



Internal Audit Charter

June 2024

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1.Introduction

In accordance with the Institute of Internal Auditors International Professional Practices Framework (IPPF) and the Public Sector Internal Audit Standards (PSIAS) the Chief Audit Executive must develop and maintain an internal audit charter that specifies, at a minimum, the internal audit function's:

- Purpose of Internal Auditing.
- Commitment to adhering to the Global Internal Audit Standards.
- Mandate, including scope and types of services to be provided and the board's responsibilities and expectations regarding management's support of the internal audit function.
- Organisational position and reporting relationships.

The Chief Audit Executive must discuss the proposed charter with the board and senior management to confirm that it accurately reflects their understanding and expectations of the internal audit function.

Definitions

The Global Internal Audit Standards (the standards), as suggested by their name, are to guide the worldwide professional practice of internal auditing and serve as a basis for evaluating the quality of the internal audit functions. The Standards are therefore not specific to the UK, or the public sector, and as a result they contain terminology that is broadly unfamiliar to that of a local authority. Therefore, for the purposes of this Internal Audit Charter, the following definitions have been applied to assist with interpreting and understanding how the internal audit function will operate within the Council:

The Board	<p>In the Standards, the term '<i>the Board</i>' refers to the body/bodies authorised to provide the internal audit function with the appropriate authority, role, and responsibilities. For the Council, this is the Audit and Standards Committee, which also meets as the Audit and Standards Advisory Committee with additional independent members.</p> <p>For the purpose of this Charter, the term 'the Board' is therefore replaced by and becomes 'the Audit and Standards Advisory Committee'.</p>
Senior Management	<p>In the Standards, the term '<i>senior management</i>' refers to the highest level of executive management of an organisation that is ultimately accountable to the board for executing the organisation's strategic decisions, typically a group of persons that includes the chief executive officer or head of the organisation.</p> <p>For the purpose of this Charter, the term 'senior management' is therefore replaced by and becomes the Council's 'Corporate Management Team' (CMT).</p>

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Chief Audit Executive	<p>In the Standards, the term '<i>Chief Audit Executive</i>' refers to the leadership role responsible for effectively managing all aspects of the internal audit function and ensuring the quality performance of internal audit services in accordance with Global Internal Audit Standards. This is more commonly known as 'The Head of Internal Audit'.</p> <p>The Council's designated Head of Internal Audit is the Deputy Director Organisational Assurance and Resilience. For ease of reference, the term 'Head of Internal Audit' will be used throughout the Charter and therefore replaces the use of 'Chief Audit Executive'.</p>
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2. Purpose

The purpose of the internal audit function, as defined within the standards, is to strengthen the Council's ability to create, protect, and sustain value by providing The Audit and Standards Advisory Committee and management with independent, risk-based, and objective assurance, advice, insight, and foresight. To this end, the internal audit function enhances the Council's successful achievement of its objectives; governance, risk management, and control processes; decision-making and oversight; reputation and credibility with its stakeholders; and ability to serve the public interest.

The internal audit function is most effective when:

- Internal auditing is performed by competent professionals in conformance with the standard, which are set in the public interest.
- The internal audit function is independently positioned with direct accountability to The Audit and Standards Advisory Committee.
- Internal auditors are free from undue influence and committed to making objective assessments.

Commitment to Adhering to the Global Internal Audit Standards

The internal audit function will adhere to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, which are the Global Internal Audit Standards and Topical Requirements. The Head of Internal Audit will report annually to the Audit and Standards Advisory Committee and CMT regarding the internal audit function's conformance with the Standards, which will be assessed through a quality assurance and improvement programme.

Statutory Requirements

The Council has a statutory duty to maintain an adequate and effective Internal Audit function in accordance with the proper Internal Audit practices of the Accounts and Audit Regulations (2015).

Section 151 of the Local Government Act 1972 also states that '*every local authority shall make arrangements for the proper administration of the financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs*'. To this

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end, the CIPFA Statement of the Role of the Chief Financial Officer in Local Government also states that the Chief Financial Officer must:

- Ensure an effective Internal Audit function is resourced and maintained;
- Ensure that the authority has put in place effective arrangements for the Internal Audit of the control environment and systems of internal control, as required by professional standards and in line with CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom;
- Support the authority's internal audit arrangements, and
- Ensure that the Audit and Standards Advisory Committee receives the necessary advice and information, so that both functions can operate effectively.

3. Mandate

Authority

The Council's Audit and Standards Advisory Committee grants the internal audit function the mandate to provide the Committee and CMT with objective assurance, advice, insight, and foresight.

The internal audit function's authority is created by its direct reporting relationship to the Committee. Such authority allows for unrestricted access to the Committee, including the Chair and Vice-Chair of the Committee.

