



# BYLAWS OF THE INSTITUTE OF INTERNAL AUDITORS

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## Article I–Name and Location

**Section 1.** The name of this organization shall be THE INSTITUTE OF INTERNAL AUDITORS, INC., as incorporated in 1941 under the laws of the State of New York.

**Section 2.** “The IIA” as used within these Bylaws shall mean The Institute of Internal Auditors, Inc.

**Section 3. Location.** The location of the principal office of The IIA is Lake Mary, Florida. The principal office may be changed from time to time by action of the Board of Directors (Global Board) of The IIA.

## Article II–Mission

The mission of The Institute of Internal Auditors is to provide dynamic leadership for the global profession of internal auditing. Activities in support of this mission will include, but will not be limited to:

- Advocating and promoting the value that internal audit professionals add to their organizations;
- Providing comprehensive professional educational and development opportunities, standards and other professional practice guidance, and certification programs;
- Researching, disseminating, and promoting to practitioners and stakeholders knowledge concerning internal auditing and its appropriate role in control, risk management, and governance;
- Educating practitioners and other relevant audiences on best practices in internal auditing; and
- Bringing together internal auditors from all countries to share information and experiences.

## Article III–Membership

**Section 1. Membership.** The membership of The Institute of Internal Auditors, Inc., shall consist of: 1) members who may join directly with The IIA, and 2) members who may join through affiliates outside North America.

**Section 2. North American Membership.** A North American Board (NA Board) shall oversee activities of members in North America and have responsibilities as prescribed under Article VII. Affiliates outside North America shall have such responsibilities and privileges as determined by agreements with The IIA as prescribed in Board Policy Manual.

**Section 3. Eligibility and Admission.** Eligibility and admission to membership and criteria for maintaining membership shall be according to the rules established by the Global Board. The NA Board or affiliates outside North America may establish their own rules of eligibility so long as those rules are consistent with those set by Global Board. NA Board or institute rules of eligibility that are different from those established by Global Board must be approved by Global Board.

**Section 4. Disciplinary Policies and Procedures.** Any person may be subject to disciplinary procedures, including censure, suspension, or expulsion, for violation of the Code of Ethics as prescribed by the Global Board.

## **Article IV–Global Board**

**Section 1. The Governing Body.** The governing body of The IIA shall be the Global Board. The Global Board may establish such policies as it deems appropriate to the conduct of its affairs and/or the affairs and operations of The IIA. Such policies shall be recorded in Board Policy Manual. Such policies shall not be in conflict with these Bylaws.

### **Section 2. Composition:**

- a. The Global Board of The IIA shall be composed of:
  - 4 Officers as noted in Article V, Section 1;
  - 4 North American Directors;
  - 5 Directors from outside North America;
  - 2 Directors-at-large;
  - 1 Ex-officio Director who is the Chairman of the Audit Committee; and
  - 1 Ex-officio Director who is the Chief Executive Officer (CEO).

*Ex-officio Directors* are defined as voting Directors who hold office by virtue of the fact that they have been appointed or elected to a position that includes a seat on the Global Board.

- b. **Certification.** At least twelve (12) Directors of the Global Board, excluding the CEO, must be Certified Internal Auditors.
- c. The Global Board will always be comprised of no fewer than six (6) outside North American members and six (6) North American members, excluding the CEO.
- d. All Directors, except Officers as designated in Article V, Section 1, and Ex-officio Directors, will serve for two-year terms and may be re-elected to additional terms as prescribed in Board Policy Manual.

- e. At least five (5) Directors will be selected from the ten (10) largest affiliates as may be prescribed by the Global Board and as stated in Board Policy Manual.

**Section 3. Meetings of Global Board.** The Global Board shall meet at least twice annually at such times and places as it may elect. Special meetings of the Global Board may be called by the Chairman of Global Board at any time and must be called to occur within thirty (30) days upon petition of five (5) or more Directors. Meetings may take place in person or by teleconference, videoconference, or other means by which all Directors are in audible contact.

**Section 4. Quorum.** At meetings of the Global Board, twelve (12) members shall constitute a quorum. Any act of two-thirds of the Directors present or participating as noted in Section 3 at a meeting where a quorum is present shall be a valid act of the Global Board unless a greater proportion is required by law or these Bylaws.

**Section 5. Special Votes.** Any action that could be taken at a meeting of the Global Board may be taken through electronic means if every Global Board member responds and the vote is unanimous. Telephonic votes may be accomplished by a quorum, provided that all members present to vote are in audible contact during the meeting.

**Section 6. Notice of Meetings.** Notice of meetings of the Global Board shall be sent at least thirty (30) days prior to each regular meeting or ten (10) days prior to each special meeting. Such notice may be by mail or by electronic method. Such notice shall be deemed to be delivered when deposited in the United States mail or posted electronically.

