

**PENNSYLVANIA STATE SYSTEM OF HIGHER EDUCATION
OFFICE OF INTERNAL AUDIT AND RISK ASSESSMENT**

CODE OF ETHICS

Each staff member of the Office of Internal Audit and Risk Assessment must understand and adhere to all provisions of the *Code of Ethics*. The *Code* provides guidance for the minimum level of ethical conduct expected. In most cases, Office of Internal Audit and Risk Assessment personnel should exceed the *Code's* basic requirements, as circumstances dictate. Staff members are, therefore, expected to maintain the highest standards of ethical conduct, even more so than other employees, since it is part of the Office of Internal Audit and Risk Assessment's responsibility to report and prevent misconduct by other employees. We cannot maintain our credibility and enforce the rules effectively unless we obey them ourselves.

In order to maintain the highest levels of integrity in appearance and in fact, each staff member must exercise sound judgment and when uncertainty exists, seek guidance from superiors. Each administrative, supervisory and professional staff member of the Office of Internal Audit and Risk Assessment is expected to act in accordance with the following standards of professional ethics.

1. Carry out the duties of the office with competence and strive to maintain and improve both personal competence and that of others. In doing so, the Office of Internal Audit and Risk Assessment has the right to a supportive State System setting and adequate resources for the proper execution and performance of the function.
2. An obligation to ensure no person is discriminated against in the formulation and execution of State System policies.
3. Responsibility for meeting State System goals and objectives, and following policies; contributing to the formulation of goals, objectives and policies; and for interpreting them to others.
4. Provide an environment in which each staff member has an opportunity to develop talents and broaden horizons, enhance personal and professional growth through attendance at professional meetings and other activities, and contribute to the development of professional standards among colleagues in the State System and in other institutions of higher education.
5. Exercise competence and knowledge to the most effective use of State System resources and be prepared to work with other System personnel to this end.
6. Reflect due regard for possible conflicts of interest. Be prepared to assist in the clarification of possible conflicts of interest that may arise in the State System. Refrain from accepting duties, incurring obligations, accepting gifts or favors of monetary value, or engaging in private business or professional activities where there is, or would appear to be, a conflict between the staff member's private interests and the interests of the State System.

THE INSTITUTE OF INTERNAL AUDITORS

CODE OF ETHICS

Background

The Institute of Internal Auditors (IIA) is the international governing association dedicated to the profession of internal auditing. Headquartered in Altamonte Springs, Florida, the IIA is the acknowledged authority on internal auditing and prescribes the requirements for certification of the professional designation of Certified Internal Auditor (CIA). The Institute's Board of Directors adopted the most recent version of the IIA's *Code of Ethics* on June 17, 2000.

Introduction

The purpose of The Institute's *Code of Ethics* is to promote an ethical culture in the profession of internal auditing.

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

A code of ethics is necessary and appropriate for the profession of internal auditing, founded as it is on the trust placed in its objective assurance about risk management, control, and governance. The Institute's *Code of Ethics* extends beyond the definition of internal auditing to include two essential components:

1. Principles that are relevant to the profession and practice of internal auditing; and
2. Rules of Conduct that describe behavior norms expected of internal auditors. These rules are an aid to interpreting the Principles into practical applications and are intended to guide the ethical conduct of internal auditors.

The *Code of Ethics* together with The Institute's *Professional Practices Framework* and other relevant Institute pronouncements provide guidance to internal auditors serving others. "Internal Auditors" refers to Institute members, recipients of or candidates for IIA professional certifications, and those who provide internal auditing services within the definition of internal auditing.

Applicability and Enforcement

This *Code of Ethics* applies to both individuals and entities that provide internal auditing services.

For Institute members and recipients of or candidates for IIA professional certifications, breaches of the *Code of Ethics* will be evaluated and administered according to The Institute's Bylaws and Administrative Guidelines. The fact that a particular conduct is not mentioned in the Rules of Conduct does not prevent it from being unacceptable or discreditable, and therefore, the member, certification holder, or candidate can be liable for disciplinary action.

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 judgment.

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.

Rules of Conduct

1. Integrity

Internal auditors: (a) shall perform their work with honesty, diligence, and responsibility; (b) shall observe the law and make disclosures expected by the law and the profession; (c) 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 organization; and (d) shall respect and contribute to the legitimate and ethical objectives of the organization.

2. Objectivity

Internal auditors: (a) 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 organization); (b) shall not accept anything that may impair or be presumed to impair their professional judgment; and (c) shall disclose all material facts known to them that, if not disclosed, may distort the reporting of activities under review.

3. Confidentiality

Internal auditors: (a) shall be prudent in the use and protection of information acquired in the course of their duties; and (b) 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 organization.

4. Competency

Internal auditors: (a) shall engage only in those services for which they have the necessary knowledge, skills, and experience; (b) shall perform internal auditing services in accordance with the *Standards for the Professional Practice of Internal Auditing*; and (c) shall continually improve their proficiency and the effectiveness and quality of their services.