



# **Articles of Association & Rules of Internal Order**

*- September 2006 -*



**Articles of Association**

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**Rules of Internal Order**

*- September 2006 -*

**ECIIA**

European Confederation of Institutes of Internal Auditing

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# Introduction

This Policies & Procedures document is a revised edition of the 1<sup>st</sup> version, issued in Prague, 19 October 2002.

The new edition of the Policies & Procedures document consists of 2 parts: the articles of association and the rules of internal order.

ECIIA ivzw started in 1982 as an association.

It has been established on 7 January 2001 as an international non-profit association, based on Belgian legislation and referred to as ECIIA ivzw.

A Royal Decree of 7 January 2001 confirms its legal entity as an international association with scientific objectives.

The Royal Decree has been referred into the Moniteur Belge on 1 February 2001. The articles of association (Dutch version) have been published in the Moniteur Belge on 10 May 2001.

At the General Assembly (Prague, 19 October 2002) some changes to the articles were decided.

On 2 May 2002 major changes into the law on non-profit associations were introduced in Belgium. ECIIA ivzw introduced these required legal changes and obtained approval at the General Assembly (Larnaca, 15 October 2005). The revised articles, including all changes, are published in the Moniteur Belge on 7 April 2006.

A Royal Decree of 16 February 2006 confirms the redefined objectives in art 3 of the articles. This Royal Decree is not referred into the Moniteur Belge, but available at Brussels Office.

**Authorities**

Articles of association are the authority of the General Assembly. Changes always require a presence of  $2/3$  of the voting members and an approval by  $2/3$  of the presence. (Changes in the objectives always require a presence of  $2/3$  of the voting members and an approval by  $4/5$  of the presence.)

Rules of internal order deal with practical, organizational and administrative aspects of ECIIA ivzw and are the authority of the Management Board.

# Articles of association

## **Name, office, objects**

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### **Article 1**

An international non-profit organisation “European Confederation of Institutes of Internal Auditing”, abbreviated as “ECIIA”, was constituted under the Belgian act of 25 October 1919 and approved by royal decree of 7 January 2001.

The association falls under the stipulations of title III of the Belgian act of 27 June 1921 about the non-profit organisations, the international non-profit organisations and the foundations.

### **Article 2**

The association’s office is situated at Koolstraat 47, PB 35, 1000 Brussels. The office can be transferred to any other place in Belgium by decision of the Management Board, to be published in the annexes of the Belgian Official Gazette.

### **Article 3**

The organisation has no profit-making purpose and has as its main objectives the promotion of the profession of internal auditing and the protection

of the interests of the professional associations concerned in Europe. In this respect, the organisation intends to be the official discussion partner in the European Community and its institutions.

The organisation also intends to represent the profession's interests internationally vis-à-vis related associations and vis-à-vis the international professional association, The Institute of Internal Auditors Inc., in the United States.

The organisation furthermore intends to represent and defend the profession's interests in countries with growing economies in Europe.

In order to achieve these objectives, the organisation wishes to organise meetings on a regular basis, with the purpose of initiation training programs, exchanging knowledge and experience, recommending the international professional standards and providing aid and assistance in the exercise of the profession wherever necessary.

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## **Members**

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### **Article 4**

The association consists of Institutes of internal auditing from different countries, provided that these institutes have legal personality in their country of origin.

### **Article 5**

The association has members entitled to vote and members not entitled to vote.

The members entitled to vote are the members who signed the memorandum of association as well as the members entitled to vote who represent a professional association and who are accepted by the General Assembly of members entitled to vote upon proposal of the Management Board by at least a two-thirds majority of the votes.

The association can also have members not entitled to vote, who have to be accepted by the Management Board.

### **Article 6**

Membership is terminated automatically in case of dissolution of the legal entity of the member.

It is also terminated if a member notifies his retirement from this association in writing to the President of the Management Board or if the General Assembly decides to exclude a member in the manner defined below.

**Article 7**

The exclusion of members from the association, regardless of whether they are entitled to vote, not entitled to vote or honorary members, can be proposed by the Management Board after having heard the members concerned.

The decision to exclude a member is taken by the General Assembly with a majority of two thirds of the votes of the members present or represented.

**Article 8**

The members entitled to vote pay a contribution, the amount of which is determined annually by the General Assembly upon proposal of the Management Board.

## **General Assembly**

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### **Article 9**

The General Assembly has the broadest powers with a view to the realisation of the association's objects.

