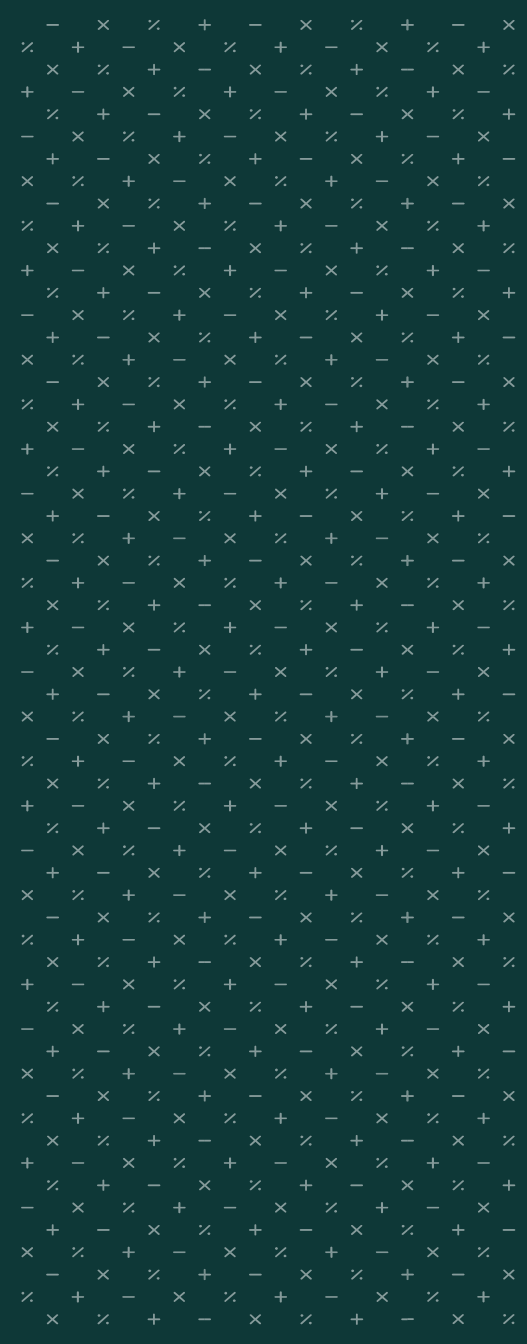




Ethics Overview for Internal Auditors

Aran Loftus, Senior Manager, Moss Adams





Roadmap:

Definitions

Code of Ethics

Dilemmas

Ethical Leadership

Safeguards





Definitions



Business Ethics



- Morals
- Ethics
- Guidance for corporate culture and identify



Evolution of Ethics

- Classical theories of a business acting as a business; self serving
- Evolution to more socially responsible approaches
- Profits vs. the “right decision”
- Focus on preventing conflicts through education

Elements of a Code of Ethics

- Promotes policies to guide behavior
- Communicates organizational beliefs
- Framework for decision making and reporting
- Defines oversight roles
- May outline disciplinary actions
- Establishes trust in the organization



IIA Code of Ethics



- **Four main sections**
- Integrity
- Objectivity
- Confidentiality
- Competency

