



**The Institute of  
Internal Auditors**  
*Te Kaiarotake Matua o Aotearoa  
New Zealand*

## **THE INSTITUTE OF INTERNAL AUDITORS NEW ZEALAND INCORPORATED**

### **CONSTITUTION**

#### **1 NAME**

- 1.1 The name of the Incorporated Society shall be The Institute of Internal Auditors New Zealand Incorporated.

#### **2 DEFINITIONS AND INTERPRETATIONS**

- 2.1 **The Institute** shall mean The Institute of Internal Auditors New Zealand Incorporated.
- 2.2 **Board** or **National Board of Directors** means the elected governing committee of The Institute.
- 2.3 **By-Laws** means any by-laws enacted by the Board of The Institute from time to time in terms of clause 14.
- 2.4 **Act** means the Incorporated Societies Act 2022 and any amendments or substitutions.
- 2.5 **Chairperson** means a Board member voted as Chairperson by the Board.
- 2.6 **Code of Ethics** means the standards of ethics and professionalism detailed in Domain II of The Global Internal Audit Standards issued by The IIA Global, as amended from time to time.
- 2.7 **Dispute** takes the meaning given to that word in section 38 of the Act.
- 2.8 **Financial Year** shall mean the 12-month period ending on 31 December every year.
- 2.9 **In writing**, means hand-written, printed or electronic communication of words or a combination of these methods.
- 2.10 **Member** means a person who has been admitted as a member in accordance with clause 6.1 and with all applicable subscription fees paid.
- 2.11 **Officer** means a natural person who is a Board member of The Institute or otherwise holds a position allowing significant influence over the management or administration of The Institute.
- 2.12 **Registrar** means the Registrar of Incorporated Societies.

- 2.13 **Registered Office** shall be the New Zealand street address of the Secretariat of The Institute or at any other New Zealand street address, which may be decided by the Board.
- 2.14 **Regulations** means the Incorporated Societies Regulations 2023.
- 2.15 **Secretariat** means the administrative function of The Institute, which manages the day-to-day operations and undertakes other duties as delegated by the Board. Board members, Members of The Institute, paid staff, consultants or any other person or body as determined by the Board from time to time may undertake secretariat activities.
- 2.16 **Special Resolution** means a resolution passed by not less than a three-quarters majority of the Members voting on the relevant motion; or not less than a two-thirds majority of Board members voting at a Board meeting.
- 2.17 **The IIA Global** means the Institute of Internal Auditors international professional association established in 1941 and located in Florida, United States of America.

### **3 ADHERENCE TO CONSTITUTION**

- 3.1 The Institute is empowered to perform any and all acts that are defined in this Constitution and shall do nothing which is inconsistent with the provisions, pronouncements, and resolutions incorporated in the minutes of General Meetings of The Institute and those of the Board meetings.
- 3.2 The Institute shall be affiliated with The IIA Global, and shall comply with affiliation requirements established by The IIA Global.

### **4 PURPOSES**

- 4.1 The purposes of The Institute, within New Zealand and New Zealand's Exclusive Territory (being a geographic area defined and approved by The IIA Global), are:
- (a) To develop the profession of Internal Auditing and related disciplines.
  - (b) To encourage persons practising Internal Auditing to adopt the Global Internal Audit Standards, issued by The IIA Global.
  - (c) To promote and advocate for The Institute and the Internal Auditing profession.
  - (d) To foster the training, education and qualifications of persons practising or intending to practise internal auditing.
  - (e) To grant diplomas, certificates, and classifications of membership in recognition of a person's proficiency in the profession.
  - (f) To provide adequate communication to keep Members abreast of current and flagship events in Internal Auditing which can be beneficial to them and to their employers.

- (g) To develop or provide lectures, meetings, conferences, and publications, to promote research in Internal Auditing and related disciplines and to liaise with other professional bodies or government departments (or agencies) on matters of common interest.
- (h) To promote any other activities which are in the interest of The Institute.
- (i) To represent the Profession of Internal Auditing.

## **5 PURSUANCE OF PURPOSES**

- 5.1 In pursuance of the purposes set out in clause 4, The Institute may (without limitation) take the actions set out in this clause.
- (a) Establish scholarships for educational purposes and may award prizes.
  - (b) Establish, subscribe to, promote, become a member of, support, amalgamate, affiliate, or cooperate with any other institution or association whose purpose are altogether or in part similar to those of The Institute. The Institute will not amalgamate with another entity if that entity permits its members to profit from the activities of that entity.
  - (c) Obtain any Act of Parliament or Charter for all or any of the purposes of The Institute.
  - (d) Originate and promote improvements in the law and to support or oppose alterations to any legislative body or authority and to promote deputations and take such other steps and proceedings as may be deemed expedient for the furtherance of The Institute's purposes.
  - (e) Raise or borrow money in such manner and upon such security (if any), or by some issue of debenture charges, or by charges upon all or any part of the property assets and rights of The Institute (both present and future), and generally with such rights and upon such terms and conditions as are satisfactory to The Institute in all respects to purchase, redeem, or pay off any such securities and re-issue the same.
  - (f) Act in conjunction with similar organisations throughout the world and appoint representatives to any such bodies.
  - (g) Provide suitable premises for meetings and for carrying on the work of and for the purpose of carrying into effect the purposes of The Institute, and employ and dismiss Officers, employees, and agents.
  - (h) Acquire by purchase, take on lease or otherwise, lands and buildings and all other property real and personal and erect on any such land any building and to alter, add to and maintain any building erected on such land.
  - (i) Sell, improve, maintain, manage, exchange, lease, mortgage, dispose of, turn to account, or otherwise deal with all or any part of the property assets and rights of The Institute.