It consists of all members entitled to vote, who each have one vote.

Members who are not entitled to vote can attend the General Assembly and have an advisory vote.

The following matters fall within the exclusive powers of the General Assembly :

1. approval of budgets and accounts;
2. appointment and dismissal of the managers and of the external auditors, if any;
3. amendments to the articles of association;
4. voluntary dissolution of the association.
5. exclusion of a member
6. discharge to the managers and to the external auditors, if any.
7. Appointment of the Audit Committee
8. Date and location of the next meeting

### **Article 10**

The General Assembly meets under the presidency of a President elected for a period of one year, once a year at the office of the association or at any other place indicated in the convening notice.

General Assembly meetings are convened by the Management Board, at least sixty days before the meeting will take place. The convening notice indicates the items of the agenda.

Moreover, an extraordinary general assembly can be convened by two thirds of the members for the following purpose and under the following conditions: amendments to the articles of association, provided that a registered letter is addressed to the Management Board.

The Management Board then has thirty days to send the convening notices. These convening notices provide for an extraordinary General Assembly within thirty days after receipt of the convening notice.

### **Article 11**

Every member entitled to vote can be represented at the General Assembly by another member entitled to vote, by means of a specific power of attorney. A member entitled to vote cannot hold more than one power of attorney. The General Assembly can only deliberate validly if fifty per cent of the members entitled to vote are present or represented.

### **Article 12**

Except for the exceptional cases referred to in the present articles of association, the decisions are taken by a simple majority of the members present and represented.

All members are notified of the decisions that have been taken.

No decisions can be taken on items that are not on the agenda, unless these items have been considered necessary and relevant by a simple majority of the members entitled to vote, who are present at the beginning of the general assembly.

The decisions of the General Assembly are recorded in a register, which is signed by the president of the Management Board and kept by the secretary-general, who puts this register at the disposal of the members whenever requested.

## **Amendments to the articles of association, dissolution**

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### **Article 13**

Without prejudice to the stipulations of articles 50§3, 55 and 56 of the act about the non-profit organisations, the international non-profit organisations and the foundations, each proposal to amend the articles of association or to dissolve the association must be made by the Management Board or by at least two thirds of the members of the association who are entitled to vote.

The Management Board has to inform the members of the date of the General Assembly during which such a proposal will be discussed at the latest three months in advance.

The General Assembly can only deliberate validly if two thirds of the members of the association who are entitled to vote are present or represented.

A decision is only valid if it is taken by a two-third majority of the votes.

If the quorum of two thirds of the active members is not present at the General Assembly, a second General Assembly will be convened under the same conditions as the first assembly. This second General Assembly will be entitled to take a final and valid decision with regard to the proposal brought forward, regardless of the number of members present or represented.

Amendments to the articles of association will only take effect after ratification by the competent authorities pursuant to article 50§3 of the act and after publication in the annexes of the Belgian Official Gazette pursuant to article 51§3 of the same act.

The General Assembly determines the manner in which the association will be dissolved and liquidated.

Any net assets remaining after the liquidation must be transferred to a private legal entity operating on a non-profit-making basis with similar objects as those of the dissolved association or, in the absence thereof, be used for a charity (to be specified).

## **Management**

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### **Article 14**

The association is managed by a Management Board, consisting of 8 members (president, vice-president and 6 managers).

The managers are elected by the General Assembly for a period of two years. The term of office of a manager can be extended by the same period only once. After having held the office of manager during four years, a member can offer himself for re-election at the earliest six years after the expiry of his term of office.

A term of office will be terminated by decease, retirement, civil incapacity or the appointment of an administrator, removal from office or expiry of the term of office.

Managers must inform the General Assembly of their retirement in writing. If an office becomes vacant, the Management Board can appoint a temporary replacement, who will complete the term of office of his predecessor. The managers can be removed from office by the General Assembly, which decides by a two-thirds majority of the members present or represented.

### **Article 15**

The Management Board elects a president and a vice-president among its members.

**Article 16**

The Board meets at least twice a year after having been convened by the president.

The Board can only deliberate validly if at least fifty per cent of its members are present or represented. A manager can be represented by another manager. However, a manager cannot hold more than one power of attorney.

**Article 17**

The Management Board has the power to decide on all matters of management, to the exclusion of the matters that fall within the exclusive competence of the General Assembly. Rules of internal order deal with practical, organizational and administrative aspects of the association and are the authority of the Management Board.

