

Draft Revised ISSAI 30 as of 19 May 2015

Technical notes (this excerpt will form a separate part, e.g. Notes to ISSAI 30, at the stage of exposure and approval)

Sixteen years after its adoption by the XVI INTOSAI Congress in Montevideo (1998), the time came to review the INTOSAI Code of Ethics – ISSAI 30. At the Steering Committee of the INTOSAI Professional Standards Committee, held in Stockholm in June 2013, a team was established to carry out an initial assessment of whether the extant ISSAI 30 needed to be revised to ensure its relevance in the current public sector auditing environment. The ISSAI 30 Review Team was established and comprised the Supreme Audit Institutions (SAIs) of Indonesia, Poland (project leader), Portugal, the United Kingdom and the United States.

To determine whether the Code of Ethics needed a revision, input was sought from the whole INTOSAI community. The ISSAI 30 Review Team developed an online survey and distributed it in late February 2014. The results of the survey showed that the INTOSAI community felt the need to revise ISSAI 30 and that the revision's main objectives should be to enhance the standard's usefulness to SAIs and its relevance to the challenges of the current public sector auditing environment.

The ISSAI 30 Review Team was enlarged to provide a broad regional representation, and the final team comprised the following: the SAIs of Albania, Chile, Hungary, Indonesia, Kuwait, Mexico, Namibia, the Netherlands, New Zealand, Poland (lead), Portugal, South Africa, the United Kingdom and the United States, and the International Federation of Accountants (IFAC) as an observer.

Structure of the document (description of the role each part of the document is supposed to play).

Authors?

I. Preamble

1. As members of INTOSAI we deem it critical that the reputation of Supreme Audit Institutions (SAIs) be held in the highest regard and meet the expectations of our stakeholders. It is only by being held in such high regard and by meeting expectations that we can achieve our common goals as set out in the Lima Declaration. Stakeholders include the bodies that we audit, citizens, legislative bodies, and others. Our stakeholders must have absolute trust in the work of a SAI, and ethical behaviour is a key component in establishing that trust. With the Lima Declaration of Guidelines on Auditing Precepts as its foundation, an INTOSAI Code of Ethics was established in 1998, which was later included in the framework of INTOSAI standards as ISSAI 30 – a standard of the second level that is a prerequisite for the functioning of SAIs and for complying with the other INTOSAI Auditing Standards. The following document is the revised version of ISSAI 30. This Code of Ethics is directed to all of those who work for, or conduct business on behalf of, a SAI. This includes the head of a SAI, other SAI leadership, and all individuals directly employed or contracted to conduct business on behalf of a SAI.
2. A SAI is responsible for auditing the public sector, and can only effectively do this by acting as a model organisation in the eyes of its stakeholders. As such, all individuals who work for, or conduct business on behalf of, a SAI should adhere to the highest standards of ethical behaviour. This Code of Ethics provides a statement of values which should guide the behaviour of all individuals in a SAI in their daily work and personal life to meet the expectations of stakeholders
3. The need for issuing this code is twofold, namely:
 - to provide SAIs and the individuals working for SAIs with a set of values on which to base behaviour and meet the expectations of stakeholders; and
 - to recognise the environment within which SAIs operate, which is often different to the environment within which a private sector auditing organisation operates.

II. Overall approach to fostering professional and ethical behaviour

1. Application of this code is intended for the SAIs to foster professional and ethical behaviour by employees of SAIs and others who work for, or on behalf of, SAIs.
2. The code is based on five values that underpin professional and ethical behaviour. These values, along with a summarised explanation of each value, follow:
 - **Integrity** – to act honestly, in good faith and in the public interest,
 - **Independence and objectivity** – to make judgements in an impartial and unbiased manner,
 - **Competence** – to maintain knowledge and skills appropriate for the role,
 - **Confidentiality** – to appropriately protect information,
 - **Professional behaviour** – to act always in a manner consistent with the highest expectations of a reasonable and informed stakeholder.
3. SAIs, SAI employees, and others who work for, or on behalf of, SAIs need to assess the risks (often also referred to as “threats” or “vulnerabilities”) of non-compliance with the above values. These risks need to be assessed so that, where necessary, controls (often also referred to as “safeguards”) can be put in place to mitigate the risks identified.
4. Risks affecting judgement or behaviour can arise in a number of different ways, including but not limited to, those arising from:
 - personal interests,

- reliance on previous judgements made by the SAI or individuals within the SAI,
- advocating the interests of audited entities or other parties,
- long or close relationships,
- external pressure from audited entities or other parties.