- (j) Give guarantees, bonds, and indemnities and to make, draw, accept, endorse, discount, execute and issue promissory notes, bills of exchange, drafts, debentures, and all or any negotiable or transferable instruments.
- (k) Take or otherwise acquire and hold shares in any other institute, company, or corporation having objectives altogether or in part similar to those of The Institute or carrying on any business of whatsoever nature so as to further directly or indirectly the objects for which The Institute has been established.
- (l) Invest surplus monies from time to time in authorised investments on such terms and conditions as the Board may decide.
- (m) Do such other things and partake in such other activities that enable The Institute to meet its purposes.

## **6 MEMBERSHIP**

### **6.1 Admission:**

- (a) Any person, who meets the requirements for classification of membership, pays the appropriate membership fee, consents in writing to becoming a Member, and agrees to comply with this Constitution, the Code of Ethics, and any Code of Conduct or By-Laws approved by the Board will be deemed a Member.

### **6.2 Classifications of Membership:**

- (a) The classifications of membership shall be established and maintained by the Board and updated as an appendix to this Constitution.

### **6.3 Entrance Fees, Subscriptions and Levies:**

- (a) Entrance fees, subscriptions, and levies shall be determined by the Board and shall be payable by Members.

### **6.4 Termination or Suspension of Membership:**

- (a) The membership of a person ceases on receipt of a resignation in writing to The Institute, expulsion under clause 17.6, or death.
- (b) A Member is taken to have resigned if:
  - (i) the Member's annual subscription is more than two (2) months in arrears; and
  - (ii) a written request to the Member to seek payment of arrears has not resulted in payment within one (1) month after the request has been sent.
- (c) No reimbursement of subscription paid in advance at date of resignation will be made.

### **6.5 Reinstatement:**

- (a) The Board, on such terms and conditions as it decides, may reinstate a former Member whose membership has lapsed through non-payment of subscription or was suspended or terminated for other reasons.

#### 6.6 Register of Members:

- (a) The Secretariat shall keep a register of all Members containing such particulars as from time to time may be required by the Act or Regulations, the Board, or The IIA Global.
- (b) Current Members shall promptly advise the Board of any change to their contact details.
- (c) The Secretariat will update the register as soon as practicable after becoming aware of changes to the information recorded in the register.

### 7 NATIONAL BOARD OF DIRECTORS

- 7.1 The Institute shall be governed by a National Board of Directors (**the Board**), which shall have, in addition to the powers set out in clauses 7.13(g) and 14, the power to perform all acts to enable The Institute to meet the requirements of this Constitution, the Act, and the Regulations.
- 7.2 The Board shall comprise up to seven (7) directors elected by the membership. The Board can co-opt up to three (3) additional directors. The maximum number of Board members shall not exceed ten (10) in total.
- 7.3 Nominations for prospective Board members will be received and evaluated by the Secretariat and an appointed Returning Officer. Nominations will be evaluated to meet the following criteria and principles:
  - (a) Nominees must not be disqualified from being a Board member in terms of section 47(3) of the Act.
  - (b) Nominees must be Members, as defined in clause 2.10.
  - (c) Nominees must be able to contribute to ensuring the Board has the most desirable range of skills and strengths, e.g. financial and stewardship skills, marketing, advocacy, strategic thinking.
  - (d) Nominees must have the ability and capacity to commit time and energy to The Institute.
  - (e) There should be a spread of Board members that ensures the best representation of the membership, i.e.:
    - (i) geographical distribution;
    - (ii) large / small internal audit teams;
    - (iii) organisation type; and
    - (iv) ethnicity and gender.
- 7.4 The Secretariat and Returning Officer shall present a list of candidates for election at the Annual General Meeting.

