INSTITUTE OF INTERNAL AUDITORS, INC.

CHICAGO CHAPTER BYLAWS

As Approved,

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INSTITUTE OF INTERNAL AUDITORS INC.
CHICAGO CHAPTER BYLAWS

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ARTICLE I – Name

This Chapter shall be known as The Institute of Internal Auditors, Inc., Chicago Chapter (“The Institute” or “The Chapter”) as used within these bylaws shall mean The Institute of Internal Auditors, Chicago Chapter.

ARTICLE II – Adherence to Corporate Charter

The Chicago Chapter is empowered to perform any and all acts which are defined in the Certificate of Incorporation and the Bylaws of the Institute of Internal Auditors, Inc., and shall do nothing which is inconsistent with:

1) Their provisions

2) Resolutions incorporated in the minutes of the Institute meetings and the meetings of the Board of Directors, and

3) Rules regulating chapters.

ARTICLE III – Chapter Membership

Eligibility and admission to membership and criteria for maintaining membership shall be in accordance with the Bylaws of the Institute of Internal Auditors, Inc.

Section 1

The Chapter membership shall consist of those duly admitted to any of the membership categories as defined in the Bylaws of the Institute of Internal Auditors, Inc. and who are located in the Chapter area, and any other not located in the Chapter, if any, and elects to become affiliated with the Chapter.
Section 2

Membership in the Chapter shall cease and terminate on transfer to another Chapter or because of resignation or termination for any of the causes set forth in the Bylaws of The Institute of Internal Auditors, Inc.

Section 3

As used in these Bylaws, the designation “member” shall apply only to members eligible to vote. All categories of members, except student members, may vote at membership meetings. Unless otherwise specifically provided by these Bylaws, a majority of those eligible members present and voting shall govern.

Section 4

Any person may be subject to disciplinary procedures, including censure, suspension, or expulsion, for violation of the Code of Ethics as prescribed by the Chicago Chapter Board of Governors (the “Board”). Disciplinary procedures will be according to guidance issued within the Bylaws of the Institute of Internal Auditors, Inc.

ARTICLE IV – Governors and Officers – Duty of Care

Section 1

“Duty of Care” requires a Governor or Officer (persons as defined in Article V, Section 3) of The Chapter to act in a reasonable and informed manner when taking part in Board deliberations and activities. The Governor or Officer is expected to use the same degree of care as ordinarily is expected to read Board meeting materials in advance, regularly attend Board and Committee meetings, dialogue together on how best to serve Chapter members based on Committee objectives and responsibilities, and actively participate in Board discussions.

The Duty of Care requires use of informed, independent judgment when participating as a member of the Board. Thus, the Governor or Officer should:
a) Understand and act in a manner that supports the Chicago Chapter’s Charter and Bylaws

b) Act in an open and transparent manner and make decisions with the best interest of the Chicago Chapter members first and foremost

c) Ask for and receive the level of factual information necessary to make informed decisions

d) Avoid undue reliance and over reliance on opinions of Governors and Officers without a basis in fact

e) Distinguish and focus the right amount of time to the most significant and important matters for the successful operations of the Chicago Chapter for its members and the profession

f) Ask questions, be diligent and persistent if necessary, to make sure issues are raised, clarified, understood, and answered

g) Disclose the existence of any conflict of interest (actual or perceived) including financial interest for any proposed transaction or arrangement

h) Attend at least two-thirds (preferably all) of the meetings of the Board of Governors, either in-person or via teleconference

i) Actively participate in the Chapter by leading or co-leading a committee

j) Maintain appropriate confidentiality of matters discussed during Board and committee meetings

k) Identify, develop, and educate new leaders of the Chapter.

ARTICLE V – Board of Governors and Their Election

Section 1

The administration of the Chapter shall be vested in the Board of Governors.

Section 2

All members of the Board of Governors will be members of the Institute of Internal Auditors, in good standing.
Section 3

The Board of Governors shall be constituted of 23 members as follows:

   a) The Officers of the Chapter: the Chapter President, the Chapter Senior Vice-President, the Chapter Vice-President-Operations, the Chapter Vice-President-Education, the Chapter Treasurer and the Chapter Secretary.

   b) A total of not fewer than fifteen governors to be elected for a period of three years, one third retiring each year.

   c) The two most recent past Chapter Presidents not holding other office in the Chapter and who are still members of the Chapter, each to serve for two years following their respective presidency. In the event either or both are unable to serve their term, the vacancies should be filled first with the most recent past presidents who are members and willing to serve.

   d) Should the Chapter Senior Vice-President Office become vacant by reason of incapacity, resignation, or pursuant to action taken under Article V, Section 6 below, the Office will remain vacant until the following term.

