

**U.S. Department of the Treasury  
Advisory Committee on the Auditing Profession**

**By-Laws and Operating Procedures**

The following By-Laws and Operating Procedures (the “By-Laws”) will govern the operations of the Department of the Treasury (the “Department”) Advisory Committee on the Auditing Profession (the “Committee”).

**Section I: Purpose, Organization, and Operation.**

The purpose of the Committee is to provide informed advice and recommendations to the Department on the sustainability of a strong and vibrant public company auditing profession. The Committee will consider, among other things, the auditing profession’s ability to cultivate, attract, and retain the human capital necessary to meet developments in the business and financial reporting environment and ensure audit quality for investors; audit market competition and concentration and the impact of the independence and other professional standards on this market and investor confidence; and the organizational structure, financial resources, and communication of the auditing profession. The Secretary of the Treasury (“Secretary”) (or his designee) has determined that the establishment of the Committee is in the public interest. The Committee has been formed under the authority of the Federal Advisory Committee Act, 5 U.S.C. App. 2 §§ 1-16, as amended (“FACA”), which governs the creation and operation of advisory committees by federal agencies, by the filing of its Charter on July 3, 2007 with the Committee on Finance and the Committee on Banking, Housing, and Urban Affairs of the United States Senate and the Committee on Ways and Means and the Committee on Financial Services of the United States House of Representatives. In the event of any inconsistencies between the By-Laws and FACA (including its implementing regulations), the Committee will carry out its Charter in accordance with FACA (including its implementing regulations), as the same may be amended from time to time.

**Section II: Members and Observers.**

The Members of the Committee are appointed by the Department and serve at the sole discretion of the Secretary (or his designee) as may be appropriate for the accomplishment of the Committee’s purposes and in order to balance the viewpoints required to effectively address those purposes. Non-member Observers are invited by the Department to serve as observers of the Committee; they also serve at the sole discretion of the Secretary (or his designee). Observers do not have the right to vote or make a motion for a vote.

**Section III: Meetings.**

**(A) In General.** The Committee will meet at such intervals as are necessary to carry out its duties. Meetings may be called either by the Co-Chairs of the Committee with the approval of the Designated Federal Officer of the Committee

appointed in accordance with FACA (the “DFO”), or by the DFO. The Co-Chairs of the Committee will preside at all meetings of the Committee, unless the Secretary (or his designee) directs the DFO to preside in accordance with FACA. The presiding officer of the Committee may specify the use of rules of parliamentary procedure consistent with the By-Laws. Subject to such reasonable guidelines and procedures as the presiding officer of the Committee may adopt, Members and Observers may participate in a meeting by means of conference telephone or similar communications equipment if all Members and Observers can hear one another at the same time and members of the public entitled to hear them can do so.

**(B) Notice.** The Department will publish a notice of each meeting in the Federal Register at least 15 calendar days before the meeting, unless there are exceptional circumstances in which case the reasons will be included in the Federal Register notice. The notice will include (1) the name of the Committee; (2) the time, date, place, and purpose of the meeting; (3) a copy or summary of the agenda; (4) a statement as to whether all or part of the meeting will be open to the public and, if any part is closed, a statement as to why, citing the specific statutory provision that serve as a basis for closure; (5) any notice required by Section III(F) if oral public comment is to be excluded; and (6) the name and telephone number of the DFO or other Department official who may be contacted for additional information concerning the meeting.

**(C) Agenda.** The Co-Chairs of the Committee will draft an agenda for each meeting of the Committee sufficiently in advance of the meeting to permit a copy or summary of the agenda to be published with the notice of the meeting, if required. The DFO must approve the agenda before publication. The Department staff will distribute the approved agenda to the Members and Observers before each meeting and will make available copies of the agenda to members of the public attending the meeting. Items for the agenda may be submitted to the Co-Chairs through the DFO by any Member or Observer of the Committee or by any member of the public.

**(D) Quorum.** A quorum will consist of a simple majority of the Members (including the Co-Chairs of the Committee) then serving on the Committee, not including Observers.

**(E) Voting.** A Member must attend a Committee meeting either in person or by telephone, to cast a vote. When a decision or recommendation of the Committee is required, the presiding officer will request a motion for a vote. Any Member may make a motion for a vote and vote. No second after a proper motion will be required to bring any issue or recommendation to a vote. Committee action based on a vote requires a simple majority of the votes cast at a meeting at which there is a quorum.

**(F) Open Meetings.** Unless otherwise determined in advance, all meetings of the Committee will be open to the public. Once an open meeting has begun, it may not be closed for any reason. If, during the course of an open meeting, matters inappropriate for public disclosure arise during discussion, the presiding officer will

order such discussion to cease and will schedule the matter for closed session in accordance with FACA. All materials brought before, or presented to, the Committee during an open meeting will be made available to the public for review or copying during the meeting. All such materials also will be made available on the Department's web site as soon as practicable afterwards. The Co-Chairs of the Committee, with the approval of the DFO, may decide in advance to exclude oral public statements during a meeting, in which case the meeting notice published in the Federal Register will invite written statements as an alternative. Members of the public may submit written statements to the Committee at any time.

**(G) Activities Not Subject to Notice and Open Meeting Requirements.** Consistent with FACA regulations, the following activities are excluded from the procedural requirements contained in Sections III(B) and III(F): (a) Preparatory work. Meetings of two or more Committee Members or subcommittee members convened solely to gather information, conduct research, or analyze relevant issues and facts in preparation for a meeting of the Committee, or to draft position papers for deliberation by the Committee; and (b) Administrative work. Meetings of two or more Committee Members or subcommittee members convened solely to discuss administrative matters of the Committee or to receive administrative information from a Federal officer or agency.

