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About the POB

American Institute of Certified Public Accountants. SEC Practice Section. Public Oversight Board

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About the POB

The Public Oversight Board (POB) is the cornerstone of the self-regulatory system that oversees the accounting profession in the United States. The POB exists to help assure regulators, investors and the public at large that audited financial statements of public corporations can be relied upon to provide an accurate picture of the financial health of those companies.

The POB was created in 1977 as an independent private sector body charged with overseeing and reporting on the programs of the SEC Practice Section (SECPs), also created in 1977 by the American Institute of Certified Public Accountants. The SECPs is composed of accounting firms that audit the financial statements of some 17,000 public corporations that file reports with the Securities and Exchange Commission. The SECPs establishes quality control requirements for member firms. In this regard, it requires that each member firm undergo peer review every three years. It also reviews allegations of audit failure to determine if there is any breakdown in a firm's quality control system.

In February of 2001, a Charter for the POB was announced which strengthens and broadens the Board's oversight of the accounting profession. The Charter authorizes the POB to oversee not only the SEC Practice Section, but also the Auditing Standards Board and the Independence Standards Board.

Funded by dues paid by SECPs members, the POB is autonomous. The five board members represent a broad spectrum of business, professional, regulatory, and legislative experience. Its independence is assured by the power to set its own budget, establish its own operating procedures, and appoint its own members, chairperson, and staff.

The following resolution was passed by the POB on January 20, 2002:

Be it resolved, after due consideration of the importance of effective self-regulation as one aspect of the oversight of the accounting profession, but with recognition of the obstacles to achieving this goal which have been encountered in recent years, and given the proposal of the SEC in consultation with the AICPA and the SEC Practice Section Executive Committee, without input from the Public Oversight Board, to reorganize the self-regulatory structure, the POB intends to terminate its existence pursuant to Section IX of the POB Charter no later than March 31, 2002.

The March 31 date is selected to provide time needed for coordination with the SEC Practice Section and for transitioning important tasks now underway, such as monitoring the implementation of the recommendations of the Panel on Audit Effectiveness; overseeing the Auditing Standards Board, the SEC Practice Section, the Peer Review Committee and the Quality Control Inquiry Committee; conducting the special independence reviews of the Big 5 accounting firms; and, based upon the POBs more than 20 years experience, offering suggestions as to how the existing self-regulatory structure, now rendered largely ineffectual, might be substantially strengthened. The members of the POB believe that its professional staff can be a continuing resource beyond March 31 in assisting in the creation of a new and effective self-regulatory regime.

In order to provide for an orderly transition of its responsibilities, the POB extended the termination date to May 1, 2002, at which time it passed a resolution terminating the POB effective immediately. At that time, the POB members also indicated their preparedness to individually or collectively offer their advice or other assistance in establishing an effective
oversight mechanism in the private sector for the accounting profession that audits public companies.

§ 2003 Public Oversight Board