

**THE CENTRAL VIRGINIA CHAPTER OF THE
INSTITUTE OF INTERNAL AUDITORS
BYLAWS**

(Amended May 16, 2000)

ARTICLE I - DEFINITIONS

As used within these *Bylaws*: (a) "The Chapter" shall mean the Central Virginia Chapter of The Institute of Internal Auditors; (b) "The Institute" shall mean The Institute of Internal Auditors, Inc.; (c) "The Member(s)" shall mean the membership of The Chapter; (d) "The Board" shall mean The Chapter's Board of Governors; (e) "Governor(s)" shall mean members of The Chapter's Board of Governors; (f) "Elective Officers" shall mean The Chapter's elected officers; (g) "Chapter Year" shall mean The Chapter's operating year and fiscal year represented by the period beginning June 1 and ending the following May 31; and (h) "Trust Committee" shall mean the Theron P. Bell, III Education Endowment Trust.

ARTICLE II - NAME, LOCATION, AND FISCAL YEAR

Section 1. Name: The name of this organization shall be the Central Virginia Chapter of The Institute of Internal Auditors, Inc., as incorporated August 30, 1989 under the laws of the Commonwealth of Virginia.

Section 2. Location: The location of the principal office of The Chapter is Richmond, Virginia. The principal office may be changed from time to time by action of the President of The Chapter as necessary to properly designate a "Registered Agent and Registered Office Address" as required under the laws of the Commonwealth of Virginia.

ARTICLE III - MISSION

The mission of The Chapter is to promote the internal auditing profession and to promote the professional growth of internal auditors. This mission is consistent with The Institute's Motto, "Progress Through Sharing", which is the underlying theme purveying all of The Chapter's activities. The Chapter's activities support the work and initiatives of The Institute, including promoting The Institute's Statement of Responsibilities, Code of Ethics, and the Standards for the Professional Practice of Internal Auditing.

Bylaws (continued)

ARTICLE IV - ADHERENCE TO THE INSTITUTE'S CORPORATE CHARTER

The Chapter is empowered to perform any and all acts which are defined in The Institute's Certificate of Incorporation and Bylaws, and shall do nothing which is inconsistent with the provisions, pronouncements, and resolutions of The Institute's Board of Directors, provided such provisions, pronouncements, and resolutions are effectively communicated to The Chapter by The Institute.

ARTICLE V - CHAPTER MEMBERSHIP

Section 1. Chapter Membership: The Chapter membership shall consist of those duly admitted to any of the classes of membership as defined in The Institute's Rules of Eligibility and Bylaws, and who are located in The Chapter's area and any others not located in The Chapter's area who, by request, elect to remain affiliated with The Chapter.

Section 2. Termination of Membership: Membership in The Chapter shall terminate on transfer to another chapter or because of resignation or termination for any of the causes set forth in The Institute's Bylaws.

ARTICLE VI - BOARD OF GOVERNORS AND THEIR ELECTIONS

Section 1. Duties of The Board: The Board of Governors may establish such policies as it deems appropriate to the conduct of its affairs and/or the affairs and operations of The Chapter. The approval of such policies shall be recorded in the minutes of meetings of The Board. Such policies shall also be included in The Chapter's Policy Manual, which shall be used to administer the operations of The Chapter. Such policies shall not be in conflict with these *Bylaws*.

Section 2. Composition: The Board shall consist of the Elective Officers of The Chapter, the Governors-at-Large, and the immediate past President of The Chapter. All such members of The Board shall be Governors with all of the rights and responsibilities thereof.

Section 3. Elective Officers: The Elective Officers of The Chapter are the President, President-Elect, Vice President, Secretary, and 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. The Elective Officers are elected for a one-year term. Elective Officers other than the President shall be eligible for re-election. The President shall not be re-elected unless the President's expiring term has been for a period less than a full term.

Bylaws (continued)

Section 4. *Governors-at-Large:* The term of each Governor-at-Larger shall be one or two Chapter Years, as specified by the Nominating Committee. One Governor-at-Large shall be elected for each ten members; however, there shall be no more than 7 Governors-at-Large with not less than one-half retiring at the end of each Chapter Year.

Section 5. *Immediate Past President:* The immediate past President shall automatically become a member of The Board on the June 1 immediately following the end of their term as President.

