

**Inaugural Speech
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AICPA Chairman 2007-2008**

A United Profession: A Force for Prosperity and the Public Good

Thank you for that very kind introduction, Jimmy. It's a great honor to become the Chairman of the AICPA, and more than a little daunting. Knowing that you, as past Chair, will be around next year for me to lean on is very comforting.

As this day approached, I have occasionally awakened at night worrying how on earth I can represent the interests of more than 340,000 CPAs...

- some of whom work in business and industry,
- some in government, non-profits, and education,
- some in private practice, some as public auditors,
- some on Main Street, and some in large, international networks that span the globe.

No one CPA could be representative of this kind of diversity, but I'm sure going to try. I firmly believe that we remain a united profession, united by our values and professional integrity.

We share one theme, one objective, wherever we work. We represent a profession that is at once a force for prosperity and the public good. A challenging balance at times, but one that we have repeatedly faced with a profound sense of accountability and commitment.

Taking on the role of AICPA Chair is daunting because, unlike most of you, I didn't come to the AICPA leadership team with years of experience at the state level. I first became actively involved through the AICPA's former SEC Practice Section Executive Committee. The AICPA then gave me the opportunity to grow professionally and get engaged in our issues by electing me as an at large Council member, then a Board member, and then Vice Chair of the Board. What I thought I heard along the way was that the AICPA wanted someone to be active with a Big Four perspective. I think now what they actually meant was they wanted to make sure that the Big Four did not *lose* perspective.

The fact is there was a period of time during the 1990s that the largest firms probably did lose some perspective on our role as part of a broader profession. We took for granted that professionalism and serving the public interest were the underpinnings of our day-to-day actions. However, we received a very loud wake-up call a few years ago.

I am very proud, honored, and appreciative of the opportunity that you – the members of the AICPA's Governing Council – have given me. This is a special day for me. It is even more special because Ray Groves, former Ernst & Young Chairman and AICPA Chairman from 1984 to 1985 has joined us here

today. Ray is one of the most talented, dedicated, and brilliant CPAs the profession has ever known. As a young CPA at Ernst & Young, I was in awe of him, as was everybody else in our firm. And over the years I have remained awestruck. While I hope that some day there will be another Ernst & Young partner who will assume the mantle of the AICPA Chair, I am quite pleased that there will never be an Ernst & Young partner other than me to be the one who followed Ray in this role. Thank you, Ray, for being here today and for serving as a role model.

I also want to thank past AICPA Chairman and Deloitte partner Bill Ezzell for helping me get to the stage today. I have watched Bill closely over the years and observed his keen understanding of the interrelationship between the activities of his firm and the profession-wide issues and efforts that affect us all. I hope that I can connect with all CPAs the way he has done.

I offer you neither Ray's brilliance nor Bill's engaging personality and humor. When I reflect on the leadership and talents of the AICPA Chairs that I have had the pleasure and honor to serve with the past four years – Scott Voynich, Bob Bunting, Leslie Murphy, and Jimmy Williamson – and in the same vein when I consider several other past Chairs with whom I have had the opportunity to rub elbows, there are times I am left wondering just what the Nominating Committee was thinking.

What you will get from me is simple, straightforward, and durable – an honest pledge to work hard and give you my best this year, with an intense focus on the interests of the public and our members.

I also want to thank my firm for supporting my professional activities, and for the encouragement and support the firm is providing me. Ernst & Young's Executive Board members and senior leaders are excited that I am becoming the AICPA Chair. Joining me today are three of my partners: Bryan Segedi, who is giving me some time away from my Ernst & Young duties, and Mark Sever and Diann Gross, who will pick up the slack and carry me through this year. Thank you Bryan, Mark, and Diann ... and all of my partners at Ernst & Young.