The Committee authorises the internal audit function to:

- have full and unrestricted access to all functions, data, records, information, physical property, and personnel pertinent to carrying out internal audit responsibilities. Internal auditors are accountable for confidentiality and safeguarding records and information.
- allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques, and issue communications to accomplish the function's objectives.
- obtain assistance from the necessary personnel of Brent and other specialised services from within or outside Brent to complete internal audit services.

Independence, Organisational Position, and Reporting Relationships

The Head of Internal Audit will be positioned at a level in the organisation that enables internal audit services and responsibilities to be performed without interference from management, thereby establishing the independence of the internal audit function.

The Head of Internal Audit reports functionally to the Audit and Standards Advisory Committee, and meets regularly with the Chair and Vice-Chair, outside of Committee meetings, to raise any issues or matters of concern. The Head of Internal Audit (as the Deputy Director Organisational Assurance and Resilience) reports administratively to the Corporate Director for Finance and Resources, and also has a 'dotted line' into the Chief Executive. This positioning provides the organisational authority and status to bring

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matters directly to CMT and escalate matters to the Committee, when necessary, without interference and supports the internal auditors' ability to maintain objectivity. A structure chart/organigram is attached at **Appendix A**.

The Head of Internal Audit will confirm to the Audit and Standards Advisory Committee, at least annually, the organisational independence of the internal audit function. If the governance structure does not support organisational independence, the Head of Internal Audit will document the characteristics of the governance structure limiting independence and any safeguards employed to achieve the principle of independence. The Head of Internal Audit will disclose to the Committee any interference internal auditors encounter related to the scope, performance, or communication of internal audit work and results. The disclosure will include communicating the implications of such interference on the internal audit function's effectiveness and ability to fulfil its mandate.

Changes to the Mandate and Charter

Circumstances may justify a follow-up discussion between the Head of Internal Audit, Audit and Standards Advisory Committee and CMT on the internal audit mandate or other aspects of the internal audit charter. Such circumstances may include but are not limited to:

- a significant change in the Internal Audit Standards.
- A significant reorganisation within the organisation.
- Significant changes in the role of the Head of Internal Audit, the Audit and Standards Advisory Committee, and/or CMT.
- Significant changes to the organisation's strategies, objectives, risk profile, or the environment in which the organisation operates.
- New laws or regulations that may affect the nature and/or scope of internal audit services.

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4. Audit and Standards Advisory Committee Oversight

To establish, maintain, and ensure that Brent's internal audit function has sufficient authority to fulfil its duties, the Audit and Standards Advisory Committee will:

- Discuss with the Head of Internal Audit and CMT (via the Corporate Director for Finance and Resources) the appropriate authority, role, responsibilities, scope, and services (assurance and/or advisory) of the internal audit function.
- Ensure the Head of Internal Audit has unrestricted access to and communicates and interacts directly with The Audit and Standards Advisory Committee, including in private meetings without CMT present.
- Discuss with the Head of Internal Audit and CMT other topics that should be included in the internal audit charter.
- Participate in discussions with the Head of Internal Audit and CMT about the “essential conditions,” described in the Global Internal Audit Standards, which establish the foundation that enables an effective internal audit function.
- Approve the internal audit function's charter, which includes the internal audit mandate and the scope and types of internal audit services.
- Review the internal audit charter with the Head of Internal Audit to consider changes affecting the organisation, such as the employment of a new Head of Internal Audit or changes in the type, severity, and interdependencies of risks to the organisation; and approve the internal audit charter.
- Approve the risk-based internal audit plan.
- Collaborate with CMT to determine the qualifications and competencies the organisation expects in a Head of Internal Audit, as described in the Global Internal Audit Standards.
- Review the Head of Internal Audit's performance.
- Receive communications from the Head of Internal Audit about the internal audit function including its performance relative to its plan.
- Ensure a quality assurance and improvement programme has been established and review the results annually.
- Make appropriate inquiries of CMT and the Head of Internal Audit to determine whether scope or resource limitations are inappropriate.

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5. Head of Internal Audit Roles and Responsibilities

Ethics and Professionalism

The Head of Internal Audit will ensure that internal auditors:

- Conform with the Global Internal Audit Standards, including the principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care, and confidentiality.
- Understand, respect, meet, and contribute to the legitimate and ethical expectations of the organisation and be able to recognise conduct that is contrary to those expectations.
- Encourage and promote an ethics-based culture in the organisation.
- Report organisational behaviour that is inconsistent with the organisation's ethical expectations, as described in applicable policies and procedures.

Objectivity

The Head of Internal Audit will ensure that the internal audit function remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing, and communication. If the Head of Internal Audit determines that objectivity may be impaired in fact or appearance, the details of the impairment will be disclosed to appropriate parties.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively such that they believe in their work product, do not compromise quality, and do not subordinate their judgment on audit matters to others, either in fact or appearance.

