

CHARTER

**“INSTITUTE OF INTERNAL AUDITORS-ARMENIA”**

**NON-GOVERNMENTAL  
ORGANIZATION**

Yerevan

2013

## 1. General Provisions

- 1.1. The public organization “Institute of Internal Auditors-Armenia” (hereafter referred to as Institute) is a type of (not for profit) public association which does not pursue the purpose of gaining profit and redistributing this profit among its members, and into which based on their common interests, in the manner prescribed by the law, physical persons, including RA citizens, foreign citizens and those without a citizenship, have joined for satisfying their non religious spiritual and non material other needs; for protecting their and other persons’ rights and interests; for providing material and non-material assistance to the public and its certain groups and for carrying out other activities for public benefit.
- 1.2. The Institute has been formed in accordance with the Constitution of the Republic of Armenia, RA Civil Code (hereafter the Code), RA law on Public Organizations (hereafter the Law) and is guided by RA Constitution, RA international treaties, the Code, the Law, other laws and legal acts and the present Charter while carrying out its activities.
- 1.3. The Institute has been formed by the founders through founding process. The Institute was founded by the Founders Meeting as public organization “Institute of Internal Auditors-Armenia” on November 20, 2012.
- 1.4. The principles of activity of the Institute are legality, publicity, voluntary membership, equality of the members before the law, self-governance, and joint leadership
- 1.5. The Institute does not pursue political, religious, professional objectives.
- 1.6. The name of the Institute is:
- |                |   |
|----------------|---|
| Full Armenian  | <b>“Institute of Internal Auditors-Armenia” Non-Governmental Organization</b><br>(Full Armenian name) |
| Short Armenian | <b>“IIA-Armenia” NGO</b><br>(Short Armenian name, name abbreviation)                                  |
- 1.7. The legal address of the Institute is:
- Vazgen Sargsyan 6, Yerevan, Republic of Armenia, 0010**  
(Legal address of the Institute)
- 1.8. The location of the Institute:
- Vazgen Sargsyan 6, Yerevan, Republic of Armenia, 0010**  
(Location of the Institute)
- 1.9. The working languages of the Institute are Armenian and English.
- 1.10. The Institute’s activity term is not restricted.
- 1.11. The Institute has a round stamp bearing its name in Armenian, Russian and English, blanks, logo and other symbols.
- 1.12. The Institute logo represents itself the abbreviation of the name and location of the Institute in English bold and regular capital letters, i.e. the globe outlines above IIA letters to the left, the English letter “R” in a circle to the right, and below the letters the English word “Armenia”. The image of the logo of the Institute and its description are the integral part of the Charter.

- 1.13. The Institute is considered formed from the moment of its state registration in compliance with the Law. The Institute acquires the status of a legal entity from the moment of its state registration.
- 1.14. The present Charter comes into force from the moment of the state registration of the Institute.
- 1.15. The institute carries out its activities in the Republic of Armenia, as well as foreign countries in accordance with the legislations of those countries.

## **2. OBJECTIVES AND SCOPE OF ACTIVITIES OF THE INSTITUTE**

- 2.1. The Institute has been formed by the voluntary union of the citizens, in the manner prescribed by the Law, who have joined based on their common interests for satisfying their non-religious spiritual and non-material other needs; for protecting their and other persons' rights and interests.
- 2.2. The scope of the activity of the Institute in the manner prescribed by the Legislation and/or the defined by the Institute is:
  - 2.2.1. The establishment of the professional qualification processes by the Institute,
  - 2.2.2. The development, introduction and application of the professional behavior rules for the members of the Institute,
  - 2.2.3. The cooperation with other public (international and local) and academic organizations, participation in those organizations and membership for the purpose of coordinating the activities in the field of internal audit and participation in operational, academic and scientific elaborations,
  - 2.2.4. The participation in the development and introduction of the mechanisms supporting the provision of the internal audit services in compliance with standards of the internal audit, and the support for drafting legal acts in the sphere of internal audit, risk assessment, internal control and corporate governance,
  - 2.2.5. The provision of consultancy within the statutory activity to the members of the Institute on the legal considerations of internal audit, risk assessment, internal control, corporate governance, accounting, audit, finance, taxation and other sectors of economy,
  - 2.2.6. The analysis and systematic presentation of the experience of the internal auditors, organizations providing internal audit services,
  - 2.2.7. The development of computer programs for the collection and analysis of internal audit, risk assessment, internal control, corporate governance, accounting, finance, analytical, audit and economics professional literature and data base, as well as the provision of the Institute members with professional literature and legal acts,
  - 2.2.8. The organization and holding of lectures, scientific conferences, business and experiences sharing meetings and other events on the topic of internal audit, risk assessment, internal control, corporate governance, accounting, and finance,
  - 2.2.9. The organization of research for providing professional assistance on methodological issues and problems arising in the process of activities in the field of internal audit, risk assessment, internal control, corporate governance, as well as the assistance and

