**NAME – FRENCH OVONOMO**

**MATRIC NUMBER – 17/SMS02/017**

**GIVE A SUMMARY OF THE MAIN GOVERNANCE ASPECTS OF THE SARBANES-OXLEY ACT**

The **Sarbanes-Oxley Act** of 2002 also known as **Public Company Accounting Reform and Investor Protection Act** in the Senate and **Corporate and Auditing Accountability, Responsibility, and Transparency Act** in the House; is a United States federal law that set new or expanded requirements for all U.S public company boards, management and public accounting firms.

 The major aspects are;

1. **Public Company Accounting Oversight Board(PCAOB)**

 This consists of nine sections and establishes the Public Company Accounting Oversight Board, to provide independent oversight of public accounting firms providing audit services (auditors). It also creates a central oversight board tasked with registering auditors, defining the specific processes and procedures for compliance audits, inspecting and policing conduct and also enforcing compliance with the specific mandates of SOX.

2. **Auditor Independence**

 This consists of nine sections also and establishes standards for external auditor independence, to limit conflicts of interest. It also addresses new auditor approval requirements, audit partner rotation and auditor reporting requirements.

3. Corporate Responsibility

 It consists of eight sections and mandates that senior executives take individual responsibility for the accuracy and completeness of corporate financial reports. It enumerates specific limits on the behaviours of corporate officers and describes specific forfeitures of benefits and civil penalties for non-compliance.

4. **Enhanced Financial Disclosures**

 This consists of nine sections and it describes enhanced reporting requirements for financial transactions, including off-balance-sheet transactions, pro-forma figures and stock transactions of corporate officers. It requires timely reporting of material changes in financial condition and specific enhanced reviews by the SEC or its agents of corporate reports.

5. **Analyst Conflicts of Interest**

 It consists of only one section which includes measures designed to help restore investor confidence in the reporting of securities analysts. It defines the codes of conduct for securities analysts and requires disclosure of knowable conflicts of interest.

6**. Commission Resources and Authority**

 Consists of four sections and defines practices to restore investor confidence in securities analysts. It also defines the SEC’s authority to censure or bar securities professionals from practice and defines conditions under which a person can be barred from practicing as a broker, advisor or dealer.

7. **Studies and Reports**

 This one consists of five sections and requires the comptroller General and the SEC to perform various studies and reports include the effects of consolidation of public accounting firms, the role of credit rating agencies in the operation of securities market etc and whether investment banks assisted Enron, Global crossing and others to manipulate earnings obfuscate true financial conditions.

8**. Corporate and Criminal Fraud Accountability**

 It consists of seven sections and is also referred to as the ‘Corporate and Criminal Fraud Accountability Act of 2002’. 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

9. **White Collar Crime Penalty Enhancement**

 It consists of six sections. This section is also called the ‘White Collar Crime Penalty Enhancement Act of 2002’. It increases the criminal penalties associated with white-collar crimes and conspiracies.

10**. Corporate Tax Returns**

 This consists of only one section. The section states that the Chief Executive Officer should sign the company tax return.

11**. Corporate Fraud Accountability**

 This consists of seven sections. The section 1101 recommends a name for this title as Corporate Fraud Accountability Act of 2002. It identifies corporate fraud and records tampering as criminal offenses and joins those offences to specific penalties. It also revises sentencing guidelines and strengthens their penalties.

**REFERNCE**

<https://en.m.wikipedia.org/wiki/Sarbanes-Oxley_Act>