Section 4

The Nominating Committee will be responsible for identifying and recommending candidates for Governor. In the exercise of their responsibilities, the Nominating Committee will maintain confidentiality of candidate information and opinions gathered during their work and will also exercise transparency within the Nominating Committee to raise issues or concerns regarding nominees. Detailed minutes of each Nominating Committee meeting, including decisions made and conclusions reached, should be maintained.

The Nominating Committee will solicit nominations for Governors from the membership via email no less than 75 days in advance of the day for election of such governors. All Governor nominations shall be reviewed by the Nominating Committee who will exercise transparency and due diligence during the nomination process, conduct interviews, and use criteria with demonstrated accomplishments. After communication to the Board of Governors, the Nominating Committee’s list of nominees for such offices as to be filled shall be annotated to indicate whether each such nominee has been endorsed by the Board and sent to the Secretary at least 60 days prior to such election. At least 45 days preceding the day of the election, the Secretary shall communicate the list of nominees to each member via email and posting to the Chapter website. Nominee biographical information will be posted on the website upon approval of the Nominating Committee Chair. If members have
additional nominations, they should be supported by no less than ten (10) members and submitted to the nominating committee no less than 35 days prior to the date of the election. At least 30 days prior to the election, an electronic ballot shall be sent to the membership to vote in advance of the election date.

Section 5
Governors of the Chapter shall be elected prior to the end of the chapter fiscal year (May 31) and shall take office on June 1 of the same year.

Each of the elected Governors may be appointed by the President to serve as Chairperson of one of the Chapter committees. Each appointee shall serve until the end of the Chapter year or until the election of their successors unless their office terms shall terminate or be terminated, as provided in the Bylaws of the Institute of Internal Auditors, Inc., or as provided elsewhere in these Bylaws of the Chicago Chapter.

Section 6
Governors shall be elected by a two-third affirmation vote of members voting.

Section 7
Quorum: At meetings of the Board of Governors, 16 members of the Board of Governors and Officers shall constitute a quorum. Any act of two-thirds of the Board of Governors and Officers present or participating at a meeting where a quorum is present shall be a valid act of the Board.

Section 8
Any Governor may be recommended for removal for cause. Recommendations for Governor removal must be made by written petition of no less than five (5) Board members or written petition of at least one hundred (100) of the Chapter members. There must be at least fifteen (15) days notice given to the Board of a meeting at which such petition will be considered. The subject Governor must be provided an opportunity for a hearing before the Board. Provided after such hearing, removal is approved by two-thirds (2/3) vote of the full Board, the Board shall follow Roberts Rules of Order for major actions in completing the removal process. The office or offices made vacant shall be filled by appointment by the President, subject to two-thirds (2/3) vote of the full Board, until the next regular election.
Section 9
If the office of any Governor shall become vacant by reason of incapacity, resignation or otherwise, except as provided in Section 6 of this Article, the President is empowered to fill such office, subject to two-thirds (2/3) full Board of Governors approval, until the next annual election, except for the Senior Vice-President office which will remain vacant for the remainder of the unexpired term. An incapacitated or resigning Officer will also be removed from the Board of Governors, effective with the acceptance of their resignation.

Section 10
Governors shall be eligible for re-election, unless barred by other provisions contained elsewhere in these Bylaws.

Section 11
If the membership of any Governor in the Chapter shall for any reason terminate, the office as Governor shall automatically become vacant.

Section 12
The resignation of any Governor shall be tendered to the President. Acceptance of resignation shall be effective upon receipt of the resignation notice and is valid when submitted to the President.

Section 13
The Board of Governors shall have the power to fix the time and place for each annual meeting (subject to the provisions of Article VIII hereof) and each special meeting of the Chapter. Should the Board fail to fix a time and place for any annual meeting within a period of ten (10) months after the last annual meeting, the Chapter President shall fix a time and place.

Section 14
The Board of Governors shall meet at least four (4) times annually. Notice of the meetings of the Board of Governors shall be communicated by the Secretary or as the Board may otherwise direct,
but no failure or defect of notice shall invalidate the meeting, or any business transacted, or action taken at such meeting.

Section 15

Special Votes: The President may call special votes or resolutions either by mail or electronically, provided that two-thirds of all Board members respond, and the vote is affirmative. Telephonic votes may be accomplished by a quorum provided that an attendance is taken during the meeting to establish a quorum is present.

Section 16

The Board of Governors of the Chapter shall receive no salaries or fees for their services. Governors and committee members may be reimbursed for expenses incurred in the performance of their duties, subject to such approval as set forth in the Chapter Reimbursement Guidelines.

Section 17

Specific duties of Governors, Elected Officers, and Committees shall be posted on the Chapter website and in the Chapter Operations Manual.

Section 18

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 voted on by the Board of Governors and upon approval, shall be recorded in the Board Policy Manual. Such policies shall not be in conflict with these Bylaws.