- encouraging of introduction and dissemination of research, scientific, educational achievements and innovation, and the publication of professional literature,
- 2.2.10. Other works directed to the achievement of the Institute's statutory objectives.
- 2.3. The objectives of the Institute are:
- 2.3.1. The assistance in the development of the internal audit activities in the Republic of Armenia in the manner prescribed by the Law,
- 2.3.2. Having approved and applicable rules for professional conduct of the Institute to assist in protecting the rights and interests of the Institute members,
- 2.3.3. Development and enhancement of the professional skills and knowledge of the Institute's members,
- 2.3.4. Assistance in provision of internal audit services in compliance with the international standards of internal audit, participation in drafting legal acts in the sphere of internal audit,
- 2.3.5. Cooperation with other professional public (international and local) and academic organizations in the field of internal audit,
- 2.3.6. Presentation and analysis of problems in the field of internal audit, risk assessment, supervision, accounting, finance and audit through organization and holding of lectures, scientific conferences, business and experience sharing meetings and other events,
- 2.3.7. Enhancing the role and reputation of the profession through development of library for internal audit, risk assessment, supervision, accounting, analytical, audit and economic literature, information analysis database, computer programs,
- 2.3.8. Carrying out scientific, research, academic activities on legal and other matters of internal audit, risk assessment, supervision, accounting, audit, finance, taxation and other economic spheres,
- 2.3.9. Publishing professional periodicals and literature.
- 2.4. The Institute determines itself the forms of its activity.
- 2.5. The Institute may carry out business activities only through establishing commercial organizations or through participation in such organizations.

The Institute may carry out other activities not envisaged by the present Charter as long as they do not contravene the current Legislation of the Republic of Armenia.

### **3. INSTITUTE RIGHTS, OBLIGATIONS AND RESPONSIBILITIES**

- 3.1. The legal rights of the Institute arise from the moment of its foundation and cease upon completion of liquidation
- 3.2. The Institute is free to define its rights and obligations on the basis of the agreement, and to determine any stipulation of the agreement not contravening the legislation.
- 3.3. The Institute has rights in compliance with the objectives of the activities envisaged by the law and the present Charter and bears liabilities associated with those activities.
- 3.4. The Institute has a legal right to protect its rights in a manner not prohibited by law.

- 3.5. The Institute is a legal entity, has its own separate property on its own balance sheet, may acquire and exercise property and personal non-property rights, bear liabilities, on behalf of its name participate in inventory turnover and act as a claimant or respondent at court.
- 3.6. For the implementation of its statutory objectives in a manner prescribed by law the Institute has the right:
  - 3.6.1. To represent and defend the rights and lawful interests of itself and its members in a manner prescribed by law in other organizations, before court, the state and local self-governance bodies,
  - 3.6.2. To cooperate with other non-commercial organizations, including international and foreign non-governmental non-commercial ones,
  - 3.6.3. To plan its own activities, the procedure for carrying out its external activities,
  - 3.6.4. To obtain property in a manner not prohibited by RA Legislation, including securities, possess, use and manage them and the income generated by them, establish its own financial resources, including borrowings, receive loans, conclude agreements and bear liabilities in a manner prescribed by RA,
  - 3.6.5. On the initiative of its own or the state and local self-governance bodies on contractual or mutual agreements basis may fully implement or participate in the state and local self-governance bodies' socially significant programs and other events arising from the statutory objectives of the Institute,
  - 3.6.6. To form separate divisions, branches, representations and offices in a manner prescribed by the present Charter, as well as divisions in other countries in a manner prescribed by the Legislations of those countries unless otherwise stipulated by the international treaties of the Republic of Armenia,
  - 3.6.7. To establish unions with other non-commercial organizations, including international and foreign non-governmental non-commercial organizations or to become members of such unions maintaining its independence and the status of legal entity for the purpose of carrying out systematized activities, representing and defending common interests,
  - 3.6.8. To join international non-governmental associations, to have international connections, to conclude agreements with foreign organizations,
  - 3.6.9. To disseminate information about its activity, to found media means,
  - 3.6.10. The law may also stipulate other rights of the Institute.
- 3.7. The Institute may open accounts in banks.
- 3.8. The Institute has its own balance sheet.
- 3.9. The establishment of companies, representations, branches and offices in other countries and/or participation in such organizations is carried out in compliance with law and other legal acts of the corresponding countries unless otherwise stipulated by the international treaties of the Republic of Armenia.
- 3.10. The state shall ensure the protection of the legal rights and interests of the Institute in a manner prescribed by the laws. The state shall provide assistance and aid to the Institute in cases and manner prescribed by the laws and other legal acts.

