Independent Oversight of the Auditing Profession: Lessons from U.S. History
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It is a pleasure to be here in Berlin at the Public Auditors Congress. You have asked me to speak on auditor oversight and its impact on the accounting profession. In the United States, oversight of the accounting profession, in some form or another, is as old as the requirement that companies publish, by filing with the U.S. Securities and Exchange Commission, detailed financial statements audited and certified by an independent public accountant. I’d like to use my time today to describe how the U.S. policy on oversight has developed, from a fairly hands-off approach, to negotiated oversight of self-regulation by the profession, and ultimately to statutory-based oversight that is independent of the profession. I’ll also give you my thoughts on why I believe self-regulation has failed in the United States and will fail elsewhere, with the hope that European policymakers will be able to avoid the errors made in the United States. It is important to note, though, that the ideas I express today are solely my personal views. They should not be attributed to the PCAOB as a whole or any other members or staff of the PCAOB.

I. The History of Oversight of the Auditing Profession in the United States – from the Great Depression to the Present.

Accounting and auditing in the United States today is the outgrowth of a series of actions taken by the U.S. Congress, the SEC, and the accounting profession itself over many years, beginning with the 1929 stock market crash and the Great Depression that followed in the 1930s.
A. After the U.S. Congress Rejected a Proposal for a Corps of Government Auditors, the SEC Adopted a Policy of Deference to the Profession for Accounting and Auditing Requirements.

Spurred by the loss of public confidence in the fairness of U.S. markets, in 1933 and 1934 the U.S. Senate’s Committee on Banking and Currency held a series of hearings to examine the causes of the 1929 market crash and explored potential reforms. At that time, although many companies trading securities in U.S. markets – which even then included non-U.S. companies – voluntarily provided investors periodic audited financial reports by agreement with a stock exchange or otherwise, they were not required by law to do so.¹

One of the central questions in those hearings was whether companies should be required to provide outside investors with detailed financial statements, and if so, what assurance the public would have that those statements were reliable. One proposal under consideration was whether to require periodic government audits of companies’ financial statements. As an alternative, the accounting profession proposed that Congress require companies to hire independent auditors to certify their financial statements. But the profession’s proposal had its skeptics, including Alben Barkley, a prominent senator who went on to become Vice President under President Truman. He and the profession’s representative, Colonel Arthur H. Carter of Deloitte, Haskins & Sells, engaged in a momentous exchange on the record, which portended some of the policy challenges we would face in the U.S. over the next several decades. It went to the heart of the purpose of the audit, and in that respect remains relevant today. So let me recount it for you –

Sen. Barkley: Is there any relationship between your organization with 2,000 members and the organization of controllers, represented here yesterday with 2,000 members?

Col. Carter: None at all. We audit the controllers.

Sen. Barkley: You audit the controllers?

Mr. Carter: Yes; the public accountant audits the controller’s account.

Sen. Barkley: Who audits you?

Mr. Carter: Our conscience.²

The Congress ultimately chose to accept the profession’s proposal, by requiring public companies to file audited financial reports and vesting the newly-created Securities Exchange Commission with the authority to establish accounting principles to be applied in preparing those financial reports.³
The story of what the Commission did with that authority over the last seventy years has not played out well for the profession. While seemingly delegating a great part of that authority to the profession, to my mind the Commission’s early policy is better described as abandoning the profession to the vagaries of client pressures, thus suppressing the conscience of the profession instead of protecting it.

Let me explain. Notwithstanding its statutory mandate, in its first month the Commission established its policy of relying on the profession to establish accounting requirements. Although there was some debate among the commissioners over the next few years, and dissenting viewpoints, ultimately the Commission formalized its policy in a statement essentially permitting companies to use accounting practices for which there was “substantial authoritative support” – the precursor to the idea of “generally accepted accounting principles” we use today.

The Commission also left auditing standards to the profession, even though early on a scandal over an accounting fraud at McKesson & Robbins showed weaknesses in the profession’s ability to stand up to senior management using its own standards. In that case, senior managers of McKesson & Robbins hid their expropriation of company funds, by overstating inventory and accounts receivable by approximately $20 million – a large sum to steal even today, and an enormous sum in 1938, when the U.S. was emerging from the Depression.

Auditors from Price Waterhouse missed the McKesson & Robbins fraud, principally because they failed to test inventories or confirm receivables. After an in-depth inquiry, the SEC found that the overstatement “should have been disclosed . . if the auditors had corroborated the company’s records by actual observation and independent confirmation through procedures involving regular inspection of inventories and confirmation of accounts receivable . . .”

