

Bylaws

Detroit Chapter

Institute of Internal Auditors, Inc.

(A Michigan Nonprofit Corporation)

Bylaws (As amended January 1997 and approved May 1997)

ARTICLE I

Corporation

Section 1.1 NAME. The name of the corporation shall be Detroit Chapter -- Institute of Internal Auditors, Inc., (hereinafter the "Corporation").

Section 1.2 PLACE OF BUSINESS. The Corporation shall have its principal place of business in the City of Southfield, Michigan. The Corporation may also have offices or branches at such other places within the Southeast Michigan Region, as the Board of Governors of the Corporation may from time to time determine or as the business of the Corporation may require.

Section 1.3 PURPOSES. The objects and purposes for which the Corporation is formed are set forth in the Articles of Incorporation.

Section 1.4 NONPROFIT CORPORATION. The Corporation shall be operated exclusively as a non-profit corporation. No individual Director shall have any title to or interest in the corporate property or earnings in his or her individual or private capacity and no part of the net earnings of the corporation shall inure to the benefit of any Director or any other individual. The Corporation shall not carry on any other activities not permitted to be carried on by a corporation exempt for federal income tax under Section 501(c)(6) of the Internal Revenue Code of 1986, as amended (or the corresponding sections of any future United States Internal Revenue Code.) No substantial part of the activities of the Corporation shall consist of carrying on propaganda, or otherwise attempting to influence legislation, nor shall the Corporation participate in or intervene in any political campaign on behalf of any candidate for public office.

ARTICLE II

Powers and Restrictions

The Corporation is a chapter of the Institute of Internal Auditors, Inc., a New York corporation (the "Institute"), and as such, the Corporation is empowered to perform any and all acts permitted by law to effectuate the purposes set forth above and permitted to chapters by the Certificate of Incorporation and the Bylaws of the Institute. The Corporation shall take no action which is inconsistent with provisions of said Certificate and Bylaws or the resolutions incorporated in the minutes of the meetings of the members and Board of Directors of the Institute.

ARTICLE III

Membership

Section 3.1 MEMBERSHIP. The membership of the Corporation shall consist of various classes of individual membership as defined in the Rules of Eligibility and Bylaws of the Institute.

Section 3.2 TERMINATION OF MEMBERSHIP. Membership in the Corporation shall terminate on transfer to another chapter of the Institute or because of resignation or termination for any of the causes set forth in the Bylaws of the Institute.

Section 3.3 VOTING AND ELIGIBILITY FOR OFFICE. Unless otherwise provided by the Articles or Certificate of Incorporation or Bylaws of this Corporation or the Institute, Members, Honorary Members, Associate Members, Educators and Retired Members are entitled to serve as officers or governors of the Corporation and are entitled to vote in the election thereof. Other classes of members shall not be entitled to vote or to serve as officers or governors. If the membership of any person serving as an officer or governor of the Corporation terminates for any reason, that person shall be deemed to have resigned as of the date of the termination of membership, and a successor shall be appointed or elected as provided in these Bylaws.

Section 3.4 MEETINGS. The annual meeting of the members shall be held at such time during the month of May and at such place as the Board of Governors shall determine from time to time. Special meetings may be called by the Corporation Secretary upon the request of (i) the President ; (ii) not less than 10% of the Corporation members provided that at least five member organizations/ companies are represented; or (iii) a majority of the Board members then serving.

Section 3.5 NOTICE OF MEETINGS. Notice of the annual or special meetings of the members shall be given not less than 10 days nor more than 60 days prior to the date of the meeting, either personally or by mail, telephone or electronic means. The meeting notice shall specify the date, time and place of the meeting. Presence at the meeting shall be deemed waiver of any defect in notice. Notice may also be waived in writing, either before or after the meeting.

Section 3.6 QUORUM AND MAJORITY. At all meetings of the members, the eligible members present in person or by proxy and having the power to vote will constitute a quorum. At all meetings of the members, a majority of members present in person or by proxy having the power to vote will decide all issues except as provided elsewhere in these Bylaws.

ARTICLE IV

The Board of Governors

Section 4.1 BOARD OF GOVERNORS. The business and affairs of the Corporation shall be managed by the Board of Governors, which shall be the governing body of the Corporation. In addition to the power and authority expressly conferred upon it by these Bylaws and the Articles of Incorporation, the Board of Governors may take any lawful action on behalf of the Corporation which is not reserved to the members by law or by the Articles or Certificate of Incorporation or the Bylaws of the Corporation or the Institute.