Internal auditors will have no direct operational responsibility or authority over any of the activities they review. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, or engage in other activities that may impair their judgment, including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing operational duties for the Council or its affiliates.
- Initiating or approving transactions external to the internal audit function.
- Directing the activities of any Brent employee that is not employed by the internal audit function, except to the extent that such employees have been appropriately assigned to internal audit teams or to assist internal auditors.

Internal auditors will:

- Disclose impairments of independence or objectivity, in fact or appearance, to appropriate parties and at least annually, such as the Head of Internal Audit, Audit and Standards Advisory Committee, management, or others.

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- Exhibit professional objectivity in gathering, evaluating, and communicating information.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid conflicts of interest, bias, and undue influence.

Head of Internal Audit - Other Areas of Responsibility

The Head of Internal Audit (as the Deputy Director Organisational Assurance and Resilience) is responsible for the management of other areas/functions within the Council, specifically:

- Counter Fraud and Investigations;
- Health and Safety;
- Insurance; and
- Emergency Planning and Resilience

Where the work of Internal Audit is employed on areas that fall under the management of the Head of Internal Audit, appropriate measures and safeguards will be put in place to preserve independence and objectivity. These will include:

- The work being managed and led by the Internal Audit Manager, independently from the Head of Internal Audit.
- Utilising the Internal Audit function's external co-sourced provider (where possible/appropriate) to undertake the work to enable an additional layer of separation.
- The outcomes of the work, including conclusions, to be reported directly to the Corporate Director Finance and Resources, Brent Assurance Board, CMT and the Audit and Standards Advisory Committee.
- Where relevant, the Internal Audit Manager meeting privately with the Corporate Director for Finance and Resources and/or the Chair and Vice-Chair of the Committee to discuss the outcomes and conclusions of the work undertaken.

Managing the Internal Audit Function

The Head of Internal Audit has the responsibility to:

- At least annually, develop an agile risk-based internal audit plan that considers the input of the Audit and Standards Advisory Committee and CMT. Discuss the plan with the Audit and Standards Advisory Committee and CMT and submit the plan to both for review and approval.
- Communicate the impact of resource limitations on the internal audit plan to the Audit and Standards Advisory Committee and CMT.
- Review and adjust the internal audit plan, as necessary, in response to changes in the Council's business, risks, operations, programmes, systems, and controls.

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- Communicate with the Audit and Standards Advisory Committee and CMT if there are significant interim changes to the internal audit plan.
- Ensure internal audit engagements are performed, documented, and communicated in accordance with the Global Internal Audit Standards.
- Follow up on engagement findings and confirm the implementation of recommendations or action plans and communicate the results of internal audit services to the Audit and Standards Advisory Committee and CMT for each engagement as appropriate.
- Ensure the internal audit function collectively possesses or obtains the knowledge, skills, and other competencies and qualifications needed to meet the requirements of the Global Internal Audit Standards and fulfil the internal audit mandate.
- Identify and consider trends and emerging issues that could impact the Council and communicate to the Audit and Standards Advisory Committee and CMT as appropriate.
- Consider emerging trends and successful practices in internal auditing.
- Establish and ensure adherence to methodologies designed to guide the internal audit function.
- Ensure adherence to the Council's relevant policies and procedures unless such policies and procedures conflict with the internal audit charter or the Global Internal Audit Standards. Any such conflicts will be resolved or documented and communicated to The Audit and Standards Advisory Committee and CMT.
- Coordinate activities and consider relying upon the work of other internal and external providers of assurance and advisory services. If the Head of Internal Audit cannot achieve an appropriate level of coordination, the issue must be communicated to CMT and if necessary escalated to The Audit and Standards Advisory Committee.

Communication with the Audit and Standards Advisory Committee and CMT

The Head of Internal Audit will report quarterly to the Audit and Standards Advisory Committee and CMT regarding:

- The internal audit function's mandate.
- The internal audit plan and performance relative to its plan.
- Internal audit budget.
- Significant revisions to the internal audit plan and budget.
- Potential impairments to independence, including relevant disclosures as applicable.
- Results from the quality assurance and improvement programme, which include the internal audit function's conformance with The IIA's Global Internal Audit Standards and action plans to address the internal audit function's deficiencies and opportunities for improvement.

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- Significant risk exposures and control issues, including fraud risks, governance issues, and other areas of focus for the Audit and Standards Advisory Committee.
- Results of assurance and advisory services.
- Resource requirements.
- Management's responses to risk that the internal audit function determines may be unacceptable or acceptance of a risk that is beyond the Council's risk appetite.