- 3.11. The Republic of Armenia and the local self-governance bodies are responsible for the liabilities of the Institute. The Institute does not bear responsibility for the liabilities of the Republic of Armenia and the local self-governance bodies.
- 3.12. The Institute is responsible for its liabilities with all property belonging to it. .
- 3.13. In case of complying with its statutory objectives, on the initiative of its own or the state and local self-governance bodies on contractual or mutual agreements basis may fully implement or participate in the state and local self-governance bodies' socially significant programs and other events.
- 3.14. The rights of the Institute may be restricted only in cases and manner envisaged by law.
- 3.15. The Institute is obliged:
  - 3.15.1. To keep the records of its members,
  - 3.15.2. Upon request of any person and within reasonable time frames, that should not exceed 7 calendar days, to give the person an opportunity to get acquainted with the charter of the organization,
  - 3.15.3. To keep office and accounting records in the manner prescribed by the law,
  - 3.15.4. To submit for approval to a general meeting of organization the reports on its activities and on utilization of its property. The Institute obliges to ensure the publicity of those reports, and submit for approval to a general meeting of organization the reports on its activities and on utilization of its property not less than once in two years, ensuring the publicity of those reports,
  - 3.15.5. To submit to the state bodies reports and information in the manner and cases stipulated by the law,
  - 3.15.6. Upon the well-grounded demand of the state governmental authorized body in the field of justice of the Republic of Armenia (hereafter referred to as state authorized body) within reasonable time frames to provide the latter with the copies of Copies of the decisions of the higher and other authorities of the Institute, other documents concerning the activities of the organization, and to allow the representatives of that body to be present at the general meeting of the organization,
  - 3.15.7. To apply to the state registration body within the period of one month following the decision on the creation or dissolution of separate subdivisions or institutions, for their registration or withdrawal from the records, in the manner prescribed by the law,
  - 3.15.8. In case if the official entitled with the right to represent the organization without power of attorney has changed and (or) if the legal address of the organization has changed, to submit to the state registration body, within the period of 14 calendar days, the passport information of the newly elected person and (or) the information on the new legal address of the organization,
  - 3.15.9. The Law may stipulate other obligations of the Institute.
- 3.16. For carrying out illegal activities the organization and its officials bear responsibilities stipulated by the law.
- 3.17. In case the Institute has caused damage to the citizens or legal entities by its illegal activities, it is obliged to compensate at the expense of its property and in the manner

prescribed by law. The Institute is liable for non-performance or improper performance of its obligations by its property, as stipulated by law.

#### **4. THE PROPERTY OF THE INSTITUTE**

- 4.1. The Institute has proprietary right for its property. The Institute may possess any property, with exception of those types of property that cannot be owned by legal entities as stipulated by law.
- 4.2. The quantity and the value of the property under the Institute ownership is not restricted unless otherwise stipulated by law.
- 4.3. The property of the Institute is generated by:
  - 4.3.1. Membership fees,
  - 4.3.2. grants,
  - 4.3.3. donations,
  - 4.3.4. activities carried out in compliance with the prescribed manner,
  - 4.3.5. Other sources not prohibited by the law.
- 4.4. Property devolved to the Institute, by proprietary rights, by the founders of the Institute and its members, as well as all property obtained through other sources shall be considered as the property of the Institute.
- 4.5. The Institute shall possess, use and manage its property for the fulfillment of and according to its statutory goals, in the manner prescribed by its charter and the law.
- 4.6. The founders and members of the Institute do not have proprietary rights over the property (including the membership fees) devolved to the Institute.
- 4.7. The founders and members of the Institute do not bear responsibility for the liabilities of the Institute, and the Institute does not bear responsibility for the liabilities of its founders and members.
- 4.8. The property of the Institute in the RA is under the RA protection. The property of the Institute can be levied only by the court, in cases prescribed by law.
- 4.9. The property of an organization shall not be distributed among its founders and members. The profit generated from the activity of the Institute shall not be distributed among its founders and members.

#### **5. INSTITUTE MEMBERSHIP**

- 5.1. The membership is exclusively on voluntary basis, with expression of his/her free will and in the manner prescribed by the present Charter.
- 5.2. Members of the Institute may be:
  - 5.2.1. Professionals with internal auditor, auditor, accountant or bookkeeper qualification in the manner stipulated by RA legislation and/or the Institute,
  - 5.2.2. Specialists who have received internal auditor, auditor, accountant or bookkeeper qualification in other countries in case the qualification criteria are recognized by the Institute's qualification standards defined by the Institute's qualification system approved by the Institute Board,