Section 4.2 NUMBER AND SELECTION OF GOVERNORS. The Board of Governors shall consist of not less than 15 members, or such other number as may be from time to time designated by the Board. The Board of Governors shall be comprised of the officers of the Corporation, being the President, the Vice President or Vice Presidents if there are more than one, the Treasurer and the Secretary; the two most recent past Presidents who are not holding any other office in the Corporation and who are still members and twelve (12) members.

Section 4.3 TERM. Governors who do not serve by virtue of their office shall serve for three-year terms, or such shorter term as may be determined by the member in order to achieve continuity in board composition. Governors shall continue to serve until his or her successor is elected and qualified. All governors who are not also officers shall be eligible for successive terms.

Section 4.4 REMOVAL. Any officer or governor may be removed for cause by a two-thirds vote of the Board of Governors, provided the individual or individuals concerned have been granted an opportunity for a hearing before the Board. The Board shall call a special meeting of the members to be held within thirty days from the date that any removal has been voted. At such special meeting the Board shall make a full and complete report of the removal action and the reasons therefore. The office or offices made vacant by the action of the Board shall then be filled. The officers or governors removed by the Board may be re-elected by the members and, if so re-elected, may not again be removed by the Board for the same cause. Any officer or governor may be removed by a two-thirds vote of the members present at any duly held meeting of the Corporation if notice of the proposed removal action was included in the notice for the meeting. Notice of a vote for removal to be taken at any meeting shall be mailed to the members by the Secretary upon written petition of one-fifth of the members.

Section 4.5 VACANCIES. All vacancies on the Board of Governors shall be filled by the affirmative vote of a majority of the then existing Board, or by the vote of a majority of the members of the Corporation present and voting at a meeting called for such election by the Board. Any governor so appointed or elected shall serve for the unexpired term of the position so vacated, or until his or her successor is elected and qualified.

Section 4.6 ANNUAL MEETING. The Board of Governors shall meet each year after the annual meeting of the members at such time and place as the Board of Governors shall determine for the purpose of such business as may properly be brought before the meeting.

Section 4.7 REGULAR AND SPECIAL MEETINGS. Regular meetings of the Board of Governors shall be held not less than semi-annually at such times and places as the Board of Governors may from time to time determine at prior meetings. Special meetings of the Board shall be called by the Secretary upon the written request of i) the President or ii) not less than one-third of the Governors. Minutes of such meetings will be taken and copies thereof distributed to the members of the Board in a timely manner.

Section 4.8 NOTICES OF MEETINGS OF THE BOARD OF GOVERNORS. Written notice of the time and place shall be given to each Governor not less than ten (10) or more than sixty (60) days before the date of the meeting, either personally or by mailing such notice to each Governor at the address designated by the Governor for such purposes, or if none is designated, at the Governor's last known address. Notices of special meetings shall state the purpose or purposes of such meeting, and no business shall be conducted at a special meeting except the business specified in the notice of the meeting. No notice need be given of an adjourned meeting of the Board provided the time and place to which such meeting is adjourned is announced at the meeting at which the adjournment is taken.

Section 4.9 WAIVER OF NOTICE OF MEETING. Notice of any meeting of the Board may be waived in writing before or after the meeting. Attendance at a meeting constitutes waiver of the notice of the meeting.

Section 4.10 ACTION WITHOUT A MEETING. Any action required or permitted to be taken at any meeting of the Board or committees of the Board may be taken without a meeting, without prior notice and without a vote, if all of the Governors or committee members entitled to vote thereon consent in writing. Said written consents shall be filed with the minutes of the proceedings and shall have the same effect as a vote for all purposes.

Section 4.11 PARTICIPATION IN MEETING BY CONFERENCE TELEPHONE. A member of the Board or of a committee appointed by the Board may participate in a meeting by a conference telephone, video conference apparatus or similar communications equipment by which all persons participating in the meeting may hear each other, if all participants are advised of the communications equipment and the names of the participants in the conference are divulged to all participants. Participation in a meeting in this fashion constitutes presence in person at the meeting.

Section 4.12 QUORUM AND VOTING. One-third of members of the Board of Governors then in office, and one-third of the voting members of any committee, constitute a quorum for the transaction of business. The vote of a majority of the Governors or committee members present at any meeting at which there is a quorum shall be the act of the Board or the committee, except as a larger vote may be required by the laws of the State of Michigan, these Bylaws or the Articles of Incorporation.

