

## Bylaws Changes for Membership Approval As of October 20, 2017

### General Comments:

1. Proposed changes to The IIA's global governance structure were submitted to The IIA membership via an online survey in September/October 2017 and strongly endorsed. The changes to the Bylaws are in conformance with the endorsed governance structure and were recommended by the Board of Directors in 2017 for approval by The IIA membership.
2. The proposed Bylaws, if approved, will be effective with the election of the Global Board in July 2019, although certain provisions and procedures will be instituted prior to that date in order to effectively transition to the new structure.
3. In order to provide consistency with current terminology used by The IIA, the following changes were made throughout the document and are not highlighted in the changes:
  - a. All references to The Institute, meaning The Institute of Internal Auditors, Inc., are changed to The IIA.
  - b. All references to the Board of Directors or the Board in reference to the Board of Directors are changed to Global Board.
  - c. All references to the North American Board or NAB are changed to NA Board.
  - d. References to the President and Chief Executive Officer (CEO) are changed to the Chief Executive Officer (CEO).
  - e. References to the Global Council are changed to the Global Assembly.
  - f. Section numbers and cross references will be updated to match the proposed changes.

While the Bylaws provide membership with assurance as to the key principles for conduct of business, procedural items have been relegated to the Global Board, which is elected by the membership.

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<b>I</b>	<b>Name and Location</b>	
<b>I.3</b>	<b>Section 3. Location.</b> The location of the principal office of The IIA is <del>Altamonte Springs</del> <b>Lake Mary, Florida.</b> The principal office may be changed from time to time by action of the Global Board of The IIA.	Administrative: The IIA recently moved its HQ to Lake Mary FL, USA.
<b>III</b>	<b>Membership</b>	
<b>III.1</b>	<b>Section 1. Membership.</b> The membership of The IIA shall consist of: 1) members who may join directly with The IIA, and 2) members who may join through affiliates outside North America. <del>that shall report such members and transmit affiliation fees on their behalf. The Board shall define as necessary other classes of membership in IIA, Inc.</del>	Membership for members outside NA is defined by the master relationship agreements.
<b>III.2</b>	<b>Section 2. North American Membership.</b> 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 <del>such as chapters or institutes</del> shall have such responsibilities and privileges as determined by agreements with The IIA as prescribed in the Board Policy Manual.	Clarifying for current affiliate model.
<b>III.4</b>	<del>Section 4. Privileges of Membership: Service as an officer or director of The IIA shall be restricted to those who are eligible to vote as provided in Article XI of these Bylaws and who are Certified Internal Auditors (or CIA equivalent as recognized by the Professional Certifications Board). When permitted by IIA affiliate Bylaws, all classes of membership may vote in local matters and hold local office.</del>	Requirements for CIA designation are included in Article IV.
<b>III.5</b>	<del>Section 5. Termination: If any member shall fail to pay required dues or assessments or other obligations to The IIA, membership in The IIA will be terminated. Members joining through affiliates outside North America will have their membership terminated should their affiliate fail to pay required fees, assessments, or other obligations to The Institute.</del>	Procedures will be transferred to the Board Policy Manual approved by the Global Board.
<b>III.6</b>	<del>The process for handling and resolving ethical complaints, including the appeal process is covered by Administrative Directive No. 5.</del>	Procedures will be transferred to the Board Policy Manual approved by the Global Board.
<b>III.7</b>	<del>Section 7. Reinstatement: A person whose membership, IIA professional designation, or eligibility to become certified has been suspended or revoked may apply, at a future date, to the Professional Responsibility and Ethics Committee for</del>	Procedures will be transferred to the Board

