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COLLEGE :SMS

DEPARTMENT :ACCOUNTING

MATRIC NUMBER : 17/SMS02/034

COURSE :ACCOUNTING 205

ASSIGNMENT : What are the main governance aspects of Sarbanes-Oxely act.

The Sarbanes**–**OxleyActof2002 ( enacted July 30, 2002), also known as the "Public Company Accounting Reform and Investor Protection Act" (in the Senate) and "Corporate and Auditing Accountability, Responsibility, and Transparency Act" (in the house) and more commonly called Sarbanes**–**Oxley, Sarbox or SOX, is a United States federal law that set new or expanded requirements for all U.S. public company boards, management and public accounting firms. A number of provisions of the Act also apply to privately held companies, such as the willful destruction of evidence to impede a federal investigation. The act had a profound effect on corporate governance in the U.S. The Sarbanes-Oxley Act established the public company accounting oversight boards. The Sarbanes-Oxley Act helps in the strengthening of the central oversight board to provide independent oversight of public accounting firms providing audit services. It also creates a central oversight board tasked with registering auditors, defining the specific processes and procedures for compliance audits. It also addresses auditor independence, new auditor approval requirements, audit partner rotation, and auditor reporting requirements.

Sarbanes-Oxley Act has the major element of Corporate responsibility It defines the interaction of external auditors and corporate audit committees, and specifies the responsibility of corporate officers for the accuracy and validity of corporate financial reports. It enumerates specific limits on the behaviors of corporate officers and describes specific forfeitures of benefits and civil penalties for non-compliance. Sarbanes-Oxley Act significantly strengthens the disclosure requirement.  It describes enhanced reporting requirements for financial transactions, including off-balance-sheet transactions, pro-forma figures and stock transactions of corporate officers. The Sarbanes-Oxley Act imposes harsher punishment for obstructing justice and securities fraud, mail fraud and wire fraud.  
It deals with corporate and criminal fraud accountability, It describes specific criminal penalties for manipulation, destruction or alteration of financial records or other interference with investigations, while providing certain protections for whistle-blowers. The Sarbanes-Oxley Act deals with analyst conflicts of interest.It defines the codes of conduct for securities analysts and requires disclosure of knowable conflicts of interest.