The Board can entrust the daily management of the association to its president or to a manager. In addition, the board can, on its own responsibility, entrust specific, well-defined powers to one or several other persons.

**Article 18**

Decisions of the Management Board are taken by simple majority of the managers present and represented. In the event of an equality of votes, the president has a casting vote.

The decisions are recorded in a register that is signed by the president and kept at the office, where the minutes of the General Assembly and of the Board meetings are kept.

### **Article 19**

All documents binding the association must, except in case of a specific power of attorney, be signed by two managers appointed by the Management Board. One of these managers must always be the president, and the managers signing the documents need not prove their powers to third parties.

### **Article 20**

The Management Board represents the association in court, either as plaintiff or as defendant, and is represented to that effect by the president or by a manager designated by the Board.

## **Budgets and accounts**

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### **Article 21**

The association's financial year ends on 31 December.

The Management Board must submit the accounts of the past financial year and the budget for the following year to the General Assembly for approval.

The General Assembly can decide to create a reserve fund, to determine the amount and the manner in which this fund will be built up by means of the contributions of the members.

## **General stipulations**

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### **Article 22**

Everything that is not referred to in the above articles of association, and in particular the publications in the annexes of the Belgian Official Gazette, will be subject to the stipulations of Title III of the act of 27 June 1921 about the non-profit organisations, the international non-profit organisations and the foundations.

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# Rules of Internal Order

## 1. General

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### a. The Confederation

The European Confederation of Institutes of Internal Auditing is a confederation of national associations of internal auditing, which are located in countries within the greater European economic area and the Mediterranean basin. It represents the professional internal audit bodies of these countries and has no individual members.

It shall be referred to as ECIIA.

The business language used is English.

### b. Purpose

The purpose of ECIIA is to represent its members and promote their interests by

- providing a focus for co-ordinating common activities and interests
- promoting best practices and developing the profession
- encouraging acceptance of and adherence to global professional standards
- developing educational and training facilities with and for the members
- providing a forum for exchanges of views on all relevant matters
- undertaking programmes of work through a mix of volunteers and other resources as needed

**c. Mission**

- To be the consolidated voice for the profession of internal auditing in a widely defined Europe, by dealing with the European Union, its Parliament and Commission, and by any other European or global institutes of influence.
- To represent and develop the internal auditing profession throughout the wider area of Europe and the Mediterranean basin. (region)
- To represent the European internal auditing profession in tandem - and in consultation - with IIA Inc. (the worldwide Institute of Internal Auditors).
- To promote the profession in economically emerging countries, as appropriate within the wider geographic area of Europe and the Mediterranean basin.

**d. Definition**

As defined by the International Standards for the Professional Practice of Internal Auditing

“ Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization’s operations.

It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve its effectiveness of risk management, control and governance processes. ”

**e. Organisation**

ECIIA is governed by a General Assembly, which is held minimum once per year. Voting members have final authority.

The General Assembly approves the work programme of ECIIA, its funding and strategy. It also elects the members of the Management Board.

The Management Board consists of 8 members:

4 members of major European countries belonging to the EC, 3 members of smaller European countries and 1 member of a non-European country.

They meet on a regular base.

The Management Board carries out the decisions of the General Assembly and controls the daily operations of ECIIA. It also organizes programmes to meet the objectives of ECIIA.

An Audit Committee is established with minimum 3 members, elected by the General Assembly. They review the financial statements of ECIIA and discuss with the external auditor the nature and scope of the audit and his findings.

Project groups may be set up by the General Assembly or the Management Board in order to undertake specific tasks. Project Groups will be led by a member of the Management Board and assisted by members from different countries.

**f. Contributions**

Funding of ECIIA will be on basis of annual contributions as decided by the General Assembly. Major countries are expected to deliver a higher contribution. Other sources may also contribute to ECIIA.

### **g. Membership**

Membership of ECIIA is open to all institutes of internal auditing, i.e. to non-profit organizations representing the internal audit profession in their country. (Art 4 of the articles of association)

By virtue of membership the participating professional organizations agree to pay the annual contribution. (Art 8)

Non-payment may result in the cancellation as a member with voting rights.

A professional internal audit organization of a country, as a member, can only be represented by one vote.

All members have to accept the Code of Ethics and the Professional Standards of IIA Inc. (IIA Global).

### **h. Finance**

ECIIA is Belgian international non-profit organization. It tries to operate on an annual break-even basis.

Budget for cost and revenue and a cashflow, with a projection for the following 2 years, are prepared annually and submitted for approval to the General Assembly.