Finally, I want to thank my best friend and my best partner – my wife, Vickie – for her support over the last 25 years. Although I have done some things fairly well in my career, I have been quite unsuccessful at maintaining any semblance of work – life balance. My grade would be a C minus – OK, probably an F. But Vickie has done an amazing job of being the “lead partner” when it came to raising our two wonderful children, Justin and Kelly, running the household, serving in the communities where we've lived, and putting up with me. She is also a CPA. We say that “America Counts on CPAs” – and the CPA that I count on the most is you, Vickie. Thank you, dear.

I seem to have taken the wrong route to the right place. In college, the only accounting course I took during my four years as an undergraduate was a course in “Accounting for Non-Accountants”--which strikes me as somewhat

ironic now. Then I decided take several more accounting courses to learn the language of business that would be useful for a future career in finance.

After graduation, I joined Ernst & Young. Thirty one years later, I'm still there. Being a CPA has been good for me – and for my family. I am confident that virtually all of you would say the same about your experiences as CPAs. It is a great profession made up of great people.

I moved into my current job as the firm's senior technical partner in the fall of 2001. That was right after 9/11 and just as Enron was trying to explain its third quarter financial statements.

The intervening six years have been stressful and challenging for all CPAs. But I am confident that we have emerged in better shape and in better standing than ever before. We also came out of this period humbler and more grateful. We are very thankful for the CPAs on Main Street, in academia, and in government who did so much to uphold the profession's reputation. We have built on that foundation to enhance the reputation of the CPA profession broadly.

The more I have learned, the more convinced I am of the importance and power of the profession as a whole and what we have in common.

Increasingly in our profession, global issues are Main Street issues...and vice versa. We are all dealing with:

- the complexity of ever-shifting and sometimes conflicting rules and regulations;

- the ability to raise and invest capital anywhere in the world;
- the appropriately high expectations of demanding clients;
- the heightened pressure on and expectations of CFOs in Corporate America;
- the fear that somewhere, something isn't being done right by somebody but there is no easy way to know absolutely for sure;
- and the fear, no doubt unfounded, that there's no way the next generation will be able to survive the pressures and demands being placed on our profession.

All CPAs share a very important public role:

We are the voice of expertise and common sense in a complex economy.

We bring our employers and our clients – whether corporate or individual, public or private - a level of knowledge and sophistication about financial matters.

And it's pretty clear that if more of the public had access to our expertise and our unique insights, they would benefit, too. This is about helping more people adopt the basic financial habits of successful businesses and individuals.

As a result, CPAs add value to our communities and our nation. We help families plan, small businesses grow, public institutions and corporations meet their goals while also staying on the right side of the accounting and tax laws. We do it efficiently, too--despite a very dense tax code, a complex set of

accounting standards, a maze of regulatory systems, and an unforgiving calendar, which seems to have too few hours in a day, too few days in a week.

Because of the important role we play in society – and because of how well we play it - today people view CPAs as one of the most trusted of business leaders. At my firm, the last few years have prompted a renewed focus on quality and on our obligations to the public interest that we serve – on the key role that we play in the health and vitality of the capital markets – on the importance of giving back to the communities where we live and work – on furthering the legacy of this great profession. This is true throughout other public company auditing firms and the world of business and industry and corporate accounting. As a result, respect for the profession has grown immeasurably in the last five years.

Our profession is doing things right.

And the AICPA, as the national, professional organization for all CPAs, is doing things right. The AICPA has taken on the challenges of a new regulatory environment. And the Institute has not just managed to survive such change, it is thriving. Clearly, Barry, the Institute's committed staff and my predecessors here at the AICPA deserve the credit for this success, and I hope only to build on it. At the onset of this meeting, you heard about key trends shaping our future. You also heard Barry lay out the strategic framework for the organization. One of my goals as Chair is to see life breathed into this framework, to help drive this

organization and profession into an ever stronger, unified force for economic prosperity and the public good.

I am confident we will accomplish great things this year on many fronts. Let me boil down what is most important to me over the next year.

- First, recruiting new talent and retaining it in the profession.
- Second, never overlooking the importance of continuing to burnish our reputation through excellent work.
- Third, using our collective voice for the public good.

