

Union Calendar No. 103

113TH CONGRESS
1ST SESSION

H. R. 1564

[Report No. 113-142]

To amend the Sarbanes-Oxley Act of 2002 to prohibit the Public Company Accounting Oversight Board from requiring public companies to use specific auditors or require the use of different auditors on a rotating basis.

IN THE HOUSE OF REPRESENTATIVES

APRIL 15, 2013

Mr. HURT (for himself and Mr. MEEKS) introduced the following bill; which was referred to the Committee on Financial Services

JULY 8, 2013

Additional sponsors: Mr. HUIZENGA of Michigan, Mr. ROYCE, Mr. ROSS, Mr. MULVANEY, Mr. BACHUS, Mr. STIVERS, Mr. GARRETT, Mr. LUTKEMEYER, Mr. MURPHY of Florida, Ms. MOORE, Mr. DAVID SCOTT of Georgia, and Mr. PETERS of Michigan

JULY 8, 2013

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in italics]

A BILL

To amend the Sarbanes-Oxley Act of 2002 to prohibit the Public Company Accounting Oversight Board from requiring public companies to use specific auditors or require the use of different auditors on a rotating basis.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Audit Integrity and
5 Job Protection Act”.

6 **SEC. 2. LIMITATION ON AUTHORITY RELATING TO AUDI-**
7 **TORS.**

8 Section 103 of the Sarbanes-Oxley Act of 2002 (15
9 U.S.C. 7213) is amended by adding at the end the fol-
10 lowing:

11 “(e) **LIMITATION ON AUTHORITY.**—The Board shall
12 have no authority under this title to require that audits
13 conducted for a particular issuer in accordance with the
14 standards set forth under this section be conducted by spe-
15 cific auditors, or that such audits be conducted for an
16 issuer by different auditors on a rotating basis.”

17 **SECTION 1. SHORT TITLE.**

18 *This Act may be cited as the “Audit Integrity and Job*
19 *Protection Act”.*

20 **SEC. 2. LIMITATION ON AUTHORITY RELATING TO AUDI-**
21 **TORS.**

22 *Section 103 of the Sarbanes-Oxley Act of 2002 (15*
23 *U.S.C. 7213) is amended by adding at the end the following:*

24 “(e) **LIMITATION ON AUTHORITY.**—*The Board shall*
25 *have no authority under this title to require that audits*

1 *conducted for a particular issuer in accordance with the*
2 *standards set forth under this section be conducted by spe-*
3 *cific auditors, or that such audits be conducted for an issuer*
4 *by different auditors on a rotating basis.”.*

5 **SEC. 3. STUDY OF MANDATORY ROTATION OF REGISTERED**
6 **PUBLIC ACCOUNTING FIRMS.**

7 *(a) STUDY AND REVIEW REQUIRED.—The Comptroller*
8 *General of the United States shall update its November*
9 *2003 report entitled “Study on the Potential Effects of*
10 *Mandatory Audit Firm Rotation”, and review the potential*
11 *effects, including the costs and benefits, of requiring the*
12 *mandatory rotation of registered public accounting firms.*
13 *In addition, the update shall include a study of—*

14 *(1) whether mandatory rotation of registered*
15 *public accounting firms would mitigate against po-*
16 *tential conflicts of interest between public accounting*
17 *firms and issuers;*

18 *(2) whether mandatory rotation of registered*
19 *public accounting firms would impair audit quality*
20 *due to the loss of loss of industry or company-specific*
21 *knowledge gained by a public accounting firm*
22 *through years of experience auditing the issuer; and*

23 *(3) what affect the Sarbanes-Oxley Act of 2002*
24 *has had on registered public accounting firms’ inde-*

1 *pendence and whether additional independence re-*
2 *forms are needed.*

3 *(b) REPORT REQUIRED.—Not later than 1 year after*
4 *the date of enactment of this Act, the Comptroller General*
5 *shall submit a report to the Committee on Banking, Hous-*
6 *ing, and Urban Affairs of the Senate and the Committee*
7 *on Financial Services of the House of Representatives on*
8 *the results of the study and review required by this section.*

9 *(c) DEFINITION.—For purposes of this section, the*
10 *term “mandatory rotation” refers to the imposition of a*
11 *limit on the period of years in which a particular registered*
12 *public accounting firm may be the auditor of record for*
13 *a particular issuer.*

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