**Section 7. Compensation.** Directors who are not members of The IIA prior to the start of their term may receive such reasonable compensation for service as a Director as may be fixed from time to time by the Global Board. All Directors may be reimbursed for reasonable expenses incurred in the performance of their duties as a Director.

**Section 8. Finance.**

Fiscal Period: The Global Board shall prescribe the fiscal year of The IIA.

Audit and Reporting: The Global Board shall, for each fiscal year, appoint a certified public accounting firm to express an opinion on the financial statements of The IIA. The financial statements of The IIA and the report of the auditors for each fiscal year shall be published for the information of the membership.



## Article V–Officers

**Section 1. Officers.** The Officers of the Global Board shall be the Chairman, Senior Vice Chairman, Immediate Past Chairman, and Vice Chairman-Finance. Officers will not hold more than one office at a time. All Officers must be Certified Internal Auditors.

**Section 2. Chairman of Global Board.** The Chairman of the Global Board shall preside at all meetings of the Global Board and shall perform such other duties as may be prescribed by the Global Board and as stated in Board Policy Manual.

**Section 3. Senior Vice Chairman of Global Board.** The Senior Vice Chairman of the Global Board shall succeed the Chairman at the end of the Chairman’s term. The Senior Vice Chairman shall perform the duties of the Chairman in the event of the Chairman’s absence and shall perform such other duties as may be prescribed by the Global Board and as stated in Board Policy Manual.

**Section 4. Vice Chairman-Finance.** The Vice Chairman-Finance shall have such duties and powers as may be prescribed by the Global Board and as stated in Board Policy Manual.

**Section 5. Immediate Past Chairman.** The Immediate Past Chairman shall have such duties and powers as may be prescribed by the Global Board and as stated in Board Policy Manual.

**Section 6. Pro tem Positions.** If, at any meeting of The IIA or the Global Board, the Chairman of Global Board be absent and no one authorized to perform his or her duties be present, a chairperson shall be appointed by a majority vote of the members present and voting.

**Section 7. Chief Executive Officer.** The Chief Executive Officer (CEO) shall be the salaried chief administrative executive of The IIA. The CEO shall be responsible for the operations of The IIA within limitations of the Bylaws and the policies, programs, and budgets approved by the Global Board. The conditions and tenure of employment of the CEO shall be determined by the Global Board, and the CEO shall be accountable to the Global Board. The CEO shall serve at the pleasure of the Global Board. The Global Board may delegate oversight responsibilities for the CEO’s ongoing performance to the Supervisory Committee.

## Article VI—Election, Removal, and Replacement of Officers and Directors

**Section 1. Nominations.** Nominations shall be made by the Global Nominating Committee. In addition, nominations can be made by members, provided such nominations are submitted in writing by no less than one hundred (100) members and received by The IIA CEO at least ninety (90) days prior to the meeting called for the purpose of elections. In the event more than one nominee is proposed for any position, a proxy ballot shall be allowable from each member of The IIA.

**Section 2. Election.** All Officers or Directors shall be elected at an annual meeting of The IIA, shall take office upon election, and shall hold office for the term to which elected unless their terms of office shall terminate or be terminated as provided elsewhere in these Bylaws. The election of any Officer or Director shall be made an order of business at any duly held regular or special meeting following the annual meeting in which members fail to elect such Officer or Director, provided that due timely notice that such action is to be taken shall be given to the members, in writing, in advance of such meeting.

**Section 3. Removal for Cause.** Any Officer or Director can be removed for cause by a two-thirds vote of a quorum of the Global Board, provided such Officer or Director has been granted an opportunity for a hearing before Global Board, as prescribed in Board Policy Manual.

**Section 4. Resignation.** The resignation of any Officer or Director shall be tendered to the Chairman of Global Board.

**Section 5. Vacancy.** If any vacancy shall occur in any office or directorship by reason of death, resignation, or otherwise, the Chairman of Global Board is empowered to fill such office pro tem until The IIA shall elect a member to fill the said vacancy at the next regular or special meeting of the members.

**Section 6. Termination of Membership.** If the membership of any Officer or Director shall terminate or be terminated for any reason, the office shall automatically become vacant. However, the membership of an Officer or Director cannot be terminated by action of Global Board while such member holds an elective office.

**Section 7. Re-election.** Officers and Directors shall be eligible for re-election except that the Chairman of Global Board shall not serve successive terms.

## Article VII–NA Board

**Section 1. NA Board.** The NA Board is a Committee of the Corporation that is established to oversee programs, services, and budget relating to North American members and chapters.

**Section 2. Composition.** Composition of the NA Board and process for selection of Chairman of the NA Board shall be determined by NA Board.