Section 4.13 POWERS OF THE BOARD OF GOVERNORS. Subject to approval of the members when required by these Bylaws and by the laws of the State of Michigan, all corporate powers shall be vested in and shall be exercised by the Board of Governors. The Board may, by choice, delegate to committees or officers of the Corporation such powers as it may deem appropriate.

Section 4.14 COMPENSATION. No member of the Board of Governors shall be entitled to any compensation for services as a Governor. The Board of Governors may, however, provide reasonable compensation to a Governor for services which are beyond the scope of his or her duties as Governor and may reimburse any Governor for expenses actually and necessarily incurred in the performance of his or her duties as Governor.

ARTICLE V

Officers

Section 5.1 OFFICER. The officers of the Corporation shall be the President, one or more Vice Presidents, the Secretary and the Treasurer. Officers shall be elected by the members to serve for terms of one year, or until a successor is appointed or elected and qualified. No person shall hold more than one position as an officer at one time. In addition to the powers and duties of the officers of the Corporation as set forth in these Bylaws, the officers shall have such authority and shall perform such duties as may be determined by the Board of Governors from time to time. The Corporation may require Officers to be bonded, in which case the Corporation shall bear the expense of obtaining the bond.

Section 5.2 TERM OF OFFICE. Officers shall not be eligible for successive terms in the same position unless the Nominating Committee has been unable to identify a candidate for a position who is willing and able to serve.

Section 5.3 VACANCIES. All vacancies shall be filled by the affirmative vote of a majority of the then existing Board. Any officer so elected shall serve for the unexpired term of the office so vacated, or until his or her successor is elected and qualified.

Section 5.4 COMPENSATION. No officer shall be entitled to any compensation for services as a Governor. Officers may be paid reasonable compensation for services which are beyond the scope of his or her duties as Officer and may be reimbursed for expenses actually and necessarily incurred in the performance of his or her duties as Officer.

Section 5.5 DUTIES OF OFFICERS.

(A) *President.* The President shall be the chief operating officer of the Corporation. The President shall preside at all meetings of the Board of Governors. The President shall perform such other duties and functions as shall be assigned from time to time by the Board of Governors. The President shall, upon the advice and consent of the Board of Governors, possess the power and authority to sign all certificates, contracts, instruments, papers and documents of every conceivable kind and character whatsoever in the name of and on behalf of the Corporation. The President shall keep the Board of Governors and the Board of Directors of the Institute fully informed of the affairs of the Corporation. The President shall also consult with the Board of Governors and the Board of Directors of the Institute concerning the business of the Corporation and its activities, whenever necessary or appropriate.

(B) *Vice Presidents.* The Board of Governors shall designate the number, power and duties of the Vice Presidents of the Corporation. In the absence or disability of the President, the Vice President, or First Vice President if there shall be more than one, shall perform the duties of the President.

(C) *Secretary.* The Secretary shall cause to be kept the minutes of all meetings of the Board and the Executive Committee. The Secretary shall be responsible for the giving of proper notice of all meetings of the Board of Governors, and in general, shall perform all duties incidental to the office of Secretary. The Secretary shall have such further duties and powers as may be designated by the Chair or the Board of Governors.

(D) *Treasurer.* The Treasurer shall have general supervision of all funds of the Board. The Treasurer shall deposit or cause to be deposited all such funds in the name of the Board in such bank or depositories as the Board may designate. The Treasurer shall cause the funds of the Board to be disbursed. The Treasurer shall keep a full and accurate account of all receipts and disbursements and shall render to the Board, upon request, a complete report of financial transactions. The Treasurer shall perform such other duties as may be assigned to him or her by the Board of Governors.

(E) *Assistant Secretary and Assistant Treasurer.* The Board of Governors may from time to time appoint an Assistant Treasurer or Treasurers and delegate to such Assistant Treasurer any of the powers or duties herein assigned to the Treasurer; and may similarly delegate to any Assistant Secretary or Secretaries any of the powers or duties herein assigned to the Secretary.

ARTICLE VI

Nominations and Elections of Governors and Officers

Section 6.1 NOMINATIONS. Nominations for officers and governors shall be made by the Nominating Committee. A report of such nominations must be mailed to each member as part of the Chapter newsletter issued three months prior to the election. For example, if the election is held at the April meeting, the Nominating Committee slate must be published in the newsletter prior to the February meeting. Additional

nominations may be made in writing to the Secretary when supported by at least five members. These nominations, along with those made by the Nominating Committee, shall be published in each issue of the monthly newsletter between the date the nomination was received prior to a newsletter publication deadline and the date of the election. The nomination process shall be closed 30 days prior to the date of the election.