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	<del>reinstatement. The Professional Responsibility and Ethics Committee shall determine whether reinstatement will be granted and, if so, when and what conditions, if any, will apply.</del>	Policy Manual approved by the Global Board.
<b>IV</b>	<b>Global Board</b>	
<b>IV.2.a</b>	<p>The Global Board shall be composed of:</p> <p>Officers as noted in Article V, Section 1.</p> <ul style="list-style-type: none"> <li><del>• 2 Past Chairmen of the Board.</del></li> <li><del>• 10 North American Directors.</del></li> <li><del>• 10 Directors from Affiliates outside North America in accordance with Article IV, Section 2.d.</del></li> <li><del>• 6 Directors at large as prescribed by the Board of Directors.</del></li> <li>• 4 Officers as noted in Article V, Section 1.</li> <li>• 4 North American Directors.</li> <li>• 5 Directors from Affiliates outside North America in accordance with Article IV, Section 2.d.</li> <li>• 2 Directors-at-large.</li> <li>• 1 Ex-officio Director who is the Chairman of the Audit Committee.</li> <li>• 1 Ex-officio Director who is The IIA's Chief Executive Officer.</li> </ul> <p><i>Ex-officio directors</i> 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.</p>	The Global Board will be reduced in size from 38 to 17 members in order to enhance accountability and streamline decision-making.
<b>NEW</b>	<b>Certification.</b> At least 12 Directors of the Global Board, excluding the CEO, must be Certified Internal Auditors.	75 percent of the Global Board must be CIAs, allowing for potential directors from outside the profession or other experts.
<b>IV.2.b</b>	<del>North American members will always comprise at least 40 percent of the total number of Board members, or 16 Directors, excluding the IIA President.</del> 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.	The change assures global diversity on the Board.
<b>IV.2.d</b>	<del>Affiliates from which directors are nominated for the Board will be selected by a process as specified in the Board Policy Manual. IN order for a director to be nominated or remain on the Board, the affiliate that they represent must be current in all finances and reporting with IIA.</del> At least 5 Directors will be selected from the 10 largest affiliates as may be prescribed by the Global Board and as stated in the Board Policy Manual.	With a smaller Board, only 5 of the 10 largest institutes will be guaranteed seats, with selection to be made by the Global Nominating Committee.
<b>IV.4</b>	<b>Section 4. Quorum.</b> At meetings of the Global Board, <del>26 members</del> 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 <i>Bylaws</i> .	Change reflects the smaller Board, with the continued requirement that 2/3 of the Board constitute a quorum.
<b>IV.5</b>	<b>Section 5. Special Votes.</b> <del>The Chairman of the Board may call special votes or resolutions either by mail or electronically, provided that every Board member responds and the vote is unanimous.</del> 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.	Administrative: Updated for clarification.
<b>IV.7</b>	<b>Section 78. Compensation.</b> <del>Members of the Board of Directors of The Institute shall receive no salaries for their services.</del> 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.	Special consultants may be added to the Board in exceptional situations as prescribed by the Board. All Board members will be

