association, the AICPA, promulgates a standard, or that our state and federal legislative bodies pass a statute, that we don't need to participate in their development. We must lend our regulatory perspective and priorities to the process, and we must assert ourselves throughout, until the final product.

I realize that many, if not most, states have a restrictive policy with regard to lobbying by the **State Board**. However, that shouldn't preclude the participation of the regulator's perspective or political acumen. After all, we were appointed by the Governor of our state, along with the support of the community, not the least of which our professional colleagues. We should have enough influence, political and otherwise, to insert ourselves into the process, as an information source and critical perspective. Our responsibilities do not stop at the doors of the Accountancy Boardroom.

In the last several years, it has become increasingly apparent that the size of our ball field has grown exponentially. We are now a player and partner in the growing global profession and economy, and we are facing international standard setting. We must not only participate, but be recognized as a **Big Deal**. In the past several years, the leadership of **NASBA** has been introducing itself on behalf of the **State Boards** to the global community. We have had the likes of Charlie Calhoun as a member of the International Federation of Accountants' (IFAC) Education Advisory Group, Bill Treacy and other members, past and present, as Chair of the International Qualifications Appraisal Board (IQAB), and more recently, Gaylen Hansen, on IFAC's Ethics and Auditing Advisory Groups. Additionally, we have had a number of introductory goodwill appearances from David Costello, Bill Treacy, and Linda Biek this past year, as well as, the NASBA participants at our three Forums for International Accountancy Regulation. We have had one-on-one meetings with our cousins to the north, the Canadian Institute of Charter Accountants and a delegation of Chinese Finance Ministers, and will hopefully visit soon with our cousins to the south, the Mexican Institute of Public Accountants. Next month, we will be meeting with more countries, more than I can count without a calculator, at the World Congress of Accountants in Malaysia.

We have also, along with the AICPA and Prometric, negotiated and will negotiate the contracts with several countries to deliver the CPA Exam internationally. As has been reported previously, our initial efforts will begin this following summer in Japan. We have established ourselves, the **State Boards of Accountancy**, as a significant player in the Global arena. We will this following year, continue to establish ourselves, grow in significance, and enhance the effectiveness and strength of the **State Boards**. Additionally, Laurie Tish will be leading the Global Strategies Committee to establish a clear direction that will assure long term growth in **NASBA's** role in the international arena.

It should be of no surprise that we have much more keeping us busy than global activities. Keeping in step with our pledge to enhance the effectiveness of the state boards and to empower them to meet more of their **responsibilities**, we have a number of “**Big Deal**” projects which are helping us accomplish our mission. Most states are battling the diminished financial resources which are necessary to accomplish their mission and **responsibility** to protect the public. Past Chair Billy Atkinson, along with several other new initiatives, asked Chair Carlos Johnson and the State Board Relevance Committee to develop a model administrative act for **State Boards**, one which would assist them to become more administratively and financially independent. With the assistance of a dynamic group of members, Carlos and the committee successfully produced such a document. **State Boards** can use this document to initiate their efforts, should they wish to improve their effectiveness with greater independence from the bureaucratic process which tends, the least of which, to slow the regulatory and enforcement process considerably. I have asked Bucky Glover of North Carolina to chair this committee and have his committee assist any **State Board** with the education and/or testimony necessary to undertake the task of selling the concepts of this model act to their legislature.

This past year, I sat in on Chair Dan Sweetwood’s Accountancy Licensee Database Committee meeting. I wasn’t expecting anything too exciting, and, well, I was wrong. It does so much in concert with **NASBA**’s mission, and the energy of the Committee’s members, mostly Executive Directors, demonstrated that something that doesn’t sound exciting can be a **Big Deal**. They have registered thirty-one of the fifty-five **Boards** to share the standing of their licensees with other **Boards**, with three more to come soon. This will facilitate efficient and expedient processing and regulation of new licensees that were originally licensed in another jurisdiction. A non-confidential adjunct to the program will also assist with the public’s right to have easy access to non-confidential information regarding a licensee that they may desire or need.

Now, one of my favorite committees is, mostly because I chaired it for four years, the Ethics & Strategic Professional Issues Committee. This is where I get to insert a quote that Sharon and I saw on the outside of a New York building last February. The building houses the New York Society of Ethical Culture.

Dedicated to the Ever Increasing Knowledge

And Practice and Love of the Right

This past decade our professional reputation has received some bruises and battle scars from some significant mishaps. I have been challenged by several people, some that are CPAs, when I identify myself as an accounting regulator. They want to know what we, as regulators, are going to do about the profession's failures. Well, I like to tell them that we, as a profession, have clarified standards and rules. (My favorite clarification is that of Independence, i.e., Rule 101-3.) We have added more standards and rules. We have added more ethic courses, both within the accounting programs at the university level and with additional Continuing Professional Education requirements. So, we have addressed the first of the three ingredients quoted, Knowledge. As for the second of those ingredients, Practice, we regulators must be deliberate in the exercise of our duties. Remind the CPA to be mindful of their professional behavior, be it by requiring remedial courses, pre- or post-issuance reviews, imposing a probation period, or going for the jugular, suspend or revoke their license. We need to proactively communicate, that we are out to protect the public and are a **Big Deal**.

So, to assist in the communication and success of our ability to be a **Big Deal**, Gaylen Hansen and Rick David, as Co-Chairs of the Ethics Committee, will monitor, evaluate and communicate issues identified by **State Boards**, the Professional Ethics Executive Committee of the AICPA, and IFAC's ethics committee. This Committee will then offer a regulator's perspective of an issue to **State Boards**, other regulatory and standard-setting bodies, and legislative bodies. For instance, IFAC's Ethics Committee is currently exploring the meaning of "public interest." Protecting the public interest is our mandate, so we must insure that we have input in defining that which we are protecting.