- 7.5 Members of the Board will be elected by Members present at the Annual General Meeting and/or by postal and/or electronic ballot as determined by the Board. This must be advised as part of the notice for the Annual General Meeting. The results will be advised at the Annual General Meeting.
- 7.6 The Board acting on behalf of The Institute shall have the ultimate responsibility for the governance of the affairs of The Institute and of the property and income thereof.
- 7.7 A Member elected to the Board shall serve for a term of three (3) years from the date of the Annual General Meeting at which the Member was elected. A Member may be elected for a second, consecutive term of three (3) years, after which they must resign and stand down from serving in any capacity on the Board for a minimum of two (2) years.
- 7.8 For transitional clarity, clause 7.7 will be in effect from the 2025 AGM. Current Board members prior to this AGM will end their term as per their elected term. Those eligible for a consecutive term will be eligible for the new term of three (3) years.
- 7.9 The Board shall elect a Chairperson at the first Board meeting after each Annual General Meeting of The Institute.
- 7.10 In the event of an equality of votes at any meeting of the Board, the Chairperson shall have a casting vote.
- 7.11 The Board may elect a Deputy Chairperson and define this role as it deems appropriate. Irrespective of how the Deputy Chairperson's role is otherwise defined, a Deputy Chairperson may act as Chairperson in the circumstances set out in clause 8.6.
- 7.12 The Board at any time may fill any casual vacancy in the office of Chairperson or Deputy Chairperson from existing members of the Board (other than co-opted members) to serve from the date of appointment until the next Annual General Meeting. Such a term for the newly elected Chairperson shall not count as a full term until it exceeds nine (9) months duration.
- 7.13 Powers and Duties of the Board:
- (a) As soon as practicable after being elected or appointed to the Board, each Board member must familiarise themselves with this Constitution, any By-Laws, the Code of Ethics and the Act.
  - (b) The Board is collectively responsible for ensuring that The Institute complies with the Act and that individual members of the Board comply with this Constitution and any By-Laws.
  - (c) Board members must exercise their powers and discharge their duties:
    - (i) in good faith and in the best interests of The Institute;
    - (ii) for a proper purpose;
    - (iii) with care and diligence; and
    - (iv) to avoid and declare any potential or perceived conflicts of interest.

- (d) Consistent with the Code of Ethics, Board members and former Board members must not:
  - (i) use their position to gain an advantage for themselves or another person or organisation;
  - (ii) use information acquired by virtue of holding their position so as to gain an advantage for themselves or any other person or organisation; or
  - (iii) cause detriment to The Institute.
- (e) The business of The Institute must be managed by or under the direction of the Board.
- (f) The Board may exercise all the powers of The Institute except those powers that this Constitution, any By-Laws, or the Act require to be exercised by General Meetings of the Members of The Institute.
- (g) In particular, the Board may:
  - (i) appoint and remove the Secretariat; and
  - (ii) establish subcommittees consisting of Members and non-members of The Institute with terms of reference it considers appropriate.

#### 7.14 Delegation

- (a) The Board may delegate to a member of the Board, a subcommittee, or Secretariat, any of its powers and functions other than:
  - (i) this power of delegation; or
  - (ii) a duty imposed on the Board by the Act or any other law.
- (b) The delegation must be in writing and timebound, and may be subject to the conditions and limitations the Board considers appropriate.
- (c) The Board may, in writing, revoke a delegation wholly or in part.

#### 7.15 Vacation of Office

- (a) A Board member may resign from the Board by written notice.
- (b) A person automatically ceases to be a Board member if they:
  - (i) cease to be a Member of The Institute; or
  - (ii) fail to attend three (3) consecutive Board meetings without a leave of absence from the Chairperson; or
  - (iii) become disqualified pursuant to section 47(3) of the Act; or
  - (iv) die.
- (c) A Board member may be removed from office by the Chairperson by reason of:
  - (i) Inability to perform the requirements of the position; or
  - (ii) Neglect of duty; or

- (iii) Misconduct; or
- (iv) Bankruptcy.

7.16 No act or proceeding of the Board or of any person authorised to act as a member of the Board shall be invalidated in consequence of there being a vacancy in the membership of the Board at the time of the act or proceeding, or of subsequent discovery of some defect in the election or appointment of any member of the Board.

## **8 PROCEEDINGS OF THE BOARD**

8.1 Save as otherwise set out in this Constitution, the Board shall meet, adjourn and otherwise regulate its meetings as it thinks fit.

8.2 Quorum

- (a) No business shall be transacted at any Board meeting unless a quorum is present at the time when the meeting proceeds to business. A quorum shall be not less than half the Board members plus one (1), in person or virtually present and eligible to vote.
- (b) Except as stated elsewhere in this Constitution decisions of the Board shall be by simple majority of those Board members eligible to vote.

8.3 Use of Technology

- (a) A Board member who is not physically present at a Board meeting may participate in the meeting by the use of technology that allows that member and the Board members present at the meeting to clearly and simultaneously communicate with each other.
- (b) A Board member participating in a Board meeting is taken to be present at the meeting and, if the member votes at the meeting, is taken to have voted in person.
- (c) The Board may act by resolution approved through voting conducted by e-mail or an electronic voting system. Any such resolution shall be recorded in the minutes of the next Board meeting.

