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The Institute of Internal Auditors (“The Institute” or “The IIA”) is a global organization whose membership is comprised of professional internal auditors and other individuals who work in, or are otherwise interested in, the profession.

In December 2002, the membership of The IIA approved new Bylaws to restructure IIA’s governance. The new governance achieves a more effective globalization strategy by:

- Allowing greater visibility of and attention to the distinct needs of the North American membership and those of the diverse affiliates who have joined in this global alliance, and
- Having a governance process with more global participation in the decision- and direction-setting aspects of The IIA.

The purpose of this Manual is to provide information and guidance to the officers; members of the Board of Directors, international committees, and task forces; and the administrative staff of The Institute.

The Institute has one affiliated organization:

- The IIA Internal Audit Foundation, which is a separate legal entity qualified under Section 501(c)(3) of the Internal Revenue Code. This organization is a tax-exempt, non-profit entity with its own Bylaws, policies and procedures which are not included in this Manual. Its objectives and responsibilities are to solicit research proposals, approve research projects, provide the funding, monitor progress thereon, publish and distribute the results, and other research and academic activities.

From time to time, The Institute also enters into arrangements with other professional organizations. Such agreements may include the establishment of other legal entities. This Manual does not include the policies and procedures governing such arrangements.

There are also separate manuals for the North American Board, affiliate operations, and specific programs such as the International Conference or Academic Relations. There are also Administrative Directives which document guidelines for programs such as certification, CPE, specialty membership sections, etc.

Note that “affiliate” is used throughout this manual to refer to both institutes established outside of North America, and chapters within North America.
ORGANIZATION OF THE MANUAL

For ease of reference, the Manual is divided into six sections as follows:

I. **Bylaws** of The Institute of Internal Auditors

   Similar to the Bylaws of other entities, these comprise the basic framework within which The Institute must operate. As a legal document, amendment of them is a lengthy and expensive process, which is delineated therein. Therefore, it is anticipated changes will be made only to reflect major structural change in the organization or business of The Institute.

II. **Goals and Objectives**

   Goals and Objectives are established by the Board of Directors to reflect the current direction and focus of The Institute. These are generally reviewed on an annual basis by the Executive Committee. The Executive Committee recommends changes to the Board when necessary.

III. **Procedures**

   The procedures section includes policy statements and operating guidelines. They are intended to provide all members and the staff of The Institute with information on how the business of The Institute is conducted.

   Since The Institute is a growing and vibrant organization, modifications to existing and creation of new procedures occur with some degree of frequency. This may be done by the Board of Directors at any regular or special meeting of the Board. For this reason, users of the Manual are encouraged to make certain they have the most current procedures at all times.

IV. **Position Guides**

   This section contains position guides for the officers, President and Chief Executive Officer (President and CEO), Director, Committee Chairman, and Staff Liaison.

V. **Mission Statements** for Committees

   This section contains Committee Mission Statements for the Executive Committee, the Standing Committees and Technical Committees, and other recognized elements of The IIA.

VI. **Reference** Material

   Included herein are several documents of recurring interest and importance to members and staff of The Institute. They include:

   - [Code of Ethics](#)
   - [Frequently Used Terms](#)
   - [Global Budget Process](#)
   - [Investment Policy](#)
   - [Management Control Policy](#)
   - [New Initiatives Submission and Approval Policy](#)

Note: The *International Standards for the Professional Practice of Internal Auditing* can be found on The IIA’s website: [www.globaliia.org](http://www.globaliia.org).
SECTION I

BYLAWS OF THE

INSTITUTE OF INTERNAL AUDITORS
SECTION I. 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 Institute” as used within these Bylaws shall mean The Institute of Internal Auditors, Inc.

Section 3. The location of the principal office of The Institute is Altamonte Springs, Florida. The principal office may be changed from time to time by action of the Board of Directors of The Institute.

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

Section 2. A North American Board shall oversee activities of members in North America and have responsibilities as prescribed under Article VII. Affiliates outside North America such as chapters or institutes shall have such responsibilities and privileges as determined by agreements with the Institute as prescribed in the Board Policy Manual.

Section 3. Eligibility and admission to membership and criteria for maintaining membership shall be according to the rules established by the Board of Directors. The North American Board (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 the Board. NA Board or institute rules of eligibility that are different from those established by the Board must be approved by the Board.

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.

Section 5. Termination: If any member shall fail to pay required dues or assessments or other obligations to The Institute, membership in The Institute 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.

Section 6. 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 Board of Directors. The process for handling and resolving ethical complaints, including the appeal process is covered by Administrative Directive No. 5.

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 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.
ARTICLE IV – BOARD OF DIRECTORS

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

Section 2. Composition:

a. The Board of Directors of The Institute shall be composed of:
   • Officers as noted in Article V, Section 1.
   • 2 Past Chairman of the Board.
   • 10 North American Directors.
   • 10 Directors from Affiliates outside North America in accordance with Article IV, Section 2.d.
   • 6 Directors-at-large as prescribed by the Board of Directors.
   • 1 Ex-officio Director who is the Chairman of the Audit Committee
   • 1 Ex-officio Director who is the IIA President and CEO.

Ex-officio directors are defined as 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 Board of Directors.

b. North American members will always comprise at least 40 percent of the total number of Board members, or 16 Directors, excluding the IIA President.

c. All Directors, except officers as designated in Article V, Section 1, and Ex-Officio Directors, will serve for two-year terms and may be reelected to additional terms as prescribed in the Board Policy Manual.

d. 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.

Section 3. Meetings of the Board: The Board of Directors shall meet at least twice annually at such times and places as it may elect. Special meetings of the Board of Directors may be called by the Chairman of the Board at any time and must be called to occur within 30 days upon petition of five 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 Board of Directors, 26 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 Board of Directors unless a greater proportion is required by law or these Bylaws.

Section 5. Special votes. 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. 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 Board of Directors shall be sent at least thirty days prior to each regular meeting or ten 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: Members of the Board of Directors of The Institute shall receive no salaries for their services. However, they may be reimbursed for expenses incurred in the performance of their duties.

Section 8. Finance:

Fiscal Period: The Board of Directors shall prescribe the fiscal year of The Institute.

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

ARTICLE V – OFFICERS

Section 1. General:

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.
No person shall hold more than one office at a time.

Officers shall be elected for a one-year term.

**Section 2. Chairman of the Board:** The Chairman of the Board shall be the chief elective officer of The Institute and, when present, shall preside at all meetings of The Institute, of the Board of Directors, and of the Executive Committee; and shall be a member ex officio, with a right to vote, of all other committees except the Audit Committee; and the North American Board; and shall have such duties and powers as may be prescribed by the Board of Directors and as stated in the Board Policy Manual.

**Section 3. Senior Vice Chairman of the Board.** 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.

**Section 4. 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.

**Section 5.** The elected officers are members of the Board of Directors.

**Section 6. Pro tem positions:** If, at any meeting of The Institute or the Board of Directors, the Chairman of the 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. President and CEO:** The President and CEO shall be the salaried chief administrative executive of The Institute. The President and CEO shall be responsible for the operations of the headquarters within limitations of the Bylaws and the policies, programs, and budgets approved by the Board of Directors. The President and CEO shall serve as ex-officio member of the Board of Directors. The conditions and tenure of employment of the President and CEO shall be determined by the Executive Committee, representing the Board of Directors, and the President and CEO shall be accountable to the Executive Committee. The President and CEO shall serve at the pleasure of the Executive Committee of the Board of Directors.

**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 100 members and received by The IIA President and CEO at least 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 Institute.

**Section 2. Election:** All officers or directors shall be elected at an annual meeting of The Institute, 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 Board of Directors, provided such officer or director has been granted an opportunity for a hearing before the Board, as prescribed in the Board Policy Manual.

**Section 4. Resignation:** The resignation of any officer or director shall be tendered to the Chairman of the Board.

**Section 5. Vacancy:** If any vacancy shall occur in any office or directorship by reason of death, resignation, or otherwise, the Chairman of the Board is empowered to
fill such office pro tem until The Institute 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 the Board while such member holds an elective office.

Section 7. Reelection: Officers and directors shall be eligible for reelection except that the Chairman of the Board shall not serve successive terms.

ARTICLE VII – NORTH AMERICAN BOARD

Section 1. The North American Board (NA Board) is a Committee of the Corporation established to oversee programs, services, and budget relating to North American members and affiliates. North American members are those who pay dues directly to The Institute. North American affiliates such as chapters and institutes are those whose members pay dues directly to The Institute or that may be designated as such by the Board of Directors.

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

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

Section 4. The NA BOARD shall authorize the following transactions, subject to Board approval:

- The North American portion of The Institute’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 Institute or any of its subsidiaries.
- The partial or total liquidation of the investment portfolio.
- The acquisition, merger, disposal, or licensing of any major IIA program in North America.
- Entry into mergers, joint ventures, partnerships, or other strategic alliances in North America.

Section 5. The NA BOARD shall have final review and authority over the following transactions:

- Changes in the volunteer organizational structure to serve members designated as North American and recommendations to the Global Nominating Committee for candidates for the 10 North American Directors.
- Establishment of sub-committees as needed to address needs of North American members.

Section 6. The NA BOARD has such other duties as may be prescribed in these Bylaws or as stated in its charter.

ARTICLE VIII – AFFILIATION FEES, DUES, AND ASSESSMENTS

Section 1. Affiliation Fees: The Board of Directors, 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 COUNCIL

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.

Section 2. Members: The Global Council shall include such representatives as defined by the Board of Directors.

Section 3. Meetings: The Global Council shall meet at such dates and times as may be prescribed by the Board of Directors. Affiliates shall be notified at least 120 days before any meeting of the Global Council.

ARTICLE X – OTHER COMMITTEES

Section 1. Standing committees and their duties:

An Executive Committee consisting of the Chairman of the Board, a Senior Vice Chairman of the Board, the Vice Chairmen of the Board, 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.

An Audit Committee, appointed by the Board of Directors, consisting of at least three but no more than five members of the Board. The Chairman of the Audit Committee shall be elected by the membership to the Board of Directors and may not serve The Institute in any other capacity during the period of appointment. Committee members, during their period of appointment, may not serve as IIA officer, committee chairman, or staff. The Chairman and members of the Audit Committee shall be ineligible for nomination to the offices of Chairman of the Board, Senior Vice Chairman of the Board, or Vice Chairmen of the Board for a period of one year after their terms expire. Former officers shall be ineligible for appointment to the committee for a period of three years after leaving the Executive 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.

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 Nominating Committee shall prepare a list of nominees for election as directors and officers and submit said list to The Institute 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.

The Global Nominating Committee shall select Officers and At-Large Directors. Nominees for 10 IIA affiliates shall be submitted to the Global Nominating Committee by those affiliates as determined under Article IV, Section 2d. Nominees for North America shall be submitted to the Global Nominating Committee by the North American Board.

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.

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.

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.

Section 5. Removal of Committee Members: Any member of any committee may be removed at the discretion of those appointing such member.

Section 6. 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 Institute shall be held at such place and on such dates as may be determined by the Board of Directors. Should the Board fail to fix a time and place for any annual meeting within a period of nine months after the last annual meeting, the Chairman of the Board shall fix such time and place. Notice of the meeting shall be communicated not less than 10 nor more than 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 100 members who may vote in person or by proxy.

**Section 2. Special Membership Meetings:** Special membership meetings may be called by the Board of Directors 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 10 nor more than 50 days before the date of the meeting.

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

**Section 3. Voting:** All classes of membership as defined in the 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 Institute, of the Board of Directors 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 Board of Directors shall provide for organizational groups such as chapters, institutes, affiliates, or other organizational structures as prescribed in the Board Policy Manual.

**Section 2. Affiliated Groups:** The Board of Directors 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 Institute shall not be financially responsible for the conduct or any activities of chapters or other affiliates of The Institute except as stated in the Board Policy Manual. No region, chapter, institute, or other affiliate, or member shall have authority to pledge the credit of The Institute except as specifically authorized by the Board of Directors.

**ARTICLE XIV – INTERPRETATION AND AMENDMENT OF BYLAWS**

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

**Section 2. Amendment:** Amendment of the Bylaws of The Institute may be proposed at an annual or special meeting or at a meeting of the Board of Directors. 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 Institute 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 the Board to be effective.

**ARTICLE XV – SEAL OF THE INSTITUTE**

**Section 1.** The Board of Directors shall select a seal for The Institute 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.** Nothing herein shall constitute members of The Institute 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 Institute. 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 of The Institute or former officers or directors of The Institute 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 Institute 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. The Institute 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 Institute. On dissolution of The Institute, any funds remaining shall be distributed, as directed by the Board of Directors or the Executive Committee acting on behalf of the Board, to one or more regularly organized and qualified professional, educational, scientific, or philanthropic organizations which have a similar purpose as The Institute.
SECTION II

GOALS AND OBJECTIVES OF THE INSTITUTE OF INTERNAL AUDITORS
SECTION II. GOALS AND OBJECTIVES OF THE INSTITUTE OF INTERNAL AUDITORS

(Note: For Mission, see Bylaws, Article II.)

A. GOALS

The primary goals of The Institute are:

- To serve its members in fulfilling their professional responsibilities, and
- To serve the profession of internal auditing.

B. OBJECTIVES

The primary objectives of The Institute are to be:

1. The recognized authority on internal auditing by:
   - Establishing and maintaining the International Standards for the Professional Practice of Internal Auditing.
   - Establishing and maintaining the Standards for evaluating the quality of internal audit organizations.
   - Researching, disseminating and promoting knowledge and information about internal auditing, internal controls, and related subjects.
   - Maintaining global certification programs for internal auditors.

2. The acknowledged leader of the internal auditing profession by:
   - Identifying and addressing emerging issues which might impact members or the profession.
   - Establishing and communicating the position of The Institute on issues of importance to the members, the profession and The Institute.
   - Promoting the professional practice of internal auditing to members and nonmember constituencies (e.g., management, audit committees, and governments).
   - Maintaining effective relationships with other professional organizations.

3. The principal educator of internal auditors by:
   - Providing high-quality, affordable professional development programs which address the current and emerging needs of the members and the profession.
   - Assisting affiliated organizations in providing effective professional development programs.
   - Creating and distributing educational materials in various media for the continuing education of our members and the profession.
   - Encouraging and assisting colleges and universities in the development of internal audit curricula.

4. A professional organization by:
   - Maintaining a current long-range plan focused on the goals and objectives of The Institute.
   - Maintaining an effective organization structure including:
     - Staff and volunteer groups, and
     - A succession planning system.
   - Ensuring responsiveness to member and nonmember constituencies through effective communication systems.
   - Maintaining a financial strategy to ensure the financial viability of the organization.
SECTION III

PROCEDURES
### SECTION III. PROCEDURES

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A. OFFICERS AND STANDING COMMITTEES (Rev. 12/2015)

1. Executive Committee
   a. Committee Assignments (effective July 2016)

   Responsibilities related to committee activities assigned to the Executive Committee members are:

   1) Chairman – Standing Committees
      • Audit Committee
      • Executive Committee
      • Global Nominating Committee
      • IPPF Oversight Council

   2) Senior Vice Chairman
      • Global Council
      • Academic Relations Committee

   3) Vice Chairman – Global Services
      • Global Professional Development Committee
      • Institute Relations Committee

   4) Vice Chairman – Professional Practices
      • International Internal Audit Standards Board
      • Professional Practices Advisory Council
      • Professional Responsibility and Ethics Committee

   5) Vice Chairman – Professional Certifications
      • Professional Certifications Board
      • Exam Development Committee
      • EHS Certification Advisory Committee

   6) Vice Chairman Professional Guidance
      • Professional Guidance Advisory Council
      • Guidance Development Committee
      • Public Sector Guidance Committee
      • Financial Services Guidance Committee
      • Information Technology Guidance Committee

   7) Vice Chairman – Research
      • IIA Internal Audit Foundation Board of Trustees
      • IIA IAF Committee of Research and Education Advisors
      (Note: VC-Research serves as President of The IIA Internal Audit Foundation)

   8) Vice Chairman – Finance
      • Finance Committee
      • Investment Committee

   9) Past Chairman (ONA)
      • Global Advocacy Committee

10) In addition, one member of the Executive Committee will serve as representative to the NA Board.
b. **Administrative Directives**

Administrative Directives are guidelines on specific IIA programs and operating processes. Responsibility for the approval of new and/or revised Administrative Directives is vested by the Board of Directors in the Executive Committee.

c. **Official Statements**

No member or employee of The Institute shall make official statements on behalf of The Institute except those persons designated by the Board of Directors, such as the Chairman of the Board or the President and CEO. *(See Section IV.A.3.c for further delegation of this authority.)*

d. **Resolution Process**

Amendments to the *Board Policy Manual* may be enacted by the Board of Directors at any regular or special meeting by two-thirds of the Directors voting. Resolutions in appropriate format may be submitted for consideration of the Board by the Executive Committee or any member of the Board of Directors.
B. **COMMITTEES, COUNCILS, AND TASK FORCES**

1. **Committee of the Corporation**
   a. A Committee of the Corporation is established by The IIA Bylaws for specific purposes. It reports to the Board of Directors.
   b. The North American Board (NA Board) is a Committee of the Corporation with authorities as established in the Bylaws or as granted by the Board of Directors. It can be dissolved only by a vote of the membership.
   a. See Section V.T. of this manual for the NA Board charter.

2. **Global Council**
   a. A Global Council established by the Bylaws has the following purpose: “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.”
   b. See Section V.L. of this manual for the Global Council charter.

3. **Advisory Councils**
   a. **Structure**

      Councils shall consist of a Vice Chairman of the Board or the Senior Vice Chairman and the committee chairmen for those committees assigned to them.

   b. **Responsibilities**

      The councils are designed to improve the flow of communication to and from the Board of Directors, Executive Committee and the committees of The Institute. Councils do not have veto power over resolutions and/or funding requests submitted by committees.

   c. **Procedures**

      1) Advisory Council meetings will be held in conjunction with the semi-annual meetings of the Board of Directors and at such other times as required by the Vice Chairman or Senior Vice Chairman.
      
      2) Councils will act to avoid jurisdictional disputes by jointly reviewing committee charters and long range plans.
      
      3) Councils will serve to assist the Vice Chairman or Senior Vice Chairman in the prioritization of committee needs by reviewing resolutions and funding requests prior to their submission to the Executive Committee.
      
      4) A member of The Institute staff will be assigned to each council as staff liaison.
      
      5) Councils will prepare summary reports which the Vice Chairman or Senior Vice Chairman will utilize in communicating to the Executive Committee and/or Board of Directors as appropriate.
4. **Technical Committees**
   
a. **Structure**
   
   Committees, with the exception of standing committees which report directly to the Board, will be grouped into Advisory Councils to facilitate communications. (See Section V.A.3.)
   
b. **Responsibilities**
   
   1) The primary function of the technical committees is to develop and implement programs to achieve the goals and objectives of The Institute. They also provide advice to the headquarters staff.
   
   2) Except as required in the Bylaws or committee charters, there is no prescribed number or frequency of meetings for technical committees. It is expected that technical committees will hold at least two meetings per year in conjunction with the semi-annual meetings of the Board of Directors.
   
c. **Procedures**
   
   1) Rules of procedure for conducting committee meetings shall be according to *Roberts Rules of Order* (Revised).
   
   2) The chairman of each committee shall be responsible to bring projects, programs and proposals to the officer to whom the committee reports. No project or program requiring the expenditure or solicitation of funds shall be undertaken until approved by the Board of Directors or the Executive Committee.
   
   3) The Board of Directors or the Executive Committee shall evaluate the various committee reports, and take appropriate action upon requested projects, programs and proposals.
   
   4) The committee shall provide technical direction to The Institute staff for the development and implementation of approved projects, programs and proposals related to its area of responsibility.
   
   5) Committees and Institute staff are expected to maintain effective communications.

5. **Task Forces**

Task forces may be established by the Chairman of the Board, or on recommendation of the Board of Directors, Executive Committee, the Senior Vice Chairman or a Vice Chairman. Committee chairmen may also establish task forces to complete specific tasks.

a. **Responsibilities**

   1) A task force may be appointed to gather and analyze information and to make recommendations on the specific subject as defined in the charter of the task force.
   
   2) A task force, having fulfilled the charter assigned to it, shall be disbanded.
   
   3) Funding for task forces requires approval of the Chairman of the Board.

b. **Procedures**

   1) Each task force will have a charter specifying its objectives, membership, milestones for project phases, reporting schedule, and budget for funds.
   
   2) Task forces will submit a quarterly activity report to the appropriate officer or committee chairman.
C. MEMBERSHIP AND AFFILIATES

1. Rules of Eligibility for Membership

   a. Background

      1) The Bylaws of The Institute of Internal Auditors provide that the membership therein shall consist of (a) members who may join directly with The Institute, and (b) members who may join through affiliates outside North America that shall report such members and transmit affiliation fees on their behalf.

      2) Due to the cultural and business differences among various countries, The North American Board and institutes may establish their own rules of eligibility so long as those rules are consistent with those set by the Board and in compliance with the terms of institute agreements. NA BOARD or institute rules of eligibility that are different from those established by the Board must be approved by the Board.

   b. Rules of Eligibility for Membership

      1) The IIA is an association of individual members. Membership may include such classes as Member, Educational Member, Student Member, Retired Member, or other classes determined by the institute or the NA Board as beneficial to the overall goals and objectives of The Institute.

      2) All members of an affiliate must also be members of The Institute.

      3) It is recognized that corporate members are the norm in a few areas of the world. While staff of a corporation may participate in the activities of the local institute, only those individual members on record at the Global Headquarters may hold office in the institute, serve on international committees, or vote in IIA matters. Affiliation fees for corporate members may differ from individual fees, if approved by the Board of Directors.

      4) Individuals who possess an active CIA designation or equivalent shall automatically be eligible for full membership (Member) in an affiliate or IIA, Inc.

      5) An applicant to The IIA, for membership or to become a candidate for any IIA certification, must demonstrate good moral character and fitness. The IIA reserves the right to deny membership or candidate status to any applicant who has not demonstrated good moral character and fitness, including providing false or misleading information on their application, being under active investigation, being accused or convicted of a felony or any crime involving moral turpitude, failing to uphold the Code of Ethics, or any other conduct which may reflect poorly on the organization. Any such decision is in the sole and absolute discretion of The IIA.

      Any administrative decisions made by The IIA related to the above may be appealed only to the IIA Global Board Chairman, who may modify any such suspension or denial.

      (rev. 3/2015)

2. Disciplinary Procedures - Members

   a. Responsibility for establishing and administering the disciplinary policies and procedures is vested by the Board of Directors in the Ethics Officer, subject to the approval of the Executive Committee.
b. The Bylaws promulgate that “any person may be subject to disciplinary procedures, including censure, suspension, or expulsion, for violation of the Code of Ethics as prescribed by the Board of Directors.”

c. Should any member, certification/credential holder, or candidate for any IIA certification or credential be under active investigation for any felony (or equivalent), any crime involving moral turpitude, or any other conduct which, in The IIA’s sole discretion, reflects poorly on the organization, The IIA may immediately and temporarily suspend such member, certification/credential holder, or candidate’s status with The IIA until such time that The IIA, in its sole judgment, believes it is appropriate to lift said suspension.

Any administrative decisions made by The IIA related to the above may be appealed only to the IIA Global Board Chairman, who may modify any such suspension or denial.

(rev. 3/2015)

d. The Professional Responsibility and Ethics Committee shall review the disciplinary policies and procedures on a continuing basis and maintain the Administrative Directive-Disciplinary Policies and Procedures. The Committee may examine alleged unethical behavior submitted to it by members, affiliates, committees, or from other investigation and decide on sanctions against IIA members, affiliates and other persons or firms that provide internal audit services.

e. Each institute as well as the North American Board may create and maintain a standing committee to investigate alleged unethical behavior and designate sanctions for unethical conduct of its members.

3. Reinstatement of Membership

a. A person whose membership shall have been terminated by resignation or for nonpayment of dues, assessments, or other indebtedness or who resigned when delinquent in payment of dues may be reinstated within one year after the date of such termination upon written request from such person, accompanied by payment of all arrearage in dues, assessments, or other indebtedness for the year in which his/her membership terminated.

b. A person whose membership shall have been terminated by the institute through which his/her membership fee has not been paid may be reinstated provided the reinstatement is reported by the institute and accompanied by appropriate fees for the year in which his/her membership terminated.

4. Reciprocity of Membership

Some IIA members move from one country to another and wish to transfer their membership from one affiliate to another. To accommodate such members, all institutes are expected to recognize as their member for up to one year any IIA member who relocates to their area and wishes to transfer their membership. The member will be required to resign his/her existing membership and join the new institute within 12 months of relocating. However, the institute should extend membership benefits to transferred members at no charge until expiration of the current annual membership with the former institute.

5. Specialty Groups

The Institute may establish specialty or industry-specific membership sections or other affiliated arrangements as prescribed in the Administrative Directive on specialty and industry groups and as approved by the Executive Committee.

6. Affiliates

Excerpt from Bylaws: Article XIII, Section 1 – “The Board of Directors shall provide for organizational groups such as chapters, institutes, or other organizational structures as prescribed in the Board Policy Manual.”

a. Requirements of All Affiliates:
1) Adopt as an affiliate The Institute’s Code of Ethics and the International Standards for the Professional Practice of Internal Auditing.

2) Provide The IIA with a copy of audited financial statements for the affiliate within six months of the end of its fiscal year.

3) Other requirements, rights and privileges of IIA affiliates outside North America will be as prescribed in the agreements as approved by the Board of Directors or its designees. No terms of the agreement may be in conflict with IIA Bylaws or policies of the Board of Directors.

b. Authorization to Establish or Disband Affiliates:

1) As prescribed in Article XIII, Section 2 of the Bylaws, the Board of Directors shall authorize institutes or such other groups outside North America in an affiliated relationship as it may prescribe. The Board shall also approve the disbanding of such institutes should institutes not be in compliance with their agreements with The Institute.

2) The North American Board may determine procedures to approve or disband chapters or other affiliates in North America.

c. Types of Affiliates:

1) Chapter – Affiliate with at least 15 members whose members pay dues directly to The IIA on a yearly schedule.

2) Institute – Affiliate with at least 15 members that is located outside North America and that receives reduced benefits due to cost, language barrier, distance, or other factors that prohibit full value of chapter benefits. Institutes bill their members for dues and pay an affiliation fee to The Institute each year.

3) Provisional status – New institutes that are given “in-formation” status for up to two years, during which time they must meet specific conditions outlined in institute agreements.
D. PROFESSIONAL QUALIFICATIONS
(Rev. 3/2015)

1. Background
   a. The Certified Internal Auditor® (CIA®) Program was established in 1974 as the premier certification program for internal auditors and recognizes individuals who have achieved globally accepted qualifications in the practice of internal auditing.
   b. The IIA has established additional certification programs which provide universal acceptance and recognition in specialty areas. Current specialty certification programs include:
      1) The Certification in Control Self Assessment® (CCSA®) Program was established in 1999 and recognizes individuals who have achieved globally accepted qualifications in the practice of control self assessment.
      2) The Certified Government Auditing Professional® (CGAP®) Program was established in 2000 and recognizes individuals who have achieved globally accepted qualifications in the practice of government auditing.
      3) The Certified Financial Services Auditor® (CFSA®) Program was acquired by The IIA in 2002 and recognizes individuals who have achieved globally accepted qualifications in the practice of financial services auditing.
      4) The Certification in Risk Management Assurance® (CRMA®) was established in 2011 and recognizes individuals who have achieved globally accepted qualifications in the assurance of organizations risk management activities.
   c. The Qualification in Internal Audit Leadership® (QIAL®) was established in 2014 as the qualification for the Chief Audit Executive (CAE) or those aspiring to become a CAE.
   d. The Certified Professional Environmental Auditor (CPEA) Program was acquired by The IIA in 2016 and recognizes those with knowledge and skills in the environmental, health and safety fields.