Testing of inventory and accounts receivable is a basic component of audits today, but at the time Price Waterhouse sharply criticized the SEC’s findings as based on “the unbridled use of hindsight.” (We hear that refrain today, too!) Price Waterhouse claimed it should not have been faulted for failing to test inventory and confirm receivables because those procedures were not expressly required and because it had been instructed not to by management. I’ll quote from that defense, because it shows the client pressures auditors faced even then. Specifically, Price Waterhouse claimed –

[While the procedures for whose omission we are now criticized were regarded as optional at the time, we were expressly instructed not to follow some of them, and we were not instructed to follow others, notwithstanding our written warning that the scope of our examinations was not sufficiently extensive “to reveal either possible misappropriations of funds or manipulations of the
accounts.” Furthermore, [the SEC report] quite overlooks the fact that the determination of the scope of our audit was delegated to the president of the company, who has now proved to have been the keystone of the intricately organized conspiracy.9

Not surprising, during the SEC’s inquiry, the profession began expressly requiring auditors to test inventories and confirm accounts receivable, when material.10 It did not address the more troubling issue, though – that, contrary to Colonel Carter’s assertions in the Senate hearings I recounted to you, auditors were not an independent check on management, but rather appeared to give management control over the scope of the audit.11

To my mind, the SEC’s failure to directly regulate accounting and auditing in those early days contributed to the profession’s difficulties in establishing robust standards that would have provided the basis to challenge management, when necessary. The roots of many of the recent auditing scandals lay in that flawed early policy, including the audits of W.R. Grace, Waste Management, Xerox, Enron, Worldcom and others. But even before the scandals of our day, the SEC’s policy proved problematic, offering many warning signs that, if heeded earlier, might have spared both the profession and investors many losses.

B. Weaknesses in Accounting Standards, and New Scandals in the 1970s, Drove the SEC and the Profession to Design New Reforms Based on a Self-regulatory Model, but Even as Those Reforms were Established, Warnings Emerged.

In the decades between the McKesson & Robbins scandal of the 1930s and the Enron and Worldcom scandals in the early 2000s, policy makers made numerous changes to accounting and auditing policy in the U.S. Looking back over time, one can see a gradual progression toward independent oversight of the profession. But one can also see in many of the reforms an underlying objective to stave off independent oversight, if only a little bit longer. At the same time, changes in the profession itself gradually replaced professional values with commercial and business goals, straining accounting and auditing policy even further. As the respected historian of the U.S. accounting profession, Stephen Zeff, has put it: “This reshaping of the firms as engines of growth, profitability, and global reach in turn placed added pressure on audit partners, already under pressure to generate fees and to placate clients.”12 Thus, even as reforms shored up weaknesses in the U.S. accounting and auditing framework, greater pressures on that framework further strained it.

Let me take you through some of the key points of that history, so that you can see the reforms that we have tried in the U.S. From 1938 through 1959, accounting principles were set by the American Institute of Accountants’ Committee on Accounting Procedures. The CAP’s pronouncements were advisory: their authority depended on the extent to which they were generally
accepted. Consistent with the SEC’s policy on accounting, auditors could certify accounts that did not conform to CAP standards, so long as there was substantial authority for the principles that were used instead. The CAP proved itself unable to enforce consistent accounting, though. A prominent company seeking a favorable accounting treatment could easily establish that a minority view was at least substantial, so long as it could persuade some of the major accounting firms to accept the alternative practice. This led to criticism from within the profession itself, which the profession responded to by forming a special review committee to evaluate potential reforms.\textsuperscript{13}

The CAP gave way, in 1959, to the Accounting Principles Board. Membership in the American Institute of CPAs was the critical lever for the APB, which attempted to impose more consistency in accounting by requiring AICPA members to ensure that departures from APB opinions were disclosed.\textsuperscript{14} The APB was still subject to considerable criticism, though. For example, the APB was perceived by many as ineffective, because, like the CAP, the APB was unable to limit the use of alternative accounting methods. Indeed, unable to resist pressure from clients of member firms, APB opinions often explicitly endorsed alternative methods in the same standard.\textsuperscript{15} Critics also focused on the APB’s insularity – that is, that membership in the AICPA was a condition of appointment to the APB.