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	<del>However, they</del> All Directors may be reimbursed for reasonable expenses incurred in the performance of their duties as a Director.	members of The IIA during their term of office.
<b>V</b>	<b>Officers</b>	
<b>V.1</b>	<p><del>Section 1. General.</del> The officers shall be a Chairman of the Board, a Senior Vice Chairman of the Board, and a number of Vice Chairmen of the Board to be determined by the Board of Directors.</p> <p><b>Section 1. Officers.</b> The officers of the Global Board shall be the Chairman, Senior Vice Chairman, Immediate Past Chairman, and Vice Chairman-Finance. No person shall hold more than one office at a time. Officers will not hold more than one office at a time.</p> <p>Officers shall be elected for a one year term.</p> <p>All Officers must be Certified Internal Auditors.</p>	The number of officers are reduced in accordance with the smaller Board. While up to 4 non-CIAs may be elected to the Board, all officers must be CIAs.
<b>V.2</b>	<p><b>Section 2. Chairman of the Global Board.</b> 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 <del>be the chief elective officer of The IIA and, when present, shall preside at all meetings of The IIA, of the Global Board, and of the Supervisory Committee; and shall be a member ex officio, with a right to vote, of all other committees except the Audit Committee; and the NA Board; and shall have such duties and powers as may be prescribed by the Global Board and as stated in the Board Policy Manual.</del></p>	Responsibilities will be prescribed in the Board Policy Manual.
<b>V.3</b>	<p><b>Section 3. Senior Vice Chairman of the Board.</b></p> <p><del>The Senior Vice Chairman of the Board shall perform the duties of the Chairman of the Board in the event of the Chairman's absence or disability. The Senior Vice Chairman of the Board shall, upon the completion of the Chairman's term of office or vacancy in the position of Chairman, succeed as Chairman of the Board. Subject to remaining a member in good standing, the Senior Vice Chairman shall have such duties and powers as may be prescribed by the Board of Directors and as stated in the Board Policy Manual.</del></p> <p>The Senior Vice Chairman of the Global Board shall <del>become successor to</del> 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 the Board Policy Manual.</p>	Responsibilities will be prescribed in the Board Policy Manual.
<b>V.4</b>	<del><b>Other Officers: Each Vice Chairman of the Board shall have such duties and powers as may be prescribed by the Board of Directors and as stated in the Board Policy Manual.</b></del>	There will be only one Vice Chairman – see new section below.
<b>NEW</b>	<b>Section 4. Vice Chairman-Finance.</b> The Vice Chairman-Finance shall have such duties and powers as may be prescribed by the Global Board and as stated in the Board Policy Manual.	Recognizes new Vice Chairman role.
<b>NEW</b>	<b>Section 5. Immediate Past Chairman.</b> The Immediate Past Chairman shall have such duties and powers as may be prescribed by the Global Board and as stated in the Board Policy Manual.	Included to cover the Immediate Past Chairman as an officer.
<b>V.5</b>	<del><b>Section 5.</b> The elected officers are members of the Board of Directors.</del>	Covered under section 5.1.
<b>V.7</b>	<p><del><b>Chief Executive Officer:</b></del> 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.</p> <p><del>The CEO shall serve as ex officio member of the Board of Directors.</del></p> <p>The conditions and tenure of employment of the CEO shall be determined by the <del>Executive Committee, representing the Global Board,</del> Global Board, and the CEO shall be accountable to the <del>Executive Committee</del> Global Board. The CEO shall serve at the pleasure of the <del>Executive Committee of the Board of Directors</del> Global Board.</p>	Clarifies relationship between the CEO and the Global Board.

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	The Global Board may delegate oversight responsibilities for the CEO's ongoing performance to the <b>Supervisory Committee</b> .	
<b>VII</b>	<del>North American Board</del> <b>NA Board</b>	
<b>VII.1</b>	<b>Section 1. NA Board.</b> The <del>North American</del> NA Board is a committee of the corporation <del>that is</del> established to oversee programs, services, and budget relating to North American members and chapters. <del>North American members are those who pay dues directly to The IIA. North American affiliates such as chapters are those whose members pay dues directly to The IIA or that may be designated as such by the Global Board.</del>	Add Section title.
<b>VII.3</b>	<b>Section 3. Accountability.</b> The NA Board is accountable to the Global Board and shall have such authority and responsibility as prescribed by the Global or as specified in these Bylaws.	Add Section title.
<b>VII.4 and VII.5</b>	<b>Section 4. Duties and Responsibilities.</b> (a) The NA Board shall authorize the following transactions, subject to Global Board approval: <ul style="list-style-type: none"> <li>• The North American portion of The IIA's operating budget.</li> <li>• Approval of changes in membership dues for North American members.</li> <li>• Funding for capital projects and major programs intended primarily for North American Operations.</li> <li>• 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.</li> <li>• The partial or total liquidation of the investment portfolio.</li> <li>• The acquisition, merger, disposal, or licensing of any major <del>IIA</del> program in North America.</li> <li>• Entry into mergers, joint ventures, partnerships, or other strategic alliances in North America.</li> </ul> (b) The NA Board shall have final review and authority over: <del>the following transactions:</del> <ul style="list-style-type: none"> <li>• Changes in the volunteer organizational structure to serve members designated as North American. <del>and recommendations to the Global Nominating Committee for candidates for the 10 North American Directors.</del></li> <li>• Establishment of sub-committees as needed to address needs of North American members.</li> </ul>	Updated for new governance model.
<b>VII.6</b>	<b>Section 5. Rules.</b> 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. <del>has such other duties as may be prescribed in these Bylaws or as stated in its charter.</del>	Administrative: Updated for clarity.
<b>VIII</b>	<del>Affiliation Fees, and Dues, and Assessments</del>	Administrative: Corrected Article title.
<b>IX</b>	<del>Global Council</del> <b>Global Assembly</b>	New Article title under governance model.
<b>IX.1</b>	<del>Section 1. The Global Council shall be formed at the discretion of the Board of Directors and shall provide input into the strategic direction of The Institute and have other responsibilities as may be prescribed in the Board Policy Manual.</del> <b>Section 1. Global Assembly.</b> The Global Assembly will provide a forum for affiliates <del>an opportunity</del> to have input to the Global Board on the <b>strategic direction for the profession, and key IIA initiatives, priorities and activities.</b>	The Global Council will be replaced by the Global Assembly with increased responsibilities as prescribed by the Board of Directors.
<b>IX.3</b>	<b>Meetings.</b> The Global Assembly shall meet at such dates and times as may be prescribed by the Global Board. <del>Affiliates shall be notified at least 120 days before any meeting of the Global Assembly.</del>	The potential for multiple meetings and teleconferences each year may necessitate less lead time.