Section 6. *Nominations:* Nominations shall be made by the Nominating Committee. In addition, nominations may be made from the floor by The Members provided prior approval has been obtained from the nominee. All nominations shall be presented at a regularly scheduled meeting of The Members at least 20 days prior to election. The individual holding the office of President-Elect shall automatically be nominated for President for the forthcoming year. No provision is made for automatic succession to other Elective Offices.

Section 7. *Elections:* Governors-at-Large and Elective Officers shall be elected by the majority vote of The Members present and voting at a meeting at which such an election is scheduled. ***Governors-at-Large and Elective Officers shall be elected each March*** and shall assume their duties as of June 1 each year. Governors-at-Large and Elective Officers shall hold office until the election of successors unless the term of office terminates or is terminated as provided in The Institute's Bylaws, or as provided in The Chapter's *Bylaws*.

Section 8. *Removal for Failure to Attend Meetings:* A Governor-at-Large may be removed from their unexpired term for failure to attend at least 50 percent of all meetings of The Board in any Chapter Year. Such removal shall be by a majority vote of The Board members present and voting at the first meeting of The Board each Chapter Year. Notice of such proposed action shall not be required to be incorporated in the notice for the meeting.

Section 9. *Removal for Cause:* Any Governor, including Governors-at-Large, Elective Officers, and the immediate past President, may be recommended for removal for any cause, except as provided in Section 8 of this Article, by a majority vote of The Board members present and voting at a meeting called for such purpose, provided such Governor is granted an opportunity for a hearing before The Board at such meeting. The Board shall call a special meeting of The Members within 30 days from the date of The Board's actions and make a full and complete report of the action taken in recommending the removal of the Governor and the reasons for such action. The Governor may be removed by a majority vote of The Members present and voting at such duly held

Bylaws (continued)

meeting, provided notice of such proposed action shall have been incorporated in the notice for the meeting.

Section 10. Resignation: The resignation of any Governor, including Governors-at-Large, Elective Officers, and the immediate past President, shall be tendered to The Board and may be acted on at any regular or special meeting of The Board.

Section 11. Membership in The Institute Terminates: If any Governor's membership in The Institute terminates, including Governors-at-Large, Elective Officers, and the Immediate Past President, for any reason, the office shall automatically become vacant.

Section 12. Board Vacancy: If the office of any Governor including, Governors-at-Large and Elective Officers, shall become vacant for any reason The Board is empowered to fill this office for the remainder of the current Chapter Year.

Section 13. Meetings of The Board: The Board shall meet at least four times annually, at such times and places as it may elect.

Section 14. Notice of Meetings: The Board shall have the power to fix the time and place for each annual meeting and every special meeting of The Chapter. Notice of meetings of The Board shall be mailed by the Secretary or as The Board may otherwise direct, including making such notice in The Chapter's newsletter; however, no failure or defect of notice shall invalidate the completion of any business transaction or action taken at such meeting.

Section 15. Quorum: As soon as possible after assuming their duties, The Board shall meet and determine the number of Governors who shall constitute a quorum at all meetings of The Board in The Chapter year. At this meeting, at least half of The Board members must be present and voting.

Section 16. Voting: At all meetings of The Board, the majority vote of the Governors present and voting will decide all issues except as provided elsewhere in these *Bylaws*.

Section 17. Compensation: No Governor, including Governors-at-Large, Elective Officers, and the immediate past President, shall receive salaries or fees for their services. Such Governors may be reimbursed for expenses incurred in the performance of their duties or when acting as a representative of The Chapter subject to such approval as may be determined by The Board.

Bylaws (continued)

ARTICLE VII - DUTIES OF OFFICERS

Section 1. Duties of the President: The President shall be the executive head of The Chapter and, when present, shall preside at all meetings of The Chapter and of The Board. The President shall be responsible for: (a) the day-to-day activities of The Chapter, including enforcement of the policies set forth in The Chapter's Policy Manual; (b) the enforcement of both The Institute's and The Chapter's *Bylaws*; (c) the enforcement of both the resolutions and proceedings of The Institute's Board of Directors and The Board; (d) keeping both The Institute's Board of Directors and The Board fully informed of the affairs of The Chapter; (e) consulting with both The Institute's Board of Directors and The Board, whenever necessary, concerning the business of The Chapter and its activities; and (f) such other duties as promulgated in The Chapter's Policy Manual.