Quality Assurance and Improvement Programme

The Head of Internal Audit will develop, implement, and maintain a quality assurance and improvement programme that covers all aspects of the internal audit function. The programme will include external and internal assessments of the internal audit function's conformance with the Global Internal Audit Standards, as well as performance measurement to assess the internal audit function's progress toward the achievement of its objectives and promotion of continuous improvement. The programme also will assess, if applicable, compliance with laws and/or regulations relevant to internal auditing. Also, if applicable, the assessment will include plans to address the internal audit function's deficiencies and opportunities for improvement.

Annually, the Head of Internal Audit will communicate with the Audit and Standards Advisory Committee and CMT about the internal audit function's quality assurance and improvement programme, including the results of internal assessments (ongoing monitoring and periodic self-assessments) and external assessments. External assessments will be conducted at least once every five years by a qualified, independent assessor or assessment team from outside of the Council.

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6. Scope and Types of Internal Audit Services

The scope of internal audit services covers the entire breadth of the organisation, including all Brent's activities, assets, and personnel. The scope of internal audit activities also encompasses but is not limited to objective examinations of evidence to provide independent assurance and advisory services to The Audit and Standards Advisory Committee and management on the adequacy and effectiveness of governance, risk management, and control processes for Brent.

The nature and scope of advisory services may be agreed with the party requesting the service, provided the internal audit function does not assume management responsibility. Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during advisory engagements. These opportunities will be communicated to the appropriate level of management.

Internal audit engagements may include evaluating whether:

- Risks relating to the achievement of the Council's strategic objectives are appropriately identified and managed.
- The actions of officers, directors, management, employees, and contractors or other relevant parties comply with Brent's policies, procedures, and applicable laws, regulations, and governance standards.
- The results of operations and programmes are consistent with established goals and objectives.
- Operations and programmes are being carried out effectively and efficiently.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact the Council.
- The integrity of information and the means used to identify, measure, analyse, classify, and report such information is reliable.
- Resources and assets are acquired economically, used efficiently and sustainably, and protected adequately.

Counter Fraud

The primary responsibility for the prevention and detection of fraud lies with management who are also responsible for the management of fraud risks. Managers are required to report all suspicions of theft, fraud and irregularity to the Counter Fraud and Investigations team. The Head of Internal Audit (as the Deputy Director Organisational Assurance and Resilience) manages and controls all investigations and will ensure that investigators are fully trained in carrying out their responsibilities.

Internal Audit's role in any fraud or corruption related work will be in accordance with the Council's Anti-Fraud and Corruption Strategies and with resources approved by the Audit and Standards (Advisory) Committee in the annual audit plan. However, Internal Auditors will have sufficient knowledge to evaluate the risk of fraud and the manner in which it is managed by the organisation. In addition, the service may assist or lead, as needed, in

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the identification and investigation of suspected fraudulent activities within the Council and notify CMT and the Audit and Standards (Advisory) Committee of the results.

Risk Management

Internal Audit is responsible for facilitating the Council's Risk Management strategy and framework. This includes advice and guidance to services on best practice and collating and reporting risk information to key stakeholders. Safeguards will be put in place to ensure that functions deemed as inappropriate in the IIA's guidance on *The Role of Internal Auditing in Enterprise-Wide Risk Management*, are not undertaken by Internal Audit. Safeguards will be put in place to ensure that the Audit and Standards Advisory Committee and CMT receive separate, clear and objective messages from each function.

Third Parties

Internal Audit may carry out assurance work for third parties (i.e. organisations outside of the Council), where requested and deemed appropriate to do so. This may include Council subsidiaries, charitable, voluntary sector and other community-based organisations.

All internal audit, consultancy and advisory, and assurance work provided to third-party organisations is carried out in accordance with the standards and requirements set out within this Charter.