There is no question in my mind that all three are connected. In fact, your input yesterday during the discussion of the AICPA's strategic plan demonstrated that we are all unified in our belief that these three issues are critical to the future of the profession.

Let's start with talent. Today, the services that our profession performs are in such high demand that most of us, wherever we work or practice, simply cannot hire as many good people as we need. Our Private Company Practice Section's annual survey found that "finding and retaining qualified staff" is the number one concern. No surprise. Public accounting firms and Corporate America alike have been experiencing shortfalls. Further narrowing the pipeline is a shortage of new accounting PhDs to become the university professors who will educate all of those bright young people we want to hire.

The AICPA is doing a terrific job on this front. Our award-winning "Start Here. Go Places." web-based recruitment campaign has already exposed more

than one million students during the past five years to the prospect of accounting and business careers. Our longstanding Minority Initiatives Committee has enabled more minorities to graduate with accounting degrees and to become CPAs. Several programs supported by the AICPA Foundation are working to create a stream of new accounting professors. And the Young CPA Network is helping to retain the people we attract by appealing to their needs.

The workforce in America is changing – and it's changing at a pace more rapidly than the profession is changing. We will only attract and retain the talent necessary for us to sustain a thriving accounting profession by doing two things: one, zealously pursuing gender and ethnic diversity in the profession to a much greater degree than we have so far and two, adjusting our thinking to a new generation of college graduates. All of us as leaders of this profession need to realize that creating a more flexible and diverse workplace is the right answer, socially, demographically and economically.

What may be most important of all in convincing young financial talents to join the CPA profession is having the right reputation. If we don't seem relevant to young graduates, who want to affect lives and make a difference in the world... then they likely are heading to a venture capital or private equity firm, or wherever the hot spot is five or ten years from now where competing on pay and lifestyle will be very difficult.

Let me state this directly: we are indeed relevant to the next generation. Accounting *is* the “hot” profession. Has there ever been another time when accounting issues so dominated the business headlines?

- The Sarbanes-Oxley Act ;
- The fear that the U.S. capital markets are falling behind in a global economy;
- The struggle to find a balance between investor protection and over-regulation;
- Shortfalls in pension funding;
- The Alternative Minimum Tax;
- The Treasury Advisory Committee on the Auditing Profession, which includes the AICPA's CEO;
- And the SEC Advisory Committee on Improvements to Financial Reporting that is looking at the accounting rules and much more in tackling the “complexity” issue.

If we leave out Iraq and the tribulations of young starlets in Hollywood – and maybe the presidential election that is still more than one year away - much of the news these days has accounting at its center. People have woken up to the importance of our work and the ways it can affect them personally. At the end of the day, that’s a terrific thing.

Of course, it’s not enough just to be topical. People have to be confident that we’re on the right side of all those issues. Our CPA Ambassadors have

done a fantastic job of talking to community groups and the media--and turning the shy and retiring image of our profession on its head. The new Center for Audit Quality, whose governing board comprises the CEOs of eight public accounting firms, Barry and three distinguished public members, is doing excellent work in serving investors, public company auditors and the capital markets. The Center for Audit Quality evolved from the original AICPA SEC Practice section and has added an overarching public policy mission to the more traditional focus on improvements to the financial reporting and audit processes.

In the world in which we now operate, what we do – and how we do it, whether we're in a small or large firm or in Corporate America—is indeed newsworthy. In our firm, we have talked a lot about recognizing that “what we do matters” – and we have talked even more about the unequivocal need to “do it right.” When we do our jobs or perform our services in a high-quality manner and act with integrity, honesty, and objectivity, we provide great value.

It is essential that we stay focused on consistently performing high-quality work on a daily basis to continually enhance our reputation – the reputation that CPAs are trustworthy and through our work add tremendous value to our society and economy. This is the one thing that each and every one of us must absolutely do.