8.4 Conflicts of Interest

- (a) A Board member who is *interested* (as that term is defined in section 62 of the Act) in a matter being considered at a Board meeting must, as soon as practicable after becoming aware of the interest, disclose the nature and extent of that interest to the Board.
- (b) The Board will maintain an interests register in which such disclosures are recorded.
- (c) The Board may maintain such further policy and procedures for dealing with conflicts of interest as the Board considers appropriate.

8.5 Minutes of meetings

- (a) The Board must ensure that Minutes are taken and kept of each Board meeting.

- (b) The Minutes must record the following:
    - (i) the names of the Board members in attendance at the meeting;
    - (ii) the business considered at the meeting;
    - (iii) any resolution on which a vote is taken and the result of the vote; and
    - (iv) any material personal interest disclosed by a Board member.
- 8.6 The Chairperson shall act as Chairperson for all meetings of the Board. In their absence, the Deputy Chairperson (if appointed) will act as Chairperson, or an acting Chairperson for the meeting shall be elected from the members of the Board (other than co-opted members) present.
- 8.7 The Board may co-opt from time to time additional persons with or without full voting rights provided that at no time shall there be more than three (3) such co-opted Board members. Their term of office shall expire at the next Annual General Meeting of The Institute following their appointment unless their appointment is earlier rescinded by the Board. A person may be co-opted for reasons of representation in accordance with clause 7.3(e) and/or because they bring particular expertise to the Board, and such a person must be a Member.
- 9 CONTACT PERSON**
- 9.1 The Institute shall have one (1) contact person. The Board shall appoint The Institute's contact person from the Secretariat.
- 10 GENERAL MEETINGS**
- 10.1 A General Meeting is either an Annual General Meeting or a Special General Meeting.
- 10.2 Notice of Meeting
- (a) Members shall be given at least 21 days' notice of any General Meeting.
  - (b) The Institute may give the notice of General Meeting to its Members:
    - (i) by sending it by post to the address of the Member in the register of Members; or
    - (ii) by sending it to the email address nominated by the Member.
  - (c) The notice of General Meeting must:
    - (i) set out the place, date and time for the General Meeting (and, if the General Meeting is to be held other than with all participants present in person, the technology that will be used to facilitate this); and
    - (ii) state the business of the General Meeting, including any proposed motions, and the Board's recommendations, if any; and
    - (iii) state whether (at the Board's sole discretion) Members may vote on any matter or more matters by postal or electronic means in advance of the General Meeting;

- (iv) state that Members have the right to appoint a proxy; and
- (v) state that the business of the General Meeting will be restricted to those items of which due notice has been given.

### 10.3 Annual General Meeting (AGM)

- (a) The AGM shall be held once every year no later than five (5) months after The Institute's Financial Year end and not later than 15 months after the previous AGM.
- (b) The Board shall determine when and where The Institute shall meet within those dates.
- (c) At each AGM the Board shall present:
  - (i) an annual report covering the previous year's work and other matters pertaining to the welfare of The Institute;
  - (ii) The Institute's year-end performance report containing the financial statements; and
  - (iii) notice of disclosures, or types of disclosures, made under section 63 of the Act during the most recently complete accounting period.
- (d) At every third AGM, starting in 2024, there will be a membership vote to determine whether the subsequent three years' performance reports are subject to a Review or Audit (each as defined within the International Standards on Auditing, and International Standards on Review Engagements). Notwithstanding this vote, the Board by majority vote, may elect to require an Audit rather than a Review. In addition, at each AGM there will be a membership vote to endorse the Board appointed Reviewer or Auditor (as applicable) for the subsequent year's performance report.
- (e) A Member wishing to bring before the Annual General Meeting any notice of motion or business not relating to the ordinary business of The Institute shall give notice in writing to the Secretariat not less than fourteen (14) calendar days before the day of the Annual General Meeting and no notice of motion or business other than the business brought forward by the Board shall come before the Annual General Meeting unless such notice has been given.

### 10.4 Special General Meeting (SGM)

- (a) The Board may call a SGM.
- (b) The Board must call a SGM if the Chairperson and Secretariat receives a request in writing signed by at least 25 Members, with no more than 20 residing under one organisational group membership.
- (c) A request for a SGM must:
  - (i) be in writing; and
  - (ii) state the business to be considered at the Special General Meeting and any motions to be proposed; and

- (iii) include the names, contact details, and signatures of the Members requesting the Special General Meeting.
- (d) The Board must, immediately on receipt of a written request in accordance with clauses 10.4(b) and 10.4(c), call and hold a SGM.
- (e) If the Board does not call a SGM within one (1) month, and convene the SGM within three (3) months after the date on which the request is received:
  - (i) the Members making the request (or any of them) may convene the SGM; and
  - (ii) The Institute may reimburse reasonable expenses incurred by the Members convening the SGM.
- (f) A SGM convened by Members under clause 10.4(e):
  - (i) must be held within three (3) months after the Board fails to meet a date in clause 10.4(e);
  - (ii) must only consider the business stated in that request at clause 10.4(c); and
  - (iii) must be in accordance with clause 10.2.