Section 2. Duties of the President-Elect: The President-Elect shall have such duties and powers as may be prescribed by The Board or delegated by the President. Such duties will be promulgated in The Chapter's Policy Manual. In the absence or disability of the President, the President-Elect shall perform the President's duties.

Section 3. Duties of the Vice President: The Vice President shall have such duties and powers as may be prescribed by The Board or delegated by the President. Such duties will be promulgated in The Chapter's Policy Manual.

Section 4. Duties of the Secretary: The Secretary shall have such duties and powers as may be prescribed by The Board or delegated by the President. Such duties will be promulgated in The Chapter's Policy Manual. In addition, the Secretary shall make reports as required by The Board or as required by The Institute's Secretary. The Secretary shall notify each of The Members of all meetings of the Chapter and shall do any and all other things normally required by a Secretary to keep The Board and The Members, and The Institute's officers and Board of Directors informed of the affairs of The Chapter. Notice to The Members of meetings of The Chapter may be published in The Chapter's newsletter, provided it is distributed to all of The Members. The Board may authorize the bonding of the Secretary. At the termination of the Secretary's term of office, the Secretary shall turn over to The Board all records, papers, books, documents, and all other property of The Chapter which may have come into the Secretary's possession or may have been compiled or created during the Secretary's term of office.

Section 5. Duties of the Treasurer: The Treasurer shall have such duties and powers as may be prescribed by The Board or delegated by the President. Such duties will be promulgated in The Chapter's Policy Manual. In addition, the Treasurer shall be charged with the custody of the funds of The Chapter and their proper disbursement under any rules prescribed by The Board. The Chapter's books of account and other financial

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records shall be maintained under the Treasurer's jurisdiction. The Treasurer shall make periodic reports as required by The Institute's Treasurer and any other reports which The Board may require. The Treasurer shall be the disbursing officer of The Chapter. The Board may authorize the bonding of the Treasurer. At the termination of The Chapter Treasurer's term of office, the Treasurer shall turn over to The Board all funds, records, papers, books, documents and all other property of The Chapter having to do with the financial or other transactions or business of The Chapter which may have come into the Treasurer's possession or may have been compiled or created during the Treasurer's term of office.

Section 6. Absence of President or Secretary: If the President is absent from any meeting of The Chapter or The Board, and no one authorized to perform the President's duties is present, or if the Secretary is absent, a chairperson or secretary pro tem or both as may be needed shall be appointed by a majority vote of the members present and voting.

ARTICLE VIII - COMMITTEES

Section 1. Standing Committees: The Chapter shall have as its standing committees an Audit Committee, a Nominating Committee, a Long-Range Planning Committee, and an Education Endowment Trust Committee. The Board shall approve the membership of each of the standing committees except as provided in Section 2 through Section 5 of this Article.

Section 2. Audit Committee: An Audit Committee chaired by a member (preferably a Certified Internal Auditor), who is not a member of The Board, and one or more of The Members regardless of their positions in The Chapter.

Section 3. Nominating Committee: A Nominating Committee consisting of the President, the President-Elect, and at least two of The Members who are not members of The Board.

Section 4. Long-Range Planning Committee: A Long-Range Planning Committee consisting of the immediate past President, President, and President-Elect.

Section 5. Education Endowment Trust Committee: The Education Endowment Trust Committee shall be known as the Theron P. Bell, III Education Endowment Trust Committee .

Bylaws (continued)

(a) Organization: The Theron P. Bell, III Education Endowment Trust Committee shall consist of three of The Members who shall serve staggered terms of three years. The Board shall establish the staggering of terms at the election of each member. Trust Committee members shall not include the immediate past President or current Elective Officers of The Chapter. Trust Committee members may be concurrent members of The Board, except that no Trust Committee member shall be a standing chairperson of a committee of The Chapter which would request funds from The Trust. Trust Committee members shall be appointed by the President with the advice and approval of The Board. The Trust Committee member with the longest tenure shall act as chairperson of the Trust Committee. Before April 30, the President shall present a nominee to The Board to replace a member whose term is expiring to The Board to be effective June 1. The President may present a nominee to replace a vacancy on the Trust Committee to The Board at any time. Terms of each member shall be for three year periods beginning June 1, except that the member may remain until the member's successor has been duly appointed. Appointments to fill vacancies shall be for the unexpired term of the original appointment.