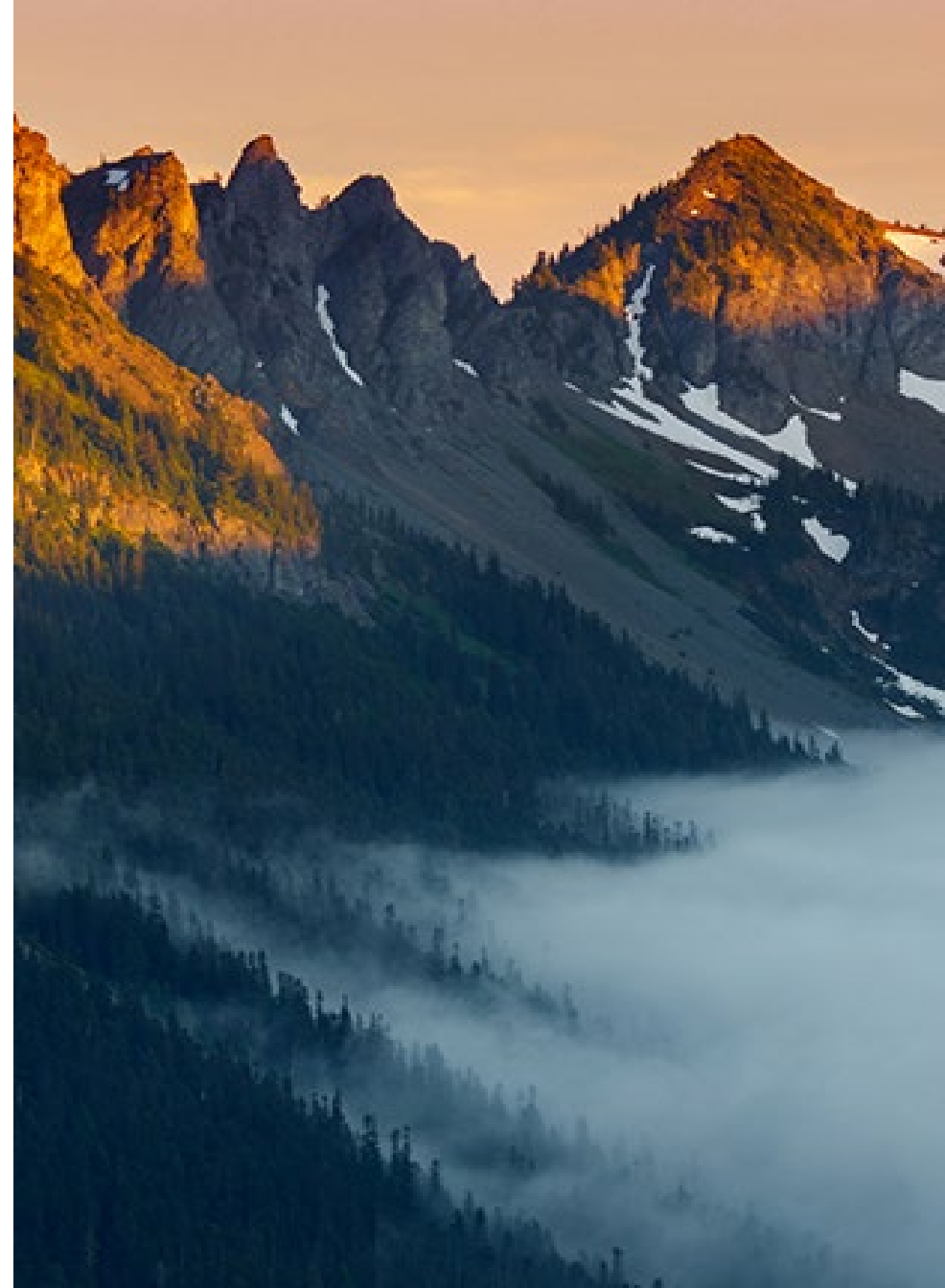
Dilemmas



Ethical Dilemmas

Profits over doing the right thing

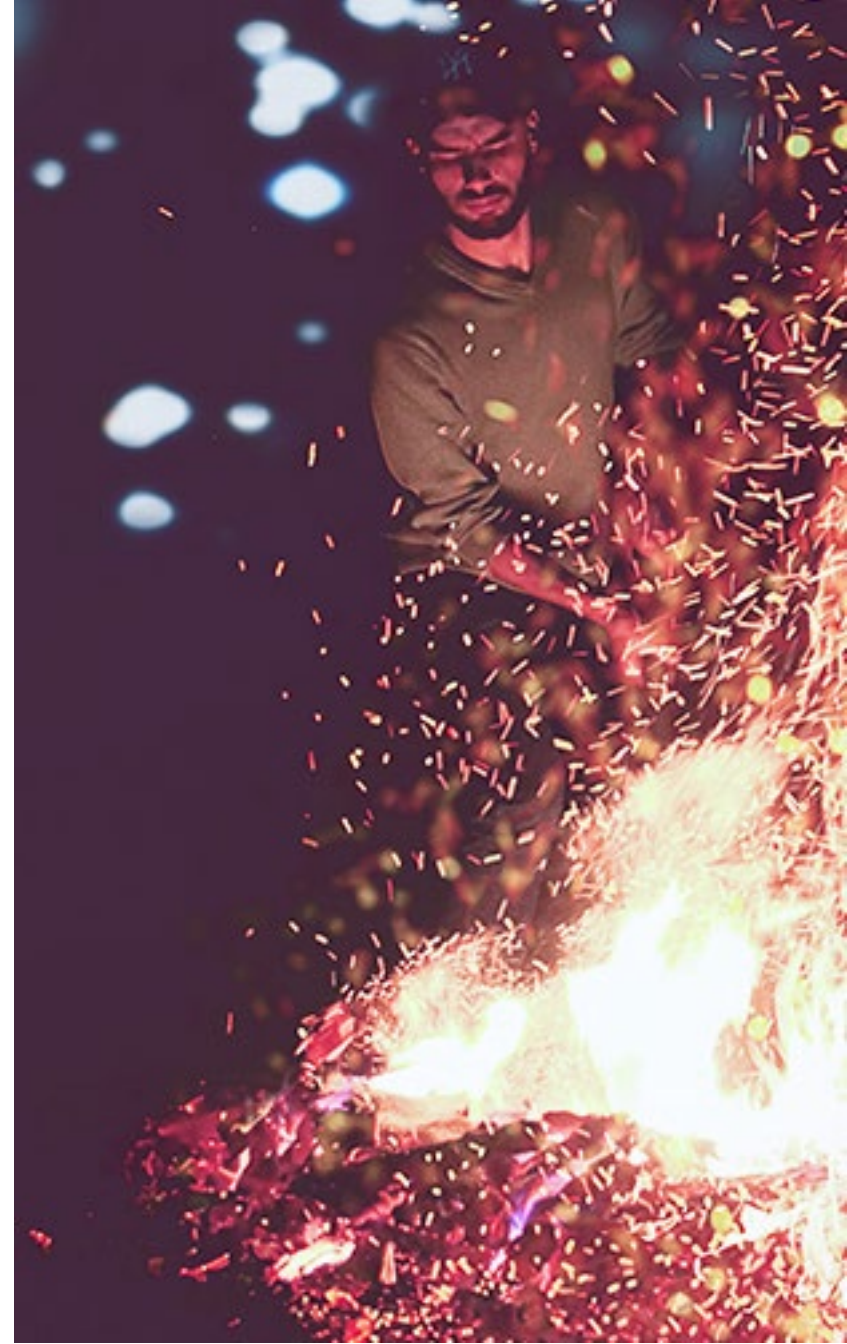
- Passive corrections of errors
- Unsuitable products – pressure on members
- Timing of gains and losses



Ethical Dilemmas

Management Pressure

- Pressure to change findings
- Lack of funding
- Non-inclusionary culture
- Scope restrictions



Ethical Dilemmas

Personnel – internal and outsourced

- Requirement to adhere to a code of ethics (CIA, CPA)
- Outsourced firms do not have codes of ethics
- Lack of training
- Conflicts of interest



Ethical Dilemmas

Role of the internal auditor in the organization

- Adequate oversight
- Internal auditor as a management control
- Internal audit and Supervisory Committee charters



