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Investor Confidence in Public Accounting Act of 2002

Congress: 107 (2001–2003, Ended)

Chamber: Senate

Policy Area: Finance and Financial Sector

Introduced: Mar 8, 2002

Current Status: Read twice and referred to the Committee on Banking, Housing, and Urban Affairs.

Latest Action: Read twice and referred to the Committee on Banking, Housing, and Urban Affairs. (Mar 8, 2002)

Official Text: <https://www.congress.gov/bill/107th-congress/senate-bill/2004>

Sponsor

Name: Sen. Dodd, Christopher J. [D-CT]

Party: Democratic • State: CT • Chamber: Senate

Cosponsors (4 total)

Cosponsor	Party / State	Role	Date Joined
Sen. Boxer, Barbara [D-CA]	D · CA		Mar 8, 2002
Sen. Corzine, Jon S. [D-NJ]	D · NJ		Mar 8, 2002
Sen. Johnson, Tim [D-SD]	D · SD		Mar 8, 2002
Sen. Stabenow, Debbie [D-MI]	D · MI		Mar 8, 2002

Committee Activity

Committee	Chamber	Activity	Date
Banking, Housing, and Urban Affairs Committee	Senate	Referred To	Mar 8, 2002

Subjects & Policy Tags

Policy Area:

Finance and Financial Sector

Related Bills

No related bills are listed.

Investor Confidence in Public Accounting Act of 2002 Directs the Securities and Exchange Commission (SEC) to designate an Independent Public Accounting Board (IPAB), subject to SEC oversight, which shall exercise regulatory jurisdiction over public accounting firms.

Directs IPAB to: (1) establish and enforce auditor quality control and auditing standards to be used by registered independent public accounting firms (RIPA firm); (2) assess periodically RIPA firm compliance; and (3) establish record retention criteria.

Amends the Securities Exchange Act of 1934 to prohibit RIPA firms from conducting specified non-audit services for a securities issuer contemporaneously with either: (1) auditing the issuer; or (2) receiving general revenues from it.

Prohibits a RIPA firm from performing auditing services for an issuer if any management-level personnel of that issuer had been an employee of the RIPA during the 2-year period preceding such audit (thereby preventing revolving-door conflicts-of-interest).

Sets forth procedures for: (1) mandatory registration of RIPA firms with IPAB; and (2) IPAB investigations and disciplinary proceedings.

Directs the SEC to recognize generally accepted accounting principles established by a U.S. standard setting body that meets prescribed criteria.

Makes it unlawful for any officer, director, or affiliated person of an issuer registered with the SEC to make material misrepresentations to a RIPA.

Increases the number of SEC professional accountant positions to provide enhanced oversight of auditors and auditing services.

Instructs the SEC to require issuers to submit periodic financial disclosures pertaining to transactions and relationships: (1) likely to expose the issuer to liability or impaired financial status; and (2) necessary for an understanding of their business purpose and economic substance.

Mandates prompt electronic disclosure of affiliate transactions.

Directs the SEC to submit recommendations to IPAB regarding: (1) the treatment of stock options; and (2) the consolidation and disclosure of special purpose entities and similar types of affiliates or related parties under IPAB accounting standards.

Actions Timeline

- **Mar 8, 2002:** Introduced in Senate
- **Mar 8, 2002:** Read twice and referred to the Committee on Banking, Housing, and Urban Affairs.
- **Jan 23, 2002:** Sponsor introductory remarks on measure. (CR S8-10)