**HYPHEN**
CONSULTANCY
perspective that matters

# Assessment Domain
# Values

## Active Builder

There may be occasional lapses in truth-telling or ethical behavior, which could stem from pressure to conform or a lack of confidence in leadership.

The environment may be moderately supportive, but there are limitations. Auditors may not always feel empowered to express engagement results openly, especially if there is pushback from senior management.
Conflicts of interest may sometimes be documented, but there is no consistent mechanism. Ethical risk assessments might occur occasionally but are not systematically integrated into engagements.

A methodology for handling misconduct may be under consideration or development but has not yet been fully implemented, leaving a gap in addressing behavioral issues effectively.

## Required Action Steps

Strengthen leadership support, formalize the ethical frameworks, and fully implement practices to ensure transparency and accountability across the department.

### 1- Trainings

Provide leadership development programs that focus on ethical decision-making, fostering open communication, and leading by example. The goal is to create a culture where honesty is prioritized over conforming to pressure.

Provide training that equips auditors with techniques to handle challenging conversations with senior management. This could include conflict resolution, negotiation, and communication skills.

Conduct regular workshops that focus on real-world ethical dilemmas auditors may face, providing guidance on how to handle situations involving pressure or conflicts of interest.

### 2- Communication channels

Hold regular meetings where leadership, including the Chief Audit Executive (CAE), clearly communicates the importance of ethics, integrity, and truth-telling in every engagement.

Create formal and informal mechanisms for auditors to share their concerns or engagement results without fear of pushback. This could include confidential feedback channels, anonymous reporting tools, and structured meetings with leadership.

Develop and enforce a consistent mechanism for documenting and managing conflicts of interest. Ensure that all auditors are required to declare potential conflicts before starting an engagement and throughout the audit.

### 3- Ethical policy and Disciplinary actions

Finalize and formally implement the methodology for addressing auditor misconduct. This should include clear guidelines for reporting, investigating, and addressing misconduct, along with the consequences of unethical behavior.

Also Provide comprehensive training on the new misconduct methodology so that all staff members are aware of the process and their responsibilities in maintaining professional conduct.

Engage external auditors to perform periodic reviews of the department's adherence to ethical standards, providing an independent assessment of the department's performance.

Conduct an annual review of the department's ethics policies, engagement practices, and staff perceptions of the ethical climate, making adjustments where needed to continuously improve.

### 4- Audit engagements

Periodically audit the department's conflict of interest documentation process to ensure that conflicts are being identified and properly addressed.

Establish a process to consistently integrate ethical risk assessments into all audit engagements. This includes identifying, assessing, and documenting ethical risks at the planning stage of each audit.

Design templates or checklists for auditors to follow when assessing ethical risks, ensuring consistency across all engagements.

Prepare regular reports on the department's ethical practices, including instances of misconduct, conflict of interest management, and the results of ethical risk assessments. Share these reports with the audit committee or governance board for oversight.