

# CHAPTER COMPACT

## The Institute of Internal Auditors Chapter Compact

This Chapter Compact (“Compact”) is dated <28 september 2020 > (“Effective Date”) and entered into between The Institute of Internal Auditors, Inc., a New York nonprofit corporation headquartered in Lake Mary, Florida (“The IIA”), and < IIA Sacramento Chapter >, a < California > nonprofit corporation consisting of members of The IIA and operating as a chapter of The IIA, known as < IIA Sacramento Chapter > (“Chapter”). This Compact outlines the fundamental roles and responsibilities of each party.

### Relationship between the Parties

The IIA is the internal audit profession's global voice, recognized authority, acknowledged leader, chief advocate, and principal educator. The Chapter is an independently incorporated affiliate of The IIA, formed by The IIA and its membership to provide dynamic leadership opportunities, professional development opportunities, networking opportunities, training, and support to designated members. The Chapter agrees to abide by the tenets, decisions, and policies of The IIA as determined by its governing body, headquarters staff, volunteer leadership structure, Chapter Relations Committee, and as prescribed in The IIA’s Bylaws, Chapter Standards, Guiding Principles for Effective Chapter Governance, Chapter Health Standards, Board Policy Manuals, Chapter Manual, and any other policies set forth by The IIA. The IIA reserves the right to adopt, change, and otherwise modify its policies, procedures, oversight, and reporting mechanisms.

### Role and Responsibilities of The IIA

The IIA fulfills its core purpose by providing key services to support members and chapters. The IIA’s members in North America are represented through the North American Board. The North American Board is elected by The IIA’s members in North America during its annual business meeting.

The IIA’s responsibilities include:

1. Providing appropriate insurance to directors and officers of the Chapter.
2. Providing professional standards that govern the practice of internal auditing.
3. Issuing practice advisories, practice guides, and other forms of professional guidance related to internal audit.
4. Producing publications aimed at enhancing the profession of internal audit, including *Internal Auditor* magazine and other specialty publications.
5. Offering training and other professional development opportunities to serve The IIA’s members and others involved in internal audit activities, including coordinating speakers and facilitators to assist with professional development at the chapter level.

6. Advocating on behalf of the internal audit profession and The IIA's membership.
7. Establishing an office from which to coordinate The IIA's services.
8. Retaining a team of professionals to partner with Chapter and assist in delivering programs and services to its members.
9. Developing and implementing a consistent brand-image for The IIA and all chapters.
10. Providing a website, reporting portal, and other technology resources for the Chapter.
11. Collecting all membership dues for North American members of The IIA.
12. Collecting payments, donations, and other revenue from its members and customers to fund The IIA's operations.
13. Providing a discretionary financial allotment to support/assist in providing services to its membership subject to conditions. Such funds are not intended to support the total cost of the Chapter's operations.
14. Providing training and support to Chapter volunteers, including those serving as district representatives and advisors.
15. Assisting Chapter in communication of resources and benefits to members.
16. Developing resources to assist Chapter in establishing an annual member recruitment and retention strategy.
17. Providing a confidential and anonymous reporting mechanism for policy violations.
18. Enforcing The IIA's Code of Ethics as applicable to all North American members.
19. Enforcing the Guiding Principles for Effective Chapter Governance, including board structure and term limits.
20. Promoting and advocating The IIA's certification programs.
21. Promoting The IIA's mission, member value proposition, and striving to achieve its strategic goals as determined by its governing bodies.

### Role and Responsibilities of the Chapter

The Chapter acknowledges that it is a local servicing unit of The IIA, established by The IIA and The IIA's membership. As such, the Chapter has an obligation to provide services to its designated members, uphold the integrity of the profession, properly represent The IIA in its affairs, and safeguard the assets entrusted to it.

The Chapter's responsibilities include:

1. Submitting an annual budget on a break-even or revenue-positive basis, unless approved in writing by The IIA.
2. Ensuring the Chapter remains a nonprofit corporation in good standing by filing all appropriate reports, documentation, and information, and paying all required dues in compliance with applicable laws.
3. Coordinating with The IIA on providing comprehensive professional development and networking opportunities for members.
4. Maintaining CPE pricing consistent with The IIA's pricing, including the member/non-member price differential. For any deviations from The IIA's pricing, Chapter agrees to disclose the reason for the inconsistent CPE pricing in a communication to the members (e.g., Chapter or sponsor subsidized CPEs).
5. Assisting with the effective promotion and advocacy of professional development training, certification, and other programs and services of The IIA.
6. Assisting The IIA with the onboarding and transition for new Chapter volunteers relating to their roles and responsibilities.
7. Supporting membership growth through a dedicated annual recruitment and retention strategy in coordination with The IIA.
8. Developing, documenting, and maintaining a governance succession plan annually.
9. Obtaining permission prior to using third parties' intellectual property, such as trademarks and copyrighted material.
10. Ensuring the event management tool is only used for Chapter events.
11. Ensuring the Chapter's activities are in accordance with The IIA's marketing and branding guidelines, including The IIA Brand Standards Manual.
12. Ensuring internal financial controls and procedures are established and consistently executed, as outlined in the Treasurer's Manual.
13. Making Chapter financial transactions and operational records available and subject to review by The IIA or its agents at The IIA's discretion, with or without advance notice to the Chapter.
14. Protecting the confidential nature of any data or information that The IIA designates confidential or proprietary, including membership and certification data. Chapter will

return or destroy all confidential or proprietary information upon termination of this Compact. This obligation shall survive in the event this Compact is terminated.