2. Objectives
The objectives of the certification and qualification programs shall be:
   a. To support professional recognition by:
      1) Identifying the common body of knowledge and the work experience which form the basis for professional qualification in the field of internal auditing (CIA), in specific specialty fields (CCSA, CGAP, CFSA, CRMA), in the QIAL and in the environmental health and safety field (CPEA).
      2) Stimulating and encouraging the self-development of those engaged in the practice of internal auditing or specialty fields.
      3) Defining the qualifications for professional recognition of internal audit practitioners (CIA) or practitioners in specialty fields (CCSA, CGAP, CFSA, CRMA) as well as those pursuing a leadership role in the internal audit profession (QIAL) or the environmental health and safety profession (CPEA).
      4) Developing generally accepted examination and qualification programs which measure the candidate's knowledge and ability in respect to the certification and qualifications established.
   b. To achieve universal acceptance and recognition of professional standing of the designations of CIA, CCSA, CGAP, CFSA, CRMA, QIAL and CPEA.
c. To recognize those candidates who have met the qualifications established by granting the professional 
designation of "Certified Internal Auditor", “Certification in Control Self-Assessment”, “Certified 
Government Auditing Professional”, “Certified Financial Services Auditor”, Certification in Risk Management 
Assurance”, “Qualification in Internal Audit Leadership” and Certified Professional Environmental Auditor, 
to attest to their professional competence.

3. **Authority**

a. Responsibility for establishing and administering the Certification and Qualification programs is 
   vested by the Board of Directors in the Professional Certifications Board subject to approval by the 
   Executive Committee.

b. Responsibility for establishing and administering disciplinary policies for holders or candidates of the 
   Certified Internal Auditor, all specialty exams and qualifications is vested by the Board of Directors in 
   the Professional Certifications Board. If a member or candidate is declared ineligible by the 
   Professional Certifications Board for misconduct, the member or candidate will be referred to the 
   Ethics Officer to determine if the member should be disqualified.

c. No chapter, group of chapters, or institute has the authority to establish or maintain an internal audit 
or specialty-related certification or qualification program other than the global approved programs (CIA, 
CCSA, CGAP, CFSA, CRMA, QIAL and CPEA) unless said chapter, group of chapters or institute has 
received approval from the PCB and the Board of Directors.

4. **Certification Awards**

   a. **CIA Awards**

      1) **William S. Smith Gold Medal Award**

      The Board of Directors of The Institute has established an award, the "William S. Smith Gold 
         Medal Award," for the highest scoring candidate each calendar year. Scores are based on 
         performance on the core parts of the exam (Parts I, II, and III). Award recipients must pass each 
         exam part on their first attempt within one year of taking the first exam part.

      The winner will be awarded a gold medal, complimentary registration to the International 
      Conference, reimbursement for travel to and from the conference site, and reasonable and 
      customary costs for meals and lodging.

      No monetary compensation will be offered in lieu of the award should the winner be unable to 
      accept the award as described.

      2) **The Hans J. Spoel Silver Medal Achievement Award**

      The Board of Directors of The Institute has established an award, the "Hans J. Spoel Silver Medal 
      Award," for the second highest scoring candidate each calendar year. Scores are based on 
      performance on the core parts of the exam (Parts I, II, and III). Award recipients must pass each 
      exam part on their first attempt within one year of taking the first exam part.

      The winner will be awarded a special certificate which will be presented at a ceremony by their 
      local institute or chapter.

      3) **The Kurt Riedener Bronze Medal Award**

      The Board of Directors of The Institute has established an award, the "Kurt Riedener Bronze 
      Medal Award," for the third highest scoring candidate each calendar year. Scores are based on 
      performance on the core parts of the exam (Parts I, II, and III). Award recipients must pass each
exam part on their first attempt within one year of taking the first exam part.

The winner will be awarded a special certificate which will be presented at a ceremony by their local institute or chapter.

4) Glenn E. Sumners Student Highest Achievement Award

The Board of Directors of The Institute has established the “Glenn E. Sumners Student Award” for the highest scoring student candidate each calendar year. Scores are based on performance on the core parts of the exam (Parts I, II, and III). Award recipients must pass each exam part on their first attempt within one year of taking the first exam part. To qualify for the award the candidate must be enrolled at the time of examination in an accredited college or university or similar program.

The Winner will be awarded a gold medal, complimentary registration to the International Conference, reimbursement for travel to and from the conference site, and reasonable and customary costs for meals and lodging.

The ten next best examination papers will be awarded a Certificate of Excellence at an appropriate local IIA event. The 50 next best examination papers will be awarded a Certificate of Honors at an appropriate local IIA event.

b. Specialty Exam Awards

1) CCSA Highest Achievement Award

The Board of Directors of The Institute has established the "CCSA Highest Achievement Award" for the best examination paper on the candidate’s first attempt taking the exam. The award is presented annually.

The winner will be presented with the award and complimentary registration to a designated IIA conference, reimbursement for travel to and from the conference site, and reasonable and customary costs for meals and lodging.

No monetary compensation will be offered in lieu of the award should the winner be unable to accept the award as described.

2) CGAP Highest Achievement Award

The Board of Directors of The Institute has established the "CGAP Highest Achievement Award," for the best examination paper on the candidate’s first attempt taking the exam. The award is presented annually.

The winner will be presented with the award, and a complimentary registration to a designated IIA conference, reimbursement for travel to and from the conference site, and reasonable and customary costs for meals and lodging.

No monetary compensation will be offered in lieu of the award should the winner be unable to accept the award as described.

3) CFSA Highest Achievement Award

The Board of Directors of The Institute has established the "CFSA Highest Achievement Award," for the best examination paper on the candidate’s first attempt taking the exam. The award is presented annually.

The winner will be presented with the award and complimentary registration to a designated IIA conference, reimbursement for travel to and from the conference site, and reasonable and customary costs for meals and lodging.
conference, reimbursement for travel to and from the conference site, and reasonable and customary costs for meals and lodging.

No monetary compensation will be offered in lieu of the award should the winner be unable to accept the award as described.

4) CRMA Highest Achievement Award

The Board of Directors of The Institute has established the "CRMA Highest Achievement Award," for the best examination paper on the candidate’s first attempt taking the exam. The award is presented annually.

The winner will be presented with the award and complimentary registration to a designated IIA conference, reimbursement for travel to and from the conference site, and reasonable and customary costs for meals and lodging.

No monetary compensation will be offered in lieu of the award should the winner be unable to accept the award as described.
E. PROFESSIONAL GUIDANCE

1. International Professional Practices Framework

   a. Internal Auditing Definition.

   Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization’s operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

   b. The International Professional Practices Framework (IPPF) is the conceptual framework that organizes authoritative guidance promulgated by The Institute of Internal Auditors (IIA). The scope of the IPPF is only authoritative guidance developed by an IIA international technical committee following appropriate due process. Technical committees include those committees and boards reporting to the Professional Practices Advisory Council (International Internal Auditing Standards Board and Professional Responsibility and Ethics Committee) and the Professional Guidance Advisory Council (PGAC) (Guidance Development Committee, Information Technology Guidance Committee, Financial Services Guidance Committee and the Public Sector Guidance Committee). Authoritative guidance is comprised of two categories:

      o Mandatory –

      Conformance with the principles set forth in mandatory guidance is required and essential for the professional practice of internal auditing. Mandatory guidance is developed following an established due diligence process, which includes a period of public exposure for stakeholder input. The mandatory elements of the IPPF are:

      • Core Principles for the Professional Practice of Internal Auditing
      • Definition of Internal Auditing
      • Code of Ethics
      • International Standards for the Professional Practice of Internal Auditing (Standards)

      o Recommended –

      Recommended guidance is endorsed by The IIA through a formal approval process. It describes practices for effective implementation of The IIA’s Core Principles, Definition of Internal Auditing, Code of Ethics, and Standards. The recommended elements of the IPPF are:

      • Implementation Guidance (Practice Advisories)
      • Supplemental Guidance (Practice Guides)
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<th>Description</th>
<th>Process</th>
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<tr>
<td><strong>Definition of Internal Auditing</strong></td>
<td>Developed and updated by a Task Force appointed by the Board of Directors. Exposure period of 90 days and draft distributed to members, stakeholders, and other professionals.</td>
<td>Board of Directors and Oversight body appointed by the Board of Directors, including stakeholders external to The IIA and selected Board members, to evaluate the rigor of the Definition revision process.</td>
</tr>
<tr>
<td><strong>Code of Ethics</strong></td>
<td>Developed and updated by the Professional Responsibility and Ethics Committee. Exposure period of 90 days and draft distributed to members, stakeholders, and other professionals. Final review by the International Internal Auditing Standards Board to ensure Code of Ethics does not contradict the Standards.</td>
<td>Board of Directors and Oversight body appointed by the Board of Directors, including stakeholders external to The IIA and selected Board members, to evaluate the rigor of the Code of Ethics revision process.</td>
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# International Standards for the Professional Practice of Internal Auditing

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<td>The Standards are mandatory and consist of: Statements of basic requirements for the professional practice of internal auditing and for evaluating the effectiveness of its performance, which are internationally applicable at the organizational and individual level. The Standards are principle focused and provide a framework for performing and promoting internal auditing as defined. The Standards’ structure is maintained as: Attribute Standards relate to the attributes of the internal auditing organization or attributes personal to the internal auditor including objectivity and independence, professional proficiency, and compliance with standards. Performance Standards are applicable to the performance of work and address managing the internal audit processes; assessing risk, control, and governance processes; planning the engagement; testing and analyzing information; evaluating evidential matter; and communicating results. Implementation Standards address appropriate means of applying Attribute and Performance Standards to only Assurance and Consulting activities. Interpretations which clarify terms or concepts within the Statements. It is necessary to consider both the Statements and their Interpretations to understand and apply the Standards correctly. The Standards employ terms that have been given specific meanings as noted in the Glossary, which is also part of the Standards.</td>
<td>Developed and updated by the International Internal Auditing Standards Board. Exposure period of 90 days and draft distributed to members, stakeholders, and other professionals. Professional Responsibility and Ethics Committee is included in final review to ensure Standards do not contradict Code of Ethics.</td>
<td>International Internal Auditing Standards Board, and Oversight body appointed by the Board of Directors, including stakeholders external to The IIA and selected Board members, to evaluate the rigor of the standard setting process.</td>
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### Implementation Guidance

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<td>Implementation Guides assist internal auditors in applying the <em>Standards</em>. They collectively address internal auditing's approach, methodologies, and consideration, but do not detail processes or procedures which are addressed in Supplemental Guidance. Practice Advisories provide concise and timely guidance to assist internal auditors in applying the Code of Ethics and the Standards and promoting good practices. □ Specific types of engagements; and □ Legal or regulatory issues.</td>
<td>The <em>International Internal Audit Standards Board (IIASB)</em> will be the primary initiator for the development of Implementation Guidance. The PPAC approves the development of implementation guidance to ensure proper coordination and consistency.</td>
<td>Professional Practices Advisory Council (PPAC)</td>
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<tr>
<td>The International Internal Auditing Standards Board and the Professional Responsibility and Ethics Committee will review the final draft of Implementation Guidance to ensure consistency with the Standards and the Code of Ethics.</td>
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## Practice Guides

Supplemental Guidance provides detailed guidance for conducting internal audit activities. These include topical areas, sector-specific issues, as well as processes and procedures, tools and techniques, programs, step-by-step approaches, and examples of deliverables.

Effective with the July 2015 launch of the New IPPF, all Practice Guides, Global Technology Audit Guides (GTAGs), and Guides to the Assessment of IT Risks (GAIT) automatically become part of the Recommended Supplemental Guidance layer.

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<th>Supplementary Guidance</th>
<th>The PGAC approves the development of supplemental guidance to ensure proper coordination and consistency. The PGAC is responsible for the processes of developing, reviewing and approving practice guides. The PGAC assigns the development to an international committee. Final review of a practice guide is done by the International Internal Auditing Standards Board and Professional Responsibility and Ethics Committee to ensure consistency with the Standards and the Code of Ethics, respectively. For either body to reject, a majority vote of its membership is required. Rejection by either body is referred to the PGAC to facilitate resolution. Other international committees may be involved in the review process as appropriate. The developer of a practice guide is responsible for its content, updating and resubmission to the PGAC in accordance with review cycles.</th>
<th>Professional Guidance Advisory Council (PGAC)</th>
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</table>
c. Approval of Guidance
The number of persons required to approve a level of guidance is 2/3 of the membership of the approval committee or board.

d. Arbitration
Should there be any substantive disagreements among committees or boards, then:
- Mandatory guidance is arbitrated by the Board of Directors or its designated subcommittee.
- Recommended guidance is arbitrated by the PGAC.

e. Review Cycles for the IPPF
It is important that the IPPF guidance is current, relevant and timely. The International Internal Audit Standards Board and Professional Responsibility and Ethics Committee are responsible for reviewing the IPPF Mandatory Guidance at least once every three years.
Continuous reviews of the IPPF Recommended Guidance will be conducted by appropriate international technical committees. This will generally be accomplished as follows:
1) Monitoring current developments in the business environment,
2) Monitoring legislative and regulatory changes affecting the internal audit profession,
3) Monitoring feedback received on IIA surveys,
4) Monitoring feedback and research from Common Body of Knowledge studies,
5) Monitoring IIA Internal Audit Foundation reports and materials,
6) Committee member feedback on IPPF materials, and
7) Feedback from other IIA stakeholders.

The monitoring activities described above are generally performed via committee members’ active participation in the profession, committee meetings, project work and through feedback from professional colleagues. Committees can also survey IIA members for feedback and recommendations on updates that may be needed. In select situations, at each committee’s discretion, more formal review projects or processes can also be utilized as needed.

The review process will be subject to oversight by the PGAC to ensure consistency among the IPPF elements and to request additional review activities as needed.

f. How IIA Institutes Recommend Topics for Consideration in the IPPF
1) Institutes may not issue guidance considered mandatory. Institutes may raise recommendations for changes to the International Standards for the Professional Practice of Internal Auditing, the Code of Ethics and any other guidance contained in the IPPF to the appropriate committees or boards outlined in Section IV above. Such recommendations will be considered and acted upon as appropriate by the committee and boards designated within Section IV. The results of such consideration will be communicated back to the requesting Institute.

2) Institutes may develop local thought leadership and recommendations, if they follow the requirements below:
a) Institutes are required to share their plans for developing thought leadership (templates will be developed at a later date) with IIA global headquarters at guidance@theiia.org to enable coordination and determine the potential for the development of international guidance.

b) Once thought leadership is drafted, the Institute is required to submit the draft to IIA global headquarters at guidance@theiia.org, who will forward the draft to the appropriate IIA International technical committees. The committee(s) will review the draft content and provide feedback to the Institute within 30 days (longer if translation is required). This review will provide Institutes with assurance that the content is consistent with the International Professional Practices Framework.

c) If it is consistent with the IPPF, the Institute can issue the content locally following their local approval process. Local content may be considered for adoption by The IIA as international guidance following the exposure and approval processes defined in Section IV, and with the agreement of the Institute.

d) Local and international thought leadership will be included on The IIA’s guidance section of The IIA web site.

3) Translation of mandatory guidance must be authorized and approved by the International Internal Auditing Standards Board.
F. **FINANCIAL MATTERS**

1. **Financial Strategy Statement**  
   *(Rev. 06/10)*

   a. **Mechanisms**

   To achieve the objectives of The Institute, the following will be established:

   1) Stated goals and strategy for the development and maintenance of a strong financial position.

   2) A system of cost justification and support for funds requested.

   3) A reporting system for disclosure of financial position relative to goals and policy guidelines.

   b. **Cash and Liquid Investment Funds (convertible to cash within 15 days)**

   Goals are:

   1) To maintain operating funds which when added to the accounts receivable balance at the review date (quarterly) will be equal to or greater than the balances in accounts payable and accrued expenses at the same period.

   2) At the end of each calendar quarter, any balance in unrestricted operating funds which is in excess of the balances as calculated in 1.b.(1), may be transferred to the restricted account (portfolio) in accordance with approval levels outlined in this policy.

   c. **Restricted Funds (Portfolio)**

   1) The goal is to maintain a restricted funds balance at the time of the review (quarterly) equal to or greater than the total amount of operating costs for the organization for the succeeding three months as calculated by the income statement projection prepared at the review date. The amount of funds in excess of the restricted funds will be considered unrestricted and therefore available for projects or initiatives approved in accordance with delegation of authority guidelines established in section 2 of this policy.

   2) If the balance in unrestricted funds becomes insufficient to meet the operating expenses of The Institute, the Vice Chairman-Finance may authorize an appropriate transfer from the restricted funds.

   d. **Accounting Policies**

   Accounting policies at The Institute should be in conformity with generally accepted accounting principles for not-for-profit, professional associations as set out by the Financial Accounting Standards Board or other authoritative body.

2. **Delegation of Financial Authority and Responsibility**  
   *(Rev. 12/11)*

   a. **Investment Committee**

   1) **Mission**

   The Investment Committee will assist the Vice Chairman-Finance in fulfilling their oversight responsibilities for the investment assets of The Institute, the Internal Audit Foundation. The Committee reports to the Vice Chairman-Finance and is responsible for reviewing investment policies, strategies, and performance of the aforementioned entities.
2) Structure

In addition to the Vice Chairman-Finance of The Institute, the Committee will consist of the Senior Vice Chairman of the Board, the President and CEO of The Institute, the Vice Chairman-Finance of the North American Board, the President of the Internal Audit Foundation, the Treasurer of the Internal Audit Foundation, the IIA Internal Audit Foundation Executive Director, and the Chief Financial Officer of The Institute. The majority of the Committee shall constitute a quorum for the transaction of business at any meeting thereof, and the act of the members of the committee present shall be the act of the Committee. The Committee will meet quarterly and will include meetings at the regularly scheduled meetings of the Board of Directors. The Vice Chairman-Finance or the Chief Financial Officer of The Institute may call for a meeting and the meeting may be in person or telephonic. Minutes will be kept of all meetings.

3) Responsibilities

To fulfill its responsibilities and duties, the Committee shall:

a) Review and approve investment policies and practices to include the definition of an appropriate balance of financial instruments authorized for the financial portfolio. The current investment policy is included in the Board Policy Manual (Section VI.d).

b) Take appropriate measures to evaluate the safety and performance of the investment portfolio, and compliance with Board Policies and established investment guidelines.

c) Review and evaluate the performance of the investment portfolio based on a comparison of actual returns with the established investment goals of The IIA and the Internal Audit Foundation.

d) Monitor the management of the funds by reviewing written reports from the Investment Consultant and by discussions with the Investment Consultant at Committee meetings that focus on the primary determinants of returns, including asset allocation and investment strategy.

e) Approve the engagement or dismissal of the portfolio manager* responsible for acquiring and disposing of investments.

f) Periodically review and assess the adequacy of this charter and recommend changes to the Board of Directors.

g) Delegate authority to the Vice Chairman-Finance and The Institute management (i.e., President and CEO, Chief Financial Officer, and Executive Director of The IAF) to execute transfer of funds necessary to meet the operating needs of The Institute.

h) Approve engagement and dismissal of the Investment Advisor, and review Investment Advisor performance.
* Portfolio manager is an individual or organization retained to invest a portion of investment funds with a specific objective or benchmark.

b. Loans

1. In the event loans are required to meet short-term working capital needs of the Institute, the Vice Chairman-Finance shall obtain oral approval of a majority of the members of the Executive Committee and provide written confirmation to the Chief Financial Officer. Such loans shall not exceed a period of three months (90 days), and collateral may be provided to the lender, if required.

2. Information related to loans negotiated to finance asset acquisitions shall be approved by the Vice Chairman-Finance and included in the proposal for approval by the Executive Committee or Board of Directors as appropriate.

c. Other Delegation and Expenditure Authorizations

(Rev. 03/17)

Introduction
This Policy serves as the mechanism by which the Board of Directors ("Board") delegates specific standing powers and limits of authority to specific positions. This Policy is established to define the scope and limits of authority delegated by The Institute of Internal Auditors, Inc. for itself and its subsidiaries (collectively, "The IIA"). Subject to this Policy, the Board delegates its power and authority to manage and supervise the day-to-day operation of The IIA to the President and Chief Executive Officer ("President & CEO").

Definitions
Authorized means that a person has been granted authority in accordance with this policy.

Capital Expenditure means an expenditure that appears in the capital budget.

NDA means any non-disclosure agreement where one or more parties agree not to disclose confidential information that they have shared with each other as a necessary part of doing business together.

Transaction means a commitment by The IIA involving the exchange of money or property, an obligation to perform services requiring payment or use of IIA resources, or the assumption of a liability (e.g., indebtedness) or potential liability, currently or in the future (e.g., The IIA agreeing to indemnify another party).

Purpose
The purpose of the Policy is to establish internal controls in approval of Transactions that bind The IIA.

Effective Date
March 3, 2017

Policy Statement
It is the policy of The IIA to safeguard resources and to minimize financial, legal, operational, and compliance-related risk by establishing the authority of individuals with regard to executing Transactions on behalf of The IIA. All Transactions must be approved by an Authorized person in accordance with this Policy unless otherwise authorized by the Board. For example, the President & CEO is Authorized by the Board when a Transaction is in the approved budget. The limits set forth in
this Policy are the maximum limits approved for the referenced position. This Policy contains a listing of the most common types of transactions, commitments, agreements, and expenditures by The IIA, and the appropriate signature level required.

A multi-year agreement may be signed only by the President and CEO, or designee.

This Policy shall be interpreted broadly so that a series of reasonably related Transactions will be considered as a single Transaction for purposes of determining approval and authority levels required by this Policy.

The following tables specify limitations based on a maximum dollar amount for Transactions depending on the level of the Authorized person. Where a Transaction is denominated in other than U.S. dollars, the exchange rate as established by the Chief Financial Officer will be utilized in determining whether the approval is authorized.

Approval dollar amounts denote authority up to and including the amount indicated unless otherwise authorized by the Board:

<table>
<thead>
<tr>
<th>Amount</th>
<th>Authorized Personnel</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt;$500,000</td>
<td>Board</td>
</tr>
<tr>
<td>$500,000</td>
<td>Executive Committee</td>
</tr>
<tr>
<td>$350,000</td>
<td>Chairman</td>
</tr>
<tr>
<td>$250,000</td>
<td>President and CEO</td>
</tr>
<tr>
<td>$100,000</td>
<td>Chief Operating Officer</td>
</tr>
<tr>
<td>$75,000</td>
<td>Chief</td>
</tr>
<tr>
<td>$25,000</td>
<td>Vice President</td>
</tr>
<tr>
<td>$10,000</td>
<td>Managing Director</td>
</tr>
</tbody>
</table>

Transaction specific approval authorization levels:

<table>
<thead>
<tr>
<th>Item</th>
<th>Approval Authorized</th>
</tr>
</thead>
<tbody>
<tr>
<td>NDA in the context of a Merger, Acquisition, or Divestiture</td>
<td>President and CEO, General Counsel, or above</td>
</tr>
<tr>
<td>NDA related only to disclosure of financial information</td>
<td>Chief Financial Officer or above</td>
</tr>
<tr>
<td>NDA related only to Security, IT, or Audit</td>
<td>Chief Information Officer, Chief Audit Executive, or above</td>
</tr>
<tr>
<td>All other NDAs</td>
<td>Vice President or above</td>
</tr>
<tr>
<td>Term Contracts &gt; one (1) year</td>
<td>President and CEO or above</td>
</tr>
<tr>
<td>Term Contracts &lt;= one (1) year</td>
<td>Vice President or above</td>
</tr>
<tr>
<td>Vendor Contracts</td>
<td>Vice President or above</td>
</tr>
<tr>
<td>Customer Contracts</td>
<td>Vice President or above</td>
</tr>
<tr>
<td>Employee Contracts</td>
<td>President and CEO or above</td>
</tr>
<tr>
<td>Chief</td>
<td>President and CEO or above</td>
</tr>
<tr>
<td>Vice President</td>
<td>President and CEO or above</td>
</tr>
<tr>
<td>All others</td>
<td>Vice President or above</td>
</tr>
<tr>
<td>Real Estate Contracts</td>
<td>President and CEO or above</td>
</tr>
<tr>
<td>Banking Contracts</td>
<td>Chief Financial Officer or above</td>
</tr>
<tr>
<td>Expense Reports</td>
<td>Vice President or above</td>
</tr>
<tr>
<td>Disposition of fixed assets (based on current book value)</td>
<td>Chief or above</td>
</tr>
<tr>
<td>Loans</td>
<td>President and CEO or above</td>
</tr>
<tr>
<td>MOUs and Letter Agreements</td>
<td>President and CEO or above</td>
</tr>
</tbody>
</table>
Additional Funding for Capital Expenditures

Capital Expenditures are approved in an annual capital budget. Capital Expenditures may require additional funding for various reasons. If a Capital Expenditure requires additional funding, the following Authorized persons may sign a change order:

<table>
<thead>
<tr>
<th>Capital Expenditure Change Order</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount</td>
</tr>
<tr>
<td>&gt;25% of approved Capital Expenditure and &lt;= $100,000</td>
</tr>
<tr>
<td>&lt;=25% of approved Capital Expenditure and &lt;= $100,000</td>
</tr>
<tr>
<td>&lt;=10% of approved Capital Expenditure and &lt;= $25,000</td>
</tr>
</tbody>
</table>

Exceptions

1. Under this Policy, Authorized persons may delegate approvals up to the limit of their authority by documenting such designation consistent with this section.

   Designations must be made in writing and clearly set forth the details of the designations. Designations may be indefinite or for a limited period of time but will automatically terminate if either person ceases to be employed or engaged by The IIA or ceases to hold the position specified in the designation or a portion that includes the duties contemplated by the designation. In addition, the designation must be signed by the (1) individual making the designation, (2) individual receiving the designation, (3) General Counsel, and (4) Chief Financial Officer.

2. Budgeted expenditures that are incorporated into an Authorized Transaction.

Who is Affected

The Policy applies to employees and third parties acting as representatives of The IIA, including under a power of attorney.

Consequences of Violations

Conduct that violates this Policy is always considered outside the scope of employment of any employee acting on behalf of The IIA. Individuals who violate this Policy may be held personally responsible for contracts they sign. Such individuals may also be subject to disciplinary action, up to and including termination.

Contact or Responsibility

The Chief Financial Officer is responsible for the ownership and maintenance of this Policy.

d. Banking Authorizations

Authorized signatories for the transfer or withdrawal of funds as required by this financial policy will be the Chairman of the Board, the President and CEO of The IIA, the Vice Chairman-Finance, the Chief Financial Officer, and Officers of The Institute staff as specified by the President and CEO.
e. **Write-off of Accounts Receivable**

Any account receivable deemed to be uncollectible may be charged to the allowance for doubtful accounts at any time during the fiscal year with the approval of the President and CEO or designee.

3. **Affiliation Fees, Dues, and Assessments**

   a. **Affiliation Fees**

   The Board will determine affiliation fees which will be due on a per member basis worldwide. Any changes to the fees require advance notice of at least nine months prior to implementation.

   b. **Dues**

   The institutes outside North America may set their own dues structure, but are required to remit the global affiliation fee per member as noted in (a) above. Failure to do so on a timely basis may result in suspension of benefits or revocation of the institute's charter.

   The North American Board is authorized to review and approve changes in membership dues for North American members.

   c. **Assessments**

   Special assessments of affiliates may be made if approved by two thirds of the Board of Directors.

