Established by the National Historic Preservation Act, this independent agency functions to improve the effectiveness and coordination of public and private efforts in historic preservation. In the realm of Federal activities it advises on policy, recommends guidelines, and reviews and comments on Federal undertakings which have an impact on significant properties. The Advisory Council consists of 19 members including other agency heads, historic preservation experts, a governor, a mayor, and individuals from the general public, and has staff working in offices for Policy and Program Development and for Cultural Resource Preservation. The Council consults with agencies to help them ensure the goals of historic preservation in their activities, and advises the President and Congress on preservation matters in annual reports and in special reports and studies.

One of the most important functions of the agency is mediating between any Federal agency planning an action which threatens a significant property and a local representative concerned with the potential loss of the property. Under the terms of Section 106 of the National Historic Preservation Act, the Council seeks to negotiate a memorandum of agreement in such cases, setting forth what will be done to reduce or avoid any adverse effects the undertaking will have. The consulting parties are at minimum the Federal agency planning an action, the Council, and the appropriate State Historic Preservation Officer. Current standards and regulations, however, make the mediating function available only when the property is included in or eligible for the National Register of Historic Places. No clear mechanism exists for cases where Federal actions have an impact on intangible cultural resources that are not somehow linked to historic properties.