In response to these criticisms, in 1971, the AICPA commissioned a study group to examine the APB’s “organization and operations to determine how to get better results faster.”\textsuperscript{16} The study group was led by Francis Wheat, a corporate attorney and former SEC commissioner. Among other things, the AICPA asked the Wheat Committee to consider whether the government or the private sector should establish accounting principles. Ultimately, the Wheat Committee recommended that the AICPA establish the Financial Accounting Foundation, with nine trustees appointed by the AICPA Board of Directors, a minority of whom were to be chosen from names submitted by the Financial Executives Institute, the National Association of Accountants, the Financial Analysts Federation, and the American Accounting Association. The principal duties of the FAF were to appoint the seven full-time members of a new accounting standards-setter – the Financial Accounting Standards Board – and obtain funding for the FASB through a campaign for donations, thus insulating the FASB from the fund-raising process. The Wheat Committee also recommended that the FASB take up a project to establish a conceptual framework for accounting, so as to lay the foundation for reliable and informative financial reporting, as opposed to reactively waiting to address topics until problems arose, as the APB had done.

The SEC endorsed the Wheat Committee’s recommendations, and in December 1973 issued Accounting Series Release No. 150, requiring companies to prepare their financial statements in accordance with the “principles, standards, and practices promulgated by the FASB” and providing that
approaches “contrary to such FASB promulgations” would be deemed lacking “substantial authoritative support.”

Just as the FASB was forming, the theoretical risks in accounting and auditing that experts had complained about became real, hitting the mainstream news with a barrage of accounting and auditing scandals. In a story that began as a political investigation, the public worldwide learned that numerous companies were paying bribes to foreign officials as a secret, but routine, business practice. In each case, the bribes eluded the companies’ books and records, as well as their auditors.

In addition, the collapse around the same time of two prominent companies – Equity Funding Corporation of America and Penn Central Railroad – stunned markets and the investing public. The Penn Central bankruptcy was the largest bankruptcy since the 1930s, and the Enron of its day. But as would be the case with Enron, neither the company’s financial statements nor the reports of its auditor, Peat Marwick & Mitchell, revealed how dire Penn Central’s circumstances were. As in the McKesson & Robbins case I mentioned earlier, after Penn Central filed for bankruptcy, the SEC conducted a robust investigation of Peat Marwick’s auditing practices, encompassing the Penn Central audit as well as four other audits also found to have failed to prevent frauds.

The SEC’s order concluding these investigations detailed the numerous signs, recorded in Peat Marwick’s own work papers, that its clients were deceiving the investing public with inappropriate characterizations of transactions and circumstances that masked the companies’ true state of affairs. Nevertheless, the SEC found, Peat Marwick failed to stand up to its clients and demand a fair presentation. The SEC’s finding on Peat Marwick’s audit of Penn Central is illustrative of the others –

Many of these transactions were presented to the auditors with a variety of sophisticated justifications supporting management’s accounting methods to be used in recording the transactions. The Commission believes that [Peat Marwick] viewed these justifications too narrowly and did not consider whether the justifications were applicable in the circumstances. We consider it an auditor’s duty to insist on meaningful application of accounting principles and disclosures in order that the financial statements reflect the business reality of the enterprise.

The U.S. Congress also responded to the scandals with vigor. In 1976, Senator Lee Metcalf of Montana, chairman of the Subcommittee on Reports, Accounting and Management of the Committee on Government Operations, undertook a study on whether new federal regulation of the accounting profession might be appropriate. Congressman John Moss (chairman of the House Interstate and Foreign Commerce Committee’s Subcommittee on
Oversight and Investigations) also held hearings to examine the SEC’s policy of deferring to the profession in the development of accounting and auditing practices.

In response to these congressional inquiries, and as an alternative to legislation, the AICPA established a new self-regulatory framework for oversight of auditing. That framework provided for periodic peer reviews of audit work in order to detect auditing deficiencies and encourage firms to correct them before they resulted in investor harm. The new framework also included a new Auditing Standards Board to establish standards for auditors to follow, and certain disciplinary procedures and sanctions, the most severe of which was exclusion from membership in the AICPA.

To run the new self-regulatory programs, the AICPA created an SEC Practice Section, comprised of firms that audit the financial statements of public companies. Firms were not required to participate in the SECPS in order to audit public companies, although the SEC strongly encouraged participation through its informal interactions with practitioners. In addition, to oversee the SECPS, the AICPA established a Public Oversight Board, comprised of individuals not engaged in the practice of auditing, to monitor and comment on matters that affect public confidence in the integrity of the audit process.