15. Entering into any data protection agreements as required by local law.
16. Promptly communicating with The IIA should a potentially adverse or sensitive reputational matter arise related to The IIA. Chapter agrees to follow The IIA's direction on determining the appropriate response.
17. Adopting and maintaining the following conflict of interest policy for volunteers and staff. The scope of the conflict of interest policy must prohibit the following:
  - a. Placing (and the appearance of placing) one's own self-interest or any third party interest above that of the Chapter.
  - b. Providing goods or services to their Chapter as a paid vendor. This may be waived after full disclosure to, and advance approval by the Chapter board.
  - c. Engaging in any outside business, professional or other activities that conflict with, and/or would directly or indirectly adversely affect the Chapter.
  - d. Abusing a Chapter role by improperly using the Chapter's staff, membership information, services, equipment, resources, property, or events for personal or third-party gain.
  - e. Using Chapter training events, such as Leadership, to promote personal services while attending in the role as a Chapter representative.
  - f. Using conferences, while attending as a speaker or being compensated to provide training, to promote personal services beyond the use of the exhibitor space.
18. Ensuring that all Chapter volunteers are active members in good standing with The IIA. A volunteer role automatically vacates if that volunteer's membership terminates or if that volunteer is no longer in good standing with The IIA.
19. Other responsibilities as assigned or communicated to it by The IIA, required by the jurisdiction in which the Chapter is incorporated, or determined by the Chapter consistent with the mission and policies of The IIA.

### Mutual Coordination and Cooperation

The IIA and Chapter agree to work collaboratively to provide services to advance the internal audit profession, and serve the Chapter's designated membership. The parties have entered into this Compact and pledge their mutual cooperation and best efforts in seeing it successfully executed.

The IIA and Chapter acknowledge that they are not an agent of the other, and as such, do not have the right to obligate or bind in any way the other party to any contractual or other obligation.

Chapter acknowledges that neither it nor its volunteers are authorized spokespersons for The IIA. Further, The IIA and Chapter may not assign any of their rights, duties, or any part of their relationship with the other party to any third party without The IIA's written consent.

The IIA and Chapter agree to indemnify each other's officers, directors, members, agents, employees, independent contractors, licensees, licensors, suppliers and customers (collectively, Indemnitees) against any and all claims, liability, loss, damage, or harm suffered by such Indemnitees arising from or in connection with this Compact. Likewise, the Chapter agrees that The IIA will not be responsible for any damages incurred by the Chapter for any claim, liability or issue whatsoever.

The Chapter acknowledges that The IIA does not offer any warranty of any kind on any of its educational materials, programs, publications, or services.

The Chapter acknowledges that The IIA is the sole owner of all trademarks, membership and certification lists, trade secrets, and other intellectual property ("IP") as developed, assigned, or registered on behalf of The IIA, and expressly disavows any ownership or interest in the same, except to the extent licensed to it by The IIA. The IIA grants a non-exclusive license to use the IP with the expectation that the Chapter will make reasonable efforts to protect the brand and reputation of The IIA through use of the IP. The conditions for use of the IP may be amended or modified by The IIA from time to time.

This Compact shall remain in force until terminated in writing by either party. Notice of termination shall be provided to the attention of The IIA's General Counsel or President of the Chapter, at the most recent address provided.

Termination of this Compact will not impair any accrued rights of The IIA. Should The IIA or Chapter terminate this Compact, Chapter acknowledges that it has relinquished any affiliation with The IIA, any representation of The IIA's members, any right or license to use The IIA's IP, and that The IIA is entitled to establish a new chapter to service the members previously assigned to Chapter.

Chapter may provide a written appeal of any termination to The IIA's North American Board within fifteen (15) days of receiving the termination notice.

Further, the Chapter acknowledges that its assets are held to benefit its designated members, and if it ceases to be an active corporation or for any other reason ceases operations, or for terminating this Compact, that its assets and records must be transferred to The IIA to be used accordingly by The IIA to provide services to the designated membership.

This Compact and any dispute arising from it shall be governed by the laws of the State of Florida and is subject to the exclusive jurisdiction of the courts of Seminole County, Florida.

[Signature page to follow]

The parties are signing this Compact on the Effective Date, which is stated in the introduction.

On behalf of The Institute of Internal Auditors,  
Inc.:

On behalf of the Chapter, as authorized  
by vote of the Chapter's Board:

**Richard Chambers**

**Lynn Bashaw**

Richard F. Chambers, CIA, QIAL, CGAP,  
CCSA, CRMA

DocuSigned by:  
*Richard F. Chambers*

DocuSigned by:  
*Lynn Bashaw*  
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President and Chief Executive Officer

PRESIDENT, THE  
<< IIA Sacramento Chapter >>  
CHAPTER OF INTERNAL AUDITORS, INC.