

APPENDIX 4**Internal Audit Service: Code of Ethics****INTRODUCTION**

The purpose of a Code of Ethics is to promote an appropriate ethical culture for Internal Audit. The Code has been developed from work undertaken by CIPFA and the IIA to provide clear rules of conduct and to provide a basis for effective management of ethical behaviour.

PRINCIPLES

Internal auditors are expected to apply and uphold the following principles:

- **Integrity.** The integrity of internal auditors establishes trust and thus provides the basis for reliance on their judgement.
- **Objectivity.** Internal auditors exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors make a balanced assessment of all the relevant circumstances and are not unduly influenced by their own interests or by others in forming judgments.
- **Confidentiality.** Internal auditors respect the value and ownership of information they receive and do not disclose information without appropriate authority unless there is a legal or professional obligation to do so.
- **Competency.** Internal auditors apply the knowledge, skills and experience needed in the performance of internal auditing services.
- **Professional Behaviour.** Internal auditors comply with standards and laws and must not bring the reputation of the profession into disrepute in their behaviour and actions.

RULES OF CONDUCT**Integrity**

Internal auditors:

- Shall perform their work with honesty, diligence and responsibility;
- Shall observe the law and make disclosures expected by the law and the profession;
- Shall not knowingly be a party to any illegal activity, or engage in acts that are discreditable to the profession of internal auditing or to the organisation;
- Shall respect and contribute to the legitimate and ethical objectives of the organisation; and
- Shall maintain relationships with colleagues, internal clients and external contacts that are characterised by honesty, truthfulness and fairness.

In line with these standards of integrity, there is a specific requirement that auditors must comply with the Code of Conduct for Officers adopted and with the requirements of policies adopted to address the risks of fraud or corruption.

Objectivity

Internal auditors:

- Shall not participate in any activity or relationship that may impair or be presumed to impair their unbiased assessment. This participation includes those activities or relationships that may be in conflict with the interests of the organisation;
- Shall not review any activity for which they have previously had operational responsibility;
- Auditors should not be assigned such work until the Chief Internal Auditor has determined that a suitable period has elapsed;
- Shall not accept anything that may impair or be presumed to impair their professional judgement; and
- Shall disclose all material facts known to them that, if not disclosed, may distort the reporting of activities under review.

Confidentiality

Internal auditors:

- Shall be prudent in the use and protection of information acquired in the course of their duties but should ensure that requirements of confidentiality do not limit or prevent reporting within the authority as appropriate;
- Shall not make unauthorised disclosure of information unless there is a legal or professional requirement to do so; and
- Shall not use information for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the organisation.

Competency

Internal auditors:

- Shall engage only in those services for which they have the necessary knowledge, skills and experience;
- Shall continually improve their proficiency, the effectiveness and quality of their services and maintain their understanding of relevant legislation and other regulatory arrangements relating to their clients;
- Shall ensure that they have sufficient knowledge and understanding of the aims, objectives and governance arrangements within Peterborough; and
- Shall ensure that they understand the scope of each audit assignment and the purpose, risks and issues of the service / activity subject to audit.

Professional Behaviour

Internal auditors:

- Will behave in a professional manner both during their day to day work and activities outside of work.

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