We can do this in part by committing to ongoing education and professional development. The AICPA's Employee Benefit and Government Audit Quality Centers, both celebrating third anniversaries this year, help members focus on quality performance. Practice quality also is the primary

purpose of the AICPA's new business valuation standard. It offers guidance for all CPAs working in this growing area and promotes consistency and greater transparency. The AICPA's Auditing Standards Board is beginning a large-scale "clarity" project to make its standards easier to read and understand, thereby improving their implementation. Peer review also demonstrates our commitment to high performance. Recent efforts are focusing on enhancing the peer review process and making reviews more effective, efficient and understandable. There are equally impressive educational and professional development efforts for members in business and industry and the Private Company Practice Section.

But I believe quite strongly that even if we continually demonstrate our value through high-quality work, we will still fall short of achieving all that we can.

We have to go one step further— use our expertise whenever we can to argue for the public interest. Our diversity is our strength. We need to engage public policy-makers, whether it is an issue discussed around the kitchen table or in the boardrooms of global corporations.

These include issues that may affect us directly, such as making a CPA license completely mobile from state to state on a temporary basis, or finding a way to facilitate access for state licensing boards to the results of our peer reviews—two focus areas for the AICPA last year where we made significant progress but will remain priorities.

They also include issues that affect the American economy as a whole, such as the move to patent tax strategies. The tax code belongs to the public. The question is, should any individual be able to stake an exclusive claim on some interpretation of it? The answer the AICPA brought before legislators this year is, absolutely not.

There is also the question of the convergence of accounting standards. In a global economy, this doesn't just make sense, it's imperative. The FASB and IASB have made good progress in recent years. The adoption of IFRS by nearly 100 countries is an important step. The SEC's rule proposal to no longer require foreign issuers to provide a reconciliation to U.S. GAAP is another. There are good odds that the SEC will ultimately permit U.S. issuers to use IFRS. But even better would be convergence to a single set of high-quality financial reporting standards that are used around the world.

But let's hope that convergence gives us something better than compromise. The truth is: we have real problems with complexity. We all know it. It's the thing that makes our jobs challenging and sometimes brutally frustrating. These days, there is a growing awareness even in Washington that, in a ferociously competitive global economy, the complexity of our rules is hurting U.S. capital markets and American businesses.

We might do well to move to a more "principles-based" or "objectives-oriented" accounting system and get rid of the idea that every possible eventuality has to be dealt with explicitly in our rules. But there are real high

hurdles to overcome in the U.S. if we were to move toward such a system. We need a regulatory and legal environment that accepts different conclusions reached by different professionals, all acting in good faith. We need a regulatory and legal environment, above all, that respects the application of sound professional judgment. The people in this room today more than deserve that. At the same time, we must not give the public any reason to think we would stray from exercising judgment in a sound, objective, professional manner.

We should also think about whether our business reporting model really gives investors all of the information they need – we should take an active role in listening to investors and other stakeholders, and advocate for a model or models that satisfy their needs. Investors are already increasingly using non-financial operational data to make decisions. Maybe that data should be part of the reporting mix. Increasingly, technological breakthroughs such as XBRL will put the power of customizable information in investors' hands. The AICPA will continue to be a leader in these initiatives.

Finally, we need to use our collective voice for one more thing: increasing financial literacy nationwide. Many Americans are constrained by their lack of financial management skills. The current crisis in sub-prime mortgages underscores that many families are struggling to gain even a basic knowledge of household finances. The results are just heart-breaking, and suggest that our guidance is in demand at all levels of the economy.

We have the expertise to help Americans build their futures on more solid foundations. We have great programs and unbelievable levels of volunteer effort being devoted to significant improvements in financial literacy. We clearly should continue such focused efforts and find new ways to share our expertise and talents wherever we can.

I started off by mentioning the vast range of people and occupations that the AICPA represents. But the great strength of the AICPA is that it brings so many different men and women together – together as members of a single profession. Together, we pool our knowledge and speak with one voice.

Individually, we do very good things for American households and businesses and governments.

Together, we are an even more powerful force for prosperity in the economy at large. In the face of many challenges, we -- as a united profession -- have a fantastic future ahead of us. I am very proud to have the opportunity to lead this group as Chair for the coming year.

Thank you.