The Impact of the Sarbanes Oxley Act in American Universities

Lindsey Longmire  
Masters’ Student  
School of Accountancy  
Auburn University  
Auburn, AL 36849-5247

Sarah Stanwick*  
Associate Professor  
School of Accountancy  
Auburn University  
Auburn, AL  36849-5247  
(334) 844-6205  
stanwsd@auburn.edu

*Corresponding Author

Abstract

The accounting profession in the United States has been significantly affected by the passage of the Sarbanes-Oxley Act. The purpose of this paper is to explore the extent to which accounting education in the United States is addressing the impact of the Sarbanes-Oxley Act and to explore how universities are incorporating the legislative changes from the act into the accounting curriculum. A survey was sent to accounting department chairpersons across accounting programs in the United States. The survey attempted to determine whether the Sarbanes-Oxley Act is covered in accounting programs and the pedagogy used to address the topics in the classroom. The results of the study provide an initial starting point for educators around the globe to better understand the methods used to address important legislative issues in business curriculums and to adapt to the ever-changing business environment.
There’s a need for change with respect to accounting education. The change deals with meeting the challenge of addressing current events and discussing current and new regulations in the accounting classroom. In 2000, a report by Albrecht and Sack entitled, “Accounting Education: Charting the Course Through a Perilous Future” warned that timely and definitive action should be taken by educators so that accounting education would not fall behind in terms of relevance (Albrecht and Sack 2000). The study, based on input from national, regional, and local accounting firms, and sponsored by the then Big Five public accounting firms (Arthur Anderson, Deloitte and Touche, Ernst and Young, KPMG, and PricewaterhouseCoopers), suggested that serious consequences if accounting education continued to delay coverage of these issues.

One such area that needs to be addressed in the college classroom is the Sarbanes Oxley Act of 2002. Most educators agree that there has not been a piece of regulation as influential on the accounting profession since the passage of both the SEC Acts of 1933 and 1934. This Act has strengthened financial reporting in the wake of corporate scandals like Enron, HealthSouth, and WorldCom. The purpose of this paper is to explore the extent to which accounting education is addressing the Sarbanes-Oxley Act and to explore how universities are incorporating the legislative changes into the accounting curriculum.

Though the Sarbanes-Oxley Act (SOX, the Act) was not passed until July of 2002, history suggests the need for such regulation far before its passage. The Report of the
Commission on Fraudulent Financial Reporting (the Treadway Commission report) made the following recommendation in October of 1987: “For the top management of a public company to discharge its obligations to oversee the financial reporting process, it must identify, understand, and assess the factors that may cause the financial statements to be fraudulently misstated” (Leech 2003). In response to the Treadway Commission report and its mission to “identify causal factors that can lead to fraudulent financial reporting and steps to reduce its incidence,” the Securities and Exchange Commission (SEC) proposed a set of rules in 1988 that are strikingly similar to sections 302 and 404 of the Sarbanes-Oxley Act, which address internal controls (Leech 2003).

Corporate scandals such as those that were exposed in companies like Enron, HealthSouth, and Parmalat impacted nearly every aspect of the business economy. Many stakeholders were affected by these corporate scandals. Not only did thousands of people lose their jobs, investments, pensions, the general public rapidly lost confidence in public company financial reporting. As a rapid and definitive response to corporate scandals around the turn of the decade, the Sarbanes-Oxley Act was signed into law on July 30, 2002, by President George W. Bush, imposing significant new requirements for public companies listed on U.S. stock exchanges. It mandated numerous reforms to further corporate responsibility, enhanced financial disclosures to battle fraud, and created the Public Company Accounting Oversight Board (PCAOB) to oversee the auditing profession. The Act created a system of checks and balances to restore investor confidence and promote ethical financial reporting. President Bush called the law one of
“the most far reaching reforms of American business practices since the time of Franklin Delano Roosevelt” (SEC 2006).

The Sarbanes Oxley Act

In an effort to help protect investors from fraudulent and misleading financial statements, the Sarbanes Oxley Act was passed. Although the Act met with criticisms from both management and auditors alike, many felt the Act was long overdue. Several areas of the Act can be highlighted: the creation of the PCAOB, auditor independence, corporate responsibility, enhanced financial disclosures, and white collar crime enhancements. Each of these is discussed briefly in this section.