4. **Directors and Officers Insurance Coverage**

   a. **Recognition of Responsibilities**

   1) The Board recognizes a fiduciary responsibility to indemnify the Directors and Officers of The Institute against the possible financial consequences of litigation resulting from the proper discharge of their respective duties and responsibilities to The Institute.

   2) The Board recognizes a fiduciary responsibility to the Directors, Executive Committee and their spouses, President and CEO and his/her spouse, International Committee members, District Advisors and District Representatives, Ambassadors, and full time salaried staff of The Institute in the event of death or severe injury incurred while performing their respective duties and responsibilities to The Institute.

   b. **Insurance Coverage**

   In response to the above, the following insurance policies are to be in effect:

   1) **Director and Officer Coverage** - Up to $5,000,000 each policy year subject to a retention (deductible) of $25,000 per claim and policy exclusions. This policy covers any past, present or future director, officer, trustee, employee, volunteer or member of the staff, faculty or any duly constituted committee.

   2) **Accidental Death and Dismemberment** – up to $150,000 per individual with an aggregate limitation of $750,000 each policy year for the following classes, when traveling on Institute business.

      a) All active, full-time employees of the Policy holder and spouse of the President and CEO.

      b) All non-employee members of the Board of Directors (and their spouse when accompanied on IIA and related subsidiary business travel) and the Board of Trustees of the IAF.
c) All Global Ambassadors whose names are on file with the Policy holder.

d) All Volunteers, Task Force members, and Instructors not included in above classes when traveling on IIA and related subsidiary business.

(Please see Section VI, Reference Material, for the following related documents: Investment Policy, Management Control Policy, and Global Budget Process.)

5. **International Conferences**

   a. Profit/loss sharing between hosting organization (affiliate or affiliates) and The Institute (effective for IIA International Conferences from 2014, excluding 2015)

      1) The International Conference’s positive net contributions will be calculated as follows, regardless of a conference’s geographic location:

         • Any positive total net contribution of less than USD1Million will be shared- 15 percent to the Chapter or Institute and 85 percent to IIA Global.

         • The Chapter or Institute will receive a USD 25K bonus when the positive total net contribution surpasses USD 850K.

         • Once USD1 million in total net contributions are exceeded, the percentage will change to 20 percent to the Chapter or Institute and 80 percent to IIA Global for any additional net contribution above USD1 Million.

         • The Chapter or Institute is not responsible for any financial losses associated with the conference.

      2) A different division of positive/negative net contributions may be negotiated by the GPDC, subject to approval by the Executive Committee, if circumstances warrant.

6. **Compensation Matters**

   The Compensation Committee, chaired by The IIA Chairman of the Board, and assisted by the Senior Vice-Chair, the two Immediate Past Chairs, and the Chairman and Senior Vice Chairman of the North American Board shall oversee compensation matters of The Institute.

   a. The Committee is responsible for approving The IIA’s Salary Administration Program that will contain the methodology for establishing the annual merit and bonus pools and their fair and equitable distribution.

   b. Each year during the budgeting process, Senior Management of The Institute shall recommend the bonus pool estimate to be included in the budget for the following year. The Committee will review and approve the final bonus pool estimate.

   c. At the conclusion of the calendar year (not less than every two years), but prior to the preparation of the performance evaluations, Senior Management will conduct a local employment market analysis to determine the recommendation for the merit pool. It is the responsibility of the Committee to review and either approve, reject or postpone the recommendation.

   d. At the conclusion of each calendar year, IIA management will prepare performance evaluations on all eligible members of The Institute Staff. These evaluations will be used by Senior Management as the basis for the distribution of the merit pool. The Committee will then ensure that the merit increase and bonus distribution adhere to the Salary Administration Program, and will have the authority and
responsibility to review and approve the merit increase of the President and CEO. The Committee must approve all exceptions to the Salary Administration Program.

e. At the conclusion of each calendar year, Senior Management will propose a percentage adjustment to the pay-ranges based upon local employment market analysis. The Committee will review and approve the final adjustment.

f. The Committee may periodically engage an independent compensation consultant to review the entire compensation structure for The Institute. The Committee will have the responsibility to approve adjustments to the compensation structure, if any, based on the findings from the consultant.

g. By the end of each calendar year, Senior Management will prepare Headquarter Objectives for the upcoming year. These objectives will be used to evaluate staff performance and be linked to the annual bonus process. The Committee will review and approve the final objectives. The Committee should seek input from the Executive Committee for setting Headquarter Objectives.

7. North American Authority for Approval of Budget and Financial Reports

The North American Board (NA Board) is a committee of the corporation and ultimate authority for its decisions rest with the global Board of Directors. To provide assurance to the NA BOARD that its recommendations regarding the North American budget and overall IIA budget will be considered carefully, the process for approval of the North American portion of the budget are:

a. The President and CEO and the Chief Operating Officer North America will ensure that the proposed budget for North America is reasonable and reflects the overall priorities of the NA BOARD.

b. The Finance Committee will review the budget with special consideration to North American members’ input on the budget.

c. Following the Finance Committee review of the budget, the NA Board will review and approve the proposed North American budget.

d. Following receipt of the Finance Committee and NA Board recommendations, the Executive Committee will review and approve the total IIA budget. If the Executive Committee votes to change the North American budget, or recommend a Global budget with a negative net contribution, the changes will be forwarded to the NA Board for further review and comment. The Finance Committee, the NA Board, and the Executive Committee will work to address and resolve divergent views before the budget is presented to the Board of Directors for approval.

e. The Board of Directors will approve the final budget.

f. The NA Board will receive current reports on both the Global and North American financials. Should either the North American or Global operations run an unbudgeted negative net contribution during the year, the NA Board along with the Executive Committee and the Finance Committee will recommend ways to mitigate impact on The Institute.
G. REIMBURSABLE EXPENSES

1. Specific Procedures

In most situations, the travel and entertainment expenses of officers, directors, representatives, committee members, etc., are borne by the individuals' employers, supporting chapters and/or institutes. In some instances, it may be appropriate for The Institute to reimburse some or all related travel expenses. In such cases the following shall apply:

a. Specific Situations Warranting Reimbursement

1) Within the budgetary limits for such expenses, the Executive Committee and Nominees to the Executive Committee, as designated by the duly appointed Global Nominating Committee, will be reimbursed by The Institute for all expenses for travel, lodging, food and incidental expenses incurred in the performance of their duties, excluding registration fees for attending the annual International Conference.

2) Spouses of Executive Committee Members and Nominees to the Executive Committee, as designated by the duly appointed Global Nominating Committee, will be reimbursed by The Institute for:
   a) On-site expenses at Executive Committee meetings.
   b) All expenses, excluding registration fees and tours, when the Executive Committee meeting is held in conjunction with the annual International Conference.

3) For Board of Directors and committee meetings, other than the midyear meetings and meetings held in conjunction with the Annual Meeting and/or International Conference, reasonable travel, lodging, food, and incidental expenses may be reimbursed. These are subject to:
   a) The approval of the Committee Chairman in accordance with prior authorization of the meeting;
   b) Budgeted funds have been approved for such expenses; and,
   c) The expenses meet the criteria of this policy for reasonableness.

4) For Professional Certifications Board meetings, reasonable travel, lodging, food and incidental expenses will be reimbursed when such funding cannot be borne by the Board member. This applies to subcommittees that report to the Professional Certifications Board as well. These expenses are subject to:
   a) The approval by the Chairman of the Professional Certifications Board, in accordance with prior authorization of the meeting.
   b) Budgeted funds have been approved for such expenses; and,
   c) The expenses meet the criteria of this policy for reasonableness.

b. Any expenses reimbursed under these procedures shall be reasonable and prudent. Further, they shall be clearly explained and documented to indicate the nature and reason for the particular reimbursement.

c. Exceptions to these procedures may be made by the President and CEO if, in his/her judgment, unusual circumstances warrant or financial hardship would be placed on an individual whose
attendance at a meeting has been requested by the committee chairman or is otherwise deemed essential.

When such exceptions occur, the approval, in written form and signed by the President and CEO, shall be sent to the Chief Financial Officer. A report of all exceptions shall be provided to the Chairman of the Board.

d. Employees of The Institute will be governed by the procedures established for The Institute staff. These procedures are enumerated in a separate document and are not covered herein.

e. Basis for reimbursement:

1) If travel is by personal car, actual mileage is at the allowable IRS rate per mile, but not to exceed the cost of otherwise authorized air travel.

2) No reimbursement is allowed for travel insurance.

3) Lodging costs is at actual costs.

4) Food is at actual costs incurred.

5) Other expenses including gratuities, telephone, etc. at actual costs incurred.

f. Approvals required on reimbursement requests are:

<table>
<thead>
<tr>
<th>Expenses of:</th>
<th>Approval Required: **</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive Committee members*</td>
<td>President and CEO</td>
</tr>
<tr>
<td>President and CEO*</td>
<td>Chairman of the Board</td>
</tr>
<tr>
<td>Committee chairmen</td>
<td>President and CEO</td>
</tr>
<tr>
<td>Committee members</td>
<td>Committee Chairman***</td>
</tr>
</tbody>
</table>

* In addition, the Audit Committee of the Board shall review these expenses annually and report to the Board.

** No individual is authorized to approve his or her own reimbursable expenses, regardless of the amount.

*** With prior approval by the President and CEO.

g. The Chief Financial Officer shall review the expense reports for compliance with these procedures. Expense reports not in compliance are to be referred to the President and CEO for resolution. Expense reports are to be submitted within a reasonable period after the conclusion of the meeting or trip.
H. RECOGNITION OF OUTSTANDING CONTRIBUTIONS

1. Overview of Awards
   
a. The Board of Directors has authorized, in addition to those specified in the Certified Internal Auditor program, the following individual awards:
   
   1) Bradford Cadmus Memorial Award
   2) Victor Z. Brink Award for Distinguished Service
   3) William G. Bishop, III, CIA Lifetime Achievement Award
   4) John B. Thurston Award
   5) Leon R. Radde Internal Audit Educator of the Year Award
   6) Esther R. Sawyer Research Award
   7) James C. Ball Lifetime Achievement Award

   b. The background, criteria, nominating process, selection committee, selection process and nature of the award are delineated in the specific procedures for each award.

   c. The Board of Directors has authorized specific committees to recognize affiliate achievement:

   1) The background, criteria, nominating process, selection committee, selection process and nature of each award are the responsibility of the specific committee(s).

   2) The establishment of new awards requires the approval of the Executive Committee.

2. IIA Recognition Awards
   (rev. 3/2010)

   The IIA recognizes three premier awards for service to The IIA or to the profession of internal auditing:
   
   • The Bradford Cadmus Memorial Award, for contributions to the profession of internal auditing;
   • The Victor Z. Brink Award for Distinguished Service, for contributions to The IIA; and
   • The William G. Bishop III, CIA Lifetime Achievement Award, for impact over a long career of service to The IIA.

   a. Bradford Cadmus Memorial Award

   1) Background

   This award is in memory of Bradford Cadmus (1902-1964), distinguished researcher, author and internal auditor, who served as Managing Director of The IIA from 1947 to 1962.

   2) Criteria for Award

   a) Candidates for the Cadmus Award may be IIA members or nonmembers who have made an outstanding and exceptional impact on the Internal Audit profession through research, education, publications, innovative programs or other developments and activities. The impact may be as part of their career/job, as a volunteer, or a combination of both.

   b) Members of the Executive Committee and the Awards Committee and staff of The Institute or its affiliates shall not be eligible to receive the award.

   c) Prior recipients of the award shall not be eligible.
d) The number of awards to be made in any year shall be at the discretion of the Committee. The award is for outstanding contributions in the field of internal auditing and, therefore, the committee should feel no obligation to bestow the award in any specific year.

b. **Victor Z. Brink Award for Distinguished Service**

1) **Background**

The Board of Directors of The Institute established this award in the original Bylaws of The Institute to recognize individuals who, over time, have given outstanding and exceptional service to The Institute of Internal Auditors. This award was originally called the Honorary Member Award, later the Distinguished Service Award, and now The Victor Z. Brink Award for Distinguished Service. Brink was one of the original founders of The Institute and a renowned auditor, educator, author, lecturer and advocate of the profession until his death in 1992.

2) **Criteria for Award**

   a) Members of The Institute who, over time, have given outstanding and exceptional voluntary service to the Institute at the international or global levels, are eligible to receive the award.

   b) Members of the Executive Committee (excluding the retiring Past Chairman) and the Awards Committee and staff of The Institute or its affiliates shall not be eligible to receive the award.

   c) The number of awards to be made in a single year shall be no more than two. The intent is to recognize truly distinguished service by Institute members and, therefore, the Awards Committee should feel no obligation to bestow the award in any specific year.

c. **William G. Bishop III, CIA, Lifetime Achievement Award**

1) **Background**

This award was presented informally in 2000 to Lawrence B. Sawyer, recognized worldwide as “the father of modern internal auditing,” and in 2002 to Mortimer Dittenhofer, recognized for his lifetime promotion of internal auditing in government and education. In 2004, the award was presented posthumously to William G. Bishop III, The Institute’s president from 1992 to 2004.

The Board of Directors formally established the award in December 2004 to recognize individual members who, through a lifetime of accomplishments and dedication to The Institute, have impacted the practice of internal auditing, advanced the awareness of The IIA, and inspired professionals around the world to make a difference in our profession and in the organizations we serve.

2) **Criteria for Award**

   a) Members of The Institute who have shown extraordinary leadership and dedication over a lifetime of service to the global profession and to The IIA. Members must be well-known and well-respected globally and must have had a major impact on the development or the furthering of the profession.
b) While not required, members may have already received other prestigious awards of The IIA like the Bradford Cadmus Memorial Award, the Victor Z. Brink Award for Distinguished Service, or the Leon R. Radde Internal Audit Educator of the Year Award.

c) It is anticipated that the award will be given infrequently, as worthy candidates may first be considered for other Institute awards. The award should be given as candidates near the end of their careers in internal auditing (or related fields) and near the end of their active involvement with The IIA.

d. **Nominating Process**

1) Nominations for all three awards will be accepted from any member, group of members, or affiliate of The Institute. Each nomination must be supported by a full explanation as to why the nominee should receive the award.

2) Nominations for the awards shall be sent to a designated member of The Institute staff (who acts as a liaison to the Committee) or to the chairman of the Awards Committee. Copies of each nomination are forwarded to each member of the Awards Committee.

e. **Selection Process**

1) There shall be an Awards Committee appointed annually by the Chairman of the Board of The Institute. See Section V for the charter of the Committee.

2) Nominations shall be reviewed by the Awards Committee, which may make additional nominations of its own.

3) Eligibility to receive the award shall in no way be affected by the nominee(s) being considered for, or having received, other awards by The Institute or by other groups or associations.

4) Nominations for the Cadmus and Brink Awards that are approved by the Awards Committee shall be submitted to the Executive Committee as information. The Awards Committee Chairman shall officially inform the recipients of their awards.

5) Nominations for the William G. Bishop, III, CIA, Lifetime Achievement Award that are selected by the Awards Committee shall be submitted to the Board of Directors for approval. The Chairman of the Board shall officially inform the recipient of the award.

f. **Nature of the Award**

1) A suitably inscribed plaque, scroll, or other type of memento.

2) Lifetime membership in The Institute.

3) Complimentary registration at each annual international conference attended.

4) Recipient(s) and spouse(s) attending the annual International Conference to receive the award will be offered complimentary conference registration, travel to and from the conference, and reasonable and customary costs for meals and lodging.

5) No monetary compensation will be offered should the recipient be unable to accept the award as described.
3. **John B. Thurston Award**
   
a. **Background**
   
The Board of Directors of The Institute established the award in 1951 as a tribute to the memory of John B. Thurston, its first International President and an eminent authority in the field of internal auditing. The award is the highest literary honor awarded by The Institute for work published in *Internal Auditor* during the year.

b. **Criteria for Award**

   1) The Board has delegated responsibility for establishing specific criteria, nominations and selection of the recipient to the Publications Advisory Committee which will issue the details of the policy and procedures.

   2) The following persons shall be ineligible for the award:

   a) The Chairman and immediate past Chairman of the Board.

   b) The Chairman of the Publications Advisory Committee.

   c) Staff members of The Institute.

   d) Authors of any work that has been purchased by *Internal Auditor* magazine.

c. **Nature of the Award**

   1) The John B. Thurston Award shall consist of an appropriate plaque or trophy.

   2) Recipient attending the annual International Conference to accept this award will receive complimentary conference registration, travel to and from the conference, and reasonable and customary costs for meals and lodging.

   3) Should the award-winning article be written by two or more authors, The Institute will reimburse one author – to be decided by the authors - for conference expenses as outlined above. However, each author will receive a plaque or trophy.

   4) No monetary compensation will be offered in lieu of the award should the recipient be unable to accept the award as described.

4. **Leon R. Radde Internal Audit Educator of the Year Award**

   a. **Background**

      The Board of Directors of The Institute established the award in 1986 as a tribute to the memory of Leon R. Radde, Chairman of the Board 1982-1983, and a champion in promoting the profession of internal auditing in academia.

   b. **Criteria for Award**

      1) The award may be made annually when it is deemed an individual has made outstanding contributions in internal auditing education.

      2) Eligible nominees must be employed in teaching by a college or university.

      3) Previous winners are not eligible for re-nomination.
c. **Nominating Process**

IIA affiliate presidents are solicited annually for nominations. The call for nominations is also posted on The IIA website to encourage all members to submit nominations.

d. **Selection Process**

1) The Awards Committee of the Academic Relations Committee reviews all nominations and selects the top three candidates and provides its recommendation.

2) The Academic Relations Committee Chairman and the Internal Audit Foundation Academic Fund Subcommittee Chairman review the nominations of the top three candidates and select the award recipient.

e. **Nature of the Award**

1) A suitably inscribed plaque or other type of memento.

2) Recipient attending the annual International Conference to accept this award will receive complimentary conference registration, travel to and from the conference, and reasonable and customary costs for meals and lodging.

3) No monetary compensation will be offered in lieu of the award should the recipient be unable to accept the award as described.

5. **Esther R. Sawyer Research Award**

(Rev. 6/06)

a. **Background**

The IIA Internal Audit Foundation Board of Trustees established this award in June 2000 as a tribute to the memory of Esther R. Sawyer and her contributions to and support of the profession of internal auditing. The award was funded through a generous contribution to the Internal Audit Foundation by the Sawyer family. Lawrence B. Sawyer was an internal audit practitioner, author, speaker and educator who is often referred to as “the father of modern internal auditing.”

Esther Sawyer was not an internal auditor. But she was a gracious ambassador who enjoyed explaining the role of modern internal auditing to those she met, and edited manuscripts, speeches, and textbooks on the subject. She was a fluent proponent of internal auditing curricula in colleges and universities and promoted internal auditing as a lifetime career.

b. **Criteria for Award**

The Research Award will be granted to an individual who meets the following criteria:

1) Participation in an IIA Internal Auditing Education Partnership (IAEP) school:

   a) The candidate is taking internal audit courses at the undergraduate level at an IIA Internal Auditing Education Partnership (IAEP) school and is currently enrolled as a junior or senior, or

   b) The candidate is enrolled in a graduate program in internal auditing, accounting or business and taking courses in internal auditing at an IIA Internal Auditing Education Partnership school, or

   c) The candidate has completed the program in internal auditing at an IAEP school and is enrolled in any graduate program in internal auditing, accounting or business.
2) The candidate has written and submitted an original manuscript of 3,000 to 5,000 words on a specific topic related to modern internal auditing. This topic will be announced annually by the Award Committee.

3) Prior recipients of the scholarship award are not eligible.

c. **Award Committee**

1) The Award Committee will consist of a chairman and three members. The chairman will be the chairman of The IIA Academic Relations Committee. The members will be one each from the Academic Relations Committee, the Publications Advisory Committee, and the IAF Committee of Research and Education Advisors. Members will be selected by the chairman of each committee.

2) The Award Committee will select the essay topic by September each year and publicize it to the IAEP schools and other interested parties.

3) Committee members and the chairman must not be involved in any capacity with any IAEP school from which submissions have been received. In the event of a conflict involving the committee chairman, the president of the Board of Trustees will appoint the replacement.

4) The IAF Board of Trustees will be responsible for overseeing the administration of the award fund, and will work with the Award Committee.

d. **Selection Process**

Submissions will be due on March 1 of each year, in a format to be established by the committee. A letter from the IAEP coordinator will accompany the submission.

1) Entries will be judged based on the following criteria:
   a) Responsiveness to the assigned research topic;
   b) Relevance to readers who are familiar with internal audit issues;
   c) Originality;
   d) Coherent organization and clarity;
   e) Conciseness and focus; and
   f) Appropriate application of English.

2) Entries must follow the style and formatting requirements outlined in The IAF’s Guide for Writers. Work of other authors must be cited appropriately in the manuscript or footnotes and/or written permissions acquired to use copyrighted material. Failure to appropriately cite sources will result in disqualification of the submission.

3) There is no obligation to make the award in any year.

e. **Nature of the Award**

The award will be presented at The IIA’s annual International Conference.

1) The recipient will receive the sum of $5,000 and a suitably inscribed plaque. The winner’s name will also be inscribed on a permanent plaque at IIA Headquarters.
2) Up to $3,000 will be awarded to the IAEP school with which the student is or was affiliated. The funds must be used in the IAEP program or for the purchase of materials related to internal auditing.

3) Reasonable travel expenses incurred by the student to attend and registration to the International Conference will be paid to the recipient. No monetary compensation other than the scholarship will be offered to the recipient should he or she be unable to attend the International Conference.

4) The chosen manuscript will be published on the IIA Internal Audit Foundation website and may be submitted to Internal Auditor to be considered for publication.

f. Funding

1) The award will be funded through distributions from a restricted fund of The IIA Internal Audit Foundation. At a minimum, $5,000 will be granted to the student, plus reimbursement of reasonable travel and registration expenses to the conference at which the award is presented. The amount to the school will be based on the earnings of the fund, up to a maximum of $3,000. Should earnings in the fund increase significantly over time, the award to the student may be increased upon the recommendation of the Award Committee and approval by the IIA Internal Audit Foundation Board of Trustees.

6. James C. Ball Lifetime Achievement Award

(Added 3/17)BE

a. Background

This award is in memory of Jim C. Ball, an environmental, health and safety auditor who was a tireless volunteer, both for The Auditing Roundtable and BEAC. He believed that a good program would need a strong foundation built on solid auditing processes and qualified auditors. Jim and a core group of other practicing auditors believed that EHS auditing was unique and warranted its own auditor certification program. It was that vision that lead to the formation of BEAC in 1997. Jim served on the BEAC Board of Directors for many years and served as Chair of the BEAC Board in 2001. He also served on the BEAC Standards committee. With the merger of the Auditing Roundtable and The IIA, the BEAC Board has become the EHS Certification Advisory Committee. Jim Ball passed away from cancer in 2013.

The BEAC Board initiated the James C Ball Lifetime Achievement Award, and the first award was given to Jim Ball posthumously in 2013. The second award was given to Jerrold Atlas in 2014. The third award was given to Ray Kane in 2015 with the fourth award given to Bill Qualls in 2016.

b. Criteria for Award

Current and former Certified Professional Environmental Auditors (CPEAs) or Certified Process Safety Auditors (CPSAs) are eligible. The EHS Certification Advisory Committee will judge the nominees based on their contributions to the profession of EHS auditing in general, and specifically to their volunteer contributions to BEAC.
c. **Nomination Process**

Nominations will be accepted throughout the year; applicants can self-nominate. The deadline for the current year award will be May 31st of each year.

d. **Selection Process**

The EHS Certification Advisory Committee will discuss the nominees at their summer board meeting, and select a grantee.

e. **Nature of the Award**

1) Grantee’s name added to perpetual award plaque  
2) The award will be given to the grantee at the EHS Audit Center fall conference.  
3) Complimentary registration at the AR/EHS Audit Center fall conference as well as travel to and from the conference and reasonable and customary costs for meals/lodging  
4) $1,000 donation to an accredited university, college or special academic program of the recipient’s choosing.  
5) Prior recipients of the award are not eligible

f. **Funding**

The EHS Certification Advisory Committee, when it was the BEAC Board, approved the funding of this award program through the IIA Internal Audit Foundation. A proposal to restrict $15,000 from BEAC’s net assets to provide funding for the Award has been approved by the BEAC Board.
I. **BUSINESS PRACTICES**  
(Revised 5/09)

1. **Purpose/Scope of Code of Business Conduct for Elected or Appointed Officers, Directors, Representatives, Members of Committees and Task Forces**

   The Institute of Internal Auditors (The Institute) is committed to the highest ethical standards in order to merit and maintain the confidence and trust of its members and the public at large. Elected or Appointed Officers, Directors, Representatives, Members of Committees and Task Forces (Volunteers) of The Institute must conduct their personal and professional affairs in full compliance with all laws and regulations and uphold The Institute’s integrity in such a manner that does not result in adverse comments which may in any way impair and/or damage The Institute’s reputation.

   The Code of Business Conduct and Ethics (The Code) assists Volunteers to promulgate and uphold a culture of honesty and accountability. Through this Code, the Institute strives to provide and maintain guidance and mechanisms for its Volunteers to deal with ethical issues. All Volunteers are responsible for knowing and complying with the Code and all other policies of The Institute. Each Volunteer must annually complete and sign the *Annual Code of Business Conduct and Ethics for Volunteers Awareness and Compliance Certification*. All Volunteers have the duty and responsibility to report any real or potential conflicts of interests occurring after execution of this certification to their respective Committee Chairperson or oversight body.

   No code of business conduct and ethics can replace the thoughtful behavior of each Volunteer. Likewise, no code of business conduct can cover all situations. When in doubt, ask yourself these questions:

   - Would my action inspire trust?
   - Is my action legal? If legal, is it also ethical? Are my actions honest in every respect? Will they appear as such?
   - Is anyone's life, health, safety or privacy endangered/adversely affected by this action?
   - Can I defend this action with a clear conscience before my fellow members and the general public?
   - Would I be concerned to read about my action in the newspaper?

   The Institute encourages all Volunteers to ask questions, seek guidance, and express any concerns they may have. To assist you, The Institute has established an e-mail address at guidance@theiia.org.

2. **Business Practices**

   The following information applies to Volunteers:

   a. This Business Practices Procedure has been formulated and adopted by the Board of Directors to establish the requirements and guidelines for:

   - Compliance with ethics of the profession.
   - Legal compliance.
   - Conflicts of interest.
   - Annual statement of compliance.

   b. Requirements and Guidelines

   - Compliance with Ethics of the Profession
     It is the responsibility of each Volunteer to conduct any activities performed on behalf of The Institute in accordance with The Institute’s Code of Ethics.

   - Legal Compliance
The Institute is committed to full compliance with the laws of the places in which it operates. No Volunteer shall knowingly engage in any activity in violation of any law of the jurisdiction in which the activity takes place, or knowingly assist any other person in so doing.

3) Conflicts of Interest
   a) A conflict of interest is defined as Volunteers’ involvement in outside activities which might either conflict with their duty to The Institute or adversely affect their judgment in performance of their responsibilities. It is the responsibility of Volunteers to protect themselves and The Institute from situations involving actual or potential conflicts of interest, and to avoid personal transactions or situations in which their own interests either are, or appear to be, in conflict with those of The Institute. Furthermore, such activities or relationships must not influence or appear to influence decisions of the Volunteers or impair objectivity in the performance of assigned responsibilities, or discredit the name and reputation of The Institute.
   b) Volunteers may not disclose or use information of The Institute in any way which would injure or compromise the interests of The Institute. While discharging their responsibilities in The Institute, Volunteers may become aware of sensitive or confidential information. Appropriate professional care in respecting such confidences should be followed at all times. The unauthorized use or disclosure of educational, technical or research information of The Institute is specifically prohibited.
   c) Volunteers, except when specifically authorized to represent The Institute and its positions, shall not make statements or act in any manner that implies endorsement or support by The Institute of any issue.
   d) Volunteers shall not make statements or act in any manner that implies endorsement or support by The Institute of any political candidate or party.