- 5.2.3. Specialists who at the point of applying for membership work as internal auditor, auditor, accountant and bookkeeper or working for organizations providing audit and accounting services,
- 5.2.4. Persons who have graduated from higher or specialized secondary educational institutions as a specialist of internal audit, audit, accounting or bookkeeping, or those still studying at such institution at the moment of applying for membership,
- 5.2.5. Persons working in spheres related to audit and accounting and/or other associated professions.
- 5.3. Those applying for the membership shall certify in writing their agreement with the Institute Charter and the Code of Ethics by submitting membership application through the registration in the Institute website or by sending it to the Institute's official email address. The admission of the member is based on the decision of the Institute Nomination and Membership Committee in compliance with the prescribed procedure.
- 5.4. The Board of the Institute may authorize the Chairman or the director of the Institute to carry out the admission of members of the Institute.
- 5.5. The members of the Institute are presented with a certificate the form of which is approved by the Board of the Institute.
- 5.6. Membership approval decision is made in two weeks after membership fee payment.
- 5.7. The member of the Institute has the right to freely withdraw from the Institute membership on the basis of his/her written application or announcement.
- 5.8. The members of the Institute pay annual membership fee. The sum of the membership fee is determined by the Board of the Institute. The members of the Institute pay the membership fees simultaneously with submitting the applications for membership. In case of rejecting the application for membership the fee is reimbursed within 5 working days after the decision to reject the membership application.
- 5.9. After becoming a member the annual membership fee shall be paid by the member by January 31 inclusive, of the year following the current year. In case there is overdue membership fee after the stipulated deadline, the members are notified about the situation within a 7-day period by a registered mail or other means. In case of not payment of the membership fee within a month after receiving the notification, the membership is suspended by the decision of the Board of the Institute.
- 5.10. The membership fee for the Institute members is accrued starting from the month following the Nomination and Membership Committee decision to approve the membership.

## **6. RIGHTS AND OBLIGATIONS OF INSTITUTE MEMBERS**

- 6.1. Once the organization is established each of the founders of the Institute becomes a member of the organization with the same rights and obligations as the other members have. A person's membership in the Institute is not a base for restricting the person's rights and liberties.
- 6.2. Each member of the Institute (delegate) has right of one vote at the Meeting.
- 6.3. Each member of the Institute has the right



- 6.3.1. To be present at the Meeting of the Institute, if it is held with the participation of the delegates of the members of the Institute, and the person was not elected as one,
  - 6.3.2. To get acquainted with the recorded documents of the work of the Institute bodies,
  - 6.3.3. To receive copies of the adopted resolutions (fees collected for the copies shall not exceed the expenses incurred for making the copies),
  - 6.3.4. To elect and to be elected as Institute director and in supervisory bodies, to delegate and to be delegated in the supreme authority of the Institute,
  - 6.3.5. To be present at other events of general character organized by the Institute; to make suggestions to the Institute authorities for the purpose of the optimizing the works of the Institute,
  - 6.3.6. To appeal in writing the decisions of the Institute's bodies to higher bodies within 60 days after the day they learnt or were supposed to learn about the adoption of such decision unless otherwise stipulated by law,
  - 6.3.7. A resolution of the organization's body (including the supreme body), adopted in violation of law, charter of the Institute, or in violation of regulations set forth by the governing bodies of the Institute or in violation of the rights and legal interests of the Institute or its member, shall be rescind in legal form upon a member's or the candidate member's filed protest. Unless the law stipulates otherwise, the protest may be filed within the period of 60 days, following the day when a member or a candidate member of the Institute learnt or was supposed to learn about the adoption of a resolution of this kind,
  - 6.3.8. To make use of the consulting, information and other services offered by the Institute,
  - 6.3.9. To be a member of other organizations,
  - 6.3.10. Exercise other rights stipulated by law and the present Charter.
- 6.4. The members of the Institute are obliged:
    - 6.4.1. To fulfill the requirements of the present Charter, as well as the resolutions of the Institute bodies,
    - 6.4.2. To follow the Institute Code of ethics and the rules of professional behavior,
    - 6.4.3. To pay the membership fees in the manner and amount stipulated by the present Charter,
    - 6.4.4. To bear other obligations as stipulated by law and the present Charter,
  - 6.5. The Institute member involved in other Institute bodies as well may not simultaneously be elected into the supervisory body.
  - 6.6. Disciplinary sanctions may be applied by the Board of the Institute against members of the Institute breaching the rules of the Institute Charter, Code of Ethics and professional conduct, right up to the suspension of the membership which may be appealed to the Institute Conduct Committee.

## **7. THE STRUCTURE, MANAGEMENT AND SUPREME BODY OF THE INSTITUTE**

- 7.1. The structure of the Institute is stipulated by its charter and (or) by the decisions of its bodies corresponding to its charter.

