

Administrative Overview, Organization, and Process

Ken Lench, Office of General Counsel
PCAOB SEIAG Meeting
June 15, 2022

STATUTORY AUTHORITY FOR ADVISORY GROUPS

- Section 103 of the Sarbanes-Oxley Act of 2002, as amended (the “Act”)
- Section 101 of the Act
- Section 29-406.25(h) of the D.C. Nonprofit Corporation Act

PCAOB RULE 3700

- Adopted by the Board and approved by the SEC in 2003
- Governs the formation, composition, and role of advisory groups
- Calls for certain ethical duties to apply to advisory groups members

THE SEIAG CHARTER: INTRODUCTION

- Adopted March 29, 2022
- Eighteen sections
- Focus here on key features
- Please be sure to read and refer to the charter itself

THE SEIAG CHARTER: PURPOSE AND DUTIES

- Charter Sections I and III
- Not only to advising on standards, but also on matters other than standards, such as emerging issues, that are of significance to the Board in the pursuit of its mission
- Some overlap with IAG

THE SEIAG CHARTER: MEMBERSHIP

- Charter Sections V through VIII address aspects of membership
- Charter Sections V, VI, VIII, and IX: ethics-related matters
- Under Charter Section VI, membership is personal; and member duties may not be delegated to others
- Charter Section VI establishes the number and qualifications of SEIAG members
- Two cohorts with staggered terms
- Charter Section VI: membership overlap with IAG

SEIAG CHARTER: LEADERSHIP AND AGENDAS

- Charter Sections X through XII address SEIAG leadership, agendas, and meetings
 - The PCAOB's Chief Auditor, who shall not be a member of the SEIAG, is designated as the SEIAG's Chair
 - The SEIAG charter authorizes, but does not require, the Board to appoint a Co-Chair from among the SEIAG's members
- SEIAG Chair's (or Co-Chairs', as the case may be) responsibilities
- Meeting agendas subject to Board approval

SEIAG CHARTER: MEETINGS

- Charter Section XII calls for the activities and meetings generally to be public
 - No expectation of privacy in connection with your participation, which we anticipate will be recorded, made publicly available, and preserved for posterity
- At least two public meetings per calendar year
- Possible additional meetings – public or nonpublic
 - Nonpublic meetings generally closed to the public, but open to SEIAG Members, observers, invited experts, Board Members, and PCAOB staff
- Quorum

SEIAG CHARTER: MEETINGS (CONTINUED)

- Meeting secretary
- Nonpublic information may not be discussed at any public meeting absent advance Board approval
- Experts and observers
- Charter Section XV: Notice for meetings
- Charter Sections XVI & XVII: Voting and applicable procedural rules during meetings

SEIAG CHARTER: SUBCOMMITTEES/TASK FORCES

- Charter Sections XIII and XIV address subcommittees as well as task forces
- Subcommittees – comprised of SEIAG members only
- Task Forces – may include non-SEIAG members

Closing Remarks