(b) Purpose: The Trust Committee shall be responsible for ensuring that disbursements from The Trust are in accordance with The Trust's stated purpose. The purpose of The Trust is to promote educational activities and expand interest in the profession of internal auditing. The Trust shall not be used to supplant normal operating expenses of The Chapter but may be used to purchase special materials and equipment for training and educational purposes for The Chapter's use which are not available within the normal operating budget of The Chapter. The Trust may be used specifically for scholarships, the purchase of training materials to be used for the benefit of colleges and educational institutions, for research projects, and for grants to professors to develop projects and programs for the benefit of the internal audit profession, in addition to other general educational purposes which may be decided upon by the Trust Committee from time to time. The Trust may also be used to support The Institute's Research Foundation or schools whose curriculum has been designed to enhance the goals and objectives of The Institute and The Chapter.

(c) Limitations on Encroachment: The Trust shall have a fiscal year as defined in the governing Trust Agreement set forth below. The Trust shall not be expended in any fiscal year by an amount in excess of 15 percent of The Trust's principal balance at the beginning of the fiscal year after allowing for any requests received but not yet approved prior to the end of such year. Additional expenditures may be made to the extent required by The Board following approval by majority vote of the membership present and voting in business session. Expenditures from The Trust shall be considered as part of the fiscal year in which requested.

Bylaws (continued)

(d) Trust Agreement: The Trust shall be administered by a Trust Agreement, which may be amended from time to time by The Board. The Trust Agreement shall be published with these *Bylaws* in The Chapter's membership directory.

Section 6. Other Chapter Committees: The President, upon consultation with the other Elective Officers, shall appoint committees to fulfill the necessary work requirements of The Chapter. These committees shall vary in responsibility and composition as deemed appropriate by the President. In addition, The Board may institute any procedures which it deems necessary to appoint committees to carry on the activities of The Chapter.

Section 7. Ex-officio Committee Members: The Chapter President and the Chapter Secretary shall be members ex-officio of all committees, except the Audit and Trust Committees.

Section 8. Removal: Any member of any committee may be removed at the discretion of those appointing such member, with the exception of the Audit Committee. A member of the Audit Committee may be removed using the procedure set for in these *Bylaws* for removing a Governor for cause.

Section 9. Quorum: Those attending scheduled meetings of committees shall constitute a quorum thereof.

Section 10. Voting: At all committee meetings, a majority vote of members present and voting will decide all issues except as provided elsewhere in these *Bylaws*.

ARTICLE IX - CHAPTER MEETINGS

Section 1. Annual Meeting: The March meeting of members of The Chapter shall be considered the annual meeting for the conduct of required business. Said meeting shall be convened on or before March 31.

Section 2. Meetings: There shall be at least eight meetings of members of The Chapter each Chapter Year except The Board may authorize individual cancellations or postponements when circumstances dictate. Social activities, if open to all members of The Chapter may also be considered as meetings of members of The Chapter.

Section 3. Voting: At all Chapter meetings, a majority vote of members present and voting will decide all issues except as provided elsewhere in these *Bylaws*.

Bylaws (continued)

ARTICLE X - RULES OF PROCEDURE

Section 1. Rules of Procedure: 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* (Revised), so far as is applicable and when not inconsistent with these *Bylaws*.

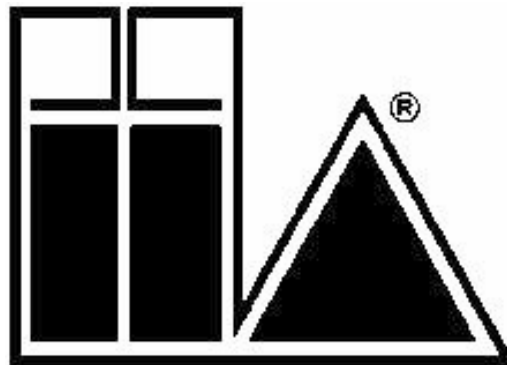
Section 2. Suspension of Rules: The rules of procedure may be suspended by two-thirds vote of those present and voting at any meeting.

ARTICLE XI - AMENDMENTS TO BYLAWS

These *Bylaws* may be amended or repealed at any regular or special meeting of the Chapter by a two-thirds vote of members present and voting, provided that written notice of the proposed change and of the meeting has been mailed at least ten days previous to the date of said meeting.