Section 6.2 ELECTIONS. Officers and governors shall be elected by a majority vote of members voting at the annual meeting of the Corporation. Absentee voting shall be authorized for all members in good standing in accordance with rules and regulations adopted by the Board of Governors. The election shall be by written ballot unless only one candidate for an office has been nominated. In the case in which there is only one candidate for office, the written ballot may be foregone in favor of a vote at the meeting of the members. Each officer and governor shall take office on June 1st immediately following the annual meeting. Officers shall hold office until the following May 31st. Board members who are not also officers shall hold office until the May 31st of the year in which the Board member's term expires.

ARTICLE VII Committees

Section 7.1 COMMITTEES APPOINTED BY THE BOARD OF GOVERNORS. The committees of the Corporation appointed by the Board of Governors are the Auditing Committee and the Nominating Committee. The Auditing Committee shall consist of one member, not an officer or governor. The Nominating Committee shall consist of the President and at least two other members. The majority of the Nominating Committee shall be members who are not Officers or Governors. The committees shall keep minutes in some manner reasonably intended to record the business which occurred at the meeting and shall forward these minutes to the Board of Governors.

Section 7.2 COMMITTEES APPOINTED BY THE PRESIDENT. The President shall appoint members to the Membership Committee, the Certified Internal Auditor Committee, and the Program Committee. The Membership Committee shall have a minimum of three and a maximum of nine members.

Section 7.3 OTHER COMMITTEES. The Board of Governors may designate other standing committees with such duties and powers as it may provide in order to carry out the program and purposes of the Corporation. The Board shall further appoint individuals to serve as members and chairpersons of such Committees.

Section 7.4 COMMITTEE CHAIRS. The Chairs of all committees shall be Chapter members in good standing unless there does not appear to be such a member who is willing and available to Chair a particular committee. In such a case, the Chair may be appointed only with prior Board approval.

Article VIII Dissolution

In the event of dissolution the Board of Governors shall, after paying or making provisions for the payment of all liabilities of the Corporation, return all unexpended assets to the Institute, to be disposed of by making distribution exclusively for the purposes set forth in Article II hereof in such manner as the Board of Directors of the Institute shall determine, or by making distribution to such organizations, as the Board of Directors of the Institute shall then determine, which are organized and operated exclusively for the purposes set forth in Article II hereof and which at that time qualify as exempt public organizations under Section 501 (c) (6) of the Internal Revenue Code of 1986 (or the corresponding provision of any future United States Internal Revenue Law).

Article IX Indemnification; Liability Insurance

Section 9.1 INDEMNIFICATION. To the fullest extent authorized or permitted by Michigan law, the Corporation shall indemnify any person, and such person's heirs, executors, administrators and legal representatives, who was or is made or threatened to be made a party to an action, suit or proceeding (whether civil, criminal, administrative or investigative) by reason of the fact that (i) such person serves or served as a Governor, officer, employee or agent of the Corporation or (ii) such person serves or served as a

member on any formally constituted committee of the Corporation or the Board of Governors, or (iii) such person serves or served at the request of the Corporation or the member as a trustee, member, officer, director, or shareholder of any other corporation, business corporation, partnership, joint venture, trust, association or any other enterprise against all expenses (including attorneys' fees and costs), judgment, fines, and amounts paid in settlement actually and reasonably incurred by the person in connection with such action, suit, or proceeding if he/she acted in good faith and in a manner reasonably believed to be in or not opposed to the best interest of the Corporation, and with respect to any criminal action or proceeding, had no reasonable cause to believe such conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner reasonably believed to be in or not opposed to the best interest of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe such conduct was unlawful.

Section 9.2 EXCEPTIONS. No indemnification shall be made in respect of any claim, issue or matter which a Governor, officer, employee or agent of the Corporation such person shall have been adjudged to be liable for negligence or misconduct in the performance of his or her duty to the Corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnification for such expenses which the Court shall deem proper.

Section 9.3 EXPENSES. To the extent that a governor, officer, employee or agent of the Corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Sections 1 and 2 of this Article or in defense of any claim, issue or matter therein, he or she shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection therewith.