Creation of the PCAOB

Title 1 of the Sarbanes-Oxley Act includes provisions for the institution of the PCAOB. Appointed and overseen by the SEC, the PCAOB is comprised of five full-time members, two of whom must be currently practicing as certified public accountants or have previously practiced as certified public accountants. The PCAOB serves as the entity responsible for regulating and investigating audits and auditors of public companies. Prior to the formation of the PCAOB, the auditing profession, in effect, not only created the rules, but also regulated itself. In an attempt to increase the quality of reporting procedures in appearance and in fact, the Sarbanes-Oxley Act moved the regulatory structure of the auditing profession to the private sector PCAOB. Under the Act, the
PCAOB has the authority to issue standards or adopt previously issued standards for audit firm quality controls for the audits of public companies. These standards include the following: auditing and related attestation, quality control, ethics, independence, and other standards necessary for the protection of investors (SOX 2002).

**Auditor Independence**

Title II of the Sarbanes-Oxley Act addresses auditor independence. Though auditors were always required to be independent, the stipulations set forth by the law in this area are more specific and encompass new requirements. Section 201 strictly forbids accounting firms from providing non-audit services contemporaneously with the audits of registered clients. Section 201 of the Act specifies nine types of non-audit services that are considered to impair impendence if provided to a public company audit client: (1) bookkeeping or other services related to the accounting records or financial statements of the audit client; (2) financial information systems design and implementation; (3) appraisal or valuation services, fairness opinions, or contribution-in-kind reports; (4) actuarial services; (5) internal audit outsourcing services; (6) management functions or human resources; (7) broker or dealer, investment adviser, or investment banking services; (8) legal services; (9) expert services; and (10) any other service that the Board determines, by regulation, is impermissible. The first eight prohibited services were banned under the pre-Sarbanes SEC independence rule. The Act added the prohibition of expert services and eliminated many allowed exceptions to the list of prohibitions (Messier, et al 2006).
A public company’s audit committee must approve all audit and non-audit services provided by a company’s auditor under Section 202 of the Act. Audit committees are charged with overseeing the internal and external audits and must evaluate the potential for the impairment of auditor independence arising from the provision of non-audit services.

Concerned with the potential for audit partners to become too close to an engagement client during years of service, Section 203 of the Act requires lead audit partner rotation every five years. Lead partners must “roll-off” a client upon five consecutive years of service, and a five-year “time-out” period is required before they can return to work on that engagement (Messier et al 2006). Other requirements added to auditor independence include: auditors must report to audit committees certain specified information and a public accounting firm must not perform an audit for a company if one of the executive officers of that company was previously employed by the registered accounting firm during the one year period preceding the date of the initiation of the audit.

Corporate Responsibility
Section 301 of the Sarbanes-Oxley Act establishes rules for audit committees to follow. Organizational requirements, as well as independence and related provisions, are addressed in this section. Under Section 302 of the Sarbanes-Oxley Act, the chief executive officer and chief financial officer of registrant audit clients are now required to certify that the company’s financial statements are fair, accurate, and complete (SOX
Signing officers must certify in each annual or quarterly report that the following requirements have been met: the signing officer has reviewed the report, the report does not contain any untrue statement of a material fact or omit to state a material fact, and financial information included in the report fairly presents in all material respects the financial condition and results of operations of the issuer. The signing officers are responsible for establishing and maintaining internal controls and have designated such internal controls to ensure that material information is made known to such officers, have evaluated the effectiveness of the issuer’s internal controls, and have presented in the report their own conclusions about the effectiveness of their internal controls. Signing officers signify that all significant deficiencies in the design or operation of internal controls and any known fraud involving management or employees having a role in the issuer’s internal controls have been disclosed to the auditors.

Enhanced Financial Disclosures

Title IV of the Sarbanes-Oxley Act details the elaborations now required for financial disclosure. Specifically, Section 404 of the Sarbanes-Oxley Act requires management to provide an assessment of internal controls. This new stipulation has caused a significant increase in audit work in preparation for filing the audit report. Auditors are no longer looking just at the numbers, but are reaching beyond the numbers to ensure that financial information disclosure is supported by data that can be substantiated, identified, and made available (Katzel 2005).
White-Collar Crime Penalty Enhancements

A number of sections of the Sarbanes-Oxley Act include criminal provisions. The Act has enhanced the tools available to prosecutors in major fraud cases with the expansion of statutory prohibitions against fraud and the obstruction of justice and an increase in criminal penalties for fraud (SOX 2002). The Act increases the authorized penalties for securities and financial reporting fraud to a penalty of up to 25 years in prison.

