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ASSIGNMENT: WHAT ARE THE MAIN GOVERNANCE ASPECTS OF THE SARBANES-OXLEY ACT.

Sarbanes-oxley act of 2002 also known as the “public company accounting reform and investor protection act” and corporate and auditing accountability, responsibility, and transparency act” 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, an act to protect investors by improving the accuracy and reliability of corporate disclosures made pursuant to the securities laws, and for other purpose.

The Sarbanes-Oxley act (sox) is the primary federal law governing corporate governance and accountability across multiple aspects of corporate business practice. SOX specifically regulates market, brokers, dealers, accounting and auditing, on-going government and shareholders disclosure by reporting companies, insider trading anti-fraud, proxy regulation and so forth.

SOX established a new regulatory body, increased the authority of existing regulators as well as imposed regulations beyond those of the self-regulating, industry organizations. The primary objective of SOX is to promote:

* Fairness to shareholders- SOX requires or promotes governance provisions that protect shareholder rights and allow shareholders to exercise those rights through governance procedures, such as shareholders meetings.
* Fairness to stakeholders- SOX requires or promotes governance provisions that take into consideration the interests of employees, suppliers, buyers, and the local community.
* Heightened director and board responsibilities- SOX place specific requirements on the composition of boards of directors, including skill and independence requirements.
* Director and officer ethics- SOX imposes additional obligations on corporations to establish and maintain ethical standards for officer and director conduct and decision-making .example SOX prohibits the corporation form making personal loans to corporate executive or their families
* Disclosure and accountability- SOX places requirements on boards to increase transparency in corporate governance practices. This includes implementing procedures for ensuring accurate accounting practices and public disclosure mechanisms.
* Accounting and disclosure procedures- SOX imposed a number of reforms on the accounting and financial reporting requirement of public companies the primary requirement are as follows:
* The public company accounting oversight board (PCAOB)- SOX established the PCAOB to regulate auditors changed with reviewing the accounting procedures and disclosure statement of public companies.
* External auditing firms-SOX now require that a firm in change of auditing the corporation refrain from serving as independent consultants to that same firm. This includes refraining from bookkeeping, system designs and implementation, appraisal and valuations, actuarial, human resource, and investment banking service for audited company.
* Securities regulations-much of the regulatory process prescribed by SOX is carried out by the Securities and Exchange Commission. SOX include provision that ability of the sec to oversee cooperate governance matters and enforce violation.