Section 19

Each of the elected Officers and Board of Governors shall conduct Institute of Internal Auditors business in accordance with the ethics, business practices and conflict of interest requirements in accordance with the Code of Ethics as promulgated by The Institute of Internal Auditors, Inc.

Section 20
Each Governor’s performance will be evaluated via self-assessment at least annually or more often if determined necessary based on established performance criteria measurements that primarily focus on their attendance, participation, contribution and involvement with the Chicago Chapter Board and Committees. The evaluation process will be facilitated by a non-Board of Governors member of the Long-Range Planning Committee and the applicable results will be shared with the Nominating Committee for purposes of their due diligence and evaluation of potential Board members up for re-election.

ARTICLE VI – Officers and Their Election

Section 1

The elective officers shall be Chapter President, Chapter Senior Vice President, Chapter Vice-President-Operations, Chapter Vice-President-Education, Chapter Secretary and a Chapter Treasurer. Only members of the Chapter shall be eligible for election to these offices. No person shall hold more than one office at a time.

Section 2

The Nominating Committee is responsible for identifying and proposing candidates for election to be Officer, following the same process as described for the election of Governors in Article V, Section 3.

Section 3

Each elective officer of the Chapter shall be elected prior to the end of the Chapter fiscal year (May 31) and shall take office on June 1 of the same year. He or she shall hold office until the end of the next Chapter Fiscal year (May 31), unless his or her term of office shall terminate or be terminated as provided in the Bylaws of the Institute of Internal Auditors, Inc. or as provided elsewhere in these Bylaws of the Chicago Chapter.

Section 4

Officers shall be elected by a two-third affirmation vote of members voting.
Section 5

Any Officer may be recommended for removal for cause. The process will follow the same process as for removal of Governors as described in Article V, Section 6.

Section 6

If any vacancy shall occur in any office by reason of incapacitation, resignation, or otherwise, except as provided in Section 5 of this Article, the President, subject to two-thirds (2/3) vote of the full Board, is empowered to fill such office for the unexpired term of the office so vacated, except for the Senior Vice-President Office which will remain vacant for the remainder of the unexpired term.

Section 7

All Officers shall be eligible for re-election, except no President shall serve more than two successive terms, as President.

Section 8

If the Membership of any Officer in the Chapter shall for any reason terminate, his office automatically becomes vacant.

Section 9

Any resignation of any Officer shall be tendered to the President and may be acted on at any regular or special meeting of the Board. Acceptance of resignation shall be effective upon receipt of the resignation notice and is valid when submitted to the President.

ARTICLE VII – Duties of Officers

Section 1

The Chapter President shall be the executive head of the Chapter and, when present, shall preside at all meetings of the Chapter and of the Board of Governors. He or she shall be responsible for complying with all directives and reporting requirements and the enforcement of the Bylaws of the
Institute of Internal Auditors, Inc. and these Bylaws of the Chapter and the resolutions and proceedings of the Board of Directors and the Board of Governors.

The President shall keep the appropriate IIA regional representative, and the Board of Governors of the Chapter fully informed of the affairs of the Chapter and shall consult the regional IIA representative, and the Board of Governors of the Chapter, when necessary, concerning business of the Chapter and its activities.

Section 2

The Chapter Senior Vice-President, Chapter Vice-President of Operations and Chapter Vice-President Education shall have such duties and powers as may be prescribed by the Board of Governors or delegated by the Chapter President. In the absence or disability of the Chapter President, the duties of the Chapter President shall be performed by the Chapter Senior Vice-President. The member elected to the Senior Vice-President Office is intended to be the Nominating Committee’s nominee for President the following year subject to Nominating Committee confirmation and willingness and availability to serve. If the Office of Senior Vice-President becomes vacant by reason of incapacity, resignation or pursuant to Article VI, Section 5, the Office will remain vacant for the remainder of the unexpired term.

Section 3

The Chapter Treasurer shall be charged with the custody of the funds of the Chapter and their proper disbursement, under any rules prescribed by the Board of Governors. He or she shall make periodic reports as required by the Treasurer of The Institute and any other reports which the Board of Governors of the Chapter may require. The Chapter Treasurer shall be the disbursing Officer of the Chapter. He or she shall not have authority to receive monies for application fees and dues which authority is reserved to the Treasurer of the Institute of Internal Auditors, Inc. The Board of Governors of the Chapter may authorize the bonding of the Chapter Treasurer. At the termination of the Chapter Treasurer’s term of office, he or she shall turn over to his or her successor all funds, records, papers, books, and documents and all other property of the Chapter having to do with the financial or other transactions or business of the Chapter which may come into his or her possession or may have been compiled or created during his or her term of office.

