HYPHEN
CONSULTANCY
perspective that matters

Assessment Domain
Values

Potential Explorer

The department is perceived as failing to consistently do the right thing or tell the truth, even when it's difficult. This may point to serious integrity issues, such as poor **leadership** or **unethical practices**.

The Chief Audit Executive (CAE) may not be creating a supportive environment for internal auditors, leading to fears about raising issues, particularly when the engagement results might be challenging for management.

Little to no practice of documenting conflicts of interest or assessing ethical risks indicates a breakdown in adherence to **professional standards**, such as independence and objectivity.

No established methodology for addressing internal auditor misconduct is in place, increasing the risk of unresolved illegal or discreditable behavior.

Required Action Steps

Urgent improvement is required in leadership, ethical controls, and establishing transparent processes to enhance the department's credibility and functionality.

2. Reporting Channels

⑩ Assign clear roles and responsibilities, ensuring the CAE is accountable for promoting an environment of honesty, integrity, and independence.

⑩ Establish confidential reporting channels (e.g., whistleblower hotline) to allow concerns to be reported without fear of reprisal.

⑩ Require regular conflict of interest disclosures from all auditors.

3. Process

⑩ Create a formal methodology for addressing auditor misconduct, including a disciplinary process, investigations, and consequences for unethical behavior.

⑩ Communicate a zero-tolerance policy for illegal or discreditable behavior within the audit department.

⑩ Implement periodic internal audits to ensure compliance with ethical standards.

1. Training

⑩ Conduct ethical leadership training for the Chief Audit Executive (CAE) and senior management to improve transparency, integrity, and ethical decision-making.

⑩ Conduct refresher training on the Code of Ethics from the Institute of Internal Auditors (IIA) or equivalent standards, emphasizing independence, objectivity, and integrity.

⑩ Ensure auditors understand relevant legal, professional, and ethical practices.

4. Risk-Based Approach

⑩ Prioritize audits with a high potential for ethical concerns.

⑩ Integrate ethical risk assessments into audit planning to identify potential integrity issues early.

Required Action Steps