In addition to the financial information a Business Plan will also be submitted for approval to the General Assembly. This plan develops the strategy to meet the objectives of ECIIA in the next years.

It also allocates the required resources in manpower and finance.

**i. Quality assurance**

IIA-standards require the development of an independent QA and improvement programme with a recommendation for a review on a 5-year basis, resulting into a certification.

ECIIA promotes the excellence in internal auditing and strongly believes into the effectiveness of these independent reviews, based on the international IIA-standards. It will provide all stakeholders an additional confidence in the internal audit work.

ECIIA also promotes the degree of Certified Internal Auditor (CIA).

This degree confirms the professional skills of internal auditors and compliance with the international IIA-standards and Code of Ethics.

It is based on the courses and exams organized by IIA Inc. worldwide.

## 2. General Assembly

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### a. Structure

The General Assembly remains the ultimate governance body for ECIIA.

There will be one General Assembly a year with minimum 60 days prior notice, as defined in art 10 of the articles. The General Assembly will be a one-day event with the following format:

- The morning (maximum 1/2 day) to deal with business of ECIIA. Specific reports against tasks will be presented by the Management Board to the General Assembly for approval. Accounts will be approved and tasks decided for the following year.
- The afternoon will be reserved for networking.

An ECIIA Annual Conference will be arranged by the hosting institute before or after the General Assembly.

Hosting nations for the Annual Conference and General Assembly may rotate annually between a developed nation and a developing nation.

The host nation shall be responsible for the provision of all facilities for both a Management Board meeting and the General Assembly.

Where a developed institute hosts the Annual Conference and General Assembly, any profit will be shared with ECIIA on a 50 % to 50 % basis. Any losses will be entirely borne by the hosting institute. A Memorandum of Understanding will be agreed prior to the organisation of the Annual Conference. The Management Board may decide to agree a different profit share.

Where a developing institute hosts the Annual Conference and General Assembly, the profit share shall be negotiated between the Management Board and the hosting nation. Any losses will be entirely borne by the hosting institute.

An Extraordinary General Assembly may be called at any time provided (art 10):

- At least 2/3 of the members with voting rights notify the President of their support for calling an Extraordinary General Assembly, or
- If the majority of the Management Board decides to convene an Extraordinary General Assembly, and
- at least 60 days notice is respected.

A quorum for the General Assembly or Extraordinary General Assembly will require a minimum of half the voting members.

Proxies can be used: maximum one proxy per voting member. (Art 11)

One delegate from each member country may attend the General Assembly and represent the country with one vote.

Additional country representatives may attend the General Assembly as observers, but will not be allowed to speak unless requested by the President. Additional representatives will require to be funded for participation into business and social activities by their own Institute / Chapter.

The hosting country of the General Assembly shall be required to fund only one delegate per country, together with the members of the Management Board and guests invited by ECIIA.

**b. Voting**

All voting members (countries) have one vote, except as described hereunder. (Art 9)

Each representative at the General Assembly, holding a vote on behalf of his Institute, is elected by his Institute under the prevailing rules and procedures in existence in that member body.

In his capacity of representation at the General Assembly, he is expected to vote on all issues presented at the General Assembly.

Member institutes must inform the President of any change into the General Assembly delegate.

Matters to be voted upon must be proposed by a voting delegate, seconded by another voting delegate and put to the General Assembly for voting. A simple majority shall carry a resolution. (Art 12)

In case the country representative cannot attend the General Assembly, a proxy may be given to another member with voting right. (Art 11)

Members of the Management Board cannot hold proxies for members with a voting right. Proxies must be collected at the start of the General Assembly.

A 2/3 majority of the members present or represented by a proxy is required for:

- Changes to ECIIA boundaries, country additions or deletions.
- Exclusion of members “not in good standing”.
- Approval of the annual budget.

- Approval of the financial statements.
- Changes to the articles of association.

Members of the Management Board are not entitled to vote on any item of the General Assembly for which a vote is called.

However, members of the Management Board may exceptionally act as country delegates, in case the country representative is unable to attend the General Assembly. This has to be informed at the start of the General Assembly.

In case of conflicting interests, the member of the Management Board should not vote.

In case of a tied vote, the President shall hold a casting vote.

### **c. Agenda**

The agenda for the General Assembly shall be dispatched to the member institutes minimum 60 days prior to the meeting. (Art 10)

All documentation may be sent by standard mail or e-mail.