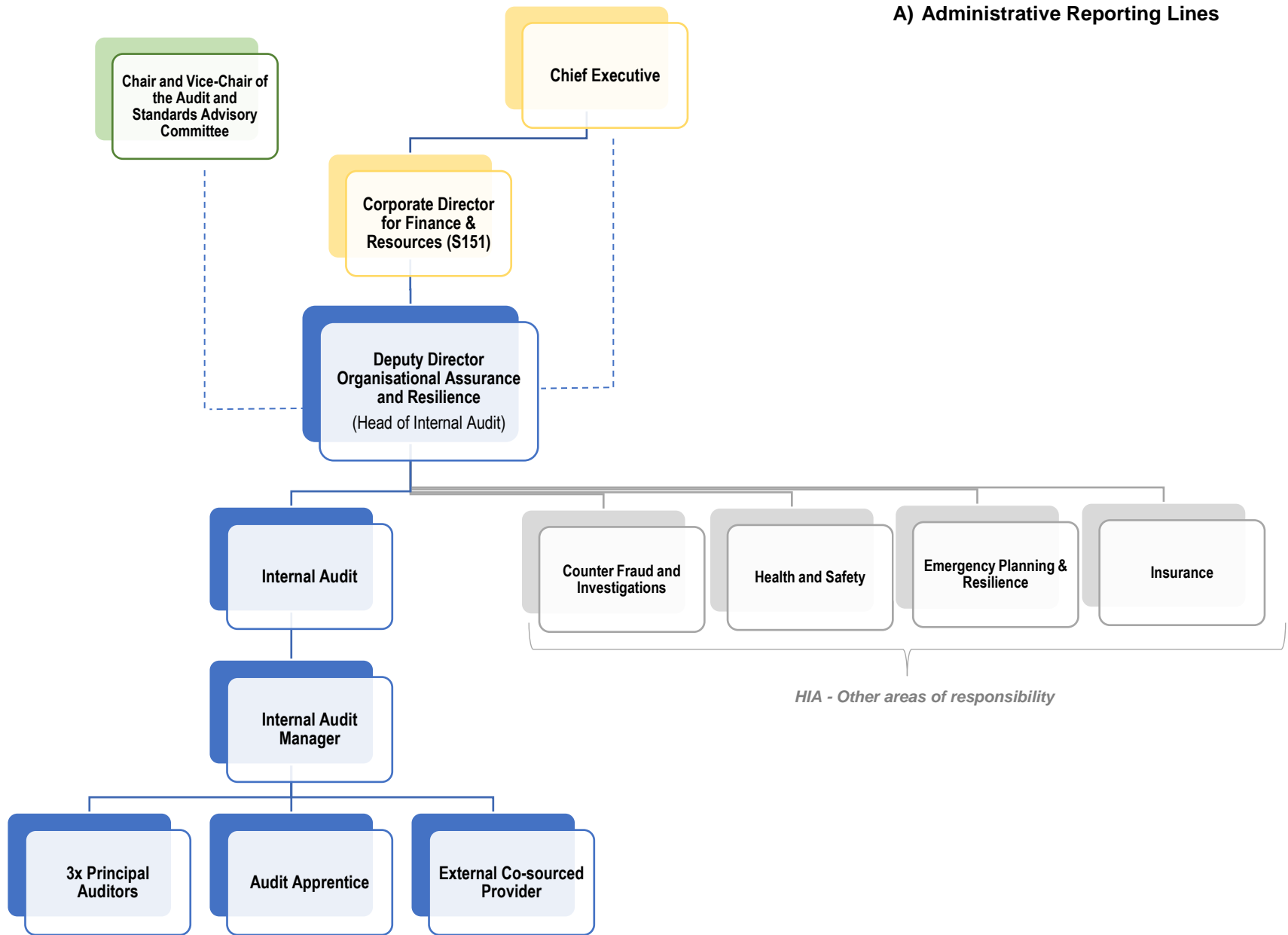
Internal Audit also operates a co-sourced delivery model, with a portion of the annual plans delivered by an external provider. The provider is required to work to the same standards and audit methodology as detailed within this Charter.

7. Approval

[To be reviewed and approved by the Audit and Standards Advisory Committee at its meeting on 12 June 2024.]