**Section 3. Accountability.** The NA Board is accountable to the Global Board and shall have such authority and responsibility as prescribed by the Global Board or as specified in these Bylaws.

### **Section 4. Duties and Responsibilities.**

(a) The NA Board shall authorize the following transactions, subject to Global Board approval:

- The North American portion of The IIA’s operating budget.
- Approval of changes in membership dues for North American members.
- Funding for capital projects and major programs intended primarily for North American operations.
- The sale, other disposal, or acquisition of property (real and personal property) located in North America by The IIA or any of The IIA’s subsidiaries.
- The partial or total liquidation of the investment portfolio.
- The acquisition, merger, disposal, or licensing of any major program in North America.
- Entry into mergers, joint ventures, partnerships, or other strategic alliances in North America.

(b) The NA Board shall have final review and authority over:

- Changes in the volunteer organizational structure to serve members designated as North American.
- Establishment of sub-committees as needed to address needs of North American members.

**Section 5. Rules.** The NA Board may adopt rules for its own governance not inconsistent with these Bylaws or with rules or guidelines adopted by the Global Board.

## Article VIII–Affiliation Fees and Dues

**Section 1. Affiliation Fees.** The Global Board, at its discretion, may establish rates for annual fees for affiliates and/or members to support global activities.



**Section 2. Dues.** The NA Board, at its discretion, may establish rates for annual dues for all classes of North American membership as described in Article VII, Section 1.

## **Article IX–Global Assembly**

**Section 1. Global Assembly.** The Global Assembly will provide a forum for affiliates to have input to the Global Board on the strategic direction for the profession, and key IIA initiatives, priorities and activities.

**Section 2. Members.** The Global Assembly shall include such representatives as defined by the Global Board.

**Section 3. Meetings.** The Global Assembly shall meet at such dates and times as may be prescribed by the Global Board.

## **Article X–Other Authorities**

**Section 1. Committees.** Establish committees, including:

- (a) Supervisory Committee
- (b) Audit Committee
- (c) Global Nominating Committee

Each committee shall develop a written charter stating the role and responsibility of the committee, which will be approved by the Global Board.

**Section 2. Supervisory Committee.** The Supervisory Committee shall consist of at least the Chairman of Global Board, Senior Vice Chairman, Immediate Past Chairman, Vice Chairman-Finance, NA Board Chairman, and ONA Lead Director. All members of the Supervisory Committee must be Certified Internal Auditors.

The Supervisory Committee shall have authority to take such actions for the Global Board as may be required between meetings of the Global Board, provided such actions are not inconsistent with the Bylaws or Board Policy Manual. The Supervisory Committee shall have the following duties and responsibilities:

- (a) Serve in an advisory capacity for the CEO, providing counsel on emerging issues and initiatives that need a quick response;
- (b) Perform the duties related to compensation, including review of CEO's performance, setting compensation for the CEO, and monitoring staff compensation matters; and
- (c) In general, to perform all duties as may be assigned to it by the Global Board.

**Section 3. Audit Committee.** The Global Board shall appoint an Audit Committee, which shall consist of at least three (3) but no more than five (5) members of the Global Board. The Chairman of the Audit Committee shall be elected by themembership to the Global Board and may not serve The IIA in any other capacity

during the period of appointment. Audit Committee members, during their period of appointment, may not serve as an officer, committee chairman, or staff. The past Chairman of the Global Board shall be ineligible for appointment to the Audit Committee for three (3) years after leaving the Supervisory Committee.

The Audit Committee shall have the following duties and responsibilities:

- (a) Annually retaining or renewing an independent auditor for approval by the Global Board; and
- (b) Such other responsibilities as prescribed in the Audit Committee charter.

**Section 4. Global Nominating Committee.** The Global Board shall appoint a Global Nominating Committee as may be prescribed by the Global Board and as stated in Board Policy Manual.

The Global Nominating Committee shall have the following duties and responsibilities:

- (a) Establish the process for nominating and assessing candidates, and
- (b) Prepare a list of nominees for election as Directors and Officers and submit said list to The IIA in time for issuance to the members of The IIA at least one hundred twenty (120) days in advance of the date of the annual or special meeting.

**Section 5. Other Committees.** The Global Board is authorized to establish and dismantle such other committees, special committees, task forces, or ad hoc committees from time to time as the Global Board shall deem appropriate. The Global Board shall have the authority to approve committee charters and such amendments as may be proposed by the committee or the Global Board from time to time. The membership of such committees shall consist of persons appointed by the Chairman of the Global Board, elected by the Global Board, or elected by the members.

**Section 6. Appointments.** The Global Board is authorized to appoint a President who may also serve as CEO. The President may be salaried and shall have such duties and powers as may be prescribed by the Global Board and as stated in Board Policy Manual.