4) Annual Statement of Compliance
   a) Each Volunteer is required to complete the Annual Code of Business Conduct and Ethics for Volunteers Awareness and Compliance Certification.
   b) Signing the Certification signifies that the individual has read the Business Practices Procedure and that he/she is in compliance with it and will make every effort to ensure future compliance. These certifications shall be reviewed by the Professional Responsibility and Ethics Committee of The Institute and they shall include the results of this review, along with appropriate comments and recommendations, in an annual report to the Senior Vice Chairman.

5) Guiding Principles and Examples for Use
   Guiding Principles and Examples for use in completion of the “Annual Code of Business Conduct and Ethics for Volunteers Awareness and Compliance Certification” form
   a) The Guiding Principles are based on the following conceptual approach:
      “Would a reasonable person perceive that the decisions or actions of the individual in question be other than unbiased, that is, would they be influenced by other than the best interest of the profession of internal auditing?”
b) It is not possible to provide guidance for all situations that may arise; therefore, it is each Volunteer’s responsibility to exercise good judgment to act in a manner that will reflect favorably upon The Institute and the Volunteer. If a situation arises that could be perceived as a conflict of interest, the Volunteer should disclose the specifics to his/her respective Committee Chairperson or oversight body.

c) Areas creating a potential conflict of interest include but are not limited to:

- **Interest in Other Businesses and Organizations**
  Volunteers should not have any direct or indirect interest in, or relationship to, any transaction to which The Institute is or will be party if such interest or relationship might influence, or appear to influence, that member in the performance of Institute duties, or otherwise give rise to the appearance of wrong-doing or a conflict of interest.

- **Indirect Interests and Relationships**
  - Being in a position to make or influence a decision relating to The Institute’s engaging in business with a Volunteer’s relative or friend.
  - Being in a position to derive an indirect benefit from an Institute transaction involving a Volunteer’s direct family members.
  - Not disclosing in writing via the Annual Code of Business Conduct and Ethics for Volunteers Awareness and Compliance Certification any situation in which the Volunteer is aware of a relative or friend that has an interest in any Institute transaction.

- **Use of The Institute’s Information**
  A Volunteer should not use for personal gain information concerning any aspect of The Institute’s business or information acquired as a result of their relationship with The Institute. This would include information not in the public domain concerning third parties with whom The Institute is doing business or negotiating a transaction.

d) Illustrative examples of situations that could give rise to a potential conflict of interest include:

- You learn through committee membership of a company with which The Institute plans to enter into negotiations for products or services, and use this knowledge to trade in the associated company’s stock. For example, The Institute is negotiating with a particular insurance company and plans to offer insurance products to our members. Prior to this announcement, you purchase stock in anticipation of an increase in value.

- As committee chairperson responsible for selection of a company to produce and create a video, you use this knowledge of the bidding
process to assist a relative or friend in being awarded the contract for the video production.

- While a member of a committee, you become aware of information about a prospective contract's contents that, if disclosed prematurely, could give a competitive advantage. You use the information that has not been yet made public to inform friends or relatives for their potential advantage.

- As part of a committee, you learn of upcoming events not in the public domain within another committee member’s company. You use this knowledge before it is released to recruit staff away from that company.

- While a member of a committee you are asked to conduct a seminar or other paid engagement. You purposely fail to follow a full disclosure policy to your company’s management.

- During a committee meeting, a Volunteer discusses opportunities and exposure within his/her company, such as a lack of knowledge regarding IT auditing. You seize the moment to sell IT Auditing services to that Company without first divulging this information and obtaining approval from the fellow Volunteer.

6) Volunteer Compensation

   Many Volunteers in The Institute are experts in the internal auditing profession and may write and publish textbooks and other research papers, produce and create videos, etc. that are sold by The Institute to the general public. These Volunteers are compensated by The Institute for their services. To mitigate any real or perceived conflicts of interest between The Institute and its Volunteers, the following 2-step process is utilized:

   a) Any proposal submitted by a Volunteer will be vetted publicly in a transparent manner and reviewed by the Chairperson of the appropriate committee or oversight body.

   b) If the Volunteer is a participant in the proposal, he/she must recuse him or herself from the review, analysis, discussion and voting processes.

7) Disclosure of Compensation

   All services in which compensation has been received should be disclosed using the Annual Code of Business Conduct and Ethics for Volunteers Awareness Compliance form. The Chairperson of the appropriate committee or oversight body must provide an assessment of the disclosure, along with appropriate comment and recommendations, on the Annual Business Practices Compliance form.

   c. Applicability

   It shall be the responsibility of each Volunteer to report any known violations of this policy to his/her respective Committee Chairperson or oversight body.
ANNUAL CODE OF BUSINESS CONDUCT AND
ETHICS FOR VOLUNTEERS AWARENESS AND COMPLIANCE CERTIFICATION

It is a fundamental policy of The Institute of Internal Auditors (The Institute) to conduct its business with honesty and integrity and in accordance with the highest legal and ethical standards. Each appointed and elected officer, director, representative, member of a committee and task force (Volunteer), is required to complete this form. All Volunteers have the duty and responsibility to report any real or potential conflicts of interests occurring after execution of this certification to their respective Committee Chairperson or oversight body.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Initials</th>
</tr>
</thead>
<tbody>
<tr>
<td>• I certify that I have read and understand the Code of Business Conduct and Ethics for Volunteers of The Institute and agree to abide by it.</td>
<td></td>
</tr>
<tr>
<td>• I certify that I have not engaged in any activities that conflict with the Code of Business Conduct and Ethics for Volunteers of The Institute.</td>
<td></td>
</tr>
<tr>
<td>• I certify that I have not used for personal gain information concerning any aspect of The Institute’s business or information acquired as a result of my relationship with The Institute.</td>
<td></td>
</tr>
<tr>
<td>• Provided below is a list of all services performed for The IIA in which I was directly involved and for which remuneration was paid to me or my company. (If none, write &quot;NONE&quot;)</td>
<td></td>
</tr>
<tr>
<td>• Other than as disclosed below, I certify that I have no direct or indirect interest in, or relationship to, any transaction to which The Institute is party if such interest or relationship might influence, or appear to influence, me in the performance of Institute duties, or otherwise give rise to the appearance of wrong-doing or a conflict of interest. (If none, write &quot;NONE&quot;)</td>
<td></td>
</tr>
<tr>
<td>• Other than as disclosed below, I further certify that I have no knowledge of any acts by other individuals, which are in conflict with the Code of Business Conduct and Ethics for Volunteers of The Institute except as previously disclosed to appropriate officials. (If none, write &quot;NONE&quot;).</td>
<td></td>
</tr>
</tbody>
</table>
• If future, real, or potential conflicts of interest, or the appearance of conflict arise, I agree
to report them as soon as possible to the Committee Chairperson or oversight body.

| Initials |

• Other than as disclosed below, I certify that both I, and all members of my immediate
family, have not received, given nor offered any gifts or benefits, or have any direct or
indirect financial interest in actual or potential suppliers of goods or services to The
Institute except as follows:

(If none, write "NONE". Exclude nominal gifts or entertainment.)

| Volunteer |

---

**Signature**
[For electronic submission, type your signature followed by your member ID number]

---

**Date**

**For IIA Use Only**

Committee Chairperson’s Resolution on Real or Potential Conflict(s) Reported

---

**Signature**
[For electronic submission, type your signature followed by your member ID number]

---

**Date**

Professional Responsibility and Ethics Committee Chairperson’s Approval of Committee Chairperson’s Resolution

---

**Signature**
[For electronic submission, type your signature followed by your member ID number]

---

**Date**
J. OTHER MATTERS

1. Guidelines for Use of IIA Logo

The overriding consideration for use and display of The IIA logo is that good taste and an uncluttered presentation is paramount. The authority for the proper display and use of the logo is delegated by the Board to the appropriate IIA staff.

Specific guidelines on the use and display of The IIA brand are outlined in The IIA Graphics Manual, which is posted for reference by affiliates and other interested parties on The IIA’s Web site.

2. Administrative Directives - Definition

Administrative Directives are specific policies and procedures The Institute follows in administering IIA programs and activities.

Approval of new Administrative Directives or modifications of existing Directives is vested with the Executive Committee of the Board. (See Section III.A.2.b.)
SECTION IV

POSITION GUIDES
SECTION IV. POSITION GUIDES

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A. CHAIRMAN OF THE BOARD

1. Extract from the Bylaws, Article V, Section 2:

"The Chairman of the Board shall be the chief elective officer of The Institute and, when present, shall preside at all meetings of The Institute, of the Board of Directors, and of the Executive Committee and shall be a member ex officio, with a right to vote, of all other committees except the Audit Committee and shall have such duties and powers as may be prescribed by the Board of Directors and as stated in the Board Policy Manual."

2. Term of Office

The Chairman of the Board of The Institute is an elected officer who serves a one-year term as its chief elective officer.

3. Responsibilities

The duties and responsibilities of the Chairman of the Board shall include, but not be limited to:

   a. Appoint all international committee chairmen and committee members of The Institute, except those instances specified in the Bylaws.

   b. Appoint all ad hoc committees, task forces, and work groups of The Institute.

   c. Serve, with the President and CEO, as spokesperson for The Institute on all issues pertinent to the profession of internal auditing. In this regard, the Chairman shall keep the Board of Directors advised of statements relating to such matters. For specific purposes, this responsibility may be delegated to other members or staff of The Institute.

   d. Represent The Institute and the internal audit profession to members of The Institute, the general public, and other professional organizations. In this regard, his/her attendance and participation in meetings at area, national and international levels with members of business, government and professional associations shall be considered appropriate for promoting the image of the internal audit profession.

   e. Maintain relations with the general membership of The Institute through visitations to chapters/Institutes and to conferences to the extent reasonable and practical.

   f. Serve as a member of the Global Nominating- and Compensation Committees.

   g. Oversee the preparation of agendas for meetings of the Executive Committee, Board of Directors and general membership.

   h. Assist in establishing relationships with other professional organizations.

   i. Identify future potential leaders of The Institute and assist in developing them through recommendations for positions within the volunteer structure of The Institute.
B. SENIOR VICE CHAIRMAN OF THE BOARD

1. Term of Office

The Senior Vice Chairman of the Board of The Institute is an elected officer, serving a one-year term and reporting to the Chairman. The Senior Vice Chairman is expected to succeed as Chairman of the Board the following year or upon any vacancy in the Chairman position subject to remaining a member in good standing and meeting the criteria for selection as defined in Section 5 of the Global Nominating Committee procedures.

2. Responsibilities

The duties and responsibilities of the Senior Vice Chairman shall include, but not be limited to:

a. Serve as a member of the Executive Committee, and in the absence or disability of the Chairman, shall perform the duties of the Chairman.

b. Visit the headquarters of The Institute annually for the purpose of becoming familiar with the administrative functions and personnel.

c. Initiate and approve strategic planning activities for consideration of the Executive Committee and Board of Directors.

d. Meet regularly with the Vice Chairmen for the purpose of assisting in establishing and maintaining communications and coordination among the committees to develop, implement and assure consistency with the strategic directives.

e. Report to the Executive Committee and the Board of Directors at each of their regular meetings on the activities of those functions under his/her supervision.

f. Serve as Chairman of the Advisory Council of committees reporting to the SVC, including:

   1) Represent that Council on the Executive Committee.

   2) Supervise and coordinate the activities of each of the committees comprising his/her respective Advisory Council to ensure congruence with the goals and policies of The Institute.

   3) Communicate regularly with the staff liaison to his/her Advisory Council.

   4) Meet regularly with his/her Advisory Council for the purpose of assisting in communications and coordination within the Council and with the Executive Committee, the other Advisory Councils and the administrative staff of The Institute.

   5) Identify future potential leaders of The Institute and assist in developing them through recommendations for positions within the volunteer structure of The Institute.

   6) Attend, whenever practical, the professional conferences and workshops of The Institute.

   7) Provide an annual written evaluation of each of the committee chairmen in their Advisory Council, containing comments on their attendance at meetings, their leadership of the committee, their potential future as a potential leader, and recommendations for next steps.

   8) Perform such special assignments as are delegated to him/her by the Chairman and the Executive Committee.
C. **VICE CHAIRMAN OF THE BOARD – GLOBAL SERVICES**

D. **VICE CHAIRMAN OF THE BOARD – PROFESSIONAL CERTIFICATIONS**

E. **VICE CHAIRMAN OF THE BOARD – PROFESSIONAL GUIDANCE**

F. **VICE CHAIRMAN OF THE BOARD – PROFESSIONAL PRACTICES**

G. **VICE CHAIRMAN OF THE BOARD – RESEARCH**

1. **Term of Office**

   The Vice Chairmen are elected officers serving one-year terms. VCs should not hold the same position for more than two full consecutive terms. Because of its affiliation with the IIA Internal Audit Foundation, the Vice Chairman – Research may hold up to three consecutive one-year terms.

2. **Common Responsibilities**

   The duties and responsibilities of each Vice Chairman shall include, but not be limited to:

   a. In the event of the absence or disability of the Chairman and the Senior Vice Chairman, one will be designated by the remaining members of the Executive Committee to perform the duties of the Chairman.

   b. Serve as a member of the Executive Committee.

   c. Serve as Chairman of his/her respective Advisory Council, including:

      1) Represent that Council on the Executive Committee.
      2) Supervise and coordinate the activities of each of the committees comprising his/her respective Advisory Council to ensure congruence with the goals and policies of The Institute.
      3) Communicate regularly with the staff liaison to his/her Advisory Council.
      4) Meet regularly with his/her Advisory Council for the purpose of assisting in communications and coordination within the Council and with the Executive Committee, the other Advisory Councils and the administrative staff of The Institute.
      5) Be responsible for coordination of the strategic and operating planning activities for his/her Council and assist the Senior Vice Chairman in developing the overall plan for The Institute.

   d. Report to the Executive Committee and the Board of Directors at each of their regular meetings on the activities of those functions under his/her supervision.

   e. Attend, whenever practical, the professional conferences and workshops of The Institute.

   f. Provide an annual written evaluation of each of the committee chairmen in their Advisory Council, containing comments on their attendance at meetings, their leadership of the committee, their potential future as a potential leader, and recommendations for next steps.

   g. Perform such special assignments as are delegated to him/her by the Chairman and the Executive Committee.

3. **Specific Responsibilities of the Vice Chairman – Research**

   The Vice Chairman – Research also serves as President of The IIA Internal Audit Foundation.
H. VICE CHAIRMAN OF THE BOARD – FINANCE

1. Term of Office

The Vice Chairman-Finance of The Institute is an elected officer, serving a one-year term as the official responsible for the administration of the financial affairs thereof. The VC-Finance should not hold the position for more than two full consecutive terms.

2. Responsibilities

The duties and responsibilities of the Vice Chairman-Finance shall include, but not be limited to:

a. Serve as a member of the Executive Committee.

b. Serve as Chairman of the Finance and Investment committees. (Refer to Finance Committee charter (Section V.H) and Investment Committee responsibilities (Section III.F.3).

c. Submit an annual budget to the Board of Directors for its approval.

d. Ensure the establishment and maintenance of adequate controls for safeguarding the funds of The Institute and the Internal Audit Foundation.

e. Ensure the establishment and maintenance of adequate controls over the accounting of all receipts and disbursements and the investment of the funds as directed by the Board of Directors.


g. Report to the Executive Committee and the Board of Directors on the financial results, recommended changes in financial policies and procedures, budget, and investment policies and procedures as needed.
I. **PRESIDENT AND CHIEF EXECUTIVE OFFICER**

1. **Extract from the Bylaws, Article V, Section 6:**

   "The President and CEO shall be the chief salaried administrative executive of The Institute. The conditions and tenure of employment of the President and CEO shall be determined by the Executive Committee, representing the Board of Directors, and the President and CEO shall be accountable to the Executive Committee. The President and CEO shall be responsible for the operations of the headquarters within limitations of the Bylaws and the policies, programs and budgets approved by the Board of Directors."

2. **Responsibilities**

   The duties and responsibilities of the President and Chief Executive Officer (President and CEO) shall include, but not be limited to:

   a. Manage the activities of the headquarters staff of The Institute, providing leadership and fostering an environment of cooperation and teamwork that positively influence relations with the Board of Directors, the Executive Committee, International committee members and the general membership.

   b. Formulate and recommend plans for The Institute targeted at achieving strategic goals established by the Board of Directors. Actively initiate proposals, aimed at improving, promoting and enhancing the image and visibility of The Institute and the profession of internal auditing.

   c. Ensure the fiscal viability of The Institute.

   d. Implement policies, programs and activities approved by the Executive Committee and the Board of Directors.

   e. Maintain effective and cordial relationships with other professional associations' executives and relevant private and public organizations and individuals.

   f. Serve as staff liaison to the Executive Committee and ex-officio member to the North American Board.

   g. Serve as a member of the Board of Directors.

3. **Accountabilities**

   The President and CEO will be accountable for:

   a. Security and preservation of Institute assets, both tangible and intangible.

   b. Proper and efficient utilization of the resources, staff and facilities of The Institute headquarters.

   c. Development, documentation and maintenance of procedures and systems to assure the orderly conduct of the functions of headquarters.

   d. Preparation of written reports of the results of operations, financial conditions, and program results.

   e. Maintenance of proper and complete records and files on the activities and programs of headquarters.

   f. Personnel development and performance appraisal of the headquarters staff.

   g. Salary administration for HQ staff in partnership with the Compensation Committee.

   h. Serve, with the Chairman of the Board, as spokesperson for The Institute on all issues pertinent to the profession of internal auditing.

   i. Compliance by The Institute with all legal and regulatory requirements to which The Institute is, or may become, subject.

   j. Development of annual performance goals in conjunction with the Compensation Committee and assessment of performance against goals on at least an annual basis.
J. **DIRECTOR OF THE BOARD**

1. **Term of Office**

   In addition to the Executive Committee and the President and CEO, there shall be 27 Directors elected or appointed to the Board of Directors for one or two year terms, with approximately half of the terms expiring each year.

2. **Qualifications**

   The Bylaws require that all Directors be CIAs.

3. **Composition**

   The Global Nominating Committee will confirm or select the nominees based on input as follows:

   a. For the ten North American Directors, recommendations from the North American Nominating Committee.

   b. For the ten Institute Directors, recommendations from the 10 institutes determined to qualify for seats on the Board of Directors.

   c. For the six Directors at Large, selection that provides balance to the Board of Directors in terms of geography, diversity, skills, and maintenance of the 40% NA requirement.

   d. One Director to serve as Audit Committee Chairman.

4. **Responsibilities**

   a. Attend and participate fully in all meetings of the Board of Directors, including adequate preparation to ensure understanding of issues before the Board. Board members who have two unexcused absences or three total absences during a two year period may be asked to resign.

   b. May serve as member or chairman of an international committee, except for the Professional Responsibility and Ethics Committee. Such service is most valuable in bringing experience to bear on the operations and issues of The Institute.

   c. Present opinions and perspectives to the Board, but be willing to provide leadership and support Board positions as being in the best interests of The Institute as a whole.

   d. Support and attend Institute events whenever practical, including the annual International Conference.

   e. Promote The Institute whenever possible to member and non-member constituencies.

   f. Complete the annual Self-assessment for Board members.
K. COMMITTEE CHAIRMAN

1. Term of Office

Committee chairmen are appointed by the Chairman of the Board and are responsible to the officer assigned to coordinate the activities of the committee*, except as otherwise stated in the Bylaws. Committee chairmen may serve up to three years in their position, but are subject to appointment each year by the Chairman of the Board.

2. Responsibilities

The primary responsibility of all committee chairmen is to suggest and, where appropriate, develop programs of work consistent with Board policy and provide technical advice to the staff liaison. Specific responsibilities shall include, but not be limited to:

a. Conduct all meetings of the committee.

b. Bring projects and/or proposals to the officer responsible for the committee for the consideration of the Executive Committee and the Board.

c. Submit resolutions for the consideration of the Executive Committee and the Board to the officer responsible for the committee. Resolutions are due as early as possible prior to a meeting of the Board or an interim meeting of the Executive Committee.

   1) Such resolutions shall include all information required in the standard resolution template.

   2) Committees also will collaborate with staff liaisons in recommending priorities, budgets, and time schedules for the programs.

d. Submit items for consideration for the proposed budget for his/her committee to the staff liaison.

e. Submit, or cause to be submitted by his/her designee, a copy of the minutes of committee meetings no later than 30 days after the conclusion of the meeting.

f. Communicate directly with the President and CEO on problems relating to administration, staff performance or staff decisions that cannot be resolved at the staff liaison level.

g. File an evaluation report on each member of their committee, containing comments on their attendance at meetings, their contribution to the committee, and their initiative and willingness to continue their work. This should be forwarded to the officer responsible for the committee and nominee for Chairman of the Board.

h. Exercise care and diligence in investigating and resolving potential conflicts of interest between a committee member and The Institute and between committee members.

i. Prepare reports as may be requested by the officer responsible for the committee.

3. Transition of Chairmen

When there is a change of chairman, it is expected the outgoing and incoming chairmen will develop a coordinated agenda. As a guideline, the outgoing chairman should be responsible for any old business, including status reports on projects, and then relinquish the chair to the incoming chairman for any new business and development of plans for the future.

* Note: Committee is used herein as standing or technical committee or task force. Excludes Executive Committee.
L. **STAFF LIAISON**

1. **Relationship to Committees**

   All members of the staff of The Institute are responsible to the President and CEO. It shall be the responsibility of the President and CEO to assign employees to act as liaison with the Advisory Councils in order to assure the appropriate resources of The Institute are assisting the Councils in achieving their goals and objectives. Inquiries or comments concerning the staff assigned to liaison activities should be directed to the President and CEO.

2. **Responsibilities**

   Responsibilities of Staff Liaison shall include, but not be limited to:
   
   a. Inform committee members of activities, programmed or planned, which affect the committee.
   
   b. Work with the committees in developing recommended programs of work for presentation to the President and CEO and the Executive Committee or the Board of Directors, as required.
   
   c. Work with the committees to implement approved programs.
   
   d. Coordinate the preparation and publication of approved committee projects.
   
   e. Request, compile and analyze input from assigned committee members.
   
   f. Assist the committee chair with developing committee resolutions, minutes, budgets, project status reports, and preparation and execution of meetings as needed.
   
   g. Upon approval of the committee chairman, the President and CEO and the officer responsible for the committee, send copies of the minutes of meetings to each member of the committee, and ensure they are available to the Executive Committee and chairmen of all committees of The Institute within 45 days after the conclusion of each meeting.
   
   h. Serve as a contact with other professional and trade organizations when required.
SECTION V.

MISSION STATEMENTS FOR COMMITTEES
SECTION V. MISSION STATEMENTS FOR COMMITTEES

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*July 2016 Committee Restructure

Global Ethics Committee became Professional Responsibility and Ethics Committee


Professional Issues Committee became three committees (Financial Services Guidance Committee, Guidance Development Committee, Information Technology Guidance Committee)

Public Sector Committee became Public Sector Guidance Committee
A. **SUMMARY OF COMMITTEES**  
(Rev 11/2012 and 7/2015)

1. **Introductory Comments**

   Except as other specified in the *Bylaws*, the following comments are applicable to all committees, task forces or work groups.

   Members of committees, task forces and work groups are appointed by the Chairman of the Board.

   All committee chairmen must hold the Certified Internal Auditor designation or hold other certification as recognized by the Professional Certifications Board.

   Composition of committees, task forces or work groups shall include sufficient members to ensure objectives and responsibilities are achieved, and reflect the global diversity of The Institute.

   In order to accommodate the many IIA members willing to serve, it is recommended that members be rotated off a committee when their term ends (usually three years). No member should serve more than two terms on the same committee unless justification can be made and approval is given by the Senior Vice Chairman of the Board.

   Specific committee requirements are covered in the respective committee charters.

2. **Standing Committees, as specified in the Bylaws**

<table>
<thead>
<tr>
<th>Name</th>
<th>Composition</th>
<th>Selection Method</th>
<th>Term</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Executive</strong></td>
<td>Officers and two most recent Past Chairmen of the Board</td>
<td>Elected (excepting the past chairmen)</td>
<td>One year</td>
</tr>
<tr>
<td><strong>Audit</strong></td>
<td>At least three members of the Board of Directors, not on the Executive Committee.</td>
<td>Chairman is elected as Director. Chairman and members are appointed by the Chairman of the Board and approved by the Board of Directors</td>
<td>One or two years</td>
</tr>
<tr>
<td><strong>Global Nominating</strong></td>
<td>Minimum of seven which include the Past Chairman of the Board as Chairman and the current Chairman of the Board</td>
<td>Recommended by the current Global Nominating Committee and approved by the Board of Directors</td>
<td>One year</td>
</tr>
</tbody>
</table>

3. **Technical Committees**

   Technical committees are created by the Board of Directors and are grouped into Advisory Councils.

   Membership is for one- to three-year terms by appointment of the Chairman of the Board. However, committee chairs reevaluate their composition each year and may make changes based on changing committee focus, diversity on committee, members’ meeting attendance or participation, etc.
The recommended reporting structure is as follows but may be changed at the discretion of the Chairman of the Board: *(Effective July 2016)*

<table>
<thead>
<tr>
<th>Advisory Council</th>
<th>Committee Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Services</td>
<td>• Global Professional Development Committee</td>
</tr>
<tr>
<td></td>
<td>• Institute Relations Committee</td>
</tr>
<tr>
<td>Professional Certifications</td>
<td>• Professional Certifications Board</td>
</tr>
<tr>
<td></td>
<td>• Exam Development Committee (reports to PCB)</td>
</tr>
<tr>
<td></td>
<td>• EHS Certification Advisory Committee (reports to PCB)</td>
</tr>
<tr>
<td>Professional Guidance</td>
<td>• Guidance Development Committee</td>
</tr>
<tr>
<td></td>
<td>• Public Sector Guidance Committee</td>
</tr>
<tr>
<td></td>
<td>• Financial Services Guidance Committee</td>
</tr>
<tr>
<td></td>
<td>• Information Technology Guidance Committee</td>
</tr>
<tr>
<td>Professional Practices</td>
<td>• International Internal Audit Standards Board</td>
</tr>
<tr>
<td></td>
<td>• Professional Practices Advisory Committee</td>
</tr>
<tr>
<td></td>
<td>• Professional Responsibilities and Ethics Committee</td>
</tr>
<tr>
<td>Research (See Internal Audit Foundation Manual for authorization and responsibilities)</td>
<td>• Internal Audit Foundation Board of Trustees</td>
</tr>
<tr>
<td></td>
<td>• Internal Audit Foundations Committee of Research and Education Advisors</td>
</tr>
<tr>
<td>Finance</td>
<td>• Finance Committee</td>
</tr>
<tr>
<td></td>
<td>• Investment Committee</td>
</tr>
<tr>
<td>Senior Vice Chairman</td>
<td>• Global Council</td>
</tr>
<tr>
<td></td>
<td>• Academic Relations Committee</td>
</tr>
<tr>
<td>Past Chairman (ONA)</td>
<td>• Global Advocacy Committee</td>
</tr>
</tbody>
</table>

4. **Special Committees**
   
   a. Special Committees are created by the Board of Directors and are assigned to Advisory Councils or members of the Executive Committee.
   
   b. Membership is for a one- to three-year term of appointment by the Chairman of the Board.
   
   c. Current special committees are:

<table>
<thead>
<tr>
<th>Executive Member</th>
<th>Committee Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chairman of the Board</td>
<td>• Audit Committee</td>
</tr>
<tr>
<td></td>
<td>• Global Nominating Committee</td>
</tr>
<tr>
<td></td>
<td>• IPPF Oversight Council</td>
</tr>
<tr>
<td>Past Chairman (NA) or other Executive Committee member as designated by the Chairman of the Board</td>
<td>• North American Board</td>
</tr>
</tbody>
</table>

5. **Ad Hoc Committees, Task Forces and Work Groups**

Ad hoc committees, task forces and work groups are created as necessary by the Chairman of the Board and/or the Board of Directors. Membership is by appointment as defined elsewhere herein.
B. EXECUTIVE COMMITTEE (rev. 03/2014)

1. Extract from Bylaws Article X, Section 1, Paragraph A

"An Executive Committee, consisting of the Chairman of the Board, a Senior Vice Chairman of the Board, the Vice Chairmen of the Board, 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."