Section 4

The Chapter Secretary shall perform those duties delegated by the Chapter President or prescribed by the Board of Governors of the Chapter. The previous year’s books of accounts shall be kept under his
or her jurisdiction. He or she shall make reports as required by the Board of Governors or as required by the Secretary of the Institute of Internal Auditors, Inc. He or she shall facilitate and tabulate the votes for the annual election process of Chapter Governors and Officers. He or she shall notify the Chapter Membership of all meetings and shall do any and all other things normally required by a Chapter Secretary to keep the Officers and the Board of Governors of the Institute of Internal Auditors, Inc. and the Chapter Board of Governors and the Chapter Officers and Membership informed about the affairs of the Chapter. At the termination of the Chapter Secretary’s term of office, he or she shall turn over to his or her successor all records, papers, books, and documents and all other property of the Chapter which may have come into his or her possession or may have been compiled or created during his or her term of office.

Section 5
The Officers of the Chapter shall receive no salaries for their services. Officers may be reimbursed for their expenses incurred in the performance of their duties subject to such approval as set forth in the Chapter Re-imbursement Guidelines, consistent with the Chapter’s Treasurers Manual.

ARTICLE VIII – Committees

Section 1
There shall be the following standing committees:

A Nominating Committee of five (5) consisting of the President as chairperson, one (1) Governor, one (1) member not currently on the Board of Governors, and the two (2) most immediate past presidents who are willing and able to serve. The one (1) Governor must not be eligible for re-election during his/her term. The one (1) member not currently on the Board of Governors, along with the one (1) Governor will serve two-year staggered terms.

A Long-Range Planning Committee, consisting of the current President and all Chapter Past Presidents who are willing and able to serve on the Committee. The Committee will be chaired by a Past President selected by the Committee and will meet at least four (4) times per year. Members of the Committee must be active members of the Chicago Chapter.

An Audit Committee: The Board of Governors shall designate the chair of the Audit Committee, to serve in a capacity and for a term as detailed in the Audit Committee Charter. The Audit Committee shall consist of additional members as defined in its Charter. The Audit Committee is also
responsible for appointing an Auditor to conduct the annual financial statement review in accordance with the IIA’s Suggested Template for Review of Chapter Financial Records.

Section 2
There shall be such other committees as may be authorized and directed by the Board of Governors in regular or special meetings – the Members of such Committees appointed by the President so designated to differentiate them from regular Committees.

Section 3
Matters of an ethical nature (e.g., breach of ethics, conflict of interest, suspected fraud) that may require further research and investigation should be brought to the Long-Range Planning Committee Chairperson, who will appoint a special review committee of members independent of the matter to perform further investigation and reach conclusions. The nature of the matter and any conclusions reached will be reported to the Board of Governors in a timely fashion.

Section 4
The Chapter President shall be a Member ex-officio of all active committees, except the Chapter Review Committee, and the Nominating Committee of which he or she is the chairperson.

Section 5
Any member of any committee may be removed at the discretion of the Committee Chairperson.

Section 6
The majority of each committee shall constitute a quorum thereof.

ARTICLE IX – Meeting – Meeting of Members

Section 1
The annual meeting of the Chapter shall be held on or before the 31st day of May each year.
Section 2

The Chapter fiscal year shall be from June 1 through May 31.

Section 3

At all Chapter meetings, a majority vote of members present and voting will decide all issues except as provided elsewhere in these Bylaws.

Section 4

Each chapter year, a review of the chapter's books and records should be performed by an independent group / person (someone with no treasury responsibilities or check signing authority). The review should be performed by a knowledgeable person, who is not actively involved in the original recording of the transactions, and who is not an officer or governor of the chapter. Although not a requirement, it is recommended that the review be performed by a CIA or CPA. The review should result in the independent reviewer signing the Annual Report that the revenue, expense, surplus or deficit and beginning and ending cash balance amounts shown on the report are correct. The final Annual Report, signed by the treasurer and the independent reviewer, must be sent to IIA North America Headquarters by August 31st. A copy should be provided to the District Representative as well as to the Chapter Board of Governors.

ARTICLE X – Rules of Procedure

Section 1

The rules of procedure at meetings of the Chapter, of the Board of Governors, and of Committees, shall be according to Robert’s Rules of Order.

Section 2

The rules of procedure may be suspended by two-thirds (2/3) vote of those present and voting at any meeting.
ARTICLE XI – Amendments to Bylaws

These **Bylaws** may be amended or repealed subject to Rules Regulating Chapters at any regular or special meetings of the chapter by a two-thirds (2/3) affirmative vote of Members voting, provided that notice of the proposed change and of the meeting has been communicated at least thirty (30) days previous to the date of the meeting. An electronic ballot may be used to obtain proxy votes and questions by the members who cannot attend this meeting.

Approved by vote of the Membership.