- 7.2. The Institute is managed through its bodies, which operate according to the law and to the Institute's charter.
- 7.3. The bodies of the Institute and their structure are formed according to the procedures stipulated by the law and the present Charter.
- 7.4. The supreme body of the Institute is its members Meeting (Meeting), which has the authority to make the final decision on any matter concerning the activities of the Institute
- 7.5. The Institute Meeting may be regular or extraordinary. The regular meeting of the Institute shall be convened not less than once in two years, in the month of November in the manner prescribed by the charter of the Institute, in the form of joint meeting of its members, or via the telecommunication means, by drawing the appropriate protocol or by exchanging documents, which clearly show that the document comes from the person who is mentioned in the document as the author.
- 7.6. The Meeting may be held with the participation of all the Institute members or of their delegates. The procedure for holding the Meeting and electing delegates are stipulated by the Board.
- 7.7. The exact format (in the form of joint meeting of its members, or via the telecommunication means, or with the participation of the delegates) of holding the Meeting is determined by the Board.
- 7.8. The participants shall be notified about the agenda, place, date and time of the beginning of work of the Meeting from the Institute website or by emails no later than 14 days before the meeting.
- 7.9. In case of a valid demand from one third of the Institute members or the supervising body (supervisor) of the Institute, an extraordinary general meeting shall be convened in the period of no later than 14 calendar days and the participants shall be notified about the agenda, place, date and time of the meeting, in the manner prescribed for convening regular meetings and in the time frames envisaged by the charter, but no later than 3 days before the beginning of the meeting. If delegates of the Institute members participate in the meeting, and if it is not possible to elect new delegates within the time frames stated in this clause, the delegates who were elected to participate in the previous meeting of the Institute shall take part in the extraordinary meeting.
- 7.10. The meeting of the Institute shall be considered valid if convened in the manner prescribed by the charter, and if the number of participants exceeds half of the total number of all the members or the delegates.
- 7.11. The minutes of the general meeting of the Institute shall be kept for the time five years.
- 7.12. The supreme body of organization enjoys the exclusive authority:
  - 7.12.1. To approve the Institute's charter, the introduction of changes and (or) amendments to it, or approval of a new charter,
  - 7.12.2. To approve the reports on the activities of the organization and on utilization of property,
  - 7.12.3. To elect those bodies, which are subordinate and accountable exclusively to the supreme body, including the election of the body which shall carry out supervision of the activities of the Institute; to introduce changes to the staff or premature termination of the authority of those bodies, meanwhile the duration of their

- authorities may not exceed the time period envisaged by the charter for the convention of regular meeting of the organization,
- 7.12.4. To make decision on restructuring the organization; to approve the act on devolving property or the balance sheet on division of property, except restructuring by the decision of the court,
  - 7.12.5. To make decision on dissolving the organization, except for cases when decision on dissolution is made by court,
  - 7.12.6. To solve other issues, if the charter of the organization envisages the solution of those issues exclusively by the supreme body.
- 7.13. The supreme body of the Institute cannot delegate its right on adopting a decision on exclusive issues to other bodies of the Institute.
  - 7.14. The Meeting is valid, if more than half of all the members of the organization or all the delegates have participated in it.
  - 7.15. In compliance with the law and the present Charter the decision on the issue of the exclusive authority of the supreme body shall be accepted, if more than half of all the members of the organization or of all the delegates (in case the Meeting is held with the participation of the delegates) have voted for this decision. Decisions on other issues shall be accepted with the simple majority of votes of the participants.
  - 7.16. If during the activities of the Institute or during the general meeting some situation arises that is not regulated by the law or the present Charter, the issues shall be solved by the decision of the supreme body.
  - 7.17. In the event that the candidates for the Director of the Institute or the members of the Board withdraw from the elections before the Meeting or during the Meeting, and no candidates remain: at least one candidate for the Director, at least three candidates for the Board, new candidates for the Director and Board members are nominated on the day of the Meeting.

## **8. BOARD OF GOVERNORS**

- 8.1. The governing body of the Institute is the Board of Governors (hereafter the Board) which consists of:
  - 8.1.1. The president, the vice presidents, the secretary and the treasurer (hereafter Executive body), whose authorities are defined for a period of 2 (two) years.
  - 8.1.2. 5 (five) Board member who are elected for a period of 2 (two) years. Meeting
  - 8.1.3. The 2 (two) most recent past institute presidents who are not holding other office in the institute and who are still members therein.
- 8.2. The candidates for the president, vice president, secretary, treasurer and the Board members are nominated by the Nomination and Membership Committee by informing the Executive body at least 7 days before the Meeting. The candidates may be also be nominated during the Meeting by the participants of the Meeting.
- 8.3. Board members shall be elected by a majority vote of members present during a specially programmed election meeting.
- 8.4. A governor may be removed by a two thirds vote of the Board provided such governor was granted an opportunity for a hearing before the Board. The Board shall also call a special

meeting of the institute to be held within thirty (30) days from the date of having taken such a decision. At this special meeting, the Board shall make a full and complete report of the action taken in removing the governor or governors along with the arguments. At the meeting, the vacant office(s) shall be filled. A governor removed by the Board may be re elected by the members and, if re elected, may not again be removed for the same offense. Any governor may be removed by a two-thirds vote of the members of the institute present at any duly held meeting provided notice of such proposed action was incorporated in the notice for the meeting. Such notice shall be mailed to the institute members by the institute secretary upon written petition of one-fifth of the members.