2. Mission

The core purpose of the Executive Committee is to oversee the operations, strategic initiatives and tactics supporting the Board-approved strategy of The Institute. In overseeing operations the EC must ensure the fiduciary responsibilities of the Board are met. The Executive Committee:
   a. Assists the Board of Directors in the fulfillment of its responsibilities for overseeing the affairs of The Institute.
   b. Assumes responsibilities delegated to it by the Board of Directors.

3. Responsibilities
   a. Maintain continuing oversight of the operations of The Institute to ensure that activities are being performed in accordance with approved plans and programs.
   b. Retain and evaluate the performance of the President and CEO.
   c. Consider, and act upon, all complaints pertaining to the management of The Institute.
   d. Meet at such times and places as it may elect, and meet at other times upon the call of the Chairman of the Board or any four members of the Executive Committee.
   e. Cause long range plans and directives to be developed and approved by the Board of Directors.
   f. Review and evaluate individual contributions for purposes of recognition and leadership development.
   g. Interact, monitor, and oversee the activities of the committees. This includes approval of new committees or changes to mission statements, with the exception of the Audit Committee, which reports directly to the Board.
   h. Act on behalf of the Board in the following matters delegated to it by the Board:
      1) Approval of affiliation of new institutes.
      2) Approval of investment policies.
      3) Revisions of policies regarding awards, general operations.
      4) Approval of sites for International Conferences and Global Council.
   i. Timely inform the Board of key programs and issues impacting The Institute and major actions taken by the Executive Committee.
C. **BOARD OF DIRECTORS** (Rev. 03/2014)

1. **Extract from Bylaws Article IV**
   
   **Section 1**
   "The governing body of The Institute shall be the Board of Directors."
   
   **Section 3**
   "The Board of Directors shall meet at least twice annually at such times and places as it may elect."
   
   **Section 4**
   "At meetings of the Board of Directors, 26 members shall constitute a quorum. Any act of two-thirds of the directors present or participation as noted in Section 3 at a meeting where a quorum is present shall be a valid act of the Board of Directors unless a greater proportion is required by law or these Bylaws."
   
   (See Bylaws Article IV for additional guidance)

2. **Mission**

   The Board of Directors establishes the strategic direction of the internal audit profession. Since The Institute is the only body representing the profession globally, the Board must also set the direction for the corporation (The Institute) and oversee The Institute’s strategy to achieve that direction. The Board also maintains fiduciary responsibility over the Bylaws and financial viability of The Institute.

3. **Structure**

   a. The Board of Directors of The Institute shall be constituted as follows:

      1) The officers of The Institute, including the Chairman of the Board, the Senior Vice Chairman, and various Vice Chairmen;

      2) The two most recent past Chairmen of the Board not holding other officer positions;

      3) Ten North American Directors recommended by the North American Board based on nominating criteria in the NA Board Policy Manual;

      4) Ten Directors from institutes outside North America selected in accordance with the following formula:

         i. The largest institutes ranked by equal weight of the average number of members reported by the institute for the last two years, and the average total revenue from all sources (excluding extraordinary events such as hosting a regional or international conference) reported on the financial statements of the institute for the latest two fiscal years. The data will be reviewed in June of even-numbered years and adjustments will be made accordingly. In case of ties, the affiliate with the higher percentage of members possessing the CIA (or equivalent as determined by the PCB) designation will be chosen.

         ii. Institutes must provide the reports required, must be in good standing with The IIA (as defined in the institute agreement) in order to be considered, and are to provide audited financial statements each year.

         iii. Should an institute be replaced in the rankings by another institute, that position on the Board will automatically become open during the following nomination cycle.

         iv. Should an institute with a designated seat on the Board be unable or unwilling to nominate a qualified candidate for their seat, the Global Nominating Committee will give 30 days’ notice of forfeiture to the institute and contact the next institute in rank order to solicit a qualified candidate for nomination and election. Should a seat become vacant during a term of office, and the institute is unable or unwilling to nominate a qualified
candidate as replacement, the Chairman of the Board within 30 days shall be authorized to appoint a qualified candidate recommended by the next institute in rank order to fill the seat until the next regular annual election. The alternate institute will have the right to fill the seat for the full term of the vacated position, including standing for election the following year if necessary to complete the term.

5) Six Directors at Large selected based on geographic balance, global perspective, contributions to The Institute, and other criteria to meet the needs of the Board;

6) One Director who will serve as Chairman of the Audit Committee; and

7) The IIA President and CEO.

b. North American members must always comprise at least forty (40) percent of the total number of Board members, or 15 Directors, excluding the IIA President.

c. All Directors, except officers as designated in Article V, Section 1, and Ex-Officio Directors, will serve for two-year terms. Directors should not hold the same position for more than two full consecutive terms.

d. Institutes 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 institute that they represent must be current in all finances and reporting with The Institute.

4. **Responsibilities**

   **Strategic**
   a. Provide input to, monitor and approve the strategic plan.
   b. Approve changes to the International Professional Practices Framework.
   c. Approve disaffiliation of institutes/revocation of charters.
   d. Approve dissolution of international committees or boards.
   e. Monitor and approve major changes to certification program.
   f. Delegate responsibilities to the Executive Committee for the oversight of international and board committees, with the exception of the Audit Committee.

   **Fiduciary**
   g. Approve the annual IIA budget and capital investments.
   h. Approve changes to policies regarding financial matters, board composition (including allocation of board seats).
   i. Approve changes to the *Bylaws*
   j. Review and endorse report of the Audit Committee
   k. Review and endorse reports of the Executive Committee related to the financial operations of The Institute
   l. Approve changes to the Code of Business Conduct.

   **Administrative/Governance**
   m. Ensure familiarization with the *Bylaws*, the *Board Policy Manual*, and minutes of recent Board meetings including attached committee reports and reports from administrative staffs, and knowledge of Institute materials as received.
   n. Understand the personal and legal responsibility of each Board member for all acts and omissions of the Board of Directors in the discharge of its responsibilities in accordance with the Bylaws of The Institute and its governing statutes.
   o. Attend and participate fully in all meetings of the Board of Directors, including adequate preparation to ensure understanding of issues before the Board. Board members who have two unexcused absences or more than 25% total absences during a two year period will be deemed to have resigned their seat due
to non-attendance. Any vacancy created will be filled according to the Bylaws. The full Board will consider any appeal.

p. May serve as member or chairman of an international committee.

q. Present opinions and perspectives to the Board, but be willing to provide leadership and support Board positions as being in the best interests of The Institute as a whole.

r. Support and attend Institute events whenever practical, including the annual International Conference.

s. Promote The Institute whenever possible to member and non-member constituencies.

t. Assist in seeking qualified members worldwide to serve in IIA leadership positions. Fulfill all other responsibilities as required of the Board by the laws governing The Institute and those specified in the Bylaws.
D. ACADEMIC RELATIONS COMMITTEE

1. Mission

To forge relationships among academics, students, practitioners, administrators, and others for the primary purpose of promoting the role of internal auditing and internal auditing education within college/university curricula globally.

2. Structure

The Committee shall consist of sufficient members, representative of the diversity of the global profession, and subcommittees to ensure that the objectives and responsibilities of the committee are met.

3. Responsibilities

   a. Promote The IIA’s vision of the internal audit profession through the cornerstones of the International Professional Practices Framework, Research and Education, Certification and Quality Programs on university and college campuses.
   
   b. Encourage, support, and assist in the implementation of collegiate curricula and programs in internal auditing such as the Internal Auditing Education Partnership (IAEP).
   
   c. Build relationships among students, academics, practitioners, and other parties involved with the governance of organizations to promote the future of the profession.
   
   d. Ensure recognition of outstanding internal audit academic achievements through awards programs.
   
   e. Promote awareness of academic programs within The IIA membership.
E. AUDIT COMMITTEE
(Rev. 7/2017)

1. Extract from Bylaws Article X, Section 1, Paragraph B:

“An Audit Committee, appointed by the Board of Directors, consisting of at least three but no more than five members of the Board. The Chairman of the Audit Committee shall be elected by the membership to the Board of Directors, and may not serve The Institute in any other capacity during the period of appointment. Committee members, during their period of appointment, may not serve as IIA officer, committee chairman, or staff. The Chairman and Members of the Audit Committee shall be ineligible for nomination to the offices of Chairman of the Board, Senior Vice Chairman of the Board, Vice Chairmen of the Board, or Secretary for a period of one year after their terms expire. Former officers shall be ineligible for appointment to the committee for a period of three years after leaving the Executive 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.”

2. Purpose

The Committee has been established to assist the Board of Directors (Board) of The IIA in fulfilling its corporate governance and oversight responsibilities in relation to financial reports and financial reporting process, internal control structure, risk management systems in relation to financial and non-financial risks and the internal and external audit processes.

3. Mission

As a Standing Committee, the Audit Committee:

a. Provides assistance to the Executive Committee and the Board in the fulfillment of their oversight responsibilities for The IIA’s financial reporting process, system of internal control and the audit process.

b. Recommends a firm of certified public accountants to audit and report upon the financial statements of The IIA for each fiscal year.

c. Oversees The IIA’s Internal Audit program.

d. Provides oversight of practices designed to manage risk as well as to ensure compliance with legal, and regulatory requirements.

e. Provides advice and direction on the development of the IIA’s enterprise risk management capability.

4. Structure

The Audit Committee members will all be members of the Board. The Committee will consist of at least three but no more than five members selected from the Board by the Chairman of the Board. The Committee Chairman will be a separate position on the Board (per The IIA By-Laws), nominated by the Global Nominating Committee and elected to the Board as part of the annual election process. The Chairman of the Audit Committee serves a two year term. Should the Chairman of the Audit Committee or a member not be able to fulfill their term, the Chairman of the Board is empowered to fill such position pro tem.

- For the Chairman of the Audit Committee position, approval will be sought from the Board at the next scheduled meeting and The IIA shall subsequently elect a Chairman at the next regular or special meeting of the members.
• For an Audit Committee member, approval will be sought from the Board at the next scheduled meeting.

Per The IIA Bylaws, the former members of the Audit Committee cannot serve as Chairman of the Board, Senior Vice Chairman of the Board, or Vice Chairman of the Board for a period of one year after their terms expire. In addition, (1) former officers shall be ineligible for appointment to the Committee for a period of three years after leaving the Executive Committee and (2) members of the Audit Committee, during their term, cannot serve as IIA officer, committee chairman, or staff.

5. **Organization**

   a. **Staff Designee:** The Chief Audit Executive and Director of Internal Audit (Chief Audit Executive) shall be the staff liaison to the Audit Committee.

   b. **Quorum:** A quorum for any meeting shall consist of the majority of its voting members. When a quorum is present, a majority vote, that is a majority of the votes cast, is sufficient for the adoption of any motion that is in order. In the event that the voting results in a tie, the motion is adopted or lost based on the Audit Committee Chairman’s vote.

   c. **Voting Process:** The usual method of taking a vote is *viva voce* (by the voice). However, the Audit Committee Chairman may deem “Ballot Voting” is appropriate based on the motion. The main objective of ballot voting is secrecy, and it is resorted to when the question is of such a nature that some members might hesitate to vote publicly their true sentiments.1

   d. **Meetings:** The Audit Committee will have quarterly meetings.

      - Two meetings will be scheduled in conjunction with The IIA’s Annual International Conference and Midyear meetings (i.e., Audit Committee members will be encouraged to attend in-person).
      - Two conference call meetings will be scheduled between the International and Midyear meetings (e.g., first and third quarter).
      - An additional conference call will be scheduled upon completion of The IIA’s annual external audit. The IIA’s independent auditors will present annual financial reports for Audit Committee review and recommended approval.

   e. **Board Reporting:** Subsequent to the International and Midyear Audit Committee meetings, the Audit Committee Chairman, on behalf of the Audit Committee, will conduct separate briefings with The IIA Executive Committee and Board of Directors.

6. **Responsibilities**

   a. Review and assess the Audit Committee Charter at least annually, and any submit any proposed changes to the Board for approval.

   b. Select for appointment the firm of certified public accountants to audit the books and accounts of The IIA and submit recommendation for approval to the Board. The external auditor shall not be employed without the pre-approval of the Audit Committee and the Board to perform all audit services and permitted non-audit services.

   c. Meet with representatives of the certified public accounting firm to review the scope, including such matters as any critical accounting policies, alternative accounting practices and the results of their audit.

   d. Review the annual financial statements and approve them for publication.

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e. Interact directly with and evaluate the performance of The IIA’s independent auditors, including (1)
determining whether to engage or dismiss the independent auditors and (2) monitoring the independent
auditors’ qualifications and independence.

f. Provide oversight of periodic reviews of the efficiency and effectiveness of the operations of The IIA and
review the scope and results of such reviews. The Committee may, on occasion, actively participate in such
reviews, or may utilize the services of others in conducting the reviews and hire qualified temporary help
with notification to the Board and Chief Executive Officer.

- Expenditure Approval—Forecasted expenditures for staff augmentation and contracted services will be
  submitted for review and approval to the Chairman of the Board and/or Board in accordance with the
  Delegation of Authority Policy included in the Board Policy Manual. If approval is not obtained from the
  Chairman of the Board, in accordance with the Policy, the Audit Committee may submit the expenditure
  request to the Board for review and approval.

g. Independently engage outside independent counsel and other advisors as needed to carry out its duties and
conduct or authorize investigations into any matters within its scope of responsibilities with notice to the
Chairman of the Board and President and Chief Executive Officer (CEO). The Audit Committee will
independently determine funding needs and seek approval as noted in e. above for:

- Ordinary administrative expenses of the Committee that are necessary and appropriate in carrying out
  its duties, and

- Compensation to independent counsel and other advisors retained to assist the Committee.

h. Report at least semiannually on the results of the annual audit conducted by the certified public accountants
and the results of any other reviews conducted or commissioned by the Committee to the Board with the
Committee's comments and recommendations, if any.

i. Review the effectiveness of the internal audit function:

- Review with the Chief Audit Executive the budget, resource plan, activities, and organizational structure
  of the internal audit function. The Audit Committee will engage the President and CEO in the review as
  deemed necessary.

- At least once per year, the President and CEO will review the performance of the Chief Audit Executive
  with the Chairman of the Audit Committee and obtain concurrence for any corresponding annual
  compensation and salary adjustments. The Chairman of the Audit Committee will consult with the
  Committee members as deemed appropriate.

- Approve the (1) internal audit charter and (2) annual audit plan and all major changes to the plan.

- Approve decisions regarding the appointment and removal of the Chief Audit Executive. Ensure that
  there are no unjustified restrictions or limitations, and review and concur in the appointment,
  replacement, or dismissal of the Chief Audit Executive.

- Receive a report annually on the results of Internal Audit’s Quality Assurance and Improvement
  Program, including its evaluation of conformance with The Institute of Auditors’ International Standards
  for the Professional Practice of Internal Auditing.

- Meet separately with the Chief Audit Executive on a regular basis to discuss any matters that the
  Committee or Chief Audit Executive believes should be discussed privately.
Discuss with the Chief Audit Executive whether there have been any restrictions or limitations in the discharge of his/her responsibilities and, if required, mediate and resolve any outstanding differences between Internal Audit and management.

Consider annually the adequacy of Internal Audit independence in both structure and practice.

Receive and review, at least quarterly, progress reports from Internal Audit with respect to its activities against plan and major findings.

Review the adequacy and timeliness of management’s improvement action resulting from Internal Audit findings with particular attention to any areas where management has chosen to accept the related risk, rather than improvement action.

Serve as an election commission in the event of a contested election or proxy vote. In such event the Audit Committee has the responsibility to ensure the confidentiality of the vote of the individual members.

Conduct private meetings with the external auditor, the Chief Audit Executive, and management of The IIA to discuss such matters, as the Committee or attendees deem appropriate.

Review periodically with management the ethics program and compliance to established codes of conduct.

Ensure that minutes of each meeting are maintained and on file.

Review periodically with management the practices to ensure compliance with legal and regulatory requirements.

Receive periodic updates and reports from the President and CEO, or his designee, on the execution of certain of the IIA’s risk management processes and ongoing development of its enterprise risk management capability.
F. AWARDS COMMITTEE

1. Mission
   To solicit, evaluate, and select candidates for three of The IIA’s highest awards: the Victor Z. Brink Award for Distinguished Service, the Bradford Cadmus Memorial Award, and the William G. Bishop, III, CIA Lifetime Achievement Award. (See Section III.H.2.)

2. Structure
   a. The Awards Committee is comprised of at least five IIA members, of whom at least two should be past recipients of any of the three awards. Members and the chairman are appointed by the Chairman of the Board. All members should have a broad knowledge of IIA leaders at the global and local levels and should be as geographically diverse as possible.
   b. Members of the Awards Committee shall not be candidates for any of the three awards for the year(s) in which they serve.
   c. To provide continuity, it is recommended that at least two members of the committee serve the following year. The chairman may serve successive terms.
   d. Vacancies on the committee during the selection process shall be filled by appointment of the Chairman of the Board.

3. Responsibilities
   a. Establish procedures for the solicitation of candidates from the membership.
   b. Maintain and revise as necessary the criteria for the Brink, Cadmus and Lifetime awards. Recommendations for change must be submitted to the Board of Directors for approval.
   c. Ensure sufficient number of qualified candidates. Make nominations for qualified candidates in addition to those submitted to the committee.
   d. Review information on each candidate and select recipients for the awards. The Committee should feel no obligation to select candidates for any of the awards in any one year. Specific criteria and limitations on the number of recipients to be chosen for any one award are found in the individual award policies. Committee members may consider candidate submissions for one award as potential candidates for the other two awards, providing they meet the individual award criteria.
   e. Submit selected candidates for the Cadmus and Brink awards to the Chairman of the Board and the IIA President and CEO. With their concurrence, the committee chairman should contact the award recipients. After the IIA Chairman concurrence, contact the award recipients and formally communicate them the recognition. Inform the Executive Committee.
   f. Candidates for the William G. Bishop III, CIA Lifetime Achievement Award will be submitted to the Board of Directors for approval. The Chairman of the Board will contact the recipient.
G. ENVIRONMENTAL HEALTH AND SAFETY CERTIFICATION ADVISORY COMMITTEE
(New. 02/2017)

1. Mission

The mission of the EHS Certification Advisory Committee (EHS CAC) is to serve in an advisory capacity to the Professional Certification Board (PCB) and Exam Development Committee (EDC) as subject matter experts for the advancement of the Certified Professional Environmental Auditor (CPEA) and Certified Process Safety Auditor (CPSA) certification programs.

2. Structure

   a. The EHS CAC is comprised of CPEAs and/or CPSAs who reflect the diverse global perspective of the EHS profession, including specialty certification knowledge and expertise.
   b. The EHS CAC is comprised of no more than nine members. To maintain an external perspective, one EHS CAC member not holding a CPEA or CPSA certification is permitted.
   c. All members of the EHS CAC must be IIA members in good standing.

3. Responsibilities

   a. The EHS CAC works closely with the PCB and the EDC to support the EHS Certification Advisory Committee’s mission.
   b. The EHS CAC will meet jointly with the PCB at the request of the PCB Chair or The IIA’s Vice Chairman, Professional Certifications.
   c. The Chairman of the EHS CAC will be an ex-officio, non-voting member of the PCB.
   d. At the EHS CAC Chair or EDC Chair’s discretion, one additional member (CIA preferred) of the EHS CAC shall be an ex-officio non-voting member of the EDC on issues related to the certifications for which the EHS CAC is responsible.
H. EXAM DEVELOPMENT COMMITTEE (rev. May 2017)

1. **Mission**

The mission of the Examination Development Committee (EDC) is to ensure that the content of The IIA’s certification exams and assessments are continuously aligned with and reflect the current global practice of internal auditing, including the *International Professional Practices Framework*.

2. **Structure**

The EDC is comprised of experienced Certified Internal Auditors, who reflect the diverse global perspective of the profession, including specialty certification knowledge and expertise. The EDC is a committee reporting to the Professional Certifications Board (PCB). The EDC is comprised of no less than fifteen members. Additional sub groups can be added via task forces to address the need for additional items at the discretion of the EDC chairperson.

The EDC works closely with the PCB to accomplish the EDC’s mission. The EDC will meet jointly with the PCB at the request of the PCB Chairman or the Vice Chairman, Professional Certifications Advisory Council. The Chairperson of the EDC will be an ex-officio member of the PCB. The chairperson of the EDC may appoint a vice chairperson of the EDC to fill the role of the chairperson in the chairperson’s absence.

3. **Authority**

The EDC has authority delegated from the PCB for the following areas:
- Define the examination and assessments syllabus for all IIA certifications and qualifications.
- Oversee and approve the development of all examination content, structure(s), and item types.

4. **Responsibilities**

- Develop and maintain the exam content specification outlines (syllabi) for The IIA’s professional certification programs and assessments in alignment with the IPPF.
- Oversee item writing strategy that includes author recruitment, training, and performance monitoring.
- Develop and maintain a strategic plan supporting exam development and sustainability.
- Oversee the security of the exam content development processes.
- Oversee the translation quality assurance strategy.
- Develop and maintain reference lists for exam items.
- Oversee the performance of all items and examinations ensuring validity within expected parameters, quality and consistency.
- Review committee charter for relevance and new responsibilities periodically.
I. **FINANCE COMMITTEE**

1. **Mission**
   
   To review the internal reporting of the budget and financial policies and procedures of The Institute to ensure that:
   
   - The reporting of revenue and expenses of Global and North American operations and assets and liabilities of the organization are based on acceptable accounting practices,
   
   - Accounting processes provide necessary and timely information for decision-making, and
   
   - Cash management activities preserve the Global and North American separation.

   The Finance Committee is not responsible for overseeing the Institute’s external financial audit since this is assigned to the Audit Committee.

2. **Structure**

   The Finance Committee is comprised of five to eight members as follows:

   a. The Vice Chairman of the Board of Directors-Finance of The IIA, who will serve as Chairman.

   b. The North American Board Vice Chairman-Finance.

   c. The Treasurer of The IIA Internal Audit Foundation.

   d. One or two additional NA Directors, recommended by the Chairman of the North American Board and appointed by the Chairman of the Board. Members may not serve during their term as committee chairman or IIA staff.

   e. One or two additional directors from outside North America appointed by the Chairman of the Board. Members may not serve during their term as IIA officer, committee chairman or staff.

   f. It is expected that no more than half the members will turn over each year in order to provide continuity and a succession process. At least 50 percent of the Finance Committee must be from North America.

   The Finance Committee reports to the Executive Committee.

3. **Responsibilities**

   a. With the assistance of The IIA Executive Committee, staff and committees, ensure that products and services are properly classified as North American, Global, or shared to assure proper allocation of revenue and expenses between Global and North American operations in the financial reports.

   b. Oversee the development and attainment of objectives for the allocation of direct and indirect revenues and expenses of North American and Global operations and refine the financial model as needed.

   c. Oversee the establishment of an accounting system to ensure revenues and expenses are properly classified and accumulated.

   d. Oversee the financial budgeting process to ensure the accuracy of projections and allocations between programs designated North American and Global.

   e. Review and maintain a three-year financial forecast.
f. Ensure the generation of financial reports to meet external, internal, and volunteer organization needs.

g. Review financial issues affecting revenue, measures of contribution, acceptable ranges of balanced budget and break-even operations, and other accounting issues, including currency fluctuations, translation costs, and product development costs.

h. Oversee the cash management activities to ensure identification of Global and North American funds available for use.

i. Provide periodic reports on financial matters to the Executive Committee and the Board including Global and North America period results, allocation methodology assessments, and status of global products and services.
J. **FINANCIAL SERVICES GUIDANCE COMMITTEE** (New 07/2016)

1. **Mission**

The Financial Services Guidance Committee’s (FSGC) role is to strategically direct the development of IPPF recommended guidance in support of financial services auditors globally by identifying, prioritizing, commissioning, and ultimately, approving guidance specifically geared toward the unique needs of internal auditors servicing the financial services industry.

2. **Structure**

The FSGC is comprised of a minimum of 10 members that are representative of the profession. At least two-thirds of the committee’s members should be CIAs or certified financial services auditors (CFSA). The composition of the committee will include a broad range of expertise and experience that is globally diverse and represents a cross-section of the financial services industry. Members of the committee should have broad financial services audit experience at a senior level of their organization and be attuned to the changing nature of the internal audit profession, including its impact on stakeholders, on a global basis.

The chair may appoint one vice chair after consultation with the vice chair of Professional Guidance. A minimum of two-thirds of committee members must be present to constitute an official meeting.

3. **Responsibilities**
   a. Monitor the environment impacting financial services internal auditors globally to ensure Supplemental Guidance is current, relevant, and consistent with other elements of the IPPF.

   b. Initiate project charters for development of Supplemental Guidance for the financial services industry and commission work to a virtual team of subject matter experts.

   c. Exercise approval authority over Supplemental Guidance for the financial services industry to ensure quality and consistency with the project charter. Final approval to release Supplemental Guidance resides with the Professional Guidance Advisory Council (PGAC).

   d. Inform the PGAC of the FSGC’s work, respond to its recommendations, and provide updates on changes resulting from PPAC recommendations.

   e. Provide support to advocacy efforts regarding internal auditing globally and collaborate with other IPPF guidance committees or other areas of the organization to enhance The IIA’s leadership in governance, risk, and control issues.

   f. Collaborate with Institute related groups and other specialty groups serving financial services auditing activities.
K. GLOBAL ADVOCACY COMMITTEE

1. **Mission**

To provide thought leadership, guidance, and operational assistance to The IIA in the implementation of its global advocacy strategy, supporting The IIA’s vision to advocate and promote the value of internal auditing.

Ultimately, The IIA’s advocacy efforts will result in increased acceptance and recognition of the internal auditing profession as a cornerstone of organizational governance.

2. **Structure**

Ideal candidates for the Global Advocacy Committee include:

   a. Representatives from IIA associated (regional) organizations
   b. Internal Audit Professionals from the private and public sector (CIAs preferred)
   c. Representatives of established networks within their stakeholder community
   d. Representatives that are knowledgeable/experienced in current governance regulations and practices
   e. Representatives that are adept at relationship-building and networking

3. **Responsibilities**

   a. Oversee and monitor the global advocacy strategy, suggesting changes to strategy when necessary.
   b. Provide guidance to improve strategic alignment, coordination, and proper support of advocacy efforts throughout the world.
   c. Define advocacy targets for validation by the Executive Committee and the Global Board of The IIA.
   d. Network and build relationships through use of personal and professional contacts.
   e. Provide input and assist in developing plans for interacting, networking, and communicating with various audiences.
   f. Liaise with national institute/local chapter representatives to collect/share advocacy best practices and to ensure the alignment and coordination of advocacy efforts around the world.
   g. Periodically report on leading advocacy practices in their region.
   h. Develop common advocacy messages and ensure their dissemination globally.
L. **GLOBAL COUNCIL** (Rev. 3/2014)

1. **Extract from Bylaws, Article IX, 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.”