The agenda shall also include amongst business items:

- budget and forecast
- financial reporting
- nominations and elections when appropriate
- Report from the President
- the Auditor's Report
- discharge of the auditor
- appointment of the auditor

- discharge of the Management Board
- appointment of the new Management Board
- date and location of next General Assembly

Items from member institutes may be included into the agenda, provided they are submitted to the President minimum 30 days prior to the General Assembly.

Items not included into the agenda but raised at the start of the General Assembly may be added if accepted as being necessary and relevant, and being accepted by a simple majority of the voting members. (Art 12)

A financial report shall be given on behalf of the Management Board to the General Assembly at least annually. The report should be both historical in reporting actual performance against targets and look to the future by means of a presentation of the Business Plan, budgets and forecasts. Maintaining solvability on a permanent base is the responsibility of the Management Board.

Voting for the budget, with a 2-year forecast, is a fixed item on the agenda of the General Assembly.

#### **d. Minutes**

Minutes of the General Assembly shall be distributed to all delegates within 30 days. Distribution within countries to individual Institute/Chapter members is at the discretion of each delegate, but should respect the principles of openness and accountability.

**e. Others**

Members attending the General Assembly should respect the nature of confidentiality for matters discussed, if directed by the President.

The General Assembly may discuss disciplinary matters provided the correct notice has been given. These matters may include the exclusion or suspension of member bodies or individual delegates.

(Art 7)A “disciplinary matter” may include a serious breach of ECIIA's “articles of association” or “rules of internal order” on the part of any ECIIA member or becoming a member “not in good standing”, e.g. non-payment of the annual contribution.

A complaint should be notified to the Management Board before any inclusion in the agenda of the General Assembly is made.

The principle of subsidiarity provides for each ECIIA member to take up disciplinary matters within its own country and under its own disciplinary procedures.

The General Assembly or Management Board may initiate subcommittees for any agreed purpose.

The appointment of an auditor should be made for one year. (Art 9)

The auditor should carry out the financial duties of inspection, review and report, expected of such a post with an unrestricted access being given to the book of accounts and other relevant records. The General Assembly and/or the Audit Committee should review the activity and performance of the auditor annually, in addition to receiving the report.

### **3. Management Board**

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#### **a. Composition**

The Management Board is responsible for the day-to-day operations of ECIIA. The Management Board puts into effect the “articles of association” or “rules of internal order”, oversees the performance of the projects and the use of resources.

To do that it may establish procedures/“rules of internal order” as it deems appropriate, provided such procedures /“rules of internal order” do not conflict with the articles of association of ECIIA.

The Management Board consists of 8 members (art 14)

- The President
- The Vice-President
- plus 6 others.

At the discretion of the Management Board the last Past President may serve as a non-voting advisor and may act as the secretary of the meetings.

There will be 7 reserved seats for the EU (incl. EFTA) member countries and 1 seat reserved for non-EU countries.

The seat reserved for a non-EU representative will be elected by non-EU countries only.

#### **b. Requirements**

A requirement of membership of the Management Board is that individuals must be fully empowered to act on behalf of their national Institute.

Those selected to serve on the Management Board should be either the President, the Past President or a key Boardmember of their national Institutes.

The members of the Management Board are appointed because of their specific competence and personal characteristics and not because of rotation by country or the perception that it is a particular individual's "turn" to serve.

Other requirements to be a member of the Management Board are:

- Credibility as a spokesperson for the ECIIA member countries
- Strong leadership, assertiveness and negotiating skills
- Time availability consistent with the activity level of the Management Board
- Support from the member's Institute in terms of travel, equipment and facilities
- Possess communication and language skills
- Minimum 5 years experience in internal auditing
- At the time of nomination to be (being) a practicing internal auditor
- Member of the Board of their national Institute . Proven track record of involvement in national institute activities.

### **c. Nominations**

The President of ECIIA will give 3 months notice to all members, inviting for the nomination of candidates for the Management Board and will prepare a short list to be presented to the Management Board. The Management Board will shortlist the candidates who best fit the profile as described in this document and will present the proposal to the General Assembly.

Members of the Management Board will be elected by the General Assembly for a term of 2 years. (Art 14)

The Management Board proposes a President and Vice-President from its members to the General Assembly for approval. (Art 15)

The President and Vice-President shall serve for a 1-year term. (Art 10)

To maintain continuity of the Board each member of the Management Board shall hold office for 2 years.