In addition, because most fraud cases are discovered by internal employees rather than external auditors, the provisions of the Sarbanes-Oxley Act increase the legal protection of whistleblowers. A company’s retaliation against anyone reporting the violation of federal laws is now a felony and can result in a 10-year incarceration. Though the increased penalties will not be a cure-all for fraudulent reporting, the government is sending the signal that fraudulent financial reporting is an intolerable crime.

Ramifications of the Sarbanes-Oxley Act on American Stakeholders

As with any considerable change in legislation, there has been significant resistance from publicly traded companies covered under the Sarbanes-Oxley Act. Among the most common complaints heard are those of higher auditing and accounting related fees and increased work now required in preparation for filing the various reports. The SEC estimated that internal controls requirements costs would add an estimated $91,000 to auditing costs, excluding the fees for internal control audits. A reported $2.2 million average audit fee was remarkably higher than the SEC estimate, causing many companies to evaluate the costs in relation to the benefits (Accounting Web 2005). Based on figures
reported in April of 2005, the Act has increased the auditing costs of Fortune 1000 companies, collectively, by approximately $1.4 billion. Eldridge and Kealey reported that of Fortune 1000 companies, 633 paid over $3.6 billion for 2004 audits, compared to prior year expenses of $2.2 billion (Accounting Web 2005).

The ramifications of the Sarbanes-Oxley Act have changed not only the requirements and processes for SEC registrants, but these stipulations have also posed significant changes to public accounting. Obviously, the Act provides an abundance of opportunities for public accounting firms; however, there are many consequences as well.

Before they are authorized to audit SEC clients, public accounting firms are now required to register with the PCAOB. This registration is not a one-time filing, but consists of ongoing processes requiring, at a minimum, annual reports to update the firm’s registration (SOX 2002). Registration requirements are extensive, covering not only accountants employed directly by the firm, but also any firms providing audit services as independent contractors (Carver 2003). The increase in requirements for SEC audit service providers has caused a shift in clientele. Smaller firms are reluctant to undergo the registration process required for the audit of even one SEC registrant. This reluctance has caused the majority of SEC audits to be performed by large firms, particularly the Big Four. These larger firms have been forced to re-assess current clientele, dropping those that are less profitable. This newly formed barrier between large and small accounting
firms has served to create an artificial floor for audit fees and a seemingly more monopolized industry (Carver 2003).

The certification requirements now present in Section 302 of the Act now require auditors to verify management assertions of internal controls (SOX 2002). Auditors are forced to perform a greater number of more extensive tests on internal controls than would have been required in the past. Prior to the Sarbanes-Oxley Act, auditors were allowed to assess a high level of control risk and rely heavily on substantive testing, therefore performing a fewer number of tests of controls (Carver 2003). Conducting more tests of controls raises the workload of the audit and the associated fees. In addition, firms may turn to accountants with information technology experience and expertise, creating new and different job positions.

This research raises the question: since the business world has been forced to adapt to these changes, has education followed suit? It is important for graduates of business programs, particularly with concentrations in accountancy, to be familiar with the Act and its implications upon the transition from academia to the business arena.

**Previous Research on Accounting Education and the Sarbanes-Oxley Act**

Limited research has been performed in an attempt to assess how accounting education programs are addressing the issue of the Sarbanes-Oxley Act. Johnson (2005) conducted
an examination of online course documentation concerning the Sarbanes-Oxley Act. The study was examined 61 institutions, of which 64% were public, and 36% were private. Information concerning course coverage of the Sarbanes-Oxley Act was gathered from December of 2003 to April of 2004 (Johnson 2005). The syllabi and course schedules of accounting courses were examined in order to determine coverage of the Act. The results of the research showed course coverage was varied, with auditing being the course that coverage was most frequently listed on the syllabus, outweighing the next commonly chosen class, AIS, by more than 35%. The courses with related percentage coverage included:

- Principles of Financial Accounting (1.6%)
- Managerial Accounting (3.3%)
- Intermediate Accounting (8.2%)
- Accounting Information Systems (11.5%)
- Auditing / Assurance and Attestation (47.5%)
- Taxation (3.3%)
- Financial Reporting (8.2%)
- Advanced / Governmental / Nonprofit Accounting (6.5%)
- Accounting Capstone / Internship (3.3%)
- Other (3.3%)

A limited number of courses in financial reporting, governmental accounting, and intermediate accounting also specified syllabi coverage. In addition, Johnson’s (2005) research examined the use of Sarbanes-Oxley Act material in courses. Uses included:

- SOA listed on syllabus for coverage or discussion during class (45.9%)
- Required reading material (textbook, white paper, article) (31.1%)
◊ Students’ research and writing of individual papers or cases (23.0%)
◊ Students work in groups to research, prepare papers, and deliver oral presentations (8.2%)
◊ Skill or competency listed on syllabus (4.9%)
◊ Suggested or supplemental reading material (4.9%)

Johnson’s (2005) study showed that multiple methods of teaching were included for some courses and that approximately one-third of the faculty used one or more sources for reading materials (including, but not limited to textbooks, Internet sites, white papers, and journal or newspaper articles). In addition, approximately one fourth of the faculty assigned a research paper (ranging from short summaries to longer, six to eight page analyses) during their courses.