- 8.5. If the office of any governor shall become vacant by reason of death, resignation, or other circumstances as stipulated by clause 7.9 of the present Charter, the given Governor is substituted by the next candidate having received the majority of votes for the remaining period for holding the office.
- 8.6. If a governor's membership is terminated for any reason, the office shall automatically become vacant.
- 8.7. The governors of the institute shall receive no salaries or fees for their services. Governors may be reimbursed for expenses incurred in the performance of their duties subject to approval by the Board.
- 8.8. The Board of Governors shall meet at least twice annually. The quorum of the Board of Governors is considered ensured in case more than 50 percent of the members are present.
- 8.9. Upon the request of any of the Board Governor or the President of the Institute an extraordinary meeting may be called.
- 8.10. The Board of Governors:
  - 8.10.1. Discusses the report on the activity and the use of the property of the Institute,
  - 8.10.2. Conducts the current activities of the Institute in the periods between the assemblies,
  - 8.10.3. Defines the rules for the Code of Ethics and the professional conduct,
  - 8.10.4. Defines the structure of the Institute,
  - 8.10.5. Creates and dissolves separate divisions, offices, approves their charters,
  - 8.10.6. Makes decisions with regards to applying proprietry sanctions towards the Institute officials,
  - 8.10.7. Applies towards Institute members incentive measures or sanctinos,
  - 8.10.8. Makes recommendations to the Meeting on resolving issues related to its exclusive jurisdiction,
  - 8.10.9. Discusses and solves any issue related to the activities of the Institute, except for issues conferred to the exclusive jurisdiction of the Meeting.
- 8.11. The Board may discuss issues and come up the decisions in case more than half of the Board members are present at the meeting. The decisions are made with the simple majority of vote.
- 8.12. The supervisor may be present at the Board meetings with the right of advisory vote.

## **9. THE EXECUTIVE BODY**

- 9.1. The executive officers elected by the Institute members are only the president of the Institute, the vice president, the secretary and the treasurer. Each member of the Institute may hold only one executive office at a time.
- 9.2. Officers of the institute shall be elected for two year period Meeting and shall hold the office until January 1(one) of the successive year. The officers shall hold the office up to the point when the newly appointed officer's tenure begins or the dissolution of the executive body as stipulated by the present Charter.
- 9.3. Officers shall be elected by a majority vote of all members present at a special meeting called for this purpose.
- 9.4. An officer may be removed by a two thirds vote of the Board of Governors provided this officer was granted an opportunity for a hearing before the Board makes a decision for his/her removal. The Board shall call a special meeting of the institute to be held thirty (30) days from the date when any such removal be voted. At this special meeting, the office(s) made vacant shall be filled. The officer removed by the Board may be re elected by the members and if re-elected, the officer may not be removed by the governors for the same offense. An officer may be removed by a two thirds vote of the members present at any duly held meeting of the institute provided a notice of such proposed action was incorporated in the notice for the meeting. This notice shall be mailed to the members by the secretary upon written petition of one fifth of the members.
- 9.5. All officers are eligible for re election for successive terms.
- 9.6. If an officer's membership for any reason terminates, the office shall automatically become vacant.
- 9.7. The institute's president is the executive head of the institute and, when present, shall preside at all meetings of the institute and of the Board of Governors.
- 9.8. The Institute's President:
  - 9.8.1. Shall be responsible for the enforcement of the requirement of the Charter, the resolutions and proceedings of the Board of Directors and has the right of holding the office for up to two years.
  - 9.8.2. Shall keep the Board of Governors fully informed of the affairs of the Institute.
  - 9.8.3. Shall also consult with the Board of Directors of the Institute of Internal Auditors, concerning the business of the Institute and its activities whenever necessary.
  - 9.8.4. Represents the Institute without a power of attorney, calls Board Meetings and presides at them,
  - 9.8.5. Represents its interests,
  - 9.8.6. Manages its property, including financial resources,
  - 9.8.7. Concludes agreements,
  - 9.8.8. Assumes the employer's function for the hired employees of the Institute,
  - 9.8.9. Gives powers of attorney,
  - 9.8.10. Opens accounts at banks,
  - 9.8.11. Issues orders,
  - 9.8.12. Gives instructions to the hired employees,
  - 9.8.13. Performs other duties as determined by the Board of the Institute.