## **11 PROCEEDINGS AT GENERAL MEETINGS**

### **11.1 Quorum**

- (a) A quorum at General Meetings shall consist of at least twenty-five (25) Members eligible to vote and present in person, by electronic means or by proxy.
- (b) No business shall be transacted at any General Meeting unless a quorum is present at the time when the General Meeting proceeds to business.
- (c) The Chairperson may, with the consent of any quorate General Meeting (and must, if so directed by the General Meeting) adjourn the General Meeting, but only business left unfinished at the General Meeting from which the adjournment took place may be transacted at the adjourned General Meeting.
- (d) If a General Meeting is adjourned for 21 days or more, notice of the adjourned General Meeting must be given as in the case of an original General Meeting.

### **11.2 Chairperson at General Meetings**

- (a) The Chairperson for the purposes of any General Meeting of The Institute shall be the Chairperson of the Board, appointed in accordance with this Constitution.
- (b) The Chairperson will be entitled to take the chair at every General Meeting of The Institute.

- (c) If at any General Meeting the Chairperson is not present within 15 minutes after the appointed meeting time, the Members present will choose a Member from their number to be the acting Chairperson for purposes of the General Meeting.

### 11.3 Minutes

- (a) Minutes will be taken at all General Meetings and shall be kept at the registered office of The Institute or by electronic means, as determined from time to time by the Board.

## 12 VOTING BY MEMBERS

### 12.1 Entitlements

All Members with current voting rights, as set out in the Appendix, shall have the right to cast one (1) vote in any question put to a membership vote.

### 12.2 Questions determined by majority

Unless otherwise required by this Constitution or at law, all voting matters must be determined by a simple majority of those entitled to vote and voting.

### 12.3 Equality of Votes

In the case of an equality of votes, the Chairperson (including, if applicable, the acting Chairperson at a General Meeting) shall be entitled to have a second or casting vote.

### 12.4 Voting Procedures for General Meetings

- (a) At any General Meeting, voting shall be by show of hands or, or on demand of the Chairperson or of any Member present, by secret ballot.
- (b) A demand for voting by ballot must be made before or immediately after the declaration of the result of a show of hands.
- (c) Unless a vote by ballot is demanded in accordance with this Constitution, the Chairperson's declaration of the result of a show of hands shall be conclusive as to the outcome of the relevant motion.
- (d) An entry to that effect in the Minutes of The Institute is conclusive evidence that the Chairperson's declaration in respect of a voting matter reflects either the show of hands or the ballots received.
- (e) If a ballot is demanded, it will be conducted as set out in clause 12.5.

### 12.5 How and When a Ballot is Taken (General Meetings)

- (a) If a secret ballot is demanded at a General Meeting in accordance with this Constitution it must be taken:
  - (i) after an interval or adjournment not exceeding one (1) hour; or
  - (ii) otherwise as the Chairperson directs.
- (b) For the avoidance of doubt, votes may be cast and collected by electronic means.

- (c) The result of the ballot decides the relevant motion at the General Meeting at which the ballot was demanded.
- (d) Despite clause 12.5(a), a ballot demanded on the election of an acting Chairperson or on a question of adjournment must be taken immediately.
- (e) A Member holding more than one (1) vote (by virtue of holding proxy votes) need not exercise all votes in the same way.
- (f) A demand for a ballot may be withdrawn by the person that demanded the ballot.

#### 12.6 Proxies

- (a) A Member may appoint another Member as their proxy to vote and speak on their behalf at any General Meeting.
- (b) The appointment of a proxy must be in writing and signed by the Member making the appointment.
- (c) The Member appointing the proxy may give specific directions as to how the proxy is to vote on their behalf, otherwise the proxy may vote on behalf of the Member in any matter as they see fit.
- (d) If the Board has no approved form for the appointment of a proxy, the Member may use any other form that clearly identifies the person appointed as the Member's proxy and which the Member has signed.
- (e) A form appointing a proxy sent in writing is of no effect unless The Institute receives it no later than 48 hours before the commencement of the General Meeting.

#### 12.7 No Resolutions in lieu of General Meeting

For the purposes of section 89 of the Act, written resolutions may not be passed in lieu of a General Meeting.

#### 12.8 Postal or Electronic Voting

- (a) The Board may at any time refer any matter (including any amendment to this Constitution) to the Members of the Institute who are entitled to vote, in such a way as to permit Members to vote in advance of a General Meeting by casting a postal or electronic vote.
- (b) The manner in which postal or electronic voting shall be undertaken shall be determined by the Board from time to time.
- (c) The result of any postal or electronic ballot shall be as effective and binding on Members as a resolution passed at a General Meeting.

#### 12.9 Resolutions Binding

A resolution passed by the required majority at any General Meeting or otherwise binds all Members, irrespective of whether they were present at the General Meeting where the resolution was adopted or whether they voted.