These reforms were not without skeptics even as they were instituted, though. SEC Chief Accountant John Burton described peer review as "likely to be seen as a process of mutual back scratching." In his view, it was "highly doubtful that the part-time group (POB) can either in fact or perception" provide an effective substitute for statutory regulation.

SEC Chairman Harold Williams, who had encouraged the profession to pursue reforms, opined in a January 1978 speech that the "effectiveness and credibility of the Public Oversight Board depends on its independence, including its willingness to be critical when called for and its ability to make public its conclusions, recommendations, and criticisms." And Chairman Williams also warned that the POB could only be effective "if it is not impeded in performing its functions and responsibilities."

Notwithstanding these warnings, the accounting profession in the U.S. entered the 1980s with new hope of fulfilling Colonel Carter’s promise to serve as an independent check on management. Meanwhile, the investing public had cause for hope that the new, more robust self-regulatory framework could lead to more comparable, more revealing and more meaningful reporting. Unfortunately, the next twenty years would prove to present the profession with even tougher challenges to its independence – in the form of burgeoning growth in audit firms’ consulting businesses – as well as its readiness to audit new financial products engineered to achieve the appearance of rosy financial results.

The SEC exerted considerably more in-depth oversight of the profession’s enhanced self-regulatory programs. It became an active observer of FASB initiatives, participating frequently in official and informal meetings. It also monitored the Auditing Standards Board and the peer review program closely,
although it did not participate in decisions. Thus it still pursued a policy of developing accounting and auditing practices only indirectly through encouragement, and at times reprimands, of the profession. It too was caught unprepared for the challenges that would soon face the U.S. financial reporting system.

C. After the Enron and Worldcom Accounting and Auditing Scandals, the U.S. Rejected Self-regulation of the Auditing Profession and Required Independent Oversight and Standards-setting.

I need not recount for you the most recent accounting and auditing scandals in the U.S., which led to the Congress’s passage of the Sarbanes-Oxley Act of 2002 by a near unanimous vote. I’m fairly confident most of us in this room not only know that history, but lived through it as well, for the effects of those scandals manifested worldwide. What I would like to do, though, is to take you through the post mortem we did in response to the revelations of accounting problems at Enron, Worldcom and other companies. This exercise revealed certain inherent flaws in how we established and enforced accounting and auditing requirements in the U.S. – flaws that ultimately implicated our self-regulatory system and led to the inescapable conclusion that independent standards-setting and independent oversight, while perhaps not guarantees of reliable financial reporting and auditing, are indispensible elements of a strong financial reporting and auditing system.

Specifically, the Senate Banking Committee evaluated the effectiveness of the profession’s self-regulatory framework, including the peer review system and the Public Oversight Board. In its 25 years of existence, the peer review system never resulted in an adverse or qualified report on a major accounting firm. Even after Enron revealed its accounting errors, its auditor Arthur Andersen received a clean bill of health from the peer review system. How could this be? Like the Peat Marwick auditors who viewed Penn Central’s “sophisticated justifications” too narrowly, peer reviewers too readily accepted firms’ claims that identified deficiencies were isolated and did not shake the soundness of their overall audit opinions. Reviewers also failed to follow up on audit risks presented by aggressive business development practices, such as compensation schemes that required auditors to solicit consulting business from audit clients and punished auditors who jeopardized such business by being too tough in audits.

In retrospect, it’s not surprising that reviewers took such a narrow view of their task, given they were subject to such reviews themselves. Nor is it surprising that the POB was powerless to prevent the “mutual back scratching” that John Burton predicted in 1978. Indeed, based on its experience, the POB recommended in the testimony of its last Chairman, former Comptroller General Chuck Bowsher, that Congress establish a new, independent board to oversee auditors. If the governors of such a board included practicing auditors, even as a
minority, the POB said, “we think it would be very hard for those public members to dominate that type of mixed board.” Based on this review of the self-regulatory system, the Sarbanes-Oxley Act established an independent, full-time board to conduct regular inspections of audits, among other things.