ARTICLE XII - DISSOLUTION

The Chapter shall use its funds to accomplish the objectives and purposes specified in these *Bylaws*. On dissolution of The Chapter, The Board shall see that any funds remaining, including endowment funds of whatever nature, shall be distributed in a manner which furthers the promotion and development of the practice of internal auditing. Recipients of such distribution may include, but are not limited to, The Institute and The Institute's Research Foundation.



**THERON P. BELL, III
EDUCATION ENDOWMENT TRUST AGREEMENT**

**ADDENDUM TO CHAPTER BYLAWS AS REQUIRED BY ARTICLE VIII,
SECTION 5 (d)**

The Theron P. Bell, III Education Endowment Trust (hereinafter "Trust") was founded with the profits of the 1990 Southern Regional Conference. The Fund was originally established in May 1991 as the Education Endowment Fund. The governing Trust Agreement was amended and the Trust renamed in Theron Bell's honor in August 1992. Theron was president of the Central Virginia Chapter for the 1983-1984 chapter year. He was chairperson of the 1990 Southern Regional Conference Committee. His dedication, hard work, and leadership helped establish the tone for the teamwork that made the conference successful, both educationally and financially.

I. Trust Agreement

Article VIII, Section 5, Paragraph (d) of the revised By-Laws of the chapter state that the Trust will be administered by this Trust Agreement. The Trust Agreement may be amended from time to time by the board. As used hereinafter: "board" shall mean the board of governors of the chapter; "chapter" shall mean the Central Virginia Chapter of The Institute of Internal Auditors; "chairperson" shall mean the chairperson of the committee; "committee" shall mean the committee of trustees; and "president", "secretary", and "treasurer" shall mean the respective officers of the chapter.

II. Organization, Purpose, and Limitations on Encroachment

The organization, purpose, and limitations on encroachment of the Trust are stated in Article VIII, Section 5, Paragraphs (a)-(c) of the revised By-Laws of the chapter.

III. Fiscal Year

The Trust shall have a June 1 - May 31 fiscal year.

IV. Custody and Control of Funds

The Trust, together with such additional funds as may be received from other sources, shall be under the control of the treasurer. The treasurer may not commingle the Trust with other funds of the chapter except as provided below, but shall maintain same in a separate bank account or accounts at an insured institution and shall exercise prudence concerning the investment of such funds in

Trust Agreement (Cont.)

savings accounts or certificates of deposit or other bank investments. The treasurer may also invest Trust funds in direct obligations of the U.S. government, i.e., U.S. Treasury Securities.

Where appropriate, the treasurer may commingle Trust funds with other funds of the chapter in order to meet minimum investment amounts where such investments will product higher investment yields of return for both the Trust and the chapter. Records of such commingling of funds shall clearly reflect ownership of principal and the resulting investment income in their proper ownership proportions.

V. Committee Meetings

The committee shall meet on the call of the chairperson of the committee and shall consider requests for funds and accept or reject same by majority vote. The forum for such considerations are at the discretion of the committee chairperson.

VI. Presentation of Requests for Fund Expenditures

All requests from the chapter for expenditures from the Trust shall be approved by the board and directed from the president to the committee chairperson. The board may approve requests from the chapter not acted upon within 45 days after submitted to the committee chairperson. All requests shall be in writing and signed, shall indicate the amount of money sought, the specific purpose therefor and the designated payee. Requests shall indicate the date approved by the board. If approved, the request shall indicate approval and be signed by the requisite committee members and shall be forwarded to the treasurer which shall constitute authority for the disbursement of such funds as directed. The treasurer shall maintain the original of each such approved request with the chapter financial records. If not approved, the request shall indicate that it is not approved and be signed by the requisite committee members and shall be forwarded to the secretary for presentation at the next board meeting and filing with the board minutes. In the event that the committee has not acted within 45 days on a request originating from the chapter, the treasurer may disburse the requested funds upon written notification of the requisite board approval from the secretary.

VII. Reports

The committee shall make such reports to the board as shall be requested. The secretary will report rejected requests at meetings of the board. The treasurer will account for all changes in the Trust at each meeting of the board and provide the committee chairperson and the board with a recap of all financial activity of the Trust at the end of the fiscal year.