They may be elected to serve one additional 2-years term, but the maximum consecutive period of membership shall be 4 years. (Art 14)

Previous members of the Management Board should not be permitted to serve again on the Management Board until at least 6 years have elapsed since previous membership. (Art 14)

All members of the Management Board will have clear task-oriented responsibilities. This does not prevent to elect another individual from the same country as the retiring member.

At least 2 members of the Management Board should be replaced annually by the General Assembly.

In case a member of the Management Board fails to deliver against his obligations or misses 2 consecutive meetings, then the Management Board may at their discretion replace the member with a co-optee, who would enjoy all privileges as member of the Management Board.

All other members of the Management Board must agree to this decision.

Any Boardmember subject to review under this rule must be given adequate opportunity to put his case to the rest of the Board.

In case of the resignation of a Boardmember, the Management Board may co-opt an individual onto the Management Board, pending the next General Assembly.

Any such person co-opted would enjoy full privileges as a member of the Management Board.

A member of the Management Board can be represented by proxy.  
Each member can only hold one proxy for another member. (Art 16)

#### **d. Functions**

The Management Board will be responsible for, but not restricted to

- Proposing strategies, policies, objectives and projects for approval to the General Assembly
- Managing approved budgets
- Developing fund raising activities
- Developing the financial plan and preparing the annual accounts for approval by the General Assembly
- Provide the General Assembly with clear evidence of progress against approved objectives and on projects.

The duties and responsibilities of the President shall include, but not necessarily be limited, to the following:

- Liaise with appropriate EU institutions, organisations and individuals to promote the interests of ECIIA.

- Ensure that the Management Board is properly kept informed of IIA Global Executive Committee activities, and to ensure that IIA Global Executive Committee is kept informed of ECIIA activities.
- Promote the (internal auditing) profession and ECIIA at international and national forums where a benefit can be perceived. This includes attendance at EU Committees. The President may delegate any of these activities to another member of the Management Board.
- Establish links with other professional bodies where a mutual benefit can be gained. This includes organisations such as FEE, ISACA, ICAEW etc.
- Assist less developed or developing institutes by attending and speaking at events.
- Promote cross-border co-operation between members.
- Act as an enabler for pan-European audit initiatives, where appropriate.
- Oversee the organisational and administrative functions of ECIIA.
- Act as Chairman of both the Management Board and the General Assembly.
- Keep member institutes regularly informed of ECIIA activities.
- Act as the Ambassador for ECIIA whenever reasonably required to do so

The Vice-President is a member of the Management Board and plays a full significant part in all Board meetings. In addition, the Vice-President may be required to deputise for the President for any and all of the relevant duties (see above) where the President deems appropriate. In the event that, at any time, the President is unable to fulfil his/her duties the Management Board may appoint the Vice-President to be President until the next General

Assembly, or for any period up to the next General Assembly it deems appropriate.

The President may legally bind the Confederation following a resolution of the Management Board or General Assembly within the limits of the authority level.

### **e. Meetings**

The Management Board will be required to meet at least twice a year. (Art 16) Other meetings may be called if necessary.

No substitutes will be permitted.

Decisions to be taken by the Management Board which require a vote of Board members shall be decided by a simple majority.

In the case of a tie, the President holds a casting vote. (Art 18)

To contribute to openness and accountability, Management Board minutes will be made available to all General Assembly delegates on the day of the General Assembly.

Members can, by request receive Management Board minutes.

In this case, the documents will be sent by e-mail, or made available by other electronic means, no later than 30 days after each Management Board meeting.

Authority levels of the Management Board and General Assembly are set out in this document. The Management Board may create Project Groups

for any fit purpose including overview and governance purposes. Project Groups will be led by one member of the Management Board assisted by ECIIA members from different countries, as appropriate.

#### **f. Authorities**

Overall asset and investment strategy; granting loans; real property purchases; mortgage agreements require General Assembly approval.

The Management Board approves any items of expenditures and commitments of € 4.000 or above.

Any 2 Management Board members including the President may authorise payments and commitments.

The President may singly sign an instrument up to a total value of € 4.000 subject to satisfactory internal controls being in place.

The President acting with one other Management Board member signs contracts etc. on behalf of the Management Board.

All authority levels must be exercised within budget approvals.

As a general principle, the supply of goods and services should be subject to an open tendering procedure. The value above which tendering procedures must take place shall be agreed upon from time to time by the Management Board and recorded in the minutes of a Board meeting.