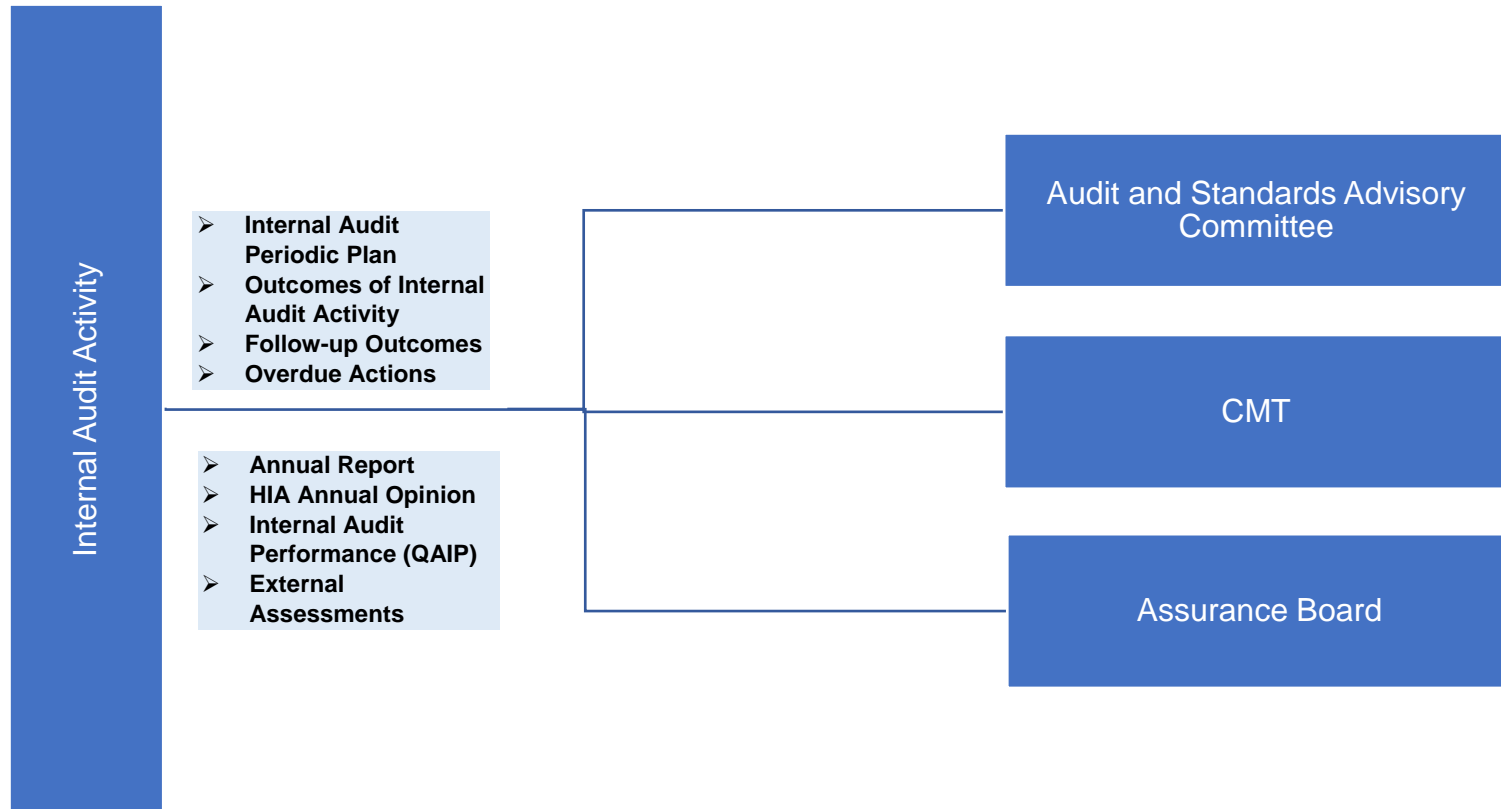
Appendix A – Internal Audit Administrative and Functional Reporting Lines

A) Administrative Reporting Lines



Appendix A – Internal Audit Administrative and Functional Reporting Lines

B) Functional Reporting Lines



Appendix B – Internal Audit Code of Ethics and Professionalism

Principle / Standard	Requirement
Principle 1 – Demonstrate Integrity	<p>Internal auditors demonstrate integrity in their work and behaviour.</p> <p>Integrity is behaviour characterised by adherence to moral and ethical principles, including demonstrating honesty and the courage to act based on relevant facts, even when facing pressure to do otherwise, or when doing so might create potential adverse personal or organisational consequences. In simple terms, internal auditors are expected to tell the truth and do the right thing, even when it is uncomfortable or difficult.</p> <p>Integrity is the foundation of the other principles of ethics and professionalism, including objectivity, competency, due professional care, and confidentiality. The integrity of internal auditors is essential to establishing trust and earning respect.</p>
Standard 1.1 Honesty and Professional Courage	<p>Internal auditors must perform their work with honesty and professional courage.</p> <p>Internal auditors must be truthful, accurate, clear, open, and respectful in all professional relationships and communications, even when expressing scepticism or offering an opposing viewpoint.</p> <p>Internal auditors must not make false, misleading, or deceptive statements, nor conceal or omit findings or other pertinent information from communications. Internal auditors must disclose all material facts known to them that, if not disclosed, could affect the organisation’s ability to make well-informed decisions.</p> <p>Internal auditors must exhibit professional courage by communicating truthfully and taking appropriate action, even when confronted by dilemmas and difficult situations.</p> <p>The Head of Internal Audit must maintain a work environment where internal auditors feel supported when expressing legitimate, evidence-based engagement results, whether favourable or unfavourable.</p>
Standard 1.2 Organisation’s Ethical Expectations	<p>Internal auditors must understand, respect, meet, and contribute to the legitimate and ethical expectations of the organization and must be able to recognise conduct that is contrary to those expectations.</p> <p>Internal auditors must encourage and promote an ethics-based culture in the organisation. If internal auditors identify behaviour within the organisation that is inconsistent with the organisation’s ethical expectations, they must report the concern according to applicable policies and procedures.</p>
Standard 1.3 Legal and Ethical Behaviour	<p>Internal auditors must not engage in or be a party to any activity that is illegal or discreditable to the organisation or the profession of internal auditing or that may harm the organisation or its employees.</p> <p>Internal auditors must understand and abide by the laws and/or regulations relevant to the industry and jurisdictions in which the organisation operates, including making disclosures as required. If internal auditors identify legal or regulatory violations, they must report such incidents to individuals or entities that have the authority to take appropriate action, as specified in laws, regulations, and applicable policies and procedures.</p>
Principle 2 Maintain Objectivity	<p>Internal auditors maintain an impartial and unbiased attitude when performing internal audit services and making decisions.</p> <p>Objectivity is an unbiased mental attitude that allows internal auditors to make professional judgments, fulfil their responsibilities, and achieve the Purpose of Internal Auditing without compromise. An independently positioned internal audit function supports internal auditors’ ability to maintain objectivity.</p>
Standard 2.1 Individual Objectivity	<p>Internal auditors must maintain professional objectivity when performing all aspects of internal audit services. Professional objectivity requires internal auditors to apply an impartial and unbiased mindset and make judgments based on balanced assessments of all relevant circumstances. Internal auditors must be aware of and manage potential biases.</p>