### **13 SECRETARIAT**

- 13.1 One or more persons may be appointed by the Board to administer the affairs of The Institute to perform such duties and on such terms and conditions as it shall determine from time to time. In the context of this Constitution the person(s) is (are) referred to as the Secretariat, but may not necessarily be called by that title(s) in practice.

### **14 INSTITUTE BY-LAWS**

- 14.1 The Board by resolution may make By-Laws for the administration of the affairs of The Institute provided these do not conflict with this Constitution. The Board may suspend, alter, add to, or revoke the By-Laws.

### **15 PRECEDENCE**

- 15.1 In the event of inconsistency, the order of precedence of documents shall be:
- (a) This Constitution; then
  - (b) The Institute's By-Laws (if any).

### **16 LEGAL PROCEEDINGS**

- 16.1 The Board shall have the sole responsibility to initiate and conduct legal proceedings brought against any individuals or organisations by The Institute, and to defend legal proceedings brought against The Institute or against an Officer or employee of The Institute (where the legal proceedings are within the scope of The Institute's indemnification of that person under clause 20).

### **17 GRIEVANCES AND DISPUTE RESOLUTION**

- 17.1 Preliminary matters
- (a) In this clause 17 a reference to "**members**" shall include members of the Board.
  - (b) If a complaint is made by or against The Institute, the Chairperson shall, in accordance with clause 16, proceed as the Complainant or Respondent (as the case may be).
  - (c) Members shall cooperate to resolve Disputes efficiently, fairly, and with minimum disruption to The Institute's activities.
- 17.2 Initiating a Dispute
- (a) A Member or The Institute may initiate the Dispute resolution procedure if they (the "**Complainant**") believe that:
    - (i) a member has obtained their membership by improper means;
    - (ii) a member has engaged in conduct prejudicial to The Institute.
    - (iii) a member has engaged in misconduct;
    - (iv) a member refuses to support the purposes of The Institute;

- (v) a member has breached, or is likely to breach, a duty under this Constitution, the Code of Ethics, the By-laws, or the Act; or
  - (vi) The Institute has breached, or is likely to breach, a duty under this Constitution, the Code of Ethics, the By-laws, or the Act; or
  - (vii) a member's rights or interests as a member of The Institute have been damaged or members' rights or interests generally have been damaged.
- (b) If a member or The Institute wishes to make a complaint about another member or The Institute (as the case may be), they may make a complaint by providing the Secretariat, Chairperson, or Deputy Chairperson with a written notice (a "**Dispute Notice**") which:
- (i) states that they are starting a procedure for resolving a Dispute in accordance with The Institute's Constitution; and
  - (ii) sets out the allegation(s) to which the Dispute relates and whom the allegation or allegations is or are made against.
- (c) The information setting out the allegations must be sufficiently detailed to ensure that a person against whom an allegation or allegations is made is fairly advised of the allegation or allegations concerning them, with sufficient details given to enable that person to prepare a response.

### 17.3 Referral or Termination of Dispute

- (a) The Board may, in its discretion:
- (i) refer a complaint to a subcommittee (the "**Complaints Committee**") or an external person to investigate and report, or to investigate and determine the Dispute; or
  - (ii) choose not to proceed further with a complaint (if, for example, it reasonably believes that the complaint is trivial or does not contain or involve any allegation of the kinds referred to in clause 17.4, in which case it will notify the complainant in writing of its decision as soon as practicable after arriving at that decision.
- (b) The Board must, if the complaint is made by or against The Institute, refer the Dispute to the Complaints Committee or external person to investigate and determine the Dispute.
- (c) Subject to clause 17.7, if the Board appoints a Complaints Committee to investigate and determine a Dispute, that committee shall be comprised of five (5) persons. This can be made up of Board members, external persons or other Members of The Institute (who are not Board members).

### 17.4 Investigating the Dispute

- (a) If the Board or the Complaints Committee (the "**Decision-Maker**" in the remainder of this clause) decides to proceed with the investigation and determination of the dispute of the complaint, it must ensure that, before the complaint is resolved and an outcome determined:

- (i) the Complainant is made aware of the fact that the Decision-Maker intends to proceed with the investigation and determination of the Dispute and that a copy of the allegations will be provided to the Respondent for the purposes of clause 17.4(a)(ii);
- (ii) the subject of the complaint (the “**Respondent**”) is advised of all allegations against them with sufficient details and time given to enable them to respond;
- (iii) the complainant and the Respondent are afforded reasonable opportunity to be heard in writing, or by means of an oral hearing in front of the Decision-Maker if the Decision-Maker determines that one is needed to ensure an adequate hearing; and
- (iv) it considers the written and / or oral submissions by the Complainant and the Respondent.

#### 17.5 Completion of Investigation

- (a) On completion of the investigation by the Decision-Maker, one of the following decisions will be made:
  - (i) to uphold the complaint; or
  - (ii) to reject the complaint.