In addition to examining the profession’s self-regulatory system, the Senate Banking Committee also examined the effectiveness of accounting and auditing standards-setters. Among other things, the Committee focused on whether private standards-setters’ funding mechanisms fostered inherent biases, based in part on certain evidence uncovered in another Senate committee’s investigation related to the Enron scandal. Specifically, an email from Enron’s auditor David Duncan to Arthur Andersen headquarters revealed that Enron’s chief accounting officer was considering a request from the International Accounting Standards Committee for $500,000, payable in five annual installments of $100,000. In case you had any doubt about the risks of improper influence, let me read you an excerpt from that email –

While I think Rick [Enron’s chief accounting officer] is inclined to do this given Enron’s desire to increase their exposure and influence in rule-making broadly, he is interested in knowing whether these type commitments will add any formal or informal access to this process (i.e., would these type commitments present opportunities to meet with the trustees of these groups or other benefits).

Upon consideration, Senate Banking Committee Chairman Paul Sarbanes assessed the risk of undue influence over standards-setting as follows –

Now, I am struck by . . . the current arrangements of the standard setting bodies, both FASB and the international [standards-setter], because we do have this international dimension now developing and I think we need to keep an eye on that. But they are funded by basically going around with a tin cup. So you go to the very people who are going to be most intimately affected by the standards, you ask them for money to support the operation, and if they don’t like what they think the standard setting body is going to do, they’re obviously either unwilling or reluctant to give money.

Chairman Sarbanes went on to propose an independent funding source for both the new oversight board, charged with the inspections I’ve mentioned as well establishing auditing and related professional practice standards applicable to public companies, and any accounting standards-setter. The new funding is in the form of mandatory fees assessed on public companies, pro rata based on relative equity market capitalization. The Sarbanes-Oxley Act preserves the SEC’s authority to establish accounting principles or standards for purposes of the U.S. securities laws. But it requires the SEC to find that any private accounting standards-setter has satisfied certain criteria, including independent
funding via Sarbanes-Oxley’s mandatory fees, before recognizing its accounting principles as generally accepted for purposes of the securities laws.  

III. Concluding Thoughts.

The history of accounting and auditing policy in the United States has been circuitous. I hope you can see that many of the twists and turns reflect a hope that the profession could, on its own, overcome pressures to bend to the desires of clients and instead champion the interests of the investing public in informative and reliable financial reporting.

The U.S. experience teaches, though, that rigorous auditor oversight is critical to maintaining an environment in which auditors can stand up to clients and enforce comparability in financial reporting. To gain public confidence, oversight must be independent of the profession, both in fact and appearance. U.S. efforts at more modest oversight did not fail for lack of highly competent practicing auditors – they failed because they used highly competent practicing auditors. This is not to say that expertise in auditing should not play a role in oversight, but it must be expertise that is independent of the profession itself.

The U.S. experience teaches that independently established accounting and auditing standards are also critical to public confidence and protection. The managers of public companies have strong incentives to push for accounting standards that allow them the flexibility to present as rosy a picture of their financial results and positions as possible (both to conceal poor performance as well as excessive compensation and other personal rewards claimed by those same managers). Auditors too have an incentive to set a low bar for their own standards, not only to protect against liability or regulatory action, but also because their own clients press them to minimize audit procedures.

I believe this history demonstrates that independence is essential. But I do not want to leave you with the impression that it’s the only essential ingredient to reliable financial reporting and auditing. Indeed, even with independence, considerable risks remain. The most acute of those risks is that the lobby for corporate managers still appears to be stronger than the lobby for the interests of investors. To be sure, there are more challenges ahead, but I hope this history will help you avoid some of the problems the U.S. has encountered.

I want to thank you for the opportunity to speak to you today. I would be happy to discuss any of these issues further, today or at any time.

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1 See Seligman, J., *The Transformation of Wall Street* (2003) at 48 (“In 1923, over 30 percent of the firms listed on the New York Stock Exchange were not subject to an agreement to provide shareholders with either annual or quarterly financial statements . . . . But a decade later all 1157 firms listed on the Exchange provided at least annual financial reports, and over 60 percent provided quarterly reports as well. Also, by 1933 at least 85 percent of the firms listed on
the New York Stock Exchange were periodically audited by independent certified public
accountants.

2 See Hearings before the Senate Committee on Banking and Currency on S. 875 (March
31 to April 8, 1933), at 58.

3 See Securities Act of 1933, Section 19(b).

4 The first set of five SEC commissioners were appointed on June 30, 1934; and the SEC
held its first meeting on July 2, 1934. Eighteen days later, the Commission announced that it
“intend[ed] to use moderation in exercising its powers over corporate accounting.” This was
perceived as a concession to business critics. As the New York Times reported at the time, these
critics claimed that the SEC's powers “involved unusual authority to regulate business,” even
though “experts say that the perfect idea from the viewpoint of the investor would be to require
uniform accounting.” See Accounting Rules to be Moderate, N.Y. Times (July 20, 1934).