Section 9.4 DETERMINATION OF INDEMNIFICATION. Any indemnification under this Article (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the Governor, officer, employee or agent is proper in the circumstances because he or she has met the applicable standard of conduct set forth in Sections 1. Such determination shall be made (i) by the Board of Governors by a majority vote of a quorum (as defined in Article IV, Section 5 of these Bylaws) consisting of governors who were not parties to such action, suit or proceeding, or (ii) if such quorum is not obtainable, by independent legal counsel in a written opinion. Notwithstanding the failure or refusal of the governors, counsel and the members of the Corporation to make provision therefor, such indemnification shall be made if a court of competent jurisdiction made a determination that the governor, officer, employee or agent has a right to indemnification hereunder in any specific case upon the application of such Governor, officer, employee or agent.

Section 9.5 ADVANCES. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the Corporation in advance of the final disposition of such action, suit or proceeding as authorized by the Board of Governors in the specific case upon receipt of a written agreement by or on behalf of the Governor, officer, employee or agent to repay such amount unless it shall ultimately be determined that he or she is entitled to be indemnified by the Corporation.

Section 9.6 INSURANCE. The Corporation may purchase and maintain insurance on behalf of any person described above against any liability asserted against him or her or incurred by him or her in any such capacity or arising out of his or her status as such, whether or not the Corporation would otherwise have the power to indemnify under the circumstances.

Article X

Annual Audits and Fiscal Year

Section 10.1 ANNUAL AUDITS. An audit of the financial affairs of the Corporation by a disinterested auditor approved in advance by the Board of Governors shall be completed annually. The auditor's report on the results of the audit, including any management letter comments, shall be addressed to and presented to the Board at a regular meeting of the Board within 90 days after the end of the fiscal year of the

Corporation. The audited financial statements shall not be provided to any outside party prior to acceptance by the Board. The management letter shall be distributed as determined by the Board.

Section 10.2 FISCAL YEAR. The fiscal year of the Corporation shall end on May 31 of each year unless otherwise determined by the Board of Governors from time to time.

Article XI

Miscellaneous Provisions

Section 11.1 CONTRACTS. All conveyances, contracts and instruments of transfer and assignment shall be specifically approved by the Board of Governors and shall be executed on behalf of the Corporation by such officers or agents as may be specifically authorized by the Board of Governors.

Section 11.2 EXECUTION OF INSTRUMENTS. All instruments and documents including but not limited to, checks, drafts, bills of exchange, acceptances, notes or other obligations or orders for the payment of money shall be signed by the President or the Treasurer and countersigned by such officers of the Corporation and/or other persons as the Board of Governors shall from time to time by resolution designate.

Section 11.3 BORROWING. No loans or renewals of any loans shall be contracted on behalf of the Corporation except as authorized in advance by the Board of Governors at a meeting of the Board. When authorized so to do, any officer or agent of the Corporation may effect loans and advances for the Corporation from any bank, trust company or other institution or from any firm, corporation or individual, and for such loans and advances may make, execute and deliver promissory notes or other evidences of indebtedness of the Corporation. When authorized so to do, any officer or agent of the Corporation may pledge, hypothecate or transfer, as security for the payment of any and all loans, advances, indebtedness and liabilities of the Corporation, any and all stocks, securities and other personal property at any time held by the Corp., and to that end may endorse, assign and deliver the same. The authority contained in this Section 11.3 shall be expressed and confined to specific instances.

Section 11.4 ADJOURNED MEETINGS. A majority of the members or governors present, whether or not a quorum, may adjourn any meeting to another time and place. Written notice of such adjourned meeting shall be given even though the time and place thereof are announced at the meeting at which the adjournment is taken.

Article XII

Amendments and Regulations

Section 12.1 AMENDMENTS. These Bylaws may be amended at any duly called meeting of the Chapter by a twothirds vote of the eligible members present and voting, provided that written notice of the proposed change(s) and of the meeting has been mailed at least thirty (30) days previous to the date of said meeting. The notice shall clearly indicate the exact Bylaws changes being proposed.

Section 12.2 REGULATIONS. The Board of Governors may adopt additional rules and regulations, general or specific, for the conduct of their meetings, and additional rules and regulations, general or specific, for the conduct of the affairs of the Corporation, provided, however, no such additional rule or regulation shall be inconsistent with or in contravention of any provision of the Articles of Incorporation of the Corporation or these Bylaws or the Certificate of Incorporation or the Bylaws of the Institute.