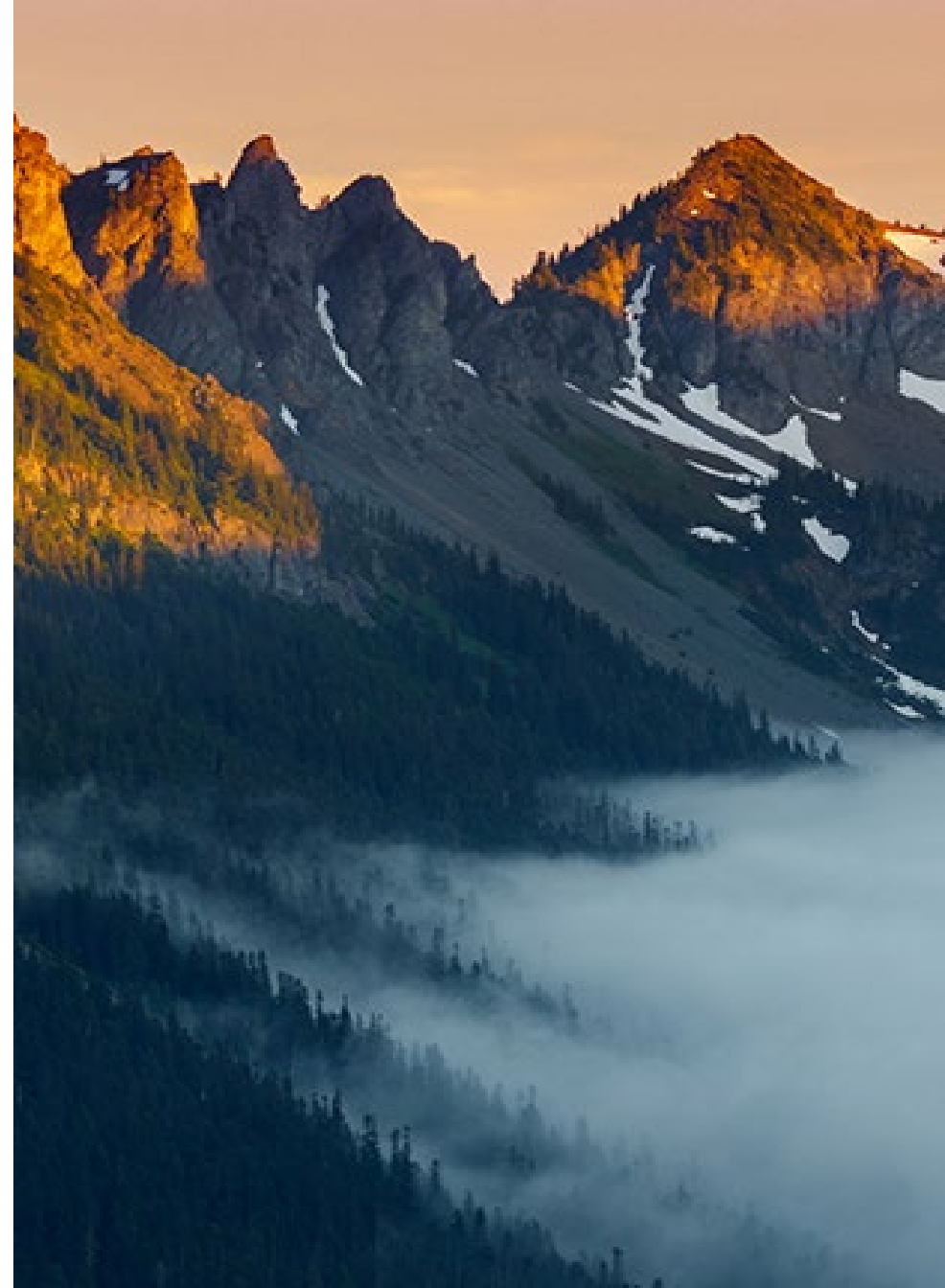
Ethical Dilemmas

Technology

- Monitoring email and internet use
- Social media
- Employee account reviews



Ethical Leadership and Safeguards





- Retrieved from content.time.com



- Retrieved from CNBC.com



- Retrieved from CNBC.com

Ethical Leadership



Traits of an ethical leader

- Trust in employees
- Honesty in communications
- Empathy and openness to listen
- Leads by example – consistency
- Stakeholders over profits

Safeguards and Internal Controls

- Whistleblower hotline
- Appropriate IT policies
- Mandatory vacations
- Appropriate training at all levels
- Annual independent audit
- Board oversight
- Segregation of duties
- Expense report reviews
- Written fraud policy
- Employee Account Reviews



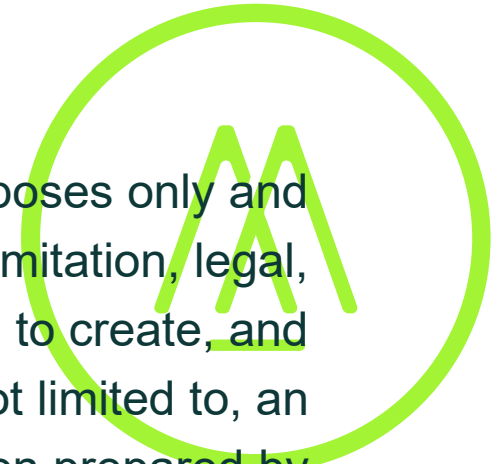


Questions
and/or
Experiences?



The material appearing in this presentation is for informational purposes only and should not be construed as advice of any kind, including, without limitation, legal, accounting, or investment advice. This information is not intended to create, and receipt does not constitute, a legal relationship, including, but not limited to, an accountant-client relationship. Although this information may have been prepared by professionals, it should not be used as a substitute for professional services. If legal, accounting, investment, or other professional advice is required, the services of a professional should be sought.

Assurance, tax, and consulting offered through Moss Adams LLP. Investment advisory offered through Moss Adams Wealth Advisors LLC. Investment banking offered through Moss Adams Capital LLC.



THANK YOU