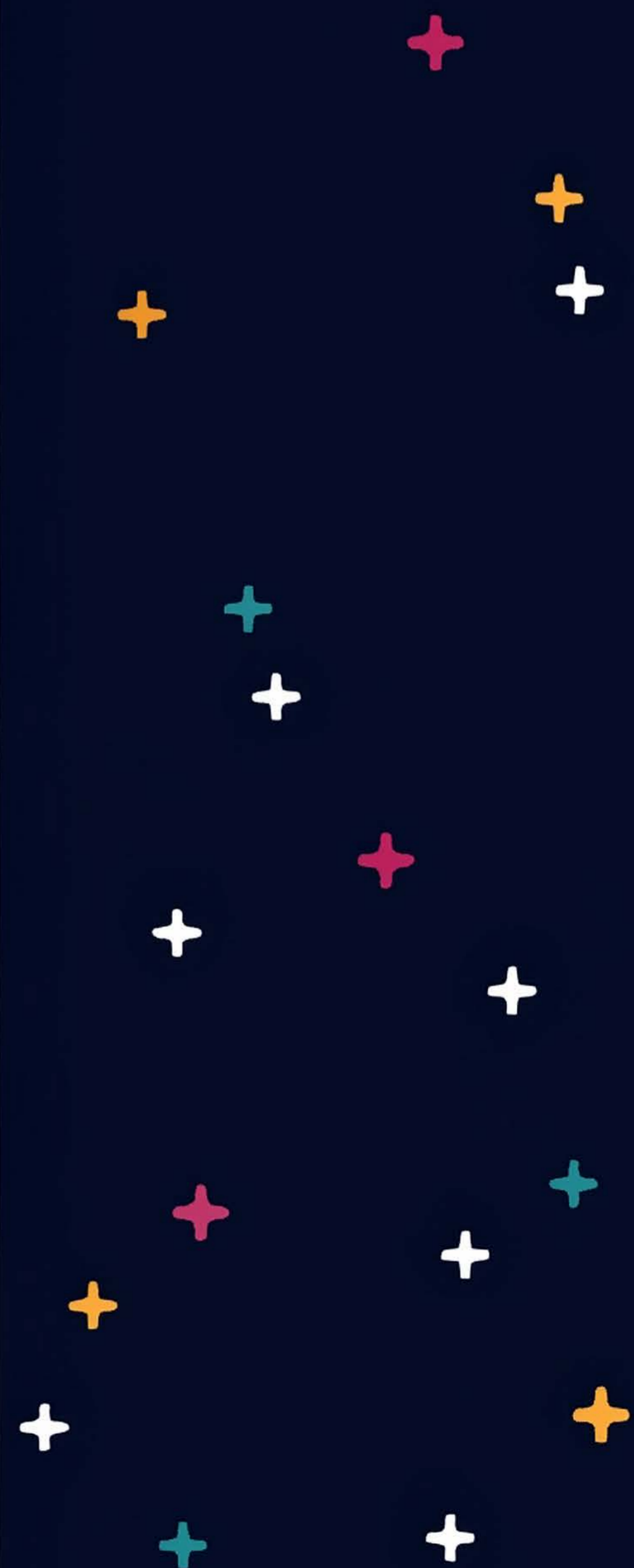


Ethics and Professionalism

Module

1	Integrity	3
2	Objectivity	11
3	Competency	23
4	Due Professional Care and Confidentiality	31



NOTES

This module covers the following topics from the *CIA examination syllabus*:

CIA Syllabus—Section B: Ethics and Professionalism

1. Demonstrate integrity

May include but is not limited to:

- a. Describe how to apply honesty and professional courage when confronted with ethical dilemmas or difficult situations
- b. Describe how to practice legal and professional behavior in all situations

1 Ethics and Professionalism

The principles and standards in Domain II: Ethics and Professionalism of the *Global Internal Audit Standards* (Standards) published in 2024, which replaced the former Code of Ethics, outline the behavioral expectations for professional internal auditors, such as chief audit executives (CAE), other individuals, and any entities that provide internal audit services.