#### 17.6 Sanctions

- (a) If the Decision-Maker upholds a complaint, it can determine one or more of the following sanctions:
  - (i) issuing a reprimand;
  - (ii) imposing conditions for continued membership;
  - (iii) ordering a suspension from membership for a specified period; or
  - (iv) ordering a permanent expulsion from membership.
- (b) The Decision-Maker will, regardless of whether the complaint is upheld or rejected, as soon as practicable after arriving at its decision, notify the Complainant and the Respondent of its decision and its reasons for arriving at that decision.

#### 17.7 Other conflicts of interest

- (a) A person may not act as or be a part of a Decision-Maker if two (2) or more members of the Board consider that there are reasonable grounds to believe that that person may not be:
  - (i) impartial; or
  - (ii) able to consider the matter without a predetermined view.

### 18 ACCOUNTS AND AUDIT

#### 18.1 The Institute must keep true and fair accounts.

- 18.2 The Board is responsible for keeping proper accounting records of The Institute's financial transactions to allow The Institute's financial position to be readily ascertained.
- 18.3 An annual performance report containing financial statements will be prepared for presentation at each AGM in accordance with The Institute's accounting policies and applicable financial reporting standards and otherwise in accordance with generally accepted accounting practice.
- 18.4 The Board must ensure that:
- (a) An Annual return is completed and, in the manner prescribed by Regulations, given to the Registrar for registration; and
  - (b) The Institute's annual financial statements are filed with the Registrar for registration within six (6) months of the end of Financial Year.
- 18.5 The income and property of The Institute shall be applied solely towards the promotion of the purposes of The Institute and no portion shall be paid or transferred directly or indirectly by way of dividend, bonus or profit to any Member or those who have previously been Members.
- 18.6 Nothing shall prevent the payment in good faith of remuneration or payment for services or goods provided by any Member or employee of a Member for any service actually rendered to The Institute, provided that any contract for the engagement with The Institute has been fully disclosed to the Board. If the service is to be rendered by a Board member, that person shall not be present at any deliberations or vote on any matter in which they are financially interested.
- 18.7 Nothing shall prevent the reimbursement from the funds of The Institute, as may be decided by the Board, of expenses which are incurred by persons in carrying out duties for The Institute which, by reason of positions held by them under this Constitution and any By-Laws, they are required to perform, or duties for which they are specifically appointed to by the Board.
- 18.8 The Board may use the funds of The Institute as it considers necessary, expedient or proper in payment of the costs and expenses in furthering or carrying out the objects of The Institute including the employment of Secretariat services, solicitors, auditors, agents, consultants and employees or others authorised to perform the functions delegated to the Secretariat.
- 18.9 The Institute may invest and deal with funds of The Institute not immediately required in such a manner as decided by the Board.

## **19 WINDING UP**

- 19.1 The Institute shall not be dissolved except by special resolution passed in accordance with the provisions of subpart 6 of part 5 of the Act and, if upon winding up or dissolution of The Institute, there remains, after the satisfaction of all its debts and liabilities, any property whatsoever, the same shall not be paid to or distributed among the Members, but shall be given or transferred to such other organisations, having objects similar to the objects of The Institute, as may be decided at or before the time of dissolution by the Members.

## **20 INDEMNITY**

- 20.1 The Institute must indemnify each Officer or employee of The Institute for:
- (a) liability to any person other than The Institute for any act or omission in their capacity as Officer or employee of The Institute (not being a liability specified clause 20.1(c) or 20.1(d)); or
  - (b) costs incurred by the Officer or employee in defending or settling any claim or proceeding relating to that liability;
- provided that this indemnity will not apply to any:
- (c) criminal liability; or
  - (d) liability that arises out of a failure to act in good faith and in what the Officer or employee believed to be the best interests of The Institute when acting in their capacity as an Officer or employee of The Institute.
- 20.2 The Institute must also indemnify an Officer or employee of The Institute for any costs incurred by them in defending or settling a proceeding that relates to liability of a kind referred to in clause 20.1(c) and 20.1(d) if:
- (a) judgment is given in their favour or if they are acquitted; or
  - (b) the proceeding is discontinued.

## **21 ALTERATION OF CONSTITUTION**

- 21.1 Subject to clause 21.2, this Constitution may only be altered by special resolution of a General Meeting of The Institute.
- 21.2 If any proposed amendment to the Constitution has no more than a minor effect or corrects errors or makes similar technical alterations, the Board may effect that proposed amendment provided that the Board has notified every Member of The Institute of the proposed amendment and no objection from a Member has been received within 20 working days after the date on which that notice was sent.

## **APPENDIX – CLASSIFICATION OF MEMBERSHIP**

The classifications of membership shall be established and maintained by the Board and updated as an appendix to the Constitution.

Assignment of individual membership classifications shall be administered by the Secretariat on receipt of a Membership Application. Except in the case of Life Member, Honorary Fellow, and Fellow, which are awarded by the Board.