**(H) Closed Meetings.** All or parts of meetings of the Committee may be closed in limited circumstances in accordance with applicable law. Requests for closed meetings must be submitted by the DFO to the Secretary (or his designee) under FACA, generally at least 30 days in advance of the publication of the meeting notice in the Federal Register. The appropriate Department official must determine that closing the meeting is consistent with the provisions of the Government in the Sunshine Act. Consistent with Section III(B)(4), the notice of the Committee meeting published in the Federal Register must include information on the closure.

**(I) Hearings.** The Committee may hold hearings to receive testimony or oral comments, recommendations and expressions of concern from the public. The Committee may hold hearings at open meetings or in closed session in accordance with the standards in the By-Laws for closing meetings to the public. The Co-Chairs of the Committee may specify reasonable guidelines and procedures for conducting orderly and efficient hearings, such as requirements for submitting requests to testify and written testimony in advance and placing limitations on the number of persons who may testify and the duration of their testimony.

**(J) Minutes.** The DFO will prepare minutes of each meeting of the Committee and submit them to the Co-Chairs of the Committee for certification of their accuracy. The minutes must be certified by the Co-Chairs of the Committee within 90 calendar days of the meeting to which they relate. The DFO will distribute copies of the certified minutes to each Member and Observer. Minutes of open or closed meetings will be made available to the public, subject to the withholding of matters about which public disclosure would be harmful to the interests of the Government,

industry, or others, and which are exempt from disclosure under the Freedom of Information Act. The minutes will include a record of persons present (including the names of Committee Members and Observers, names of Department and Committee staff providing support services to the Committee, and names of members of the public who presented written or oral statements); a complete and accurate description of the matters discussed and conclusions reached; and copies of all reports or other documents received, issued or approved by the Committee at the meeting.

#### **Section IV: Officials.**

**(A) Co-Chairs.** The Co-Chairs of the Committee are appointed by the Department and serve at the sole discretion of the Secretary (or his designee) to perform the duties specified in the Charter and the By-Laws. The Co-Chairs of the Committee will work with the DFO to establish priorities, identify issues that should be addressed, determine the level and types of staff and financial support required, and serve as the focal point for the Committee's membership.

**(B) Vice Chair.** The Vice Chair of the Committee is appointed by and serves at the sole discretion of the Co-Chairs of the Committee. The Vice Chair will provide assistance to the Co-Chairs of the Committee and will in the absence or incapacity of both of the Co-Chairs will perform the duties of the Co-Chairs as specified in the By-Laws.

**(C) Counselor to the Co-Chairs.** The Counselor to the Co-Chairs of the Committee is appointed by and serves at the sole discretion of the Co-Chairs. The Counselor to the Co-Chairs of the Committee will provide advice and assistance to the Co-Chairs.

**(D) Designated Federal Officer.** The DFO is designated by the Secretary (or his designee) and serves as the Department's agent for matters related to the Committee's activities. Under FACA, the DFO must, among other things, approve or call all meetings of the Committee, approve meeting agendas, attend meetings, and adjourn meetings when he or she determines such adjournment is in the public interest. In addition, the DFO is responsible for providing adequate staff support to the Committee, including staff to assist the DFO and the Co-Chairs of the Committee in the performance of the following functions: (1) notifying Members and Observers of the time and place for each meeting; (2) maintaining the roll; (3) preparing the minutes of all meetings of the Committee and its subcommittees, as required by FACA; (4) attending to official correspondence; (5) maintaining official Committee records, including subcommittee records, as required by law; (6) maintaining a website for the Committee; (7) acting on behalf of the Department to collect, validate and pay all vouchers for pre-approved expenditures of the Committee authorized by law; and (8) preparing and handling all reports, including the annual report of the Committee required by FACA.

**(E) Support Staff.** The Secretary (or his designee) has agreed that staff from the Department's Office of Domestic Finance, and in particular the Office of Financial Institutions, and other offices as necessary, will be available to the DFO to provide adequate staff support for the Committee. The Committee may, with the approval of the DFO, obtain such other staff or advisory or assistance services appropriate to the goals of the Committee.

**Section V: Subcommittees.**

The Co-Chairs of the Committee, with the approval of the DFO, may convene subcommittees to support the Committee's functions and may appoint Members and Observers to, and Chairs of, any subcommittees so convened. The Co-Chairs, the Vice Chair, and the Counselor to the Co-Chairs, will be ex officio members of all subcommittees. Only Members of the Committee will have the right to vote and make a motion for a vote in a subcommittee. No subcommittee will have any authority to provide advice or recommendations (1) directly to the Department or (2) to be adopted by the Committee without discussion or consideration at an open meeting of the Committee. All activities of the subcommittees will be in compliance with FACA.

**Section VI: Steering Committee.**

The Co-Chairs of the Committee, with the approval of the DFO, may convene a Steering Committee to support the Committee's functions and facilitate communication between the Chairs of subcommittees, if established, and the Co-Chairs, the Vice Chair, and the Counselor to the Co-Chairs. No Steering Committee will have any authority to provide advice or recommendations (1) directly to the Department or (2) to be adopted by the Committee without discussion or consideration at an open meeting of the Committee. All activities of the Steering Committee will be in compliance with FACA, as applicable.

**Section VII: Records.**

All documents, reports and other materials prepared by or submitted to the Committee constitute official governmental records and must be maintained and made publicly available in accordance with applicable law.

**Section VIII: Expenses.**

Expenses related to the operation of the Committee that are authorized by law will be borne by the Department. Expenses of any kind must be approved in advance by the DFO.

**Section IX: Amendments.**

The By-Laws may be amended from time to time by the affirmative vote of a majority of the Members (including the Co-Chairs) then serving.