A positive way to communicate with and assure the public is to let them know that a very high percentage of our professional body performs ethically, promotes ethical conduct and harbors a “Love of the Right.” A perfect example of such communication is the Center for the Public Trust, **NASBA’s** young child. The CPT, of which you have been made aware, is a not-for-profit organization with the mission to “Tell the good news,” or more formally, “To engender and foster confidence and trust in American corporations and institutions and the professions that serve them.” Wouldn’t you agree that an effort which promotes respect of our profession and instills confidence in our services is a **Big Deal**?

The Enforcement Resource Committee, ably chaired by Harry Parsons, provides a valuable service, especially for **State Boards** with limited budgets for and limited experience with investigations, large and small, usual and unusual, requiring special expertise. This Committee will also be examining and assessing the impact and possible resolution of the piling on of investigations and prosecution of multi-jurisdictional firms. And, along with the Compliance Assurance Committee, it will consider the issue of foreign firms, which are not subject to Peer Review, but that are performing attest services within a **State Board’s** jurisdiction.

Janice Gray will chair the Compliance Assurance Committee and continue to make progress in obtaining the necessary oversight of Peer Review programs that the **State Boards** have elected to accept as programs that satisfy their Peer Review requirements. The Committee will communicate its understanding and perspective of exposure drafts and issues as they surface. Also, it will be a resource for those **Boards** that administer their own programs.

Mike Weinschel’s Committee, Enforcement Assessment & Best Practices, has completed their charge for last year by generating an Enforcement Manual. This year they will promote the manual and respond to input and questions from **State Boards**. This was a major undertaking, similar to the development of the administrative act for **State Boards**, previously mentioned.

Another of our dynamic committees, chaired by Rick Isserman, is the Regulatory Response Committee. This is our “think tank” that responds to exposure drafts of standards, rules, and other technically-oriented products. They will also assist

Gaylen in his role on the IFAC Auditing Advisory Group, which should keep this committee very busy this year.

I have merged three CPA Examination committees into one, formerly, the CBT Administration, International Delivery and CPA Licensing Examination Committees. Co-chairs Walter Davenport and Dan Dustin will inherit a history of successes. They will continue to provide oversight of the effectiveness of the Exam and respond to concerns of **State Boards**.

Karen Turner has assumed the position of Chair for the Education Committee. She accepted before fully grasping what I was asking of her. Her committee will monitor and assess the activities of the Pathway Commission, improve communications with the American Accounting Association, and develop an effective **NASBA** grant program for accounting research, which was recently submitted by Melanie Thompson.

The Uniform Accountancy Act Committee, chaired by Carlos Johnson, and the CPE Advisory Committee, chaired by Ted Lodden, will continue to promote the standards that facilitate uniformity of statutes and rules, and mobility of CPA individuals and firms. Incidentally, Carlos previously chaired the AICPA's UAA Committee, so will be, perhaps, the first to chair the Committees of both organizations. Ted's committee will undertake the incorporation of certain CPE interpretations and Q&As into the standards, primarily to eliminate any inconsistencies.

We have several other critical committees, mostly of an administrative nature that will insure that **NASBA** continues to meet its responsibilities, run effectively and in an accountable manner. These committees are no less than **Big Deals**.

We have a number of committees that coincide with or share efforts with committees of the AICPA. Many of these AICPA committees also have **NASBA** representatives. When serving on the AICPA's Professional Ethics Executive Committee and Board of Examiners, I, along with other individuals with a regulatory perspective, wished that we had an opportunity to discuss issues amongst us in advance of the meeting. This left us without the advantage of reconciling our thoughts from a regulatory perspective and to share input from various states. We are initiating a number of preliminary telephone conferences shortly before the meeting of these AICPA committees.

This past year, our committee members have honored their **responsibilities** and performed well, and will continue to perform well. This makes them each a **Big Deal**.

Speaking of **Big Deals** and how fortunate I am, I have had the privilege to be the understudy of Billy Atkinson. As I have listened to Billy speak this past year, I have come to a few conclusions. He knows that of which he speaks, he is generous with his knowledge, and delivers his message like a professor, detailed and informative. Thank you very much, Professor.

And, David, as I told you when I met you at my first Regional Meeting, you are one heck of a cheerleader for the profession, and you have remained so, throughout your tenure. Thank you for being a friend and mentor. We're going to have one *fine* ride this year.

I want to thank Cindie Hubiak, not only for the theme of my speech, but as representative of the Arizona Society and Monica Peterson as representative of the Arizona State Board for helping me be such a **Big Deal**. It has been an honor to have led both effective and prestigious organizations. I am as honored to have the opportunity to lead and work with such a large collection of bright and committed ladies and gentlemen this coming year.

Finally, I look forward to working with Paul Stahlin, the newly inducted Chair of the AICPA, as well as, the other leaders who I have found thus far to be very passionate about their profession. We must continue to communicate honestly and candidly about our mutual interests, whether or not we agree. Perspectives and passion from both organizations are critical to the protection of the public interest and the respect of our profession.

Thank you so much for your attention, especially your patience for those of you in the audience that still have not caught on to IFAC, IQAB or, God forbid, NASBA.

All of you **Big Deals** out there, I expect you to challenge me to provide the necessary leadership to enable you to meet our **responsibilities**. I look forward to the challenge.

Let's not forget, **NASBA** is all about **STATE BOARDS**, and **STATE BOARDS** are **NASBA**.