2. **Mission**

   The core purpose of the Global Council is to provide advice to the Board on strategic initiatives and other significant matters being considered on a global basis, and help facilitate alignment of the global strategic plan with the institutes’ strategies.

   The Global Council also helps to advance the internal audit profession and the value of the profession worldwide by providing a forum for institutes and global leaders to share information, collaborate, contribute and connect to The IIA.

3. **Structure**

   a. One official representative from each institute outside North America that is in good standing, including Institutes in Formation. Each representative may be accompanied by an observer without voting rights.

   b. Official representatives from North America including one representative from the U.S., Canada, and each chapter in the Caribbean. Each representative may be accompanied by an observer without voting rights.

   c. Official representatives should be the current/incoming top elected officer of the institute, supplemented by the top paid official of the institute where appropriate.

   d. The Members of The IIA Global Board of Directors are invited, but will have no voting rights unless they are under (a) above.

4. **Responsibilities**

   a. Provide input and feedback to The IIA Global Board of Directors and committees on strategic issues and trends impacting the profession.

   b. Initiate discussion on topics of concern of members of the Global Council that will result in recommendations for consideration by The IIA Global Board of Directors, global committees, and/or IIA staff.

   c. Serve as a sounding board for new concepts, proposals, and other ideas under consideration by The IIA Board of Directors, Executive Committee, global committees and IIA global staff.

   d. Share leading practices and enable benchmarking among institutes. Where practicable, provide guidance through breakout sessions, electronic voting or surveys.

   e. Report back to institute boards and membership on key global issues and leading practices that emerged from the Global Council meetings. Ensure global platforms/frameworks/guidance are known and implemented in institutes.
M. GLOBAL NOMINATING COMMITTEE

1. Extract from Bylaws Article X, Section 1, Paragraph C

“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.

1) The Nominating Committee shall prepare a list of nominees for election as directors and officers and submit said list to The Institute 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.

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 Board.”

2. Mission

To recommend a strong leadership team that will define and promote the mission, strategic directives, and objectives of The IIA.

3. Structure

a. The Board shall appoint the immediate past Chairman of the Board to act as chairman, the current Chairman of the Board, three representatives from North America, and three representatives outside North America as members of the committee. No more than two members of the committee may also be members of the Executive Committee. Alternates should also be appointed in case of timing conflict with regular members.

b. The Chairman will set the date of the meeting to be held in January. Seven members will constitute a quorum.

4. Responsibilities

a. Establish administrative procedures as considered necessary for solicitation of recommendations from the membership of candidates suitable and available for nomination, for review of such recommendations and for selection of nominees.

b. Identify potential officers, board members and Internal Audit Foundation trustees to supplement the candidates submitted by The IIA membership, thereby providing a larger base of qualified leaders for consideration by the committee.

c. Nominate a slate of board members as follows:

1) Select eight officers who are properly qualified, interested in and capable of accepting a leadership role in the affairs of The Institute. The positions are: Chairman of the Board (the Senior Vice Chairman is automatically the next Chairman), Senior Vice Chairman, Vice Chairman – Global Services, Vice Chairman – Professional Guidance, Vice Chairman – Professional Certifications, Vice Chairman – Professional Practices, Vice Chairman – Research (will also serve as President of the Internal Audit Foundation), Vice Chairman – Finance.

2) Confirm 10 North American Directors, based on recommendations submitted by the North American Board.
3) Confirm 10 Institute Directors, based on recommendations submitted by the individual institutes.

4) Select six At-large Directors who are qualified and help balance the structure of the Board. At-large directors should not be from the 10 Institutes in (3) above.

5) Select the Chairman of the Audit Committee

6) Others who will serve on the Board: two past Chairmen of the Board, and The IIA President and CEO.

d. Ensure that at least 40 percent of the Board members are from North America.

e. Contact all nominees to confirm acceptance.

f. Notify members of the slate of nominees at least 120 days prior to the Annual Business Meeting. Posting of nominees on The IIA Web site is considered suitable and timely notification and in compliance with the Bylaws.

g. The Chairman of the Global Nominating Committee shall present the report of the Global Nominating Committee at the annual or special meeting at which the election shall be held.

h. Nominate for the following year the members of the Global Nominating Committee and alternates. The names of the proposed Global Nominating Committee members and alternates will be provided to the Board of Directors for approval.

5. Terms of Officers and Board Members

a. Elected board positions are usually for a period of two years, with one-half of the terms ending each year. Officers and directors should not hold the same position for more than two full consecutive terms in order for The Institute to recognize new leaders and move successful leaders to new leadership positions. Because of its affiliation with the IIA Internal Audit Foundation, the Vice Chairman – Research may hold up to three consecutive one-year terms. Individuals holding the positions of NA Board Chairman and Past NA Board Chairman may serve on the Global Board until completion of their NA terms.

a. The At-Large Board positions are two-year terms. However, in the event that an Institute with an incumbent in a DAL position becomes eligible for an Institute seat, the DAL position will automatically become vacant at the end of the Institute year.”

6. Documentation of Proceedings

The Global Nominating Committee will appoint a Secretary. The secretary will maintain a record of all documents reviewed by the Committee and a written record of business. Minutes of the Global Nominating Committee will be reviewed and approved by the Committee, and kept by the Global Nominating Committee chairman. The Audit Committee chairman and the Professional Responsibility and Ethics Committee chairman are authorized to open such records on instructions from the Board.

7. Confidentiality and Transparency

The chairman of the Global Nominating Committee will report its recommendations to the Board. A confidentiality agreement will be signed by every member of the Global Nominating Committee prior to the start of deliberations.
8. **Advisory Comments**

During the course of their deliberations, the Global Nominating Committee is advised to consider the following comments:

a. In selecting nominees for officer or director, special consideration should be given to candidates who meet the following criteria:

1) All officers and directors must be CIAs (or CIA equivalent).

2) Must be an IIA volunteer (not a global or affiliate paid staff).

3) Experience and involvement at the global, regional or local IIA levels.

4) Financial support available to underwrite their travel costs (At-Large candidates who are unable to obtain independent funding to support travel costs can be provided IIA Global funding at the discretion of the Chairman of the Board). The Global Nominating Committee should not be constricted in selecting At-large candidates given a lack of financial support caused by their particular situation. Care should be exercised to avoid providing Global IIA financial support when local support should be available. It is expected that Institute candidates will receive financial support from their Institute. At-large candidates may receive Global support in cases where balancing of the Board is considered necessary to obtain individuals from certain areas of the world which would not otherwise be represented on the Board. Officers of The IIA are provided, if necessary, financial support to cover travel expenses to support their IIA responsibilities.

5) Support by institute or regional association.

6) Communication skills. (English is the official language of The IIA.)

7) Competence and professional experience. The candidate should have recent practice experience preferably at the level of Chief Audit Executive or equivalent, or have shown leadership in the practice of internal auditing through academic research or proactive leadership within the global IIA.

8) Leadership skills. The candidate should be a thought leader and possess proven leadership and interpersonal skills, demonstrated in both volunteer and professional environments. The individual should be a team-builder with demonstrated determination, vision and strategic thinking. He or she should also be able to listen and react to views of others and command the support of peers.

9) Integrity and lack of conflicts of interest.

   a. The candidate must possess demonstrated and unquestionable integrity, and subscribe to the highest ethical values, both professionally and personally.

   b. The candidate must not be perceived as using The IIA position for personal advantages or for those of the organization for which he or she works.

   c. The candidate must not be in a situation where promoting and protecting the interests of The IIA and the profession may be – or be perceived to be – conflicting with those of the organization the candidate works for, or with those of other groups or associations he or she may be related to. For instance the candidate must not be an employee of The IIA or one of its affiliates.
10) Credibility and ability to be a spokesperson for the profession.
   a. The candidate must be credible as the representative and spokesperson with members, affiliates, regulators, legislators, related professions and the general public. The candidate must be competent and up-to-date with the standards and practices and the Code of Ethics of The Institute, and with the latest developments in the role of the profession within the risk management, governance and control processes.
   b. The candidate should have the general support of the global membership and not be perceived as divisive in the overall professional environment. Selection should be consistent with any strategic directions of the Board.
   c. The choice of a candidate should in no way cause embarrassment to The IIA or the profession of internal auditing, as a result of the individual's association with an employer, government or persons with a tainted reputation.

11) Availability. The candidate must be available, willing and committed to serve, and able to dedicate appropriate time to the position.

12) Global understanding. The candidate should possess professional and personal experiences of world culture, including an understanding of the geographic and cultural diversity of the internal auditing profession, as it is practiced around the world. An appreciation is also required of the various interests in The IIA and the impact they have on the profession, including staff and volunteer relations, internal auditors, service providers, academics, research and services to members.

b. The office of Senior Vice Chairman of the Board as stated in the Bylaws is a preparatory position for the office of Chairman. Therefore, in the selection of the nominee for Senior Vice Chairman, careful consideration should be given to the qualification of the individual to serve as Chairman in the succeeding year.

c. In selecting nominees for North American Director:
   1) The recommendations of the North American Board will be evaluated against criteria in Section 8(a) above. The ten nominees must be members of the NA Board, one of which will be the Chairman of the NA Board.
   2) Should a vacancy occur through selection of candidate for an alternate office, candidate not qualified to serve, or candidate declining to serve, the Global Nominating Committee will contact the NA Board to recommend alternate candidates.

d. In selecting nominees for Institute Director:
   1) The recommendation of the individual institutes will be evaluated against criteria in Section 8(a) above.
   2) Should a vacancy occur through selection of candidate for an alternate office, candidate not qualified to serve, or candidate declining to serve, the Global Nominating Committee will contact the appropriate institute to recommend an alternate candidate.
   3) The institutes to have directors on the Board will be determined in accordance with Section V.C.3.a.4. Such determination will be made in June of even-numbered years, based on the past two years of data.
e. In selecting the At-large Directors:

1) The At-large Directors are to be selected to balance the board in the context of geography, skills, and other criteria determined by the Global Nominating Committee.

2) It is assumed in most years that the positions will be filled by candidates from outside North America, unless there is a need to fulfill the 40 percent NA requirement in (c) above.

3) Nominees should not come from the 10 institutes providing directors in (e) above.

f. In selecting the members for the Global Nominating Committee:

1) The current Global Nominating Committee will evaluate those nominated to serve on the succeeding Global Nominating Committee using the following criteria:
   a) The geographic diversity and IIA diversity provided by the candidates
   b) The experience in global IIA leadership
   c) The knowledge possessed by the candidate regarding a wide range of qualified leaders acquired through international IIA activities.
   d) All members of the Global Nominating Committee must be CIAs or equivalent.
   e) Not an IIA staff member (including affiliate staff)
   f) Ability to meet time commitments, contribute effectively to proceedings, be objective, consider the overall goals and mission of the organization in selecting the best individuals, and maintain integrity in the nominating process.

2) To avoid any appearance of a conflict of interest, members of the Global Nominating Committee shall not be candidates for IIA officer or director.

3) To provide continuity, it is recommended that at least two members of the committee, other than the Chairman, serve the following year. No member should serve on the Global Nominating Committee for more than three consecutive years.

4) The North American Board will submit a list of candidates for the three North American positions and alternates. The Global Nominating Committee has the right to substitute a recommended alternate for a recommended candidate if needed to meet the established criteria, to better balance the diversity of the Committee, or to replace a candidate chosen for another leadership position. The Chairman of the NA Nominating Committee must be a member of the Global Nominating Committee

5) The IRC may submit a list of candidates for the three outside NA positions and alternates. The Global Nominating Committee has the right to propose and consider additional candidates should the proposed names not be sufficient or not meet the criteria.

6) The Global Nominating Committee has the final authority in determining candidates to be submitted to the Board for approval.

g. In selecting the officers and members for The IIA Internal Audit Foundation Board of Trustees:

1) The President of the Foundation must be a Certified Internal Auditor.

2) Officers of the Foundation should preferably be Certified Internal Auditors.
3) Trustees should be nominated to achieve and sustain a broadly diverse board, representative of our global membership, including gender, race, industry, and geography.

4) Every effort should be made to ensure a minimum of 30% of the Board is from outside North America.

5) Trustee nominees must be members of The IIA.

6) No Trustee is empowered to select his/her replacement, and no organization is entitled to a Board seat. Should vacancies occur, the President is authorized to appoint Trustees on an interim basis until new Trustees can be selected by the Global Nominating Committee through the normal IIA nominating process.

7) Trustees cannot serve concurrently on another international committee of The IIA without prior approval of the President of The Foundation.
N. GLOBAL PROFESSIONAL DEVELOPMENT COMMITTEE
(10/2014 Formerly the International Conference Committee)

1. Mission

   The Global Professional Development Committee (GPDC) will promote and enhance the global development of high-performing internal audit professionals, indispensable to their organizations.

2. Composition

   GPDC will consist of internal audit, academic, and other professionals representing a cross-section of the global membership. The number of committee members and mix of capabilities will be determined based on the strategic and operational needs of the committee.

   The Chairman of the Committee may designate other members to serve as Vice Chairmen. Their responsibilities will include assisting the Chairman in executing the overall mission, executing elements of the strategic goals, and overseeing assignments and the work of sub-groups or task forces between meetings. Vice Chairmen will also preside over Committee meetings in the absence of the Chairman.

3. Meetings/Attendance

   The Committee will meet at least two times per year, with authority to convene additional meetings or conference calls as circumstances dictate. All Committee members are expected to attend each meeting, unless excused in advance by the Chairman. Members will also be expected to participate in subcommittees or task forces as circumstances dictate. Committee members whose attendance and participation is irregular will be considered for replacement.

   The Committee Chairman, Vice Chairmen or Staff Liaison will invite members of other Committees or task forces to attend meetings and provide pertinent information as necessary. The Committee will also be proactive in providing other Committees or IIA entities with relevant information.

   Meeting agendas will be prepared and provided to members in advance, along with appropriate briefing materials, to promote active and informed participation by Committee members. Minutes will be prepared by the IIA Staff Liaison, including an Action Docket with assignable items for future follow-up and tracking purposes.

4. Responsibilities

   Global Professional Development:
   a. Promote, enhance and facilitate the alignment of the learning pathways, assessment capabilities, development offerings and delivery models to enable globally consistent and successful adoption and deployment of the IIA’s competency framework.
   b. Facilitate the dissemination of guidance/knowledge within the IIA community to keep internal audit professionals current and relevant.

   International Conference Development:
   a. Ensure, in close cooperation with the staff of The Institute and the host affiliate, the annual International Conference meets the professional requirements of those members at a supervisory level and above, and provide guidance to the host conference representative to exceed the quality of conferences offered by the competition.
b. Evaluate proposals according to the criteria detailed in the International Conference Manual; recommend sites for future international conferences and committee meetings to the Executive Committee for approval by the Board of Directors; and review and approve the budget and program content for each international conference at least one year prior to the conference date.
O. GUIDANCE DEVELOPMENT COMMITTEE (New. 07/2016)

1. Mission

The Guidance Development Committee’s (GDC) role is to strategically direct the development of IPPF recommended guidance in support of internal auditors globally by identifying, prioritizing, commissioning, and ultimately, approving guidance specifically geared toward the unique needs of internal auditors. Guidance specific to the financial services, public sector, and information technology sectors will be addressed by the respective committees.

2. Structure

The GDC is comprised of a minimum of 10 members that are representative of the profession. At least two-thirds of the committee’s members should be CIAs. The composition of the committee will include representatives with a broad range of expertise and experience that is globally diverse and represents a cross-section of industry sectors. Members of the committee should have broad experience at a senior level of their organization and be attuned to the changing nature of the internal audit profession, including its impact on stakeholders, on a global basis.

The chair may appoint one vice chair after consultation with the vice chair of Professional Guidance. A minimum of two-thirds of committee members must be present to constitute an official meeting.

3. Responsibilities

a. Monitor the environment impacting internal auditors globally to ensure Supplemental Guidance is current, relevant, and consistent with other elements of the IPPF.

b. Initiate project charters for the development of Supplemental Guidance and commission work to a virtual team of subject matter experts.

c. Exercise approval authority over development of Supplemental Guidance to ensure quality and consistency with the project charter. Final approval to release Supplemental Guidance resides with the Professional Guidance Advisory Council (PGAC).

d. Inform the PGAC of the GDC’s work, respond to its recommendations, and provide updates on changes resulting from PGAC recommendations.

e. Provide support to advocacy efforts regarding internal auditing globally and collaborate with other committees or other areas of the organization to enhance The IIA’s leadership in governance, risk, and control issues.

f. Collaborate with Institute related groups and other groups serving the internal audit profession.
P. INFORMATION TECHNOLOGY GUIDANCE COMMITTEE (New 07/2016)

1. Mission

The Information Technology Guidance Committee’s (ITGC) role is to strategically direct the development of IPPF recommended guidance related to information technology (IT) in support of internal auditors globally by identifying, prioritizing, commissioning, and ultimately, approving guidance specifically geared toward the unique needs of information technology audit.

2. Structure

The ITGC is comprised of a minimum of 10 members that are representative of the profession. At least two-thirds of the committee’s members should be CIAs. The composition of the committee will include a broad range of expertise and experience that is globally diverse. Members of the committee should have broad IT audit experience at a senior level of their organization and be attuned to the changing nature of the internal audit profession, including its impact on stakeholders, on a global basis.

The chair may appoint one vice chair after consultation with the vice chair of Professional Guidance. A minimum of two-thirds of committee members must be present to constitute an official meeting.

3. Responsibilities

a. Monitor the environment impacting information technology internal auditors globally to ensure Supplemental Guidance is current, relevant, and consistent with other elements of the IPPF.

b. Initiate project charters for development of Supplemental Guidance and commission work to a virtual team of subject matter experts.

c. Exercise approval authority over Supplemental Guidance to ensure quality and consistency with the project charter. Final approval to release Supplemental Guidance resides with the Professional Guidance Advisory (PGAC).

d. Inform the PGAC of the ITGC’s work, respond to its recommendations, and provide updates on changes resulting from PGAC recommendations.

e. Provide support to advocacy efforts regarding internal auditing globally and collaborate with other IPPF guidance committees or other areas of the organization to enhance The IIA’s leadership in governance, risk, and control issues.

f. Collaborate with Institute related groups and other specialty groups serving the IT auditing activities.
Q. **INSTITUTE RELATIONS COMMITTEE** (rev. 12/2013)

1. **Mission**

   To promote and facilitate the development and maintenance of a global strategy that fosters good communication, collaboration, and cooperation among The IIA and all Institutes under the motto of Progress through Sharing. To oversee the global presence and expansion of The IIA and monitor institute relations including the formation, development and continued existence of IIA Institutes.

2. **Structure**

   a. The committee shall consist of between fifteen (15) and twenty-five (25) members from around the world.

   b. The composition of the committee will include a variety of representatives from geographic areas, Associated Organizations, and Institutes to be chosen on the basis of the skills, experience and languages needed to carry out the work of the committee. Holders of professional certifications from The IIA (i.e. CIA, CCSA, etc.), are desirable.

   c. In addition to its volunteer members, the committee may include IIA staff from Institutes, but these individuals should comprise no more than 20% of the total membership.

3. **Responsibilities**

   a. Develop, maintain and monitor Institute Agreements, recommending changes as appropriate and actions to ensure relevance, effectiveness and compliance.

   b. Develop and maintain tools to monitor Institutes’ performances levels in delivering services to members, and provide Institutes with services, assistance, guidance, and, where necessary, mentoring services to ensure the needs of members are met.

   c. Develop and promote strategies, including benchmarking between Institutes, to assist Institutes to enhance member offerings, including developing global services and the related delivery means.

   d. Develop, recommend, and monitor programs to achieve effective globalization and knowledge sharing, communication and cooperation among Institutes as well as with IIA headquarters, including mentoring activities both for potential and existing Institutes.

   e. Identify and address the needs and satisfaction levels of existing Institutes.

   f. Provide input to The IIA governing body on global matters in relation to the committee’s mission in order to facilitate achievement of The IIA’s overall mission and global strategy.

   g. Assist IIA headquarters with the identification, support, development, and affiliation process of new Institutes, including the recommendation of new affiliations and disbandment of existing Institutes, and approving the status change of Institutes-in-formation to full Institute status, as required.

   h. Advise on appropriate membership policies, principles and structures as well as minimum membership services that should be delivered by all Institutes.

   i. Recommend items to be included into the agendas for Global Councils and the IIA Board.
R. INTERNATIONAL INTERNAL AUDIT STANDARDS BOARD (Rev. 07/2016)

1. **Mission**
   
The International Internal Audit Standards Board’s (IIASB) mission is to provide authoritative, relevant, timely and globally recognized standards and related guidance, essential to the delivery of consistent and high-quality professional internal auditing. The IIASB develops, issues, and maintains the International Standards for the Professional Practice of Internal Auditing (Standards), manages the IPPF glossary and guides the development of The IIA’s International Professional Practices Framework (IPPF) Implementation Guidance in support of the Standards.

2. **Structure**

   The IIASB is comprised of a minimum of fourteen (14) members that are representative of the profession and may represent key stakeholders. The IIASB chair and the members must be certified internal auditors (CIA). Exceptions to the CIA requirement may be made for the representatives from stakeholders at the discretion of the IIASB chair, in agreement with the vice chair of the Global Board responsible for professional guidance.

   The composition of the IIASB will include representatives from a cross-section of geographic areas and industries, with consideration for the skills, experience, and languages needed to carry out the work of the IIASB. Members of the IIASB should have broad experience at a senior level of their organizations and be attuned to the changing nature of the internal audit profession on a global basis, including its impact on stakeholders.

   The IIASB chair may appoint one or more vice chairs of the IIASB after consultation with the vice chair of the Global Board responsible for professional guidance. A minimum of two-thirds of the IIASB members must be present to constitute an official meeting. Two-thirds of IIASB members must approve changes to the Standards.

3. **Responsibilities**

   a. Develop, maintain and issue the Standards in accordance with the processes of the IPPF. Changes to the Standards are carefully evaluated, and occur only when necessary to support the delivery of professional internal auditing. The IIASB operates independently in fulfilling this responsibility.

   b. Oversee the exposure process related to proposed Standards changes, and evaluate and resolve comments received through that process.

   c. Monitor the environment and solicit input from practitioners, stakeholders and other professional standard setting organizations so that the Standards remain current and relevant.

   d. Guide the development and maintenance of Implementation Guidance to support conformance with the Standards. Review and endorse Implementation Guidance to ensure quality. Authority to approve Implementation Guides resides with the Professional Practices Steering Advisory Council (PPAC).

   e. Review and endorse Supplemental Guidance for consistency with the Standards, and provide input to those developing or maintaining supplemental guidance. Authority to approve Supplemental Guidance resides with the PPAC.

   f. Approve the Standards translations and adaptation policy and monitor its implementation and the quality of translations.

   g. Inform the IPPF Oversight Council (IPPF OC) of the IIASB’s work, respond to its recommendations, and provide updates on changes resulting from council recommendations.
S. INTERNATIONAL PROFESSIONAL PRACTICES FRAMEWORK (IPPF) OVERSIGHT COUNCIL
(Rev. 7/2013)

1. Mission
The mission of the International Professional Practices Framework (IPPF) Oversight Council is to evaluate and advise on the adequacy and appropriateness of The IIA’s IPPF standard- and guidance-setting processes.

2. Structure
The IIA Board of Directors appoints the stakeholder organizations represented in the Council. These organizations represent boards, management, public and private sector auditors, regulators and government authorities, investors, and international organizations, as well as members selected by The IIA Board of Directors. The Board of Directors re-confirms participation by the various organizations every three years.

The Council shall be made up of no more than eleven members as follows:

- Representatives nominated from different organizations in the stakeholder community, excluding IIA national or international volunteers or staff who have served or worked for The IIA in the past two years.
- Two individual members appointed by The IIA Chairman of the Board, excluding those currently serving on any of the IPPF standard- and guidance-setting committees which are subject to oversight of this council.
- The IIA Vice President responsible for the IPPF standards and guidance (ex-officio member, staff, non-voting).

The Council may invite a number of non-voting observers to participate in its deliberations.

To ensure the Council is refreshed, any individual shall not serve more than two consecutive, three-year terms, excluding the ex-officio member, staff position. In the event that a vacancy occurs during a Council member’s term, the replacement individual may fulfill the remaining term of the original Council member and afterwards, up to two consecutive, three-year terms.

The voting members shall select the Chairman from among the members of the stakeholder community. The Chairman’s term shall be three years. If re-appointed by the voting members, the Chairman may serve a consecutive and additional three-year term, not to exceed six years in total as Chairman.

3. Responsibilities
In order to promote inclusiveness, transparency, and other qualities that will generate internal audit stakeholders’ confidence that the outputs of IPPF standard- and guidance-setting committees are in the public interest, the Council will:

- Evaluate the rigor of IPPF mandatory guidance-setting process prior to its approval.
- Evaluate procedures for IPPF strongly recommended guidance-setting and determine whether they represent internationally accepted practices.
- Recommend to the IIA Board of Directors improvements to the IPPF standards- and guidance-setting processes.
- Review the process by which the IPPF standards and guidance work plans are set and the reasonableness of the content of those plans.
- Recommend to the IIA Board of Directors additions to the content of the work plans, when deemed appropriate.
f. Review the charters of the IPPF standards- and guidance-setting committees of The IIA.

g. Communicate in the Council’s annual report the adequacy and the appropriateness of the processes employed for the IPPF standards- and guidance-setting.

h. At least every three years, review and, where appropriate, recommend to The IIA Board of Directors changes to the IPPF Oversight Council’s charter.

i. At least annually, the Chairman of the Council will report on the Council’s activities to the Board of Directors.
T. NORTH AMERICAN BOARD

1. Mission

To ensure that volunteer and staff activities of The IIA adequately address the needs of North American membership through continuous monitoring of programs, services and budget relating to North American members and chapters.

2. Structure

The composition of the North American Board and process for selection of the Chairman shall be determined by NA Board. The Board will report to the Chairman of the Board.

3. Responsibilities

a. Monitor the needs of North American (U.S., Canadian, and Caribbean) members, recognizing the needs of the individual countries.

b. Ensure that the activities of The IIA Headquarters staff adequately address the needs of the North American membership and address any concerns with the IIA President and CEO.

c. Oversee the activities of the North American committees and ensure that various global committees continue to serve and meet the needs of North American members and address any concerns through the existing professional council structure.

d. Present recommendations to the Executive Committee for review and integration into the total IIA activities (i.e. committees and staff).

e. Recommend approval of the North American budget by ensuring that it is specific as to programs, staffing, and services to be provided to North American members and chapters.

f. In conjunction with the annual budget cycle, recommend approval of changes to North American membership dues.

g. Establish long-range strategic priorities for North American operations and programs.

h. Report to the Board of Directors semi-annually.
U. PROFESSIONAL CERTIFICATIONS BOARD
(Rev. 2/2017)

1. Mission
To govern, advocate and promote IIA’s global certification, and assessment programs that:

• Are recognized as the global benchmark for the profession;
• Contribute to the competency, recognition, and professionalism of internal auditors;
• Uphold the equitable and fair treatment of all candidates globally;
• Ensure consistent application globally;
• Protect the integrity and security of the assessment process globally;
• Evolve to meet current and expected global needs of internal audit professionals;
• Are financially viable.