- 9.8.14. Coordinates the activities of the Board and ensures the cooperation between them and the supervisor,
- 9.8.15. Once a year prepares the reports on the Institute's activities and the use of the property and submits them to the Meeting for approval, ensuring the public availability of those reports as well. The reports on the Institute's activities and the use of the property are submitted for the approval of the Board together with the supervisor's opinion on them,
- 9.8.16. Organizes the process for maintaining the minutes of meetings and signs them,
- 9.8.17. Performs other duties as determined by the Meeting and Board of the Institute.
- 9.9. The Institute president has the right to make a decision on the purchase, possession, use, management, including disposal and alienation of any type and volume of property. The Board may decide to restrict the authority of the President with regards to the purchase, possession, use, management, including disposal and alienation of the property in terms of property types and volume.
- 9.10. While exercising his/her authorities defined by the law and the present Charter the President of the Institute makes decisions through preparation and signature of official written documents (decisions, instructions, orders) adopted within the framework of his/her powers.
- 9.11. Those elected officials that belie the expectation may be called back ahead of time by their voters.
- 9.12. A person who by force of law or this Charter, acts on his/her behalf, shall act reasonably and honestly for the benefit of the Institute. He/ she shall reimburse the damage inflicted to the Institute on the Board demand unless otherwise stipulated by law.
- 9.13. The institute's vice president shall have such duties and powers as may be prescribed by the Board of Governors or delegated by the institute's president. In the absence or disability of the president, the vice president shall perform the institute president's duties. The vice president has the right to hold the office for one year.
- 9.14. The institute's treasurer shall be charged with the custody of the funds of the institute and their proper disbursement under the rules prescribed by the Board of Governors. The treasurer has the right to hold the office for one year. The treasurer:
  - 9.14.1. Shall make periodic reports and any other reports which the Board of Governors may require.
  - 9.14.2. Shall be the disbursing officer of the institute. The Board of Governors of the institute may authorize the bonding of the institute treasurer.
  - 9.14.3. At the termination of the treasurer's term of office, the treasurer shall turn over to the Board of Governors all funds, records, papers, books, documents and all other property of the institute having to do with the financial or other transactions or business of the institute which might have come into his/her possession or might have been compiled or created during his/her term of office.
- 9.15. The institute's secretary shall perform those duties delegated by the institute's president or prescribed by the Board of Governors. The secretary has the right to hold the office for one year. The books of account shall be kept under the secretary's jurisdiction. The secretary:
  - 9.15.1. Shall make reports as required by the Board of Governors,
  - 9.15.2. Shall notify each member of the institute of all meetings,

- 9.15.3. Shall do any and all other things normally required by an institute's secretary to keep the members of the Institute, the officers and the Board of Governors informed of the affairs of the institute.
- 9.16. At the termination of the term of office, the secretary shall turn over to the Board of Governors all records, papers, books, documents and all other property of the institute which might have come into his/her possession or might have been compiled or created during his/her term of office.
- 9.17. If the president or the secretary or both of them are absent from any meeting of the institute or of the Board of Governors, a chairman or secretary pro tem or both as may be needed shall be appointed by a majority vote of the members present.
- 9.18. The officers of the institute shall receive no salaries or fees for their services except the secretary whenever the Board of Governors so directs. Officers may be reimbursed for their expenses incurred in the performance of their duties subject to such approval as may be determined by the Board of Governors.

## **10. COMMITTEES**

- 10.1. As organizational units there shall be these standing committees appointed by the Board of Governors:
- 10.1.1. An Audit Committee of one to three members, not an officer or governor.
- 10.1.2. A Nominating and Membership Committee consisting at least three members. The Committee members should sign the letter of agreement associated with the Database Privacy Guidelines.
- 10.2. The President may appoint «Committee on Education and Qualification Program» consisting of at least three members.
- 10.3. The Board may appoint other committees as necessary.

## **11. PROCEDURES FOR SETTING UP SEPARATE BRANCHES AND INSTITUTIONS**

- 11.1. For the implementation of its statutory goals the Institute may establish separate sub-units, branches and representations as well as offices.
- 11.2. The Institute Board is entitled to establish separate branches and institutions.
- 11.3. The separate branches of the Institute are not legal entities, may be entitled to property by the Institute and function on the basis of the Charter approved by the Institute Board.
- 11.4. The officers at the representations, branches and institutions are appointed by the Institute Board and function on the basis of the Charter of representations, branches and institutions.

## **12. SUPERVISION OF THE INSTITUTE'S ACTIVITIES**

- 12.1. The supervision of the Institute's activities shall be carried out by the Supervisor.
- 12.2. The supervisor is elected by the Board of Governors with a term of 2 (two) years.
- 12.3. The supervisor of the Institute is at the same time the Chairman of the Audit Committee.

- 12.4. The member of the Institute who at a time holds office at other bodies of the Institute may not be elected as Institute supervisor.
- 12.5. While exercising his/her authorities defined by the law and the present Charter the supervisor of the Institute makes decisions through preparation and signature of official written documents (decisions, instructions, orders) adopted within the framework of his/her powers.
- 12.6. The reports on the Institute's activities and the use of the property are submitted for the approval of the Board together with the supervisor's opinion on them.
- 12.7. The supervisor has the right:
  - 12.7.1. At any time to carry out inspection of financial activities of the organization,
  - 12.7.2. To check all the documents pertaining to the activities of the Institute and, in the manner prescribed by the present charter, to present suggestions for obligatory discussions to the Institute bodies,
  - 12.7.3. Require and receive oral or written information from the officials, members and the workers of the Institute,
  - 12.7.4. Exercise other authority arising from the present charter or from the resolutions of its supreme body.
- 12.8. The state authorized body, and in cases stipulated by law also other state bodies, shall supervise the compliance of Institute's activities to the law, according to the range of their authority and to the procedures envisaged by law for their inspections and observations.
- 12.9. In cases when such violations of law have been discovered, that can be rectified by proper measures undertaken by the Institute, the state authorized body shall warn the Institute in written form, suggesting the order and the terms for fixing the violations.