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<b>X</b>	<b>Other Committees <del>Authorities</del></b>	
<b>X.1</b>	<p><b>Section 1. Committees.</b> Establish committees, including:</p> <ul style="list-style-type: none"> <li>(a) Supervisory Committee</li> <li>(b) Audit Committee</li> <li>(c) Global Nominating Committee</li> </ul> <p>Each committee shall develop a written charter stating the role and responsibility of the committee, which will be approved by the Global Board.</p> <p><del>a. An Executive Committee consisting of the Chairman of the Board, a Senior Vice Chairman of the Board, the Vice Chairmen of the Board, Secretary, Treasurer, the two immediate past Chairmen of the Board, and such other members as may be appointed by the Board of Directors from the members of the Board. The Executive Committee, acting for the Board of Directors, shall maintain continuing surveillance over the operations of The Institute to assure that policies, programs, and other activities authorized by the members and by the Board are being properly executed; consider and act upon all complaints pertaining to The Institute's management; act for the Board between meetings thereof upon matters deemed by the Chairman of the Board to require immediate action excepting such matters as are reserved to the Board by its designation; and act for the Board in any other matters delegated to it by the Board. The Executive Committee shall meet quarterly each year, at such times and places as it may elect and may meet in person or by other means at such other times upon the call of the Chairman of the Board or of any four members of the committee. The committee shall report to the Board at its succeeding meeting any action taken by it subsequent to the last prior meeting of the Board.</del></p> <p><b>Section 2. Supervisory Committee.</b> The Supervisory Committee shall consist of at least the Chairman of the Board, Senior Vice Chairman, Immediate Past Chairman, Vice Chair-Finance, NA Board Chairman, and ONA Lead Director. All members of the Supervisory Committee must be Certified Internal Auditors.</p> <p>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 the Board Policy Manual. The Supervisory Committee shall have the following duties and responsibilities:</p> <ul style="list-style-type: none"> <li>(a) serve in an advisory capacity for the CEO, providing counsel on emerging issues and initiatives that need a quick response;</li> <li>(b) perform the duties related to compensation, including review of CEO's performance, setting compensation for the CEO, and monitoring staff compensation matters; and</li> <li>(c) in general, to perform all duties as may be assigned to it by the Global Board.</li> </ul> <p><b>Section 3. Audit Committee.</b></p> <p><del>An Audit Committee, appointed by the Board of Directors, consisting of at least three but no more than five members of the Board.</del></p> <p>The Global Board shall appoint an Audit Committee, which shall consist of at least three but no more than five members of the Global Board.</p> <p>The Chairman of the Audit Committee shall be elected by the membership 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 <del>IA</del> <b>an</b> officer, committee chairman, or staff. The Chairman and members of the Audit Committee shall be ineligible for nomination <del>to the offices of Chairman of the Board, Senior Vice Chairman of the Board, Vice Chairmen of the Board, Secretary, or Treasurer</del> <b>to serve on the Supervisory Committee</b> for a period of one year after their terms expire. The past Chairman of the Global Board shall be ineligible for appointment to the Audit Committee for three years after leaving the Supervisory Committee. Other <del>Former officers</del> <b>members of the Supervisory</b></p>	<p>Changes reflect proposed governance structure.</p> <p>This is a newly established committee of the Global Board.</p> <p>Audit Committee responsibilities do not change with the new governance model. Changes to this Section are to conform with changes made elsewhere in the bylaws.</p>