“To govern” is defined as fulfilling the following responsibilities:

• Develop, implement and monitor a certification and assessment strategic plan that aligns and supports the Institute’s global strategic plan;
• Establish policies and procedures related to the certification and assessment programs;
• Oversee and monitor the achievement of objectives of the certification and assessment programs.

2. Structure
The PCB is comprised of Certified Internal Auditors and EHS Certified professionals who reflect the diverse global perspective of the profession. The PCB will consist of no less than nine members. The PCB has the discretion to utilize subject-matter experts as appropriate for specific strategic projects.

The Exam Development Committee (EDC) is a sub-committee reporting to the PCB that is comprised of no less than fifteen members. The EDC is responsible to work closely with the PCB to deliver the EDC’s mission. The chairman of the EDC is an ex-officio member of PCB.

The EHS Certification Advisory Committee is a sub-committee reporting to the PCB that is comprised of no more than nine members.

The EHS Certification Advisory Committee serves as subject matter experts in an advisory capacity to the Professional Certifications Board, and Exam Development Committee. The Chairman of the EHS Certification Advisory Committee will be an ex-officio, non-voting member of the PCB.

3. Authorities and Responsibilities
The PCB has authority delegated by the Board of Directors for the following:

a. Developing, implementing and monitoring the certification, and assessment strategic plan;

b. Identifying and recommending the need for new certification and/or other assessment programs;

c. Establishing policies related to the certification, and assessment programs;

d. Overseeing and monitoring the achievement of objectives of the certification, and assessment programs;

e. Protecting the integrity of the examinations, certifications and qualifications;

f. Promoting The Institute’s certifications, and qualifications globally;

g. Defining the program eligibility, education, experience, character, examination and other program
requirements relating to The Institute certifications;

h. Defining continuing education requirements for Institute certifications, and qualifications; and

i. Administering a limited program of certifications, or qualifications by acclamation.

The PCB is responsible to report as appropriate on the above items to the Executive Committee and the Board.

The EDC has authority delegated from the Professional Certifications Board for the following:

a. Define the Body of Knowledge for Certified Internal Auditors examination and other Institute certification, and assessment examinations.

b. Oversee the development of all examination, and assessment content.

c. Oversee the performance and security of all items and examinations.

d. Oversee the exam exemption policy.

e. Oversee the quality and security of examinations.

4. Professional Qualifications

a. To assist in achieving the goals and objectives of The Institute, the Certified Internal Auditor (CIA) Program was established. The Professional Certifications Board will develop, approve and modify as necessary, such policies and procedures as may be required to stimulate and encourage this program.

b. The Board of Directors has also approved four specialty examinations and designations: Certification in Control Self-assessment (CCSA), Certified Government Auditing Professional (CGAP), Certified Financial Services Auditor (CFSA), and Certification in Risk Management Assurance (CRMA).

c. The Board of Directors has also approved one qualification program, The Qualification in Internal Audit Leadership (QIAL), to assess the competencies of the Chief Audit Executive (CAE) or those aspiring to become a CAE.
V. PROFESSIONAL GUIDANCE ADVISORY COUNCIL (PGAC)  (Rev. 07/2016)

1. **Mission**
   The Professional Guidance Advisory Council’s (PGAC) role is to serve the internal audit profession and the public interest by overseeing the development, promulgation, and issuance of Supplemental Guidance.

2. **Structure**
   The PGAC is comprised of the Vice Chairman of Professional Guidance and the chairs of the Guidance Development Committee (GDC), Financial Services Guidance Committee (FSGC), Information Technology Guidance Committee (ITGC), and the Public Sector Guidance Committee (PSGC). The IIA Global Vice President, Standards and Guidance and the Managing Director, Standards and Guidance serve as non-voting, ad hoc members.

   A minimum of two-thirds of the PGAC members must be present to constitute an official meeting. The chair of each committee may appoint a vice chair to fill his or her role in case of the chair’s absence. A minimum of three committee chairs are required to approve Supplemental Guidance. In the event of a tie vote, the Vice Chairman of Professional Guidance will vote.

3. **Responsibilities**
   a. Develop and coordinate a global Supplemental Guidance strategy, and set priorities for the issuance of timely, complete, current and relevant guidance.
   b. Exercise approval authority over the development, issuance, promulgation and publication of Supplemental Guidance.
   c. Respond to emerging guidance needs of the internal audit profession and its stakeholders.
   d. Ensure that all Supplemental Guidance is periodically reviewed by the related guidance committee in accordance with a life cycle and maintenance strategy.
   e. Coordinate with the International Professional Practices Framework (IPPF) Oversight Council to ensure consistency and transparency of the process by which work plans are set and procedures are followed for issuing Supplemental Guidance.
   f. Ensure that a quality assurance process exists for translation of Supplemental Guidance.
   g. Collaborate with Professional Practices Advisory Council (PPAC) related to communication of project plans in support of the IPPF.
   h. Provide visibility of project status through formal reporting to the Executive Committee, Professional Councils, the Internal Audit Foundation and international committees as necessary, to serve the needs of IIA members and stakeholders.
   i. Work jointly with the Executive Committee, other advisory councils, and other international committees to enhance The IIA’s leadership in addressing audit, risk, and control issues through the issuance of relevant Supplemental Guidance.
W. PROFESSIONAL PRACTICES ADVISORY COUNCIL (new 07/2016)

1. **Mission**
The Professional Practices Advisory Council’s (PPAC) role is to serve the internal audit profession and the public interest by overseeing the development, promulgation, and issuance of Mandatory Guidance and Implementation Guidance.

2. **Structure**
The PPAC is comprised of the Vice Chair of Professional Practices and the chairs of the International Internal Audit Standards Board (IIASB) and Professional Responsibility and Ethics Committee (PREC). The IIA Global Vice President, Standards and Guidance and the Managing Director, Standards and Guidance serve as non-voting, ad hoc members.

   All members must be present to constitute an official meeting. The chair of each board/committee may appoint a vice chair to fill his or her role in case of the chair’s absence.

3. **Responsibilities**
   a. Develop and coordinate a global Mandatory and Implementation Guidance strategy, and set priorities for the issuance of timely, complete, current and relevant guidance.
   b. Exercise approval authority over the development, issuance, promulgation and publication of Implementation Guidance.
   c. Respond to emerging guidance needs of the internal audit profession and its stakeholders.
   d. Ensure that all Mandatory and Implementation Guidance is periodically reviewed in accordance with a life cycle and maintenance strategy.
   e. Coordinate with the International Professional Practices Framework (IPPF) Oversight Council to ensure consistency and transparency of the process by which work plans are set and procedures are followed for issuing Mandatory and Implementation Guidance.
   f. Perform a consistency check regarding Supplemental Guidance on behalf of the Professional Guidance Advisory Council (PGAC) to ensure it is consistent with the Standards and Code of Ethics.
   g. Ensure that a quality assurance process exists for translation of Mandatory and Implementation Guidance.
   h. Collaborate with PGAC related to communication of project plans in support of the IPPF.
   i. Provide visibility of project status through formal reporting to the Executive Committee, Professional Councils, the Internal Audit Foundation and international committees as necessary, to serve the needs of IIA members and stakeholders.
   m. Work jointly with the Executive Committee, other advisory councils, and other international committees to enhance The IIA’s leadership in addressing audit, risk, and control issues through the issuance of relevant Mandatory and Implementation Guidance.
THE INSTITUTE OF INTERNAL AUDITORS – BOARD POLICY MANUAL

SECTION V: MISSION STATEMENTS

X. PROFESSIONAL RESPONSIBILITY AND ETHICS COMMITTEE (new 07/2016)

1. Mission
To promote an understanding of, and to identify ways to promote the importance of, the professional responsibilities of internal auditors, certificate holders, and certificate candidates to including adherence to the Code of Ethics and conformance with the International Standards for the Professional Practice of Internal Auditing (Standards).

2. Structure
The PREC is comprised of a minimum of 10 members that are representative of the profession. The PREC chair and all members must be certified internal auditors (CIA), unless an exception is made at the discretion of the Senior Vice Chair.

The composition of the committee will include representatives from a cross-section of geographic areas and industries, with a consideration for the skills, experience, and languages needed to carry out the work of the committee.

The chairman may appoint one vice chair after consultation with the vice chair of Professional Practices. A minimum of two-thirds of the PREC members must be present to constitute an official meeting.

3. Responsibilities
a. Review The IIA Code of Ethics to ensure that it is relevant and reflects best practice, with a formal review at least once every three years.

b. Review the IIA’s competency framework to ensure that it is relevant and reflects best practice, with a periodic review to validate competencies.

c. Develop strategies to promote the professional responsibility for conformance with the Standards.

d. Contribute to the development and review of any professional responsibility-related material in the International Professional Practices Framework (IPPF) including both ethics and quality assurance and improvement program (QAIP) responsibilities.

e. Inform the IPPF Oversight Council (IPPF OC) of the PREC’s work and respond to its recommendations.

f. Review and endorse Supplemental Guidance for consistency with the Code of Ethics, and provide input to those developing or maintaining Supplemental Guidance on appropriate topics for guidance development. Authority to approve Supplemental Guidance resides with the Professional Guidance Advisory Council (PGAC).

g. Monitor emerging ethical issues identified by the ethics officers through ethics complaint reporting process, as applicable in the Board Policy Manual.

h. Review the volunteer Code of Conduct forms submitted with conflicts by elected or appointed officers, directors, and members of committees or task forces. Resolution of any potential conflicts is subject to review and concurrence by the PREC.
Y. **PUBLIC SECTOR GUIDANCE COMMITTEE** (new 07/2016)

1. **Mission**

   The Public Sector Guidance Committee’s (PSGC) role is to strategically direct the development of IPPF recommended guidance in support of public sector auditors globally by identifying, prioritizing, commissioning, and ultimately, approving guidance specifically geared toward the unique needs of internal auditors servicing the public sector.

2. **Structure**

   The PSGC is comprised of a minimum of 10 members that are representative of the profession. At least two-thirds of the committee’s members should be a Certified Internal Auditor (CIA) or Certified Government Auditing Professional (CGAP). The composition of the committee will include a broad range of expertise and experience that is globally diverse and represents a cross-section of different types of government entities. Members of the committee should have broad public sector audit experience at a senior level of their organization and be attuned to the changing nature of the internal audit profession, including its impact on stakeholders, on a global basis.

   The chair may appoint one vice chair after consultation with the vice chair of Professional Guidance. A minimum of two-thirds of committee members must be present to constitute an official meeting.

3. **Responsibilities**

   a. Monitor the environment impacting public sector internal auditors globally to ensure Supplemental Guidance is current, relevant, and consistent with other elements of the IPPF.

   b. Initiate project charters for development of Supplemental Guidance and commission work to a virtual team of subject matter experts.

   c. Exercise approval authority over the development of supplemental guidance to ensure quality and consistency with the project charters. Final approval to release Supplemental Guidance resides with the Professional Guidance Advisory Council (PGAC).

   d. Inform the PGAC of the PSGC’s work, respond to its recommendations, and provide updates on changes resulting from PGAC recommendations.

   e. Provide support to advocacy efforts regarding internal auditing globally and collaborate with other guidance committees or other areas of the organization to enhance The IIA’s leadership in governance, risk, and control issues.

   f. Collaborate with Institute related groups and other specialty groups serving public sector auditing activities.
SECTION VI. REFERENCE MATERIAL

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Note: Documents included in this section are for the convenience of board members and do not necessarily require board approval for change.
A. THE INSTITUTE OF INTERNAL AUDITORS CODE OF ETHICS

Introduction
The purpose of The Institute’s Code of Ethics is to promote an ethical culture in the profession of internal auditing.

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization’s operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

A code of ethics is necessary and appropriate for the profession of internal auditing, founded as it is on the trust placed in its objective assurance about risk management, control, and governance. The Institute’s Code of Ethics extends beyond the definition of internal auditing to include two essential components:

1. Principles that are relevant to the profession and practice of internal auditing;
2. Rules of Conduct that describe behavior norms expected of internal auditors. These rules are an aid to interpreting the Principles into practical applications and are intended to guide the ethical conduct of internal auditors.

The Code of Ethics together with The Institute’s Professional Practices Framework and other relevant Institute pronouncements provide guidance to internal auditors serving others. “Internal auditors” refers to Institute members, recipients of or candidates for IIA professional certifications, and those who provide internal auditing services within the definition of internal auditing.

Applicability and Enforcement
This Code of Ethics applies to both individuals and entities that provide internal auditing services.

For Institute members and recipients of or candidates for IIA professional certifications, breaches of the Code of Ethics will be evaluated and administered according to The Institute’s Bylaws and Administrative Guidelines. The fact that a particular conduct is not mentioned in the Rules of Conduct does not prevent it from being unacceptable or discreditable, and therefore, the member, certification holder, or candidate can be liable for disciplinary action.

Principles
Internal auditors are expected to apply and uphold the following principles:

Integrity
The integrity of internal auditors establishes trust and thus provides the basis for reliance on their judgment.

Objectivity
Internal auditors exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors make a balanced assessment of all the relevant circumstances and are not unduly influenced by their own interests or by others in forming judgments.

Confidentiality
Internal auditors respect the value and ownership of information they receive and do not disclose information without appropriate authority unless there is a legal or professional obligation to do so.
Competency

Internal auditors apply the knowledge, skills, and experience needed in the performance of internal auditing services.

Rules of Conduct

1. Integrity

   Internal auditors:
   1.1. Shall perform their work with honesty, diligence, and responsibility.
   1.2. Shall observe the law and make disclosures expected by the law and the profession.
   1.3. Shall not knowingly be a party to any illegal activity, or engage in acts that are discreditable to the profession of internal auditing or to the organization.
   1.4. Shall respect and contribute to the legitimate and ethical objectives of the organization.

2. Objectivity

   Internal auditors:
   2.1 Shall not participate in any activity or relationship that may impair or be presumed to impair their unbiased assessment. This participation includes those activities or relationships that may be in conflict with the interests of the organization.
   2.2 Shall not accept anything that may impair or be presumed to impair their professional judgment.
   2.3 Shall disclose all material facts known to them that, if not disclosed, may distort the reporting of activities under review.

3. Confidentiality

   Internal auditors:
   3.1 Shall be prudent in the use and protection of information acquired in the course of their duties.
   3.2 Shall not use information for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the organization.

4. Competency

   Internal auditors:
   4.1. Shall engage only in those services for which they have the necessary knowledge, skills, and experience.
   4.2 Shall perform internal auditing services in accordance with the International Standards for the Professional Practice of Internal Auditing.
   4.3 Shall continually improve their proficiency and the effectiveness and quality of their services.

Adopted by the Board of Directors June 2000
### B. FREQUENTLY USED TERMS - THE INSTITUTE OF INTERNAL AUDITORS

<table>
<thead>
<tr>
<th>MEMBERSHIP</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>The IIA/IIA Inc./The Institute/IIA Global/Global Headquarters</td>
<td>International organization headquartered in Altamonte Springs, Florida, USA, serving all IIA members and affiliates throughout the world.</td>
</tr>
<tr>
<td>NA – North America</td>
<td>NA refers to members and chapters in the US, Canada, the Caribbean, Bermuda and Guyana, and other members who elect to pay their dues directly to The IIA, Inc.</td>
</tr>
<tr>
<td>ONA – Outside North America</td>
<td>ONA refers to members and institutes outside the US, Canada, and the Caribbean.</td>
</tr>
<tr>
<td>Affiliate</td>
<td>Body of IIA members in a geographic area, within NA called chapters, outside NA called institutes.</td>
</tr>
<tr>
<td>Institutes</td>
<td>Term used to refer to affiliates outside North America. Under the new agreement, these will be referred to as IIA-Institutes</td>
</tr>
<tr>
<td>Chapters</td>
<td>Term used to refer to affiliates in North America.</td>
</tr>
<tr>
<td>Institute in Formation</td>
<td>Category for new institutes that gives them provisionary status for a period of not more than two years, during which time they will be mentored and will be expected to meet certain requirements before full institute status is given.</td>
</tr>
<tr>
<td>Member at Large</td>
<td>Member who chooses not to join any chapter/institute. MALs are served solely through The IIA.</td>
</tr>
<tr>
<td>Audit Group Membership Program</td>
<td>Program in which all members of an audit staff can join The IIA at reduced rates. Applies to staff of 5 or more. Primarily North America.</td>
</tr>
<tr>
<td>Government Audit Program</td>
<td>Government agencies in Canada, the Caribbean, and the United States are eligible to participate in one of two IIA programs designed specifically to meet your unique needs as a government auditor. As a participant in the Government Audit Program (GAP), you will have access to professional standards, affordable training, and discounted products focused on your needs.</td>
</tr>
<tr>
<td>International Chapters</td>
<td></td>
</tr>
<tr>
<td>Other???)</td>
<td></td>
</tr>
</tbody>
</table>
C. GLOBAL BUDGET PROCESS: OUTLINE OF FRAMEWORK

1. Overview

   The budget serves as the focal point for key decisions related to program operations and utilization of resources. The quality of those decisions and the level of their acceptance depend on the characteristics of the process that is used. A budget process that is well-integrated with other activities and stakeholders, such as committees and management functions, will provide better financial and program decisions and lead to improved program and service operations. A sound budget process that effectively involves the major stakeholders – Boards, committees, and staff – and reflects the needs and priorities of the profession will serve as a positive force in maintaining sound fiduciary responsibilities.

   The framework represents good budgeting practice and presents a definition for the budgeting process as well as a structure consisting of principles and budgetary elements. The mission of a good budgeting process is to help decision makers make informed choices about the provision of services and resources and to promote participation in the process.

   The budget process consists of activities that encompass the development, implementation, and evaluation of a plan for the provision of services and utilization of resources. These activities are based on four guiding principles, each of which has several components that convert strategies into tactical plans. The responsibility to carry out these principles and components rests with the volunteer structure and staff, as can be seen in the accompanying responsibility matrix.

   The four guiding principles of the budget process are:

   - Establish Goals to Guide Business Decision Making
   - Develop a Budget to Achieve Goals
   - Monitor, Measure and Evaluate Performance
   - Make Adjustments Based on Performance Evaluation


       This principle provides for the development of a broad set of goals or initiatives that establish the general direction for The Institute. These goals serve as the basis for development of policies and programs that define the preferred future state of The IIA. These goals are developed after several strategic goals setting sessions that assess the current business conditions, opportunities and challenges facing the profession and the organization, the level of current services, and the availability of resources. The business plans of the organization are then developed to align with these goals.

   b. Principle II – Develop a Budget to Achieve Goals

       This principle provides for the preparation of the financial plan, including capital requisitions, and budgetary options. In the short term, business plans are converted to financial performance to ensure that programs and services are affordable. The business plans could include initiatives that enhance core business areas or recommend new business areas. In the long term, a long-range plan should be prepared to assess the sustainability of recommended improvements to core programs and services, recommended increases to capital assets, or expansion of new business areas. Included in this principle is the process for accumulating, reviewing, and analyzing the raw data as well as preparing the budget.
c. Principle III - Monitor, Measure and Evaluate Performance

This principle identifies the practices that are needed to monitor and evaluate the success in meeting the financial and programmatic goals identified in the budget. Key performance indicators (KPI’s) are established and used as measurements of success continuously throughout the budget period. Procedures should be in place to formally communicate the results of each review to the relevant stakeholders within the process. This principle includes the separate monitoring and measuring of initiatives included within and outside the normal budgeting process.

d. Principle IV - Make Adjustments Based on Performance Evaluation

Based on the review of these KPI’s, management of The IIA may need to make adjustments to the plans that were used to develop the budget, or to policies and procedures, if necessary. The results of the review should feed back to the goal setting process to ensure that the broad goals remain relevant. Processes and procedures are in place to ensure that any adjustment to plans are prepared, discussed and presented to the relevant decision makers.

Each principle within the budget process encompasses components which represent the achievable results that help translate the principles into actions. It’s through these components that individual budgetary practices are derived and provide a structure to the budgetary process.

The individual components of the budget process are:

1) Establish Goals to Guide Business Decision Making
   a) Clearly define the strategic goals of the organization.
   b) Establish and foster formal and informal communication channels.
   c) Ensure procedures and systems are adequately designed to allow uniform reporting of data.
   d) Disseminate broad goals and ensure common understanding among stakeholders.

2) Develop a Budget to Achieve Goals
   a) Gather internal and external information
   b) Verify the data sources to ensure completeness and accuracy.
   c) Develop and test assumptions and estimates.
   d) Develop and evaluate financial options.
   e) Create the budget.

3) Monitor, Measure and Evaluate Performance
   a) Establish a consistent reporting period to measure performance.
   b) Compare the actual results to budgeted amounts.
   c) Identify and investigate significant variances.
   d) Communicate performance to appropriate stakeholders.

4) Make Adjustments Based on Performance Evaluation
   a) Establish and implement corrective actions.
   b) Adopt procedures to incorporate corrective actions into future forecasts.
   c) Adjust policies, plans, programs, and broad goals, if appropriate.

2. Information and Review Flow

The budget process is based on communication of goals and objectives, feedback and execution of plans. The following diagram depicts the flow of information and the feedback opportunities among each stakeholder.
The budget process is not a closed system, but is designed to be collaborative from top to bottom, with opportunities for presenting ideas, discussing alternatives and analyzing proposals until the final approval is obtained.

### 3. Stakeholder Roles and Responsibilities

The budget is a management process that takes time to develop. The needs and priorities of the major stakeholders and the constituents that they represent have to go through several levels of review and prioritization before they can be considered to be included in the final budget. The following matrix outlines the **broad responsibilities** of the major stakeholder during the budget process.

<table>
<thead>
<tr>
<th>STAKEHOLDERS</th>
<th>IIA BOARD</th>
<th>EXECUTIVE COMMITTEE</th>
<th>NAB</th>
<th>GFC</th>
<th>AFFILIATES</th>
<th>STAFF</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Final approval of budget.</td>
<td>• Establish goals and strategic direction for the organization.</td>
<td>• Approve budget based on recommendation of FC and NAB.</td>
<td>• Provide feedback to NAB and FC.</td>
<td>• Solicit input from constituents and members within North America.</td>
<td>• Provide feedback to staff, FC and NAB.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Establish goals and strategic direction for the organization.</td>
<td>• Approve budget based on recommendation of FC and NAB.</td>
<td>• Provide feedback to NAB and FC.</td>
<td>• Solicit input from constituents and members within North America.</td>
<td>• Provide feedback to staff, FC and NAB.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Establish goals and strategic direction for the organization.</td>
<td>• Approve budget based on recommendation of FC and NAB.</td>
<td>• Provide feedback to NAB and FC.</td>
<td>• Solicit input from constituents and members within North America.</td>
<td>• Provide feedback to staff, FC and NAB.</td>
</tr>
</tbody>
</table>

On a more granular scale, the responsibility of executing the components of the budget process rests with each stakeholder group, to varying degrees. The following matrix attempts to assign the responsibility of each of those components.
## RESPONSIBILITIES

<table>
<thead>
<tr>
<th>GOAL SETTING</th>
<th>RESPONSIBILITIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Set objectives initiatives</td>
<td>Establish priorities</td>
</tr>
<tr>
<td>Establish priorities</td>
<td>Set goals and communicate to stakeholders</td>
</tr>
<tr>
<td>1,2</td>
<td>1,2</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>PLANNING &amp; PREPARATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Establish budget timeline</td>
</tr>
<tr>
<td>Evaluate resources to meet objectives</td>
</tr>
<tr>
<td>Develop initiatives that align with corporate goals</td>
</tr>
<tr>
<td>6</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>COMPILE BUDGET DATA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consolidate initiatives and feedback from stakeholders</td>
</tr>
<tr>
<td>Verify information for accuracy and generate reports</td>
</tr>
<tr>
<td>4,5,6</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OUT-OF-CYCLE INITIATIVES*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Generate information for new initiatives</td>
</tr>
<tr>
<td>Approve initiative</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FINALIZED BUDGET PROCESS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Generate reports for comparisons and variance analysis</td>
</tr>
<tr>
<td>Prepare final budget reports and presentations</td>
</tr>
<tr>
<td>Recommend budget for approval</td>
</tr>
<tr>
<td>6</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>MONITOR RESULTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Generate reports for comparisons and variance analysis</td>
</tr>
<tr>
<td>Obtain approvals for initiatives outside the budget process</td>
</tr>
<tr>
<td>6</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>COMMUNICATE RESULTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Establish formal reporting procedures</td>
</tr>
<tr>
<td>1,2</td>
</tr>
</tbody>
</table>

*Refer to New Initiatives – Submission and Approval Process. This paper outlines the procedures, responsibilities, and approvals needed for initiatives submitted outside the normal budget.*
D. THE INSTITUTE OF INTERNAL AUDITORS INVESTMENT POLICY

The purpose of this document is to communicate, in writing, the investment objectives and guidelines established by the Institute of Internal Auditors (IIA) for its asset pool. It is intended to provide managers and advisors a clear and accurate understanding of all investment objectives and guidelines. It also serves to establish criteria and benchmarks by which investment performance will be evaluated.

All constraints and objectives set forth in this policy were established after a focused review of the unique needs and circumstances of the IIA. The funds will be invested with care, skill, and diligence under the circumstances prevailing from time to time that a prudent investor, acting in a like capacity and familiar with such matters, would use in the investment of a portfolio of like character, with like aims, and with due consideration given to the tax exempt status of the IIA. All investments will be made within the guidelines of quality, marketability and diversification as outlined by the policy and in compliance with any controlling state and/or federal statutes or any other guidelines directly effecting the prudent investment of the assets.

The investment of funds will be in good faith and with the care an ordinarily prudent person would exercise; with diversification of investments, unless reasonably and prudently determined that the purpose of the IIA is better served without diversification; with the duty to exercise expertise by those who are selected to manage funds; and with prudent monitoring of external agents used in managing funds. The following factors are considered in the IIA’s prudent management of investments:

1. General economic conditions.
2. Possible effect of inflation or deflation.
3. Role that each investment or course of action plays within the overall investment portfolio.
4. Expected total return (income and appreciation).
5. Other resources of the IIA.
6. Needs of the IIA to make distributions and to preserve capital.
7. Asset’s special relationship or special value, if any, to the IIA’s purpose.

GENERAL OBJECTIVES

The primary investment objectives of the IIA are to balance the long-term desire to earn a competitive real rate of return (net of inflation) with the short-term need to provide an adequate degree of liquidity. These dual objectives will be achieved through the creation of a well-diversified portfolio consisting of equity, fixed income, alternatives and money market securities.

The IIA has determined that an outside investment advisor will be retained to assure that all investments are managed in both a prudent and professional manner and in compliance with the stated objectives and constraints of this policy.

INVESTMENT GUIDELINES

The IIA has established the following target asset allocation for its consolidated investment portfolio. While the asset allocation represents the long-term target for the total investment portfolio, allocation ranges have been provided to allow for reasonable fluctuations in the market value of the assets. However, since the target allocation also
represents a specific risk/reward posture for the portfolio, it is the intention of the IIA to periodically rebalance the portfolio as detailed below in the asset allocation table.