Survey Methodology

In an attempt to better assess how educators are integrating coverage of the Sarbanes-Oxley Act into their classrooms, a survey was developed and distributed to accounting department chairs nationwide. Survey questions were formulated to first gain a better understanding of current coverage of the Act and, next, to compile suggestions, ideas, and recommendations. The survey was distributed via United States mail in early January 2006 to 862 accounting department chairs across the nation. Each department chair received a cover letter explaining the purpose of the survey and assuring their anonymity, a two-sided survey questionnaire, and a postage paid business reply envelope.
Of the 862 surveys mailed, 26 were returned as undeliverable, leaving a population of 836. In total, 245 department chairs or faculty members returned the survey for a response rate of 29%. All respondents indicated their professional rank: less than 1% were visiting professors, 2% were instructors, 11% were assistant professors, 38% were associate professors, and 47% were full professors. In addition, professors were asked to identify the state where their college or university was located. Two-hundred and thirty-six respondents answered this question, and their responses were stratified into regions of the United States (including Pacific Northwest, Southwest, Midwest, New England, and Southern) to identify the location of respondents. Respondents indicated their location as follows:

<table>
<thead>
<tr>
<th>Region of the United States</th>
<th>Number of Responses Received</th>
</tr>
</thead>
<tbody>
<tr>
<td>Midwest</td>
<td>72</td>
</tr>
<tr>
<td>Southern</td>
<td>70</td>
</tr>
<tr>
<td>New England</td>
<td>43</td>
</tr>
<tr>
<td>Southwest</td>
<td>29</td>
</tr>
<tr>
<td>Pacific Northwest (including Hawaii and Alaska)</td>
<td>22</td>
</tr>
</tbody>
</table>

**Research Results**

The results of the survey of accounting educators are organized by question results in this section. Each question is presented along with a discussion of the responses received.

**Question 1: Perceived Importance of the Sarbanes-Oxley Act**
On a scale of 1-5, how important do you, as the chairperson or department head of accounting, feel the Sarbanes-Oxley Act of 2002 (SOX) is in today’s business environment?

Though business professionals and accountants alike would quickly agree that the Act is an important element of the current business arena, accounting faculty overwhelmingly agreed about the importance of the Sarbanes-Oxley Act. The sheer volume of literature and information relating to the Act that has penetrated American business journals, newspapers, magazines, books, and seminars is evidence of the importance the business arena places on this new legislation. Few businesspeople have completely escaped the far-reaching effects of the Act. Accounting faculty overwhelmingly agreed on the importance of the Act in today’s business environment, rating its importance an average 4.41 on a scale of 1-5.

Question 2: Current SOX Coverage

In what accounting courses is the Sarbanes-Oxley Act covered at your university?

A. Principles of financial accounting
B. Managerial accounting
C. Intermediate accounting
D. Accounting information systems
E. Auditing/assurance and attestation
F. Taxation
G. Financial reporting
H. Advanced/governmental/nonprofit accounting
I. Accounting capstone/internship
J. Legal environment/business institutions/business law
K. Other (please list) _____________________________________________________________
Many respondents noted limited coverage in earlier principles courses while reporting heavier, more extensive coverage, in major-specific courses, such as auditing and business law. The majority (93%) of respondents indicated that their auditing courses included specific coverage of SOX material. Fifty-six percent of faculty noted coverage in intermediate accounting courses. Only 40% responded that their programs covered the Act in legal courses (business law, legal environment, etc.). This statistic seemingly disagrees with the number of respondents indicating that SOX should be covered in business law courses (75%); however, the disagreement could be because of dissenting curriculum requirements among accounting programs. Forty percent of respondents noted coverage of the Act in accounting information systems. Though the Act has brought about an increased need for information systems specialists for public companies, less than half of the respondent schools deemed it necessary to incorporate some coverage of the new requirements in their accounting information systems courses. Other classes where the Sarbanes-Oxley Act is covered include: financial accounting (33%), financial reporting (31%), advanced accounting topics or intermediate accounting III (22%), capstone class or accounting internship (22%), managerial accounting (14%), and tax (5%). Aside from the ten choices listed, many faculty members listed coverage of the Act in other courses as listed:

- Fraud (examination, prevention, etc.)
- Ethics (accounting, business, professional)
- Forensic Accounting
- Business Processes / Internal Controls
- Contemporary Accounting Issues / Current Topics
◊ Internal Audit
◊ Regulation in Accounting / Corporate Governance
◊ Theory
◊ Cost Accounting
◊ Stand-alone Course on The Sarbanes-Oxley Act

**Question 3: Pedagogies Currently Used for SOX Coverage**

*What, if any, pedagogy is being used to integrate SOX in your department’s courses?*

A. Required reading material (textbooks, articles, white papers, etc.)
B. Students research and write individual papers or cases
C. Students work in groups to research, prepare papers/oral presentations
D. Suggested or supplemental reading material
E. Lecture only

*Other (please specify)_________________________________________

The responses overwhelmingly indicate that required reading is the most commonly used pedagogy to incorporate the Sarbanes-Oxley Act into the classroom, with 84.5% of respondents listing required reading among the choices. Other popular teaching methods included the following: required research papers (42%), group research projects (27%), suggested reading (29%), and lecture (21%). A number of respondents noted the use of other pedagogies—additional items added to lecture that are not included in textbooks, exercises and assignments, separate tests in auditing, and Internet research using AS2 software. Other popular pedagogies used included: guest speakers from accounting firms facilitating lectures or seminars, class discussions held in seminar format, and roundtable discussions with partner practitioners.
**Question 4: When should SOX first be discussed?**

At what level do you believe that SOX should first be discussed?

A. Principles/sophomore  
B. Intermediate/junior and senior  
C. Graduate

Though most faculty agreed that coverage of the Act is important in the classroom, respondents were largely in disagreement as to when coverage should begin. Fifty-one percent indicated that SOX should first be discussed in principles courses whereas 49% thought coverage should not be introduced until intermediate (sophomore/junior) level courses. None felt that coverage should begin in graduate school. These results are as predicted, given the rated importance of the Sarbanes-Oxley Act itself.

**Question 5: Suggested other business disciplines**

In what other business disciplines do you think SOX should be discussed in a significant manner?

A. International Business  
B. Operations Management  
C. Economics  
D. Finance  
E. Management  
F. Marketing  
G. Management Information Systems  
H. Business Law  
I. Other ____________________________

Over 75% of faculty members indicated that business law courses should incorporate coverage of the Sarbanes-Oxley Act. New regulations and changes in existing laws are frequently addressed in legal courses to familiarize students with the legal environment.
upon completion of studies and entrance into professions. The Sarbanes-Oxley Act is both a large change in regulation and is also relatively new, making it an excellent candidate for coverage in business law courses.

The second highest choice among faculty members was management (71%). Any student preparing for a career in management should be familiar with the requirements imposed by the Act as well as the strict penalties in place for fraudulent financial reporting. As stated in the report from management, management has primary responsibility for the financial statements. The responsibilities of management have increased significantly with the passage of SOX; thus, it should be incorporated into the management program.

Sixty-two percent of the faculty members suggested coverage in finance courses. Finance students should also be familiar with the Act because it is geared solely toward publicly traded companies listed on U.S. stock exchanges. To be familiar with the investments and trading on the exchange, students should have at least a basic knowledge of legal requirements these companies face. Analysts rely on company financial statements and SOX governs, to an extent, the financial reporting of these companies in an attempt to ensure accurate reporting. Forty-two percent of respondents indicated that the Act should be taught in management information systems. Coverage in MIS would be helpful to students since the internal control requirements of Sections 302 and 404 of the Act have created a greater need for information technology within businesses.
Though many MIS majors are not employed by publicly traded companies in an IT department, a general overview of the internal requirements would prove helpful for general business knowledge.

