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**WHAT ARE THE MAIN GOVERNANCE ASPECTS OF THE SARBANES-OXLEY ACT. AND GIVE A**

  **SUMMARY.**

The Sarbanes-Oxley Act (SOX) is the primary federal law governing corporate governance and accountability across multiple aspects of corporate business practice. The SOX specifically regulates markets, brokers, dealer, accounting and auditing, on-going government and shareholder disclosure by reporting companies, insider trading, and anti- fraud. The SOX established a new regulatory body, increased the authority of existing regulators, as well as imposing regulations beyond those of the self- industry organizations regulating.

The Sarbanes Oxley act has one great effect on corporate governance which is the strengthening of public companies, and the SOX is also known as public company accounting reform and investor protection Act (in the senate) while corporate and auditing accountability, responsibility and transparency Act (in the house) which are called the SARBANES-OXLEY, SARBOX, SOX, is a united states federal law that set new or increase requirement for the U.S.A public company boards, management and public accounting firms. And some private companies also apply this Act to their businesses.

The SOX was introduced to restore confidence in the accuracy of the financial information released by public companies, in SOX will have eleven(11) titles which are related to the Sarbanes-Oxley Act and they all contains sections and have their different requirements and responsibilities as well as possible penalties for non-compliance. Some of the main governance aspects of the Sarbanes-Oxley Act are:

* **Audit committees:** they receive wide leverage in overseeing the top managements accounting decisions. The audit committee members must be independent of management, and gain new responsibilities such as approving numerous audit and non-audit services, selecting and overseeing external auditors, and handing complaints regarding the managements accounting practices.
* **Fairness to shareholders:** the Sarbanes-Oxley Act promotes governance provision that protects shareholder rights and allows shareholders to exercise those rights through governance procedures, such as shareholders meetings.
* **Director and officer ethics:** the Sarbanes-Oxley Act imposes additional obligations on corporations to establish and maintain ethical standards for officer and director conduct and decision making.
* The SOX are the one that changes the way corporate boards and executives work making them accountable for the accuracy of financial statements and removing the defense of board level ignorance. This means that financial information must now be certified by management and criminal penalties for fraudulent financial activity are now much more severe.
* **Fairness to stakeholders:** the SOX require or promote governance provisions that take into consideration the interest of employees, suppliers, buyers and also the local community.
* **Securities regulations:** most of the regulatory process prescribed by the SOX is carried out by the Securities and Exchange Commission. SOX include provisions that strengthen the ability of the SEC to oversee corporate governance matters and enforce violations and they also increased the criminal and civil penalties for committing securities fraud.
* **External auditing firms:** the Sarbanes Act requires that a firm in charge of auditing the corporation refrain from serving as independent consultants to that same firm. And it includes human resources functions, system designs and implementation appraisals and valuations, and investment banking services for audited company and corporation must change auditing firms at least every 5 years.
* **The Sarbanes-Oxley Act significantly strengthens the disclosure requirement:** Public companies are required to disclose any material off-balance sheet arrangements, such as operating leases and special purposes entities. The company is also required to disclose any pro – forma statements and how they would look under the generally accepted accounting principles (GAAP).
* **The public company accounting oversight board (PCAOB):** the Sarbanes-Oxley Act they established the PCAOB to regulate auditors charged with reviewing the accounting procedures and disclosure statement of public companies.