### **13. PROCEDURES FOR CHALLENGING DECISIONS OF BODIES BY THE MEMBERS OF THE INSTITUTE**

- 13.1. To appeal in writing the decisions of the Institute's bodies to higher bodies within 60 days after the day they learnt or were supposed to learn about the adoption of such decision unless otherwise stipulated by law.
- 13.2. A resolution of the Institute's body (including the supreme body), adopted in violation of law, charter of the Institute, or in violation of regulations set forth by the governing bodies of the Institute or in violation of the rights and legal interests of the Institute or its member, shall be rescinded in legal form upon a member's filed protest.
- 13.3. Unless the law stipulates otherwise, the protest may be filed within the period of 60 days, following the day when the member of the Institute learnt or was supposed to learn about the adoption of a resolution of this kind.

### **14. PROCEDURES FOR MAKING CHANGES AND AMENDMENTS TO THE CHARTER**

- 14.1. The state registration for the changes and (or) amendments is carried out in the compliance with the procedure and timelines defined by the RA law on Public Organizations.



- 14.2. The state registration of changes and (or) amendments to the charter or the new charter of an Institute shall be considered in full text, with due regard to changes and amendments.
- 14.3. The changes and (or) amendments to the charter of the Institute or a new charter acquire legal force at the moment of their state registration.
- 14.4. The state registered changes and amendments of the charter of the Institute form an integral part of the charter.

## **15. REORGANIZATION OF THE INSTITUTE**

- 15.1. The reorganization of a public organization (merger, unification, division, separation, restructuring) shall be implemented upon the decision of its supreme body, Institute Meeting.
- 15.2. The reorganization of the Institute on a base of a court decision shall be implemented only in cases and in the order stipulated by the law.
- 15.3. The Institute may merge with another organization (organizations)
- 15.4. The Institute may join to another organization. The Institute may be joined by another organization (organizations).
- 15.5. The Institute may be divided into other organizations.
- 15.6. An organization (organizations) may be separated from the Institute.
- 15.7. The Institute may be restructured into other legal-organizational forms of public associations or into a foundation.
- 15.8. As a result of the Institute's reorganization, the changes and (or) amendments to their charters or the termination of activity, as well as the newly established legal entities shall obtain state registration in accordance with the procedures stipulated by the law.

## **16. DISSOLUTION OF INSTITUTE**

- 16.1. The dissolution of the Institute leads to the termination of its activities, without devolving its rights and obligations to other persons through legal succession. The Institute is considered dissolved and its activities terminated, from the moment of state registration of the termination of activities.
- 16.2. The Institute may dissolve voluntarily upon the decision of its supreme body.
- 16.3. Only the court may adopt a decision on compulsory dissolution of the Institute, at the request of the state authorized body and only at the presence of grounds stipulated by the law.
- 16.4. The dissolution of the Institute shall be carried out according to the order and conditions envisaged by the law for the dissolution of legal entities.
- 16.5. After dissolution of the Institute the property, which remains after satisfying the creditors' claims, shall be used for the achievement of the Institute's statutory goals in accordance with the manner and order prescribed by law, and if this is not possible the property shall be transferred to the state budget.
- 16.6. Within the period of 10 days after the making of the decision of the Institute's supreme body, other Institute bodies and the dissolution committee on dissolving the Institute, any member of the Institute has the right to appeal this decision in the court. In this case the court, by its

decision, may suspend the implementation of the disputed decision, until the court examination of the case is finished.

- 16.7. The state registration of dissolution of an organization shall be carried out in the manner prescribed for state registration of dissolution of legal entities.
- 16.8. The state authorized body may file a lawsuit with a request to dissolve the Institute when the Institute has committed numerous or gross violations of law, or carried out activities contravening its statutory purposes, when the founder (founders) or the authorized person of the Institute has committed gross violations or breaches of law while founding the organization. The legal procedures shall be applied, if other means of eliminating the violations of law have produced no results or have proved to be exhausted.
- 16.9. An organization may also be dissolved as a result of bankruptcy.

## LOGO AND DESCRIPTION OF «INSTITUTE OF INTERNAL AUDITORS – ARMENIA» PUBLIC ORGANIZATION

The Institute logo represents itself the abbreviation of the name and location of the Institute in English bold and regular capital letters, i.e. the globe outlines above IIA letters to the left, the English letter “R” in a circle to the right, and below the letters the English word “Armenia”. The image of the logo of the Institute and its description are the integral part of the Charter