Conformance with these principles and standards is crucial, as it builds trust in the internal auditing profession. It also fosters an ethical culture within the internal audit function and provides a foundation for reliance on the internal auditor's work and judgment.

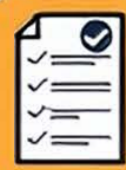
Internal auditors are required to follow the ethical and professional standards even if they are also expected to comply with other codes of conduct, such as those of their organization (codes of ethics, etc.). If a certain behavior is not specifically listed in the Standards, it does not mean it is acceptable or will not be considered inappropriate or discreditable.

2 Demonstrate Integrity

According to Principle 1: Demonstrate Integrity in the Standards, integrity is defined as "behavior characterized by adherence to moral and ethical principles, including demonstrating honesty and the professional courage to act based on relevant facts." Internal auditors should demonstrate integrity even when they are facing pressure to do otherwise, or when doing so might create potential adverse personal or organizational consequences.

Integrity is essential in establishing trust and earning respect and thus provides the basis for reliance on internal audit judgment. As a result, integrity serves as the foundation of the other four principles in the ethics and professionalism domain (i.e., objectivity, competency, due professional care, and confidentiality).

3 Honesty and Professional Courage



Requirements

Standard 1.1 Honesty and Professional Courage

Internal auditors must perform their work with honesty and professional courage.

Internal auditors must be truthful, accurate, clear, open, and respectful in all professional relationships and communications, even when expressing skepticism or offering an opposing viewpoint. 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 organization's ability to make well-informed decisions.

Internal auditors must exhibit professional courage by communicating truthfully and taking appropriate action, even when confronted by dilemmas and difficult situations.

The chief audit executive must maintain a work environment in which internal auditors feel supported when expressing legitimate, evidence-based engagement results, whether favorable or unfavorable.

To perform work with honesty, the Standards require that internal auditors communicate truthfully, accurately, clearly, and objectively in all professional interactions and avoid language that downplays, conceals, or exaggerates findings. Internal auditors must also disclose all material facts and information related to the activities under review and those relevant to the engagement results and conclusions, even if such disclosures may be unfavorable to the management or the board.

Additionally, internal auditors must demonstrate professional courage through open communications and proper actions, particularly when confronted with ethical dilemmas or in challenging situations. When confronted with a difficult situation that challenges honesty or professional courage, an internal auditor should look to a supervisor for guidance on how best to respond and what course of action to take rather than dismiss the matter. Raising an issue or concern in a challenging situation demonstrates professional courage.

Illustration 1 Honesty and Professional Courage

During an expense audit, Ling, an internal auditor, discovers suspicious expenses submitted by a senior executive on several expense reports for the year. The expenses included several large dinner charges that were outside the expense policy limits. When Ling asked for additional documentation to see if these were business-related expenses, the senior executive informed her that he did not have additional information and not to worry about the expenses.

Ling has concerns regarding these expenses outside of the company's policy, which only reimburses for business-related expenses, and the controls regarding how they were approved and reimbursed by the company.

However, Ling was concerned about raising the issues, as it may upset Tony, the senior executive, who has a strong influence within the company. To determine the best course of action, Ling discussed the circumstances with the engagement supervisor, Clair. They reviewed the evidence together and agreed that the items needed to be reported, even though it might make the senior executive uncomfortable.



Pass Key

Consider using the mnemonic **TACO** to help remember that the Standard requirements outline that "internal auditors must be truthful, accurate, clear, open, and respectful in all professional relationships and communications":

T Truthful

A Accurate

C Clear

O Open

3.1 Ethics Education and Support

Internal auditors should look for training opportunities in ethics to improve their understanding of honesty and professional courage. They can improve honesty and professional courage by practicing skills, such as tact and respectful communication, through training, mentorship, and supervision.

To support individual internal auditors, the CAE should facilitate opportunities for education, training, and discussions about hypothetical and real situations involving ethical decision making. The CAE should document the internal audit ethics training plan along with evidence of internal auditors' attendance or participation in the ethics education programs.