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Principle / Standard	Requirement
Standard 2.2 Safeguarding Objectivity	<p>Internal auditors must recognise and avoid or mitigate actual, potential, and perceived impairments to objectivity.</p> <p>Internal auditors must not accept any tangible or intangible item, such as a gift, reward, or favour, that may impair or be presumed to impair objectivity.</p> <p>Internal auditors must avoid conflicts of interest and must not be unduly influenced by their own interests or the interests of others, including CMT or others in a position of authority, or by the political environment or other aspects of their surroundings.</p> <p>When performing internal audit services:</p> <ul style="list-style-type: none"> • Internal auditors must refrain from assessing specific activities for which they were previously responsible. Objectivity is presumed to be impaired if an internal auditor provides assurance services for an activity for which the internal auditor had responsibility within the previous 12 months. • If the internal audit function is to provide assurance services where it had previously performed advisory services, the Head of Internal Audit must confirm that the nature of the advisory services does not impair objectivity and must assign resources such that individual objectivity is managed. Assurance engagements for functions over which the Head of Internal Audit has responsibility must be overseen by an independent party outside the internal audit function. • If internal auditors are to provide advisory services relating to activities for which they had previous responsibilities, they must disclose potential impairments to the party requesting the services before accepting the engagement. The Head of Internal Audit must establish methodologies to address impairments to objectivity. • Internal auditors must discuss impairments and take appropriate actions according to relevant methodologies.
Standard 2.3 Disclosing Impairments to Objectivity	<p>If objectivity is impaired in fact or appearance, the details of the impairment must be disclosed promptly to the appropriate parties.</p> <p>If internal auditors become aware of an impairment that may affect their objectivity, they must disclose the impairment to the Head of Internal Audit or a designated supervisor. If the Head of Internal Audit determines that an impairment is affecting an internal auditor's ability to perform duties objectively, the Head of Internal Audit must discuss the impairment with the management of the activity under review, The Audit and Standards Advisory Committee, and/or CMT and determine the appropriate actions to resolve the situation.</p> <p>If an impairment that affects the reliability or perceived reliability of the engagement findings, recommendations, and/or conclusions is discovered after an engagement has been completed, the Head of Internal Audit must discuss the concern with the management of the activity under review, the Audit and Standards Advisory Committee, CMT, and/or other affected stakeholders and determine the appropriate actions to resolve the situation.</p> <p>If the objectivity of the Head of Internal Audit is impaired in fact or appearance, the Head of Internal Audit must disclose the impairment to the Audit and Standards Advisory Committee.</p>
Principle 3 Demonstrate Competency	<p>Internal auditors apply the knowledge, skills, and abilities to fulfil their roles and responsibilities successfully. Demonstrating competency requires developing and applying the knowledge, skills, and abilities to provide internal audit services. Because internal auditors provide a diverse array of services, the competencies needed by each internal auditor vary. In addition to possessing or obtaining the competencies needed to perform services, internal auditors improve the effectiveness and quality of services by pursuing professional development.</p>
Standard 3.1 Competency	<p>Internal auditors must possess or obtain the competencies to perform their responsibilities successfully. The required competencies include the knowledge, skills, and abilities suitable for one's job position and responsibilities commensurate with their level of experience. Internal auditors must possess or develop knowledge of The IIA's Global Internal Audit Standards.</p> <p>Internal auditors must engage only in those services for which they have or can attain the</p>