The Management Board may authorise the mounting of conferences as a result of their own initiatives or of initiatives presented to them. In general a Project Group will undertake the detailed overseeing of such events and a contractor may be appointed in approved cases.

In order for the events to succeed, it will often be necessary to ensure that funds are available well before inflow of revenue from sales of conference places occurs. Authority to make advances to contractors in these circumstances may be delegated to the President, provided that an event budget has been approved by either the Management Board or a properly constituted Project Group. Advances may only be granted in line with the scale of each event's budget and should be reported upon in accordance with the Project Group's agreed financial reporting time frame.

## **4. Financial operations and authorities**

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### **a. Financial commitments, purchases, asset acquisitions**

The President, along with any other member of the Management Board, may financially commit ECIIA up to levels agreed upon from time to time and recorded in the minutes of a Management Board meeting.

Purchases of goods and services may only be made on ECIIA official stationery and in accordance with agreed budgets. This may be achieved by electronic means provided that relevant controls are in place.

Acquisition of assets of a substantial nature may only occur with the agreement of the Management Board at a properly constituted meeting and the decision recorded in the minutes.

An asset register shall be maintained.

### **b. Accounting, budgeting and audit of accounts**

Income and expenditure accounts, together with an annual balance sheet, shall be maintained by an approved service provider. Annual presentation of accounts shall be made to the General Assembly. (Art 9)

An annual budget, together with a 2-year forecast, shall be presented annually to the General Assembly.

The financial statements and accounts shall be subject to an annual audit and such audit shall be carried out by a suitably qualified auditor. The

level of audit expected by ECIIA requires that an auditor, qualified to the standard of most member country's Companies Act or similar, should be the person appointed.

### **c. Financial transactions**

ECIIA shall hold bank accounts of a nature to both undertake day to day operations and make future investments. The operation of these accounts shall be subject to agreed internal and external controls.

Reconciliation of bank accounts shall be undertaken on a regular and timely basis.

Cheque book transactions and electronic transfers of funds may take place only by the authorities and signatures and up to value levels, which may be agreed from time to time by the Management Board.

These agreements must be documented in the minutes of a Management Board meeting and the authorities amended accordingly.

The use of the ECIIA name for personal purchases of any nature by Management Board members is prohibited.

### **d. Fund advances**

Advances of funds made for the specific purpose of running conferences in accordance with procedures is permitted up to levels agreed by the Management Board. Advances for other purposes may be made on the authority of the Management Board, recorded in the minutes of a properly constituted meeting, as appropriate.

**e. Contributions**

Contributions shall be agreed, by the General Assembly, annually as part of the budget approval process. (Art 8)

Such contributions shall be invoiced to member countries prior to the date of 1 March. Payment will be expected within one month of receipt of invoice.

Non-payment or late payment may result in sanctions being taken against the relevant member country, after approval by the General Assembly.

## **5. Audit Committee**

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### **a. Committee operations**

The Audit Committee is established in accordance with the wishes of the General Assembly and the ECIIA policies.

There shall be no fewer than 3 members and a quorum shall be 2 members. The members shall be proposed to the General Assembly by the Management Board, such proposal to include a recommendation for the appointment of the Chairman of the Committee.

The Committee may appoint one of its members to act as Secretary of the Committee.

The Committee may invite Management Board members, external auditors and any other appropriate persons to attend all or part of particular meetings.

Committee meetings shall be held at least once per year; other meetings may be held also by any electronic or communication means such as telephone and video conferencing as agreed by the Committee members.

### **b. Authority of the Committee**

The Committee is authorised by the General Assembly to investigate any activity within the duties set out below. It is authorised to seek any information it requires from ECIIA employees (if any), elected officers or members.

The Committee is authorized, when it sees it necessary, to meet the Management Board or some Board members in order to be informed of the actions taken by the Management Board to handle the issues raised by the Audit Committee or external auditors.

Having informed the Management Board, the Committee is authorised to obtain outside legal or independent professional advice of any kind if it considers this to be necessary, subject to prior approval by the General Assembly.

If charged by invoice, this will be paid by the ECIIA after approval by the Chairman of the Audit Committee.

### **c. Duties of the Committee**

The Committee shall consider the appointment of the external auditor, the audit fee and any questions of resignation or dismissal of the external auditor.

The Committee shall discuss with the external auditor the nature and scope of the audit before it commences.