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Long-Term Policy</th>
<th>Range</th>
<th>Benchmark</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. Large Cap Equity</td>
<td>18.0%</td>
<td>S&amp;P 500 Total Return USD Index</td>
<td></td>
</tr>
<tr>
<td>U.S. Mid Cap Equity</td>
<td>6.0%</td>
<td>Russell Midcap Index</td>
<td></td>
</tr>
<tr>
<td>U.S. Small Cap Equity</td>
<td>0.0%</td>
<td>Russell 2000 Index</td>
<td></td>
</tr>
<tr>
<td>Global Equity</td>
<td>0.0%</td>
<td>MSCI AC World USD Net Index</td>
<td></td>
</tr>
<tr>
<td>U.S. Smid (Small/Mid) Cap Equity</td>
<td>0.0%</td>
<td>MSCI USA Smid Cap Index</td>
<td></td>
</tr>
<tr>
<td>U.S. All Cap Equity</td>
<td>0.0%</td>
<td>MSCI USA All Cap Index</td>
<td></td>
</tr>
<tr>
<td>EAFE Equity</td>
<td>10.0%</td>
<td>MSCI EAFE USD Net Index</td>
<td></td>
</tr>
<tr>
<td>Japan Equity</td>
<td>0.0%</td>
<td>MSCI Japan USD Net Index</td>
<td></td>
</tr>
<tr>
<td>Asia ex-Japan Equity</td>
<td>5.0%</td>
<td>MSCI Asia ex Japan USD Net Index</td>
<td></td>
</tr>
<tr>
<td>Emerging Market Equity</td>
<td>3.0%</td>
<td>MSCI EM USD Net Index</td>
<td></td>
</tr>
<tr>
<td>Total Equity</td>
<td>42.0%</td>
<td>32.0-52.0%</td>
<td></td>
</tr>
<tr>
<td>Alternative Investments</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Real Estate &amp; Infrastructure</td>
<td>5.0%</td>
<td>NAREIT Index</td>
<td></td>
</tr>
<tr>
<td>Hard Assets (e.g. commodities and commodity-linked investments)</td>
<td>3.0%</td>
<td>Bloomberg Commodity Index</td>
<td></td>
</tr>
<tr>
<td>Total Alternative Investments</td>
<td>8.0%</td>
<td>0.0-18.0%</td>
<td></td>
</tr>
<tr>
<td>Fixed Income &amp; Cash</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash &amp; Short Term</td>
<td>0.0%</td>
<td>Citigroup 3M T-Bills</td>
<td></td>
</tr>
<tr>
<td>U.S. Fixed Income</td>
<td>45.0%</td>
<td>Barclays Capital Aggregate / Barclays High Yield Index</td>
<td></td>
</tr>
<tr>
<td>Non-U.S. Fixed Income</td>
<td>5.0%</td>
<td>Barclays Global Aggregate</td>
<td></td>
</tr>
<tr>
<td>Total Fixed Income &amp; Cash</td>
<td>50.0%</td>
<td>40.0-60.0%</td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>100.0%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The IIA will monitor the aggregate asset allocation of the investment base, and shall rebalance to the target asset allocation based on certain conditions. If at the end of any calendar quarter, the allocation of an asset class falls outside of its allowable range, baring extenuating circumstances such as pending cash flows or allocation levels viewed as temporary, the asset allocation will be rebalanced back to the target mix. To the extent possible, cash contributions into and withdrawals from the asset base will be executed proportionally based on the most current market values available. The IIA will generally not attempt to exercise short-term changes to the target asset allocation of the asset pool based upon the ad hoc nature of current market conditions.

These investment guidelines represent objectives for all investment assets of the IIA. If investment managers are retained by the IIA to manage only a specific portion(s) of the assets, they will be provided an addendum to this policy that includes specific investment objectives that apply solely to the assets under their discretionary management.

The investment advisor may tactically shift the portfolio within the allowable range.

**SPENDING POLICY**

The following will be considered in appropriating funds for expenditure:

1. General economic conditions.
2. Possible effect of inflation or deflation.
3. Duration and preservation of the IIA.
4. Purpose of the IIA.
5. Expected total return (income and appreciation).
6. Other resources of the IIA.
7. This investment policy.

A required spend is not currently prescribed. Expenditures will be approved and documented in accordance with the Board Policy Manual.

**INVESTMENT GOALS**

Given the purpose of The IIA investment portfolio, the organization realizes the necessity of a long-term horizon when formulating investment policies and strategies. However, given the dual purpose of this policy, short-term goals have also been stated to evaluate investment performance.

Most investment styles require a full market cycle to allow an investment manager to demonstrate its abilities. A full market cycle is generally referred to as a three to five year time period. As a result, performance results will be measured over a three to five year period. Performance will be monitored on a quarterly basis primarily as a means of identifying developing performance trends. The specific objectives of the IIA portfolio are as follows:

- Earn an average annual rate of return over the long-term that exceeds the return of the target benchmark index outlined in the Investment Guidelines asset allocation table.
- In addition, it is expected that the long-term rate of return earned by the total portfolio will rank above the median when compared to a representative universe of other, similarly managed portfolios.

**INVESTMENT STANDARDS**

*Short-Term Investments*
The IIA investment portfolio represents a multi-purpose consolidation of assets. As such, a portion of the assets may be allocated at times to short-term investments. These investments will focus primarily on the quality and liquidity of the portfolio. However, individual benchmarks for investment advisors in this category have been established to provide quantifiable targets to evaluate manager and overall fund performance.

The primary goal of this portion of the portfolio is to earn a positive total rate of return during any 12 month period, after all management fees, transaction cost and expenses while maintaining the highest level of liquidity. The secondary goal will be to achieve a total rate of return over the longer term that exceeds the return of the target index of the ML 91 Day US T-Bill Index.

**Equity and Fixed Income Investments**

The non-short-term portion of the IIA portfolio should be managed to maximize the future real purchasing power of the portfolio’s assets within the guidelines detailed in this document. A further objective is to minimize the short-term volatility of results, as possible, given the long-term objectives and strategies of these funds.

**Mutual Funds, Commingled Funds and Pooled Investment Funds**

When deemed appropriate, in terms of cost, performance or other reasonable criteria, the IIA may employ mutual and/or commingled funds to include in the management structure of its asset pool. Since these commingled pools represent direct investment into existing funds, no additional constraints may be levied on funds of this type. As such, the investment advisor will use diligent research at the time of the fund’s purchase to ensure that the investment objectives and constraints of the commingled fund(s) in question are in principle alignment with those of the IIA.

**ALLOWABLE INVESTMENTS FOR SEPARATELY MANAGED ACCOUNTS**

Unless otherwise specifically stated in a manager addendum, each investment manager may invest and reinvest the assets in a diversified portfolio of fully negotiable, US dollar denominated fixed income, equity and money market securities provided they meet the following criteria:

**Equity Securities**

1. Investment in all equity securities shall be limited to those actively traded on major stock exchanges or NASDAQ.
2. No more than 5% of an investment manager’s equity portfolio may be invested in the shares of a single issuer.
3. Collective investment in companies that have been publicly traded for less than one year are limited to no more than 15% of the market value of the total equity portfolio.
4. Investment in shares issued by companies outside the United States will be limited to either American Depository Receipts (ADRs) or commingled, US Dollar denominated investment funds.

**Fixed Income Securities**

1. Investment in corporate fixed income securities shall be limited to securities rated investment grade or better by either Standard & Poor's or Moody's at the time of purchase. The Institute should be notified in writing within 5 business days of any security that is downgraded below the minimum rating by both rating agencies after purchase. This notification should include a description of the issue in question as well as the manager’s plan of action for liquidating or continuing to hold the security.
2. No more than 10% of an investment manager’s fixed income portfolio may be invested in the shares of a single issuer. There is no holding limitation on bonds issued by the US Government or any agency instrumentally thereof.
3. The maturities of individual fixed income securities at the time of purchase shall not exceed 15 years. The maximum average duration of the total fixed income portfolio should not exceed 135% of the Merrill Lynch Domestic Master Bond Index.

**Fixed Income Securities**

1. Investments in real return securities shall be limited to the purchase of Pooled Investment Funds.
2. Investments with a real return objective may pursue a variety of strategies and/or asset classes in order to attain the fund’s long-term objectives. As such, real return securities will be measured on a long-term basis against a primary benchmark that includes inflation (CPI) plus a real return objective (+X%). Real return securities may also be measured against a secondary benchmark for performance measurement purposes.

**Real Return Securities**

1. Investments in real return securities shall be limited to the purchase of mutual funds, index funds, exchange traded funds (ETF) or pooled investment funds.
2. Investments with a real return objective may pursue a variety of strategies and/or asset classes in order to attain the fund’s long-term objectives. Established returns on asset classes in any given cycle depends on holistic targets for the entire portfolio. As such, real return securities will be measured on a long-term basis against a primary benchmark that includes inflation (CPI) plus spending.

**Alternative Investments**

1. Certain alternative asset classes may be used in the portfolio and shall be limited to the purchase of liquid real estate and infrastructure and hard assets including commodities and commodity linked investments.
2. Private equity, mezzanine debt and hedge funds are not permitted investments.

**Cash Equivalent Securities**

Investments in cash and equivalent securities shall be limited to the following:

a. High quality money market mutual funds.
b. Direct obligations of the United States Government with a maturity of one year or less.
c. Commercial Paper with a maturity of 270 days or less rated A1/P1 or higher respectively by Standard & Poor’s or Moody’s.
d. Banker’s acceptances with an issuer rating of BAA/BBB or higher.

INVESTMENT MANAGER RESPONSIBILITIES

This section of the policy is intended to provide a broad overview of what is expected from all professional investment advisors retained by the IIA. The investment advisor is responsible for hiring and monitoring the portfolio investment managers and ensuring the investment managers are performing their services within the investment guidelines and restrictions for those assets under its management and set forth herein. It is the intention of the IIA to give full investment discretion to an advisor with respect to assets under its management.

The advisor is expected to provide any reasonable information requested by the IIA on underlying managers. At a minimum, the advisor shall provide a quarterly report detailing investment activity, current portfolio value and any changes in investment personnel, philosophy or strategy. The advisor is expected to periodically meet with the designated representatives of the IIA to review investment performance and philosophy.

Unless otherwise provided by the custodian of the assets, the advisor will continuously monitor portfolio contents to minimize un-invested cash balances.

It is the additional responsibility of the advisor to review the monthly valuations provided by the custodian and to note, in
writing, any significant discrepancies from the valuations provided in their own reports.

Each manager will send a copy of their current ADV to the Institute each year or within 30 days when an amended ADV is filed.

**CONFLICT OF INTEREST**

A conflict of interest could arise when: (i) a member of the Investment Committee has a material ownership interest in, or is directly employed by, a potential Investment Advisor or Investment Manager; or (ii) a member of the Board or an officer who is not a member of the Investment Committee has a material ownership interest in, or is directly employed by, a potential Investment Advisor or Investment Manager; or the Investment Advisors has a material ownership interest or is directly employed by an Investment Manager.

1. **If an Investment Committee Member materially Owns or is Employed by a Potential Investment Advisor or Investment Manager**, it is the general policy of the Institution not to engage an Investment Advisor and not to invest with an Investment Manager if a member of the Investment Committee has a material ownership interest in, or is directly employed by, the Investment Advisor or Investment Manager. If an Investment Committee member has such a relationship, that relationship must be disclosed to the Chair of the Committee who will consult with the investment staff and legal counsel as appropriate, to determine whether the relationship merits further consideration by the Investment Committee.

2. **If a Board Member or Officer who is not an Investment Committee Member materially owns or is employed by a Potential Investment Advisor or Investment Manager**, it will be the responsibility of the investment staff, when performing due diligence on a potential Investment Advisor or Investment Manager, to use reasonable efforts to ascertain whether any member of the Board or any officer is a principal, holds a material ownership interest in, or is otherwise directly employed by that Investment Advisor or Investment Manager. If any such relationship exists, the investment staff will disclose the interest to the Chair of the Committee, who will consult with the investment staff and legal counsel, as appropriate, to determine whether the relationship merits further consideration by the Investment Committee.

3. **If the Investment Advisors are considering an investment in a fund or with an Investment Manager**, (i) they have a material ownership interest in, or (ii) are directly employed by the Investment Advisor; must disclose the interest to the Chair of the Committee who in consultation with legal counsel and the investment staff, as appropriate, will determine whether the relationship merits further consideration by the Investment Committee. The investment staff will be responsible for communicating this policy to Investment Advisors.

**Annual Disclosure**

1. On an annual basis, the investment staff will provide the Board and Investment Committee, with a list of Investment Advisors and Investment Managers. Each Board member, officer, and Investment Committee member, should indicate on the form provided if, to the best of his or her knowledge, he, she (i) has a material ownership interest in, or is directly employed by, an Investment Advisor or an Investment Manager with which the Institution invests.

**CONFIDENTIALITY**

Members of the Investment Committee, Institution staff and Investment Advisors involved with investments are expected to maintain the confidentiality of information obtained by virtue of their positions. Information obtained solely by virtue of one’s position on the Investment Committee, as a member of the investment staff, or as an Investment Advisor (and not from other sources or relationships) is not to be used for personal financial purposes.
It is the intention of the IIA to review this Investment Policy as needed, at least annually, and make any appropriate changes. The investment staff will communicate any revisions in writing to the Investment Advisors as necessary. This Investment Policy has been reviewed by the IIA and was approved on March 31, 2017.

Mike Joyce, CIA, CRMA,
Vice Chairman – Finance/Treasurer
Authorized Signatory
The Institute of Internal Auditors
E. THE INSTITUTE OF INTERNAL AUDITORS MANAGEMENT CONTROL POLICY

1. Management is charged with the responsibility for establishing and maintaining a system of internal controls over The IIA’s operations in a manner which provides the Board of Director’s reasonable assurance that:

   - Financial Statements, data and information published either internally or externally are accurate, reliable, and timely.
   - The actions of directors, officers, and employees are in compliance with The IIA’s policies, standards, plans and procedures, and all relevant laws and regulations.
   - The IIA’s resources (including its assets, people, systems, data/information bases, reputation, and customer goodwill) are adequately protected.
   - Resources are acquired economically and employed efficiently; quality business processes and continuous improvement are emphasized.
   - The IIA’s plans, programs, goals, and objectives are achieved.

Management’s responsibility includes assessing, testing, and opining on the adequate design and effective operations of the system of internal controls.

Controlling is a function of management and is an integral part of the overall process of managing operations. As such, it is the responsibility of managers at all levels of The IIA to:

   - Identify and evaluate the exposures to financial, operational and reputation loss related to their operations.
   - Establish policies, plans, and operating standards, procedures, systems, and other disciplines to minimize, mitigate, and/or limit the risks associated with the exposures identified.
   - Establish practical controls that enable directors, officers, and employees to carry out their duties and responsibilities in a manner that achieve the above five control objectives (accurate information, compliance, protection of assets, efficiency and economy of operations, and achievement of goals).
   - Maintain the effectiveness of the system of internal controls and foster continuous process improvement.

2. Internal Audit is charged with the responsibility of:

   - Evaluating the accuracy and reliability of management’s self-assessment, testing, and opinion on the system of internal controls.
   - Determining that processes for controlling operations throughout The IIA are adequately designed and functioning in an effective manner.
   - Reporting to management and the Audit Committee of the Board of Directors on the adequacy and effectiveness of The IIA’s system of internal controls, together with ideas, counsel, and recommendations to improve the system.

Refer to The IIA Internal Audit Charter for detailed descriptions on Mission, Scope, Accountability, Responsibility, Independence and Authority.

3. The Audit Committee is charged with the responsibility of:

   - Assisting the Executive Committee and the Board of Directors in fulfilling their oversight responsibilities for The IIA’s financial reporting process, system of internal controls and audit processes.
   - Recommending external auditors to audit IIA’s financial statements.
   - Overseeing IIA’s internal audit activities.
• Overseeing practices designed to ensure compliance with legal, risk management, and regulatory requirements.
• Determining that all major issues reported by the internal audit function, the external auditor, and outside advisors have been satisfactorily resolved.
• Reporting to the full Board all important matters pertaining to The IIA’s system of internal controls.

Refer to The IIA Audit Committee Charter for detailed descriptions on Mission, Structure, Accountability, and Responsibility.
F. NEW INITIATIVES – SUBMISSION AND APPROVAL PROCESS

1. Purpose

In the past, initiatives occasionally have been generated by stakeholders and presented to the Executive Committee of the Board of Directors without having been reviewed by the other key stakeholders that have implied or implicit oversight of or operational responsibility for the initiative.

The purpose of this paper is to define and document a standardized process for generating initiatives, the roles and responsibilities of key stakeholders for reviewing and analyzing those initiatives, the process for obtaining approval, and the roles and responsibilities for ongoing initiatives monitoring.

This process will be broken down into three phases:

**Phase 1 – Conceptual:** This phase outlines the requirements to bring forth an initiative for consideration.

**Phase 2 – Approval:** This phase outlines the roles and responsibilities of key stakeholders during the review and approval process.

**Phase 3 – Monitoring:** This phase outlines the on-going reporting and oversight requirements of the key stakeholders for approved initiatives.

2. Fast Track Projects

Projects that have a combined capital expenditure less than $75,000 can be put on a Fast Track. Fast Track projects require the approval of the President and CEO of The IIA. The President and CEO will outline the presentation material required on a case-by-case basis. Any projects with a combined capital expenditure in excess of $75,000 must follow the process outlined in this document.

3. Phase 1 - Conceptual

New initiatives can be generated by individual members, committees, and/or staff (both at the Global Headquarters and Affiliates). This individual or group will be designated as the Initiative Owner.

Initiatives that are generated outside of Global Headquarters should be brought to an appropriate member of the Global Headquarters staff. This staff member will be designated as the Staff Liaison.

The staff Liaison will determine the committee that will have oversight over this new initiative. This committee, which may be a standing committee or a duly authorized ad-hoc committee or task force, will be designated as the Sponsoring Committee.
In some cases a new initiative may fit under more than one committee or task force. In these cases, the staff liaison should seek counsel from the IIA President and CEO, Chief Officer responsible for that area, Director of Governance, and/or Vice-Chairs as appropriate. While only one group will be designated as the sponsoring committee, it is understood that a complex initiative may span multiple oversight committees and, thus, the approval process should include each of the impacted committees. On the other hand, a project that falls within the President and CEO’s approval limit may not have a designated Sponsoring Committee.

Once the appropriate sponsoring committee has been identified, the initiative owner and staff liaison will present the initiative to the sponsoring committee for consideration.

The initiative will be presented to the sponsoring committee for initial consideration in a non-detailed format. It is understood that this presentation will not contain detailed analysis and will only present the initiative strategy and overall goals. This presentation style will be designated as a Conceptual Presentation.

The purpose of the conceptual presentation is to provide the sponsoring committee with enough details about the initiative to determine if the initiative warrants further investigation. The sponsoring committee will base that decision on the following criteria:

1. Is the initiative strategically aligned with the mission and purpose of the committee?
2. Is the initiative strategically aligned with the mission and purpose of The IIA?
3. Is the initiative feasible from a business perspective?
4. Are resources available to further investigate and execute the initiative?

If the sponsoring committee approves the initiative after the conceptual presentation, the initiative owner and staff liaison will investigate and prepare a presentation that provides the details of the initiative. This document will be designated as the Business Plan. Given the wide variety of possible initiatives, the business plan format may vary but should always include at least the following components:

<table>
<thead>
<tr>
<th>Purpose:</th>
<th>Why is this initiative important?</th>
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<tbody>
<tr>
<td></td>
<td>What business need does it address that is not currently being satisfied?</td>
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<tr>
<td>Assumptions:</td>
<td>Outline major assumptions used in building the business plan.</td>
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<td></td>
<td>• Business assumptions</td>
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<td>• Financial assumptions</td>
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<td>Risks:</td>
<td>Outline the risks, mitigating factors, and potential impacts.</td>
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<td>• Description of risk</td>
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<td>• Likelihood of occurrence</td>
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<td>• Significance of occurrence</td>
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<td>• Possible mitigating factors</td>
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<td>• Business and financial impact of risk</td>
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<tr>
<td>Impact:</td>
<td>Discuss the impact of the initiative on other areas of The Institute.</td>
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<td>• Will additional infrastructure be needed in other areas to support the initiative?</td>
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<td>• Will the initiative cannibalize other business units?</td>
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<td>• Will the initiative have any economies of scale with other business units?</td>
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<tr>
<td>Model:</td>
<td>Five-year financial model</td>
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<td></td>
<td>• Details of capital required</td>
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<td>• Return on investment</td>
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<td>• Payback period</td>
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An important component of the business plan outlined above is an analysis of how the initiative will be funded. It is the responsibility of the staff liaison to work with the IIA HQ Senior Vice President and Chief Financial Officer to determine the following:

- How much funding is required for the initiative? This analysis should consider not only the initial capital funding required for the project but also any on-going incremental operational cash-outflows required for maintaining the new initiative.

- A detailed outline of how the requested funding will be used and a schedule of payments for the approved funds. This plan can be summarized into major expense category groups and outflows scheduled by calendar quarter.

- Once the total funding requirements have been identified, the funding sources must be identified. A project can be funded from various sources or a combination of sources. Some of these methods are outlined below:

  **Operations:** A smaller initiative can be funded through the operating funds of The IIA.

  **Reserves:** The Board Policy Manual requires the IIA HQ Senior Vice President and Chief Financial Officer to perform an analysis of funds available for new initiatives. This analysis considers short-term cash requirements, minimum reserve requirements, and funds previously committed. If this analysis indicates funds available for new initiatives then a project can be funded through reserves. If required funding is NOT available from reserves, committed funds can be rescinded to make funding available for new initiatives.

  **3rd Party:** For financially material new initiatives for which reserve funds are NOT available (either in part or in whole) outside financing can be considered.

Once the business plan has been prepared, a document that summarizes the key components of the new initiative will be completed. A standardized format has been prepared and will be designated as the **Executive Summary**.

The completed executive summary and business plan will then be presented to the sponsoring committee and appropriate Vice-Chair. If the initiative is then approved, the approving Vice-Chair will be designated as the **Executive Committee Champion**.

4. **Phase 2 – Approval**
The approval process is dependent upon the type of initiative and the value of the initiative.

**Real Estate:** Approval of the North American Board and the President and CEO is required on all real estate transactions. Depending on the value of the real estate transaction, additional approval may be required. Types of real estate transactions include but are not limited to:
- Purchase/sale of any real property
- Sub-lease of any real property for any duration in excess of 30 days
- Sub-Lease to a third party of any real property owned/leased by The IIA for any duration in excess of 30 days

**Expenditures:** Approval of non real-estate initiatives are driven by the TOTAL cost of the expenditure or a series of related expenditures.

*Example:* If the initiative is to purchase a new computer system and requires software, hardware, and contract services, then the total cost must include all related expenses and cannot be separated to fall under a lower expenditure threshold.

**Fast Track Projects:** A project that was approved under the Fast Track approval process (total capital expenditure under $75,000) that is anticipated to or has actual expenditures that total in excess of $75,000 must obtain an “After-the-fact” approval according to the chart below.

**Budget Over-runs:** An initiative or single line item, approved in the annual budget, which has a budget overrun in excess of $75,000 must obtain an “After-the-fact” approval according to the chart below. A business case and executive summary are NOT required for budget overruns, but an accounting of the overruns with an explanation of costs must be delivered to the approving level and the next higher approval level.

### The Institute of Internal Auditors – Approval Delegation of Authority

<table>
<thead>
<tr>
<th>Expenditures</th>
<th>IIA President</th>
<th>Finance Committee</th>
<th>North American Board</th>
<th>Chairman of the Board</th>
<th>Executive Committee</th>
<th>Board of Directors</th>
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<td>Any Real Estate Transaction</td>
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√ = Approval required by this person/committee
# = Approval recommended by this person/committee
An initiative can be brought forward at any time during the year for review and approval. The approval time frame will vary depending on various factors:

- Levels of approval needed
- Complexity of the initiative
- Risk of the initiative
- Amount of funding required

A complex or controversial initiative that will require the approval of the Board of Directors will likely have a longer approval cycle.

### Meeting Schedule for Key Oversight Committees

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<th>Committees</th>
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</table>
Each of the groups outlined above have different roles and responsibilities in the approval process. These roles and responsibilities are outlined below:

<table>
<thead>
<tr>
<th>GOAL SETTING</th>
<th>Staff Liaison / Sponsoring Committee</th>
<th>Executive Committee Champion</th>
<th>IIA President</th>
<th>Finance Committee</th>
<th>North American Board</th>
<th>Executive Committee</th>
<th>IIA Board of Directors</th>
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<tr>
<td>Set Objectives and Strategic Initiatives</td>
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<td>Establish Priorities</td>
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<td>Set Goals and Communicate</td>
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<tr>
<th>PHASE 1 – CONCEPTUAL</th>
<th>Staff Liaison / Sponsoring Committee</th>
<th>Executive Committee Champion</th>
<th>IIA President</th>
<th>Finance Committee</th>
<th>North American Board</th>
<th>Executive Committee</th>
<th>IIA Board of Directors</th>
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<tr>
<td>Solicit and generate proposals for new initiatives that can support the strategic objectives of the organization</td>
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<td>Determine if proposals are in alignment with strategic objectives</td>
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<td>Prioritize proposals</td>
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<td>Develop assumptions, key performance indicators and business plan for new initiatives</td>
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<td>With the assistance of The IIA HQ Finance Team develop a 5-year financial model to include assumptions, capital needs, funding methods and financial benchmarks</td>
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<tr>
<td>With the assistance of key IIA stakeholders (both staff and volunteers) determine the impact on other areas within The IIA</td>
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<td>Prepare presentation to include the Executive Summary and Business Plan</td>
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<td>Determine approval requirements and establish approval timeline</td>
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<tr>
<th>PHASE 2 - APPROVAL</th>
<th>Staff Liaison / Sponsoring Committee</th>
<th>Executive Committee Champion</th>
<th>IIA President</th>
<th>Finance Committee</th>
<th>North American Board</th>
<th>Executive Committee</th>
<th>IIA Board of Directors</th>
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<tbody>
<tr>
<td>Review business plan and executive summary</td>
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<td>Determine if initiative is in line with IIA Strategic Objectives</td>
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<td>Determine if resources required take priority over other active and pending initiatives</td>
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<td>Recommendation for approval</td>
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<tr>
<td>Review Executive Summary and Business Plan for financial accuracy, completeness and fairness of assumptions</td>
<td>Staff Liaison / Sponsoring Committee</td>
<td>Executive Committee Champion</td>
<td>IIA President</td>
<td>Finance Committee</td>
<td>North American Board</td>
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<td>Evaluate validity of assumptions and key performance indicators</td>
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<td>Determine appropriate method of funding</td>
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<td>Determine if initiative is in line with IIA Strategic Objectives</td>
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<td>Determine if resources required take priority over other active and pending initiatives</td>
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<td>Final Approval Recommendation</td>
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**PHASE 3 - MONITORING**

| Determine the format, frequency and duration of ongoing monitoring and reporting | ✓ ✓ ✓ ✓ |
| Analyze, investigate and report any material financial variances | ✓ |
| Analyze, investigate and report any changes in business conditions, assumptions and risks. | ✓ |

### 5. Phase 3 – Monitoring

After an initiative has been approved, periodic monitoring and reporting will be required. It will be the responsibility of the Staff Liaison and IIA Senior Vice President and Chief Financial Officer to provide periodic updates to the various Oversight Committees and, perhaps, to the Executive Committee and the Board of Directors.

- The IIA Senior Vice President and Chief Financial Officer will be responsible for monitoring actual financial results versus the original financial model. Material variances must be identified, analyzed and reported.
- The Staff Liaison will be responsible for monitoring business operations. Changes in business conditions, assumptions, and risks must be monitored, analyzed, and reported.
Given the wide variety of possible initiatives, it will be the responsibility of the Staff Liaison and The IIA Senior Vice President and Chief Financial Officer to work with each of the applicable Oversight Committees to determine the frequency, format, and duration of on-going monitoring and reporting. Oversight Committees may include the following:

- Sponsoring Committee
- Finance Committee
- North American Board
- Executive Committee
- Board of Directors
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