5 The SEC’s policy not to establish uniform accounting principles itself, but rather to allow
the accounting profession to establish accounting principles to be used in SEC filings, reflected
the views of the majority of the Commission, but not the whole. Two commissioners –Robert
Healy and William O. Douglas, who had joined the Commission staff in 1934 as Supervisor of
Study on Protective and Reorganization Committees, and became a member of the Commission
itself in 1936 and Chairman in 1937 – disagreed. In March 1938, Douglas brokered a new
compromise authorizing the SEC's chief accountant to express interpretations of accounting
standards, to address situations preparers and the profession could not resolve. See Seligman,
J., supra n. 1, at 200.

6 Accounting Series Release No. 4 (adopted in April 1938, by a 4-1 majority).

7 Accounting Series Release No. 19 (Dec. 5, 1940). The SEC also found that the failure of
Price Waterhouse’s audits to detect the overstatement was due to lack of “that degree of
vigilence, inquisitiveness and analysis of the evidence available that is necessary in a
professional undertaking and is recommended in all authoritative and well-known works of
auditing.” Ultimately, though, the SEC did not hold Price Waterhouse accountable because,
“these audit steps, although considered better practices and used by many accountants, were not
considered mandatory by the profession . . . .”

8 Auditors Answer Criticism by SEC, N.Y. Times (December 7, 1940).

9 Id.

10 See New Audit Policy for Safety Urged, N.Y. Times (May 10, 1939) (“As a possible offset
to any future McKesson & Robbins episodes, the American Institute of Accountants announced
yesterday that it had adopted a report by a special committee on auditing procedures calling for
the corroboration of inventories by actual physical tests. On the question of accounts receivable,
the institute went on record as favoring, when amounts involved represented a significant
proportion of current assets, confirmation by direct communication with the debtor.”)

11 In response to the McKesson & Robbins scandal, the SEC did assert some, if limited,
authority over the conduct of audits. Specifically, in an amendment to the SEC’s Regulation S-X,
which requires companies to file audit reports with their financial statements, the SEC required
that an auditor give “a reasonably comprehensive description of the scope of the audit which he
has performed.” If any generally recognized normal auditing procedures on material items were
omitted, the SEC required that the omission be stated and explained. In addition, if an auditor
took exception to a company's accounting, the SEC required the auditor to give a clear
explanation of the effect of the exception. And, finally, the SEC required auditors to report on any
significant retroactive adjustments to statements of prior years. See Accounting Series Release No. 21 (Feb. 5, 1941); see also Accounting Rules are Revised by SEC, N.Y. Times (Feb. 5, 1941).


14 In 1972, the AICPA further required that members qualify their audit opinions on financial reports that departed from APB opinions, unless departure was necessary to ensure a fair presentation. This change came too late to hold off the next round of reforms.

15 One of many examples of the APB’s ineffectiveness is Opinion No. 25, on accounting for employee stock options, which laid the foundation for the stock-option backdating scandal in recent years. Employee stock options are generally considered to be a form of compensation, by companies, employees and investors. APB Opinion No. 25 permitted companies to choose whether to record any compensation expense for such options, however, so long as they were granted at a price equal to or greater than the market price on the date of the grant.


20 And in cases where the SEC suspended an auditor from practice before the Commission, the SEC typically required as a condition of reinstatement that the auditor be a member in good standing of the SEC Practice Section.


23 The Act passed by a vote of 97-0 in the Senate and 423-3 in the House of Representatives.

24 See Accounting and Investor Protections Issues Raised by Enron and Other Public Companies, Hearing of the Senate Banking, Housing and Urban Affairs Committee (March 19, 2002) (statement of Charles A. Bowsher, former Chairman of the Public Oversight Board, responding to a question from Sen. Sarbanes).

See Accounting and Investor Protections Issues Raised by Enron and Other Public Companies: Oversight of the Accounting Profession, Audit Quality, and Independence, and Formulation of Accounting Principles, Hearing of the Senate Banking, Housing and Urban Affairs Committee (March 6, 2002) (Statement of Chairman Sarbanes).

Sarbanes-Oxley Act, Section 108(c).

Sarbanes-Oxley Act, Section 108(a).