The Committee shall review ECIIA financial statements before submission to the General Assembly, focusing particularly on:

- compliance with ECIIA procedures and policies as appropriate
- any changes in accounting policies and practices
- significant adjustments resulting from any audit
- compliance with accounting standards
- internal financial controls

- compliance with legal requirements
- corporate governance requirements.

The Committee shall discuss difficulties and qualifications arising from an audit and any other matters the external auditor may wish to discuss.

The Committee shall review any Management Letters from the external auditor together with the response of ECIIA officers.

The Committee shall review the main findings of any appropriate internal investigation and consider the ECIIA officers' response.

ECIIA Management Board being responsible for all administrative requirements to fulfil legal obligations, the Committee shall review and report to the General Assembly on compliance with those legal requirements

#### **d. Reporting procedures**

The Committee Secretary shall circulate the minutes of the meetings to all members of the Committee and the ECIIA Management Board.

The Committee shall present a report of its deliberations at each meeting of the General Assembly.



## ECIIA members 2007: 31

Austria	IIA-Austria	<a href="http://www.internerevision.at">www.internerevision.at</a>
Azerbaijan	IIA-Azerbaijan	<a href="http://www.audit.gov.az/ict-bir.php">www.audit.gov.az/ict-bir.php</a>
Belgium	IIA-Belgium	<a href="http://www.iiabel.be">www.iiabel.be</a>
Bulgaria	IIA-Bulgaria	<a href="http://www.iiabulgaria.hit.bg">www.iiabulgaria.hit.bg</a>
Croatia	Croatian Association of Accountants and Financial Experts	<a href="http://www.rif.hr">www.rif.hr</a>
Cyprus	IIA-Cyprus	<a href="http://www.iiacyprus.org.cy">www.iiacyprus.org.cy</a>
Czech Republic	IIA-Czech	<a href="http://www.interniaudit.cz">www.interniaudit.cz</a>
Denmark	IIA-Denmark	<a href="http://www.ia.dk">www.ia.dk</a>
Estonia*	IIA-Estonia	<a href="http://www.theiaa.org/chapters/index.cfm/view.news_detail/cid/300/newsid/6112">www.theiaa.org/chapters/index.cfm/view.news_detail/cid/300/newsid/6112</a>
Finland	IIA-Finland	<a href="http://www.theiaa.fi">www.theiaa.fi</a>
France	IFACI	<a href="http://www.ifaci.com">www.ifaci.com</a>
Germany	Deutsches Institut für Interne Revision (IIR)	<a href="http://www.iir-ev.de">www.iir-ev.de</a>
Greece	Hellenic Institute of Internal Auditors	<a href="http://www.hiia.gr">www.hiia.gr</a>
Hungary	IIA-Hungary	<a href="http://www.ia.hu">www.ia.hu</a>
Israel	IIA-Israel	<a href="http://www.iaa.org.il">www.iaa.org.il</a>
Italy	IIA-Italy	<a href="http://www.iiaweb.it">www.iiaweb.it</a>
Lithuania	IIA-Lithuania	<a href="http://www.theiaa.org/chapters/index.cfm/home.page/cid/303">www.theiaa.org/chapters/index.cfm/home.page/cid/303</a>
Luxembourg	IACI Luxembourg	<a href="http://www.iaa.lu">www.iaa.lu</a>
Morocco	AMACI	
Netherlands	IIA-Netherlands	<a href="http://www.iaa.nl">www.iaa.nl</a>
Norway	IIA-Norway	<a href="http://www.nirf.org">www.nirf.org</a>
Poland	IIA-Poland	<a href="http://www.iaa.org.pl">www.iaa.org.pl</a>
Portugal	IPAI	<a href="http://www.ipai.pt">www.ipai.pt</a>
Romania*	IIA-Romania	<a href="http://www.aair.ro/new/">www.aair.ro/new/</a>
Slovakia	SKIIA	<a href="http://www.skiia.sk">www.skiia.sk</a>
Spain	IIA-Spain	<a href="http://www.iai.es">www.iai.es</a>
Sweden	IIA-Sweden	<a href="http://www.irf.se">www.irf.se</a>
Switzerland	SVIR	<a href="http://www.svir.ch">www.svir.ch</a>
Tunesia	IIA-Tunesia	<a href="http://www.atai.org.tn">www.atai.org.tn</a>
Turkey	TIDE	<a href="http://www.tide.org.tr">www.tide.org.tr</a>
UK & Ireland	IIA- UK & Ireland	<a href="http://www.iaa.org.u">www.iaa.org.u</a>

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