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	<p>Note: New wording in Bylaws is highlighted in yellow. Deleted wording is struck through</p> <p><b>Committee</b> shall be ineligible for appointment to the Audit <b>Committee</b> for a period of three years <b>one year</b> after leaving the Executive <b>Supervisory</b> Committee. The Audit committee shall be responsible for fulfilling all such duties normally assigned to Audit Committees for global and North American activities, and such other responsibilities as prescribed in its charter.</p> <p>The Audit Committee shall have the following duties and responsibilities: The Audit committee shall be responsible for</p> <ul style="list-style-type: none"> <li>(a) annually retaining or renewing an independent auditor for approval by the Global Board; and</li> <li>(b) such other responsibilities as prescribed in the Audit Committee charter.</li> </ul> <p><b>Section 4. Global Nominating Committee.</b></p> <p>e. A Global Nominating Committee, appointed by the Board of Directors, shall be composed of three members from North America, three members from outside North America, the Chairman of the Board, and the Immediate Past Chairman of the Board. The Global Board shall appoint a Global Nominating Committee as may be prescribed by the Global Board and as stated in the Board Policy Manual.</p> <p>1) The Nominating Committee shall prepare a list of nominees for election as directors and officers and submit said list to the Secretary in time for issuance to the members of The Institute at least 120 days in advance of the date of the annual or special meeting.</p> <p>2) The Nominating Committee shall select Officers and At Large Affiliate Directors. Nominees for 10 IIA affiliates shall be submitted to the Nominating Committee by those affiliates as determined under Article IV, Section 2d. Nominees for North America shall be submitted to the Nominating Committee by the North American Committee.</p> <p>The Global Nominating Committee shall have the following duties and responsibilities:</p> <ul style="list-style-type: none"> <li>a) establish the process for nominating and assessing candidates, and</li> <li>b) prepare a list of nominees for election as directors and officers and submit said list to The IIA Institute in time for issuance to the members of The IIA Institute at least 120 days in advance of the date of the annual or special meeting.</li> </ul>	<p>The Global Nominating Committee process will become more robust and transparent to ensure an effective, diverse Global Board is nominated.</p>
X.2, X.3, and X.4	<p><del>Section 2. Technical and Special Committees: There shall be such technical and special committees as may be authorized and directed by the Board or by the members in regular or special meetings and approved by the Board.</del></p> <p><del>Section 3. Appointments to Technical and Special Committees: The membership of such committees is to be appointed by the Chairman of the Board, by the Board, or by the members as provided by the resolutions authorizing and directing such committees.</del></p> <p><del>Section 4. Responsibilities of Committees: The committees shall have such duties and powers as may be prescribed by the Board of Directors and as stated in the Board Policy Manual.</del></p> <p><b>Section 5. Other Committees.</b> 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 is to be appointed shall consist of persons appointed by the Chairman of the Global Board, elected by the Global Board, or elected by the members, as provided by the resolutions authorizing and directing such committees.</p>	<p>These changes give the Global Board greater ability to establish long-term and temporary committees to meet the strategic needs of The IIA.</p>

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<b>NEW</b>	<b>Section 6. Appointments.</b> 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 the Board Policy Manual.	The wording permits the Global Board to separate the duties of the President and CEO if desired at a future time.