Other suggested business disciplines for SOX coverage were: international business (29%), operations management (14%), marketing (8%), and economics (7%). In the space provided for faculty members to list their other suggestions, responses are as follows:

◊ Business Ethics
◊ Legal / Business Environment courses
◊ International Accounting
◊ Courses dealing with not-for-profits
◊ Strategic Management

**Question 6: Suggested pedagogies for incorporation of SOX into other business disciplines.**

*Given your response to number 5, what pedagogies would you suggest using to incorporate SOX into these types of courses?*

A. Required reading material (textbooks, articles, white papers, etc.)
B. Students research and write individual papers or cases
C. Students work in groups to research, prepare papers/oral presentations
D. Suggested or supplemental reading material
E. Lecture only
F. Other (please specify)_________________________________________

Faculty responded to this question in much the same way as they did to question three (Pedagogies Currently Used for SOX Coverage). Again, required reading material was
the most chosen pedagogy with 85% of respondents listing it as a suggested teaching method. The same percentage of faculty suggested a required research paper on the topic for other business disciplines as those indicating that they assigned a required research paper in their accounting programs. Group research (38%) and suggested reading (41%) were more popular suggestions for other business disciplines compared to the 27% and 29%, respectively, of respondents indicating such assignments in their accounting programs. The percentage of faculty members suggesting the use of lecture (22%) was approximately equal to those indicating the use of lecture in their own accounting programs. Faculty members were offered the option of inserting their own suggestions, and many did. Responses included the following:

◊ Company visit
◊ Practitioner display of SOX software use
◊ Studying cases and showing videos during class
◊ “It doesn’t matter as long as the material is covered.”
◊ Lecture or seminar conducted by visiting professional

**Question 7: Future sources for SOX related information**

*Once students leave your university, what do you think will be their best source for Sarbanes-Oxley information?*

A. Internet
B. CPE/seminars
C. State Societies and Accounting Associations
D. Books
E. Colleagues
F. Trade magazines
G. TV
H. Newspaper
I. Other (please specify)__________________________________
Respondents overwhelmingly believe (63%) that students will gain knowledge and information on the Act through CPE courses and seminars. The number of seminars on the topic has significantly increased in the past years, thus providing much more information to professionals in a variety of forms. Societies and associations (31%) and the Internet (30%) were the second and third most chosen mediums among those listed. The Internet offers a wealth of current and updated information about the Act, including implementation aids and suggestions for reforms. State societies and associations frequently publish information that is helpful for practitioners. Material on SOX and its implementation, as well as tips and suggestions, are broadly discussed in the publications of state societies and associations. Predictions on the use of other media were as follows: books (6%), colleagues (13%), trade magazines (15%), TV (1%), and newspapers (6%).

Again, the survey included space for faculty to make their own suggestions. Responses included:

- Firm training and materials / on-the-job training
- CPA firms and resources
- SEC publications / PCAOB pronouncements / Audit institute publications
- Webcasts
- Updates from electronic subscription services
- Practice guides
- Fraud examiner publications
- Publications issued by “The Big Four”
Implications of the Research on Education

Accounting education is being forced to adapt to the ever-changing business environment. The Sarbanes-Oxley Act will have been in effect for four years in July of 2006. The Act has had ample time to saturate the business arena, and evidence shows that it is making its way into academia as well. However, though most professors noted coverage of the Act, the majority of classes in which the topic was covered indicated only light coverage. Only a few schools out of the 245 respondents noted heavy coverage or a class solely devoted to the Sarbanes-Oxley Act. While a class of its own may not be a necessity, the Act deserves more coverage in the classroom, as indicated by the results of this research. The majority of faculty members noted that they currently incorporate SOX into their classrooms by requiring students to read written material about the topic. Others indicated that they simply suggest reading to their students.

Accounting majors today enter all types of professional careers in the business arena. A large part of daily life in the professional world involves interacting with others, whether with clients, co-workers, or simply other practitioners. Since accounting programs, in general, do not place as much focus on interpersonal skills as programs such as management and marketing do, accounting majors are often criticized for an inability to effectively deal with people. Though the perception of accountants as “number-crunchers” is slowly dissolving, accounting academic programs can assist this change while presenting excellent opportunities for students to learn how to more effectively
interact with others. Group work and presentation would assist in developing interpersonal skills as well as public speaking techniques. Required research on the Sarbanes-Oxley Act would effectively make students aware of the resources available for information while ensuring their performance and comprehension of the material.

Coverage of the specific application of SOX material to audits and publicly traded corporations can be left to employer training programs. Upon graduation, accounting students should be familiar with the Act itself, the implications of the Act, its effects on the general business arena, and its potential repercussions in their accounting or business careers. Though the Sarbanes-Oxley Act will most likely undergo further revision, its importance in today’s business environment cannot be undermined. Students must have a working knowledge of the Act to understand the current provisions and be able to apply the likely upcoming changes in the law.

References