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Principle / Standard	Requirement
	<p>necessary competencies. Each internal auditor is responsible for continually developing and applying the competencies necessary to fulfil their professional responsibilities. Additionally, the Head of Internal Audit must ensure that the internal audit function collectively possesses the competencies to perform the internal audit services described in the internal audit charter or must obtain the necessary competencies.</p>
<p>Standard 3.2 Continuing Professional Development</p>	<p>Internal auditors must maintain and continually develop their competencies to improve the effectiveness and quality of internal audit services. Internal auditors must pursue continuing professional development including education and training. Practicing internal auditors who have attained professional internal audit certifications must follow the continuing professional education policies and fulfil the requirements applicable to their certifications.</p>
<p>Principle 4 Exercise Due Professional Care</p>	<p>Internal auditors apply due professional care in planning and performing internal audit services.</p> <p>The standards that embody exercising due professional care require:</p> <ul style="list-style-type: none"> • Conformance with the Global Internal Audit Standards. • Consideration of the nature, circumstances, and requirements of the work to be performed. • Application of professional scepticism to critically assess and evaluate information. <p>Due professional care requires planning and performing internal audit services with the diligence, judgment, and scepticism possessed by prudent and competent internal auditors. When exercising due professional care, internal auditors perform in the best interests of those receiving internal audit services but are not expected to be infallible.</p>
<p>Standard 4.1 Conformance with the Global Internal Audit Standards</p>	<p>Internal auditors must plan and perform internal audit services in accordance with the Global Internal Audit Standards.</p> <p>The internal audit function’s methodologies must be established, documented, and maintained in alignment with the Standards. Internal auditors must follow the Standards and the internal audit function’s methodologies when planning and performing internal audit services and communicating results. If the Standards are used in conjunction with requirements issued by other authoritative bodies, internal audit communications must also cite the use of the other requirements, as appropriate.</p> <p>If laws or regulations prohibit internal auditors or the internal audit function from conforming with any part of the Standards, conformance with all other parts of the Standards is required and appropriate disclosures must be made.</p> <p>When internal auditors are unable to conform with a requirement, the Head of Internal Audit must document and communicate a description of the circumstance, alternative actions taken, the impact of the actions, and the rationale. Requirements related to disclosing nonconformance with the Standards are described in Standards 8.3 Quality, 12.1 Internal Quality Assessment, and 15.1 Final Engagement Communication.</p>
<p>Standard 4.2 Due Professional Care</p>	<p>Internal auditors must exercise due professional care by assessing the nature, circumstances, and requirements of the services to be provided, including:</p> <ul style="list-style-type: none"> • The organisation’s strategy and objectives. • The interests of those for whom internal audit services are provided and the interests of other stakeholders. • Adequacy and effectiveness of governance, risk management, and control processes. • Cost relative to potential benefits of the internal audit services to be performed. • Extent and timeliness of work needed to achieve the engagement’s objectives. • Relative complexity, materiality, or significance of risks to the activity under review. • Probability of significant errors, fraud, noncompliance, and other risks that might affect objectives, operations, or resources. • Use of appropriate techniques, tools, and technology.

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Principle / Standard	Requirement
Standard 4.3 Professional Scepticism	<p>Internal auditors must exercise professional scepticism when planning and performing internal audit services.</p> <p>To exercise professional scepticism, internal auditors must:</p> <ul style="list-style-type: none"> • Maintain an attitude that includes inquisitiveness. • Critically assess the reliability of information. • Be straightforward and honest when raising concerns and asking questions about inconsistent information. • Seek additional evidence to make a judgment about information and statements that might be incomplete, inconsistent, false, or misleading.
Principle 5 Maintain Confidentiality	<p>Internal auditors use and protect information appropriately.</p> <p>Because internal auditors have unrestricted access to the data, records, and other information necessary to fulfil the internal audit mandate, they often receive information that is confidential, proprietary, and/or personally identifiable.</p> <p>This includes information in physical and digital form as well as information derived from oral communication, such as formal or informal meeting discussions. Internal auditors must respect the value and ownership of information they receive by using it only for professional purposes and protecting it from unauthorised access or disclosure, internally and externally.</p>
Standard 5.1 Use of Information	<p>Internal auditors must follow the relevant policies, procedures, laws, and regulations when using information. The information must not be used for personal gain or in a manner contrary or detrimental to the organisation’s legitimate and ethical objectives.</p>
Standard 5.2 Protection of Information	<p>Internal auditors must be aware of their responsibilities for protecting information and demonstrate respect for the confidentiality, privacy, and ownership of information acquired when performing internal audit services or as the result of professional relationships.</p> <p>Internal auditors must understand and abide by the laws, regulations, policies, and procedures related to confidentiality, information privacy, and information security that apply to the organisation and internal audit function.</p> <p>Considerations specifically relevant to the internal audit function include:</p> <ul style="list-style-type: none"> • Custody, retention, and disposal of engagement records. • Release of engagement records to internal and external parties. • Handling of, access to, or copies of confidential information when it is no longer needed. <p>Internal auditors must not disclose confidential information to unauthorised parties unless there is a legal or professional responsibility to do so.</p> <p>Internal auditors must manage the risk of exposing or disclosing information inadvertently.</p> <p>The Head of Internal Audit must ensure that the internal audit function and individuals assisting the internal audit function adhere to the same protection requirements.</p>