**Section 7. Quorum on Committees.** A majority of each committee shall constitute a quorum thereof except for the Global Nominating Committee, a quorum of which will not be less than 80 percent of the members.

## **Article XI—Membership Meetings**

**Section 1. Annual Meeting.** The annual meeting of The IIA shall be held at such place and on such dates as may be determined by the Global Board. Should Global Board fail to fix a time and place for any annual meeting within a period of nine (9) months after the last annual meeting, the Chairman of Global Board shall fix such time and place. Notice of the meeting shall be communicated not less than ten (10) nor more than fifty (50) days before the date of the meeting to each member entitled to vote at such meeting.

The quorum at the annual meeting shall be one hundred (100) members who may vote in person or by proxy.

**Section 2. Special Membership Meetings.** Special membership meetings may be called by the Global Board at any time. The business to be transacted at any special meeting shall be stated in the notice thereof, and communicated to each member entitled to vote not less than ten (10) nor more than fifty (50) days before the date of the meeting.

The quorum at all special membership meetings shall be one hundred (100) members who may vote in person or by proxy.

**Section 3. Voting.** All classes of membership as defined in Board Policy Manual can vote at membership meetings. Unless otherwise specifically provided by these Bylaws, a majority vote of those eligible members present and voting shall govern.

## **Article XII—Rules of Procedure at Meetings**

**Section 1. Rules of Procedure.** The rules of procedure at meetings of The IIA, of the Global Board, and of committees shall be according to Robert’s Rules of Order (Revised) so far as applicable and when not inconsistent with these Bylaws.

**Section 2. Suspension of Rules.** The rules of procedure may be suspended by two-thirds vote of those present and voting at any meeting.

## **Article XIII—Organization**

**Section 1. The Global Board.** The Global Board shall provide for organizational groups such as chapters, institutes, affiliates, or other organizational structures as prescribed in Board Policy Manual.

**Section 2. Affiliated Groups.** The Global Board shall authorize institutes, chapters, affiliates, or such other groups outside the United States and Canada in an affiliated relationship as it may prescribe.

**Section 3. Financial Responsibility.** The IIA shall not be financially responsible for the conduct or any activities of chapters or other affiliates of The IIA except as stated in Board Policy Manual. No region, chapter, institute, or other affiliate, or member shall have authority to pledge the credit of The IIA except as specifically authorized by the Global Board.

## **Article XIV–Interpretation and Amendment of Bylaws**

**Section 1. Interpretation.** All questions of interpretation of the Bylaws shall be decided by the Global Board.

**Section 2. Amendment.** Amendment of the Bylaws of The IIA may be proposed at an annual or special meeting or at a meeting of the Global Board. If approved by a majority vote of the members present at these meetings, each proposed amendment to the Bylaws shall be submitted to all members of The IIA for their vote at a meeting duly called; and if approved by a majority of the members voting (in person or by proxy), it shall then be declared by the Chairman of Global Board to be effective.

## **Article XV–Seal of The IIA**

**Section 1. Seal.** The Global Board shall select a seal for The IIA in such form and design as it may choose. The seal shall bear the name: THE INSTITUTE OF INTERNAL AUDITORS, INC.

## **Article XVI–Limitation on Liabilities and Indemnification**

**Section 1. Liabilities and Indemnification.** Nothing herein shall constitute members of The IIA as partners for any purpose. No member, officer, agent, or employee of this organization shall be liable for the acts or failure to act on the part of any other member, officer, agent, or employee of The IIA. Nor shall members, officers, agents, or employees be liable for their acts or failure to act under these Bylaws, excepting only acts or omissions to act arising out of their willful misfeasance.

**Section 2. Officers or Directors.** Officers or Directors of The IIA or former Officers or Directors of The IIA shall be reimbursed against the reasonable expenses actually and necessarily incurred in connection with the defense of any action, suit, or proceeding in which they or any of them are made parties, or a party, by reason of having been Directors or Officers of The IIA except in relation to matters as to which such Directors or Officers or former Directors or Officers shall be adjudged in such

action, suits, or proceeding to be liable for gross negligence or misconduct in the performance of duty and to such matters as shall be settled by agreement predicated on the existence of such liability.

## **Article XVII–Dissolution**

**Section 1. Dissolution.** The IIA shall use its funds only to accomplish the objectives and purposes specified in these Bylaws. No part of said funds shall inure, or be distributed to the members of The IIA. On dissolution of The IIA, any funds remaining shall be distributed, as directed by the Global Board or the Supervisory Committee acting on behalf of Global Board, to one or more regularly organized and qualified professional, educational, scientific, or philanthropic organizations which have a similar purpose as The IIA.