### **Full Member**

The classification of FULL MEMBER may be awarded to applicants to those who satisfy the following criteria:

- a) who hold Internal Audit certification issued by The IIA; or
- b) who have a direct jurisdiction over Internal Audit activities or who are engaged as Internal Auditors or employed in disciplines relating to internal audit; or
- c) who hold current financial membership of another affiliated organisation of The IIA or another related professional membership as decided by the Board from time to time.

Persons admitted as a Full Member can use the designation MIIANZ.

Full voting rights will be accorded to Full Members.

### **Associate**

The classification of ASSOCIATE MEMBER may be awarded to applicants who are not working in the profession of internal auditing but who wish to hold membership of The Institute:

- a) Other professional. Anyone working in a related field to internal audit such as risk management, information systems auditing, or directorship.
- b) Educator. Those individuals principally employed as educators at Colleges, Technical Institutes and Universities in the field of business, finance, accounting, risk, assurance and audit.

No voting rights will be accorded to an Associate Member. The Board may set a reduced membership fee for Associate members.

### **Retired / On Leave**

The classification of RETIRED / ON LEAVE MEMBER may be awarded to applicants of good standing that have previously been a Full Member, and who have retired, be on sabbatical or parental leave, or taking a leave of absence from their workplace. Retired / On Leave members may still perform any form of internal auditing, but will

be required to satisfy membership requirements that are in place at the time if they re-apply to be a Full Member. Retired / On Leave members need to meet the criteria below:

- a) Be officially retired or on extended leave from their primary Internal Auditing (IA) professional role.
- b) Applicants may be required to provide evidence of their retired / leave status and be required to obtain endorsement of their status from a current full member of good standing.
- c) Continued Interest: Retired Members should demonstrate a continued interest in our organisation's mission, activities, and objectives.

No voting rights will be accorded to a Retired / On Leave Member. The Board may set a reduced membership fee for Retired / On Leave members.

### **Student**

The classification of STUDENT MEMBER may be awarded to applicants principally engaged full time in the study of Internal Auditing or related courses at Colleges, Technical Institutes or Universities who cannot qualify as an individual member or Associate Member. Proof of student status needs to be presented on application and approved by The IIA Global.

A student member will have no voting rights. The Board may set a reduced membership fee for student members.

### **Life Member**

Life Member is the highest honour that can be awarded by the IIA NZ.

The classification of LIFE MEMBER may be awarded by the Board to distinguished Fellows, Associates, Full Members, individuals via an Organisation membership, or Retired/On Leave Members, who have contributed significantly to the cause of Internal Auditing in New Zealand or elsewhere, over the course of their career for a sustained period, subject to the following criteria:

- a) The award will be limited to 5% of total membership of The Institute.
- b) Life Members retain any designation that they held prior to the award of Life Membership.
- c) The award is subject to approval by all members of the Board present at a duly constituted meeting.
- d) The award carries the designation of LMIIA (NZ).

Nominations can be made in writing to the Secretariat for submission to the Board at their Board meetings.

Full voting rights will be accorded to Life Members. No membership fee is payable for

Life Members.

### **Honorary Fellow**

The classification of HONORARY FELLOW may be awarded by the Board to those persons, not being a Member of The Institute, who have made a significant contribution to the development and progress of the profession of Internal Auditing in New Zealand or elsewhere. Nominations are to be made in writing to the Secretariat for submission to the Membership Committee who will make recommendations to the Board at its next meeting, and are subject to the following criteria:

- a) The award is the highest award The Institute can make to a non-member.
- b) The award is limited to twelve (12) persons at any one time.
- c) The award carries no voting rights in The Institute.
- d) The award carries the designation of (Hon) FIIA (NZ).
- e) The award is subject to approval by all members of the Board present at a duly constituted meeting.

No membership fee is payable for Honorary Fellow members.

No voting rights will be accorded to Honorary Fellow members.

### **Fellow**

The classification FELLOW of The Institute may be awarded by the Board to a person of any member classification except Student, who have performed meritorious service to The Institute. Nominations are to be made in writing to the Secretariat for submission to the Membership Committee who will make recommendations to the Board at its next meeting and are subject to the following criteria:

- a) The award of Fellow will be limited to 15% of total membership of The Institute.
- b) Nomination by any five (5) members of The Institute.
- c) The award is subject to approval by all members of the Board present at a duly constituted meeting.
- d) The award carries the designation of FIIA (NZ), and such designation will be lost if membership of The Institute is not maintained.

Full voting rights will be accorded to Fellow Members. No discount of Membership fees is extended through this membership classification.

### **Organisation Membership**

Organisation membership of The Institute may be awarded to organisations who employ internal auditors or staff in related fields. An individual eligible for individual membership, who is granted membership through being employed within the

organisation which has organisation membership, will lose that membership when they resign from that organisation.

Organisation Membership fees are set by the Board. Members within an Organisation Membership have full voting rights.