These risks can be either real or perceived.

5. Where risks are identified that threaten any of the five values, controls need to be put in place to mitigate the risks. These controls can be put in place by:
 - legislation or regulation,
 - INTOSAI and other relevant professional organisations, and
 - SAIs.
6. The application of appropriate controls is necessary to reduce the risk of unprofessional or unethical behaviour to an acceptable level. What is an acceptable level of controls to reduce the risk of unprofessional or unethical behaviour is a matter of professional judgement.

III. Overall responsibilities of Supreme Audit Institutions

1. Explanation

Building an ethical culture in an organisation starts with the leadership of the organisation. The SAI's leadership shall include ethics as a priority in their agenda and shall develop and maintain an ethics' framework, composed of several policies, measures and tools. A strong focus of the framework shall include the accountability of individuals to adhere to the ethical values that are set.

2. Requirements

- (a) The SAI's leadership shall demonstrate awareness of the ethical dimension, highlight its importance and promote an ethical culture in the organisation.
- (b) The SAI's leadership shall influence the culture of the SAI by its actions and example, acting consistently with the ethical values, and demonstrating accountability and transparency.
- (c) The SAI shall adopt a Code of Ethics consistent with this standard and shall make it public.
- (d) The SAI shall require all employees to adhere to the Code of Ethics and shall provide guidance and support to influence the understanding of the code.
- (e) The SAI shall require that any party it contracts to carry out audit work adhere to the SAI's ethical requirements.
- (f) The SAI shall analyse and identify ethical risks or threats and shall adopt appropriate strategies, policies and procedures to mitigate them and to support the ethical behaviour of employees.
- (g) The SAI shall adopt policies and procedures to identify, investigate and address any breach of ethical values.
- (h) The SAI shall report to the relevant stakeholders on the ethical policies it pursues and regularly evaluate and update these policies.
- (i) The SAI shall identify potential conflicts between its ethical requirements and the standards of professional bodies that the SAI's employees may be a member of and shall provide guidance to solve them.

3. Application guidance

An ethics framework or control system should be implemented by adopting appropriate specific strategies, policies and procedures to guide, manage and control ethical behaviour, such as the ones mentioned in the following paragraphs. As an example the framework below can be adopted in the following areas: code of ethics, ethics policies and procedures, leadership, ethical responsibilities, ethical control and management, and other professional ethical standards.

3.1. Code of ethics

Codes of ethics or codes of conduct express ethical values and set out the way in which a SAI expects its employees to behave, therefore guiding individual's behaviour. They also function as professional statements and support an ethical image, both internally and externally.

Each SAI has the responsibility to set their standards in accordance with the culture of the SAI. This is inclusive of language, legal and social systems.

SAIs' codes of ethics should incorporate the values set out in this standard and add national specific requirements to provide further guidance.

In these codes, the balance between value and detail is determined by context and organisational culture. Elements to be considered are: statements regarding the values guiding conduct, descriptions of the associated expected behaviours, concrete examples of ethical dilemmas and sensitive situations, and provisions to deal with misconduct.

It is important that the process of preparing the code is inclusive, transparent and ensuring commitment and ownership.

As part of a SAI's culture, all relevant stakeholders, including SAI leadership and employees and relevant external experts, must adhere to the code.

3.2. Ethics policies and procedures

SAIs' leadership should develop relevant policies and procedures aligned to the Code of Ethics. These policies must cover all the key areas of ethics inclusive of rotation, complaints etc. As part of the ethical culture, a SAI shall adopt clear communication strategies with messages educating employees on ethical dilemmas, living the values, emphasising the importance of consistent declaration of interests etc. These communication vehicles shall also be inclusive of workshops, training and leadership engagements.

3.3. Leadership

A SAI's leadership has a key role in fostering the ethical behaviour of employees. A clear reflection on the importance of ethics shall be visible through ensuring that ethics is a priority intervention within the SAI. Clear, consistent and frequent messages with appropriate actions, are necessary to emphasise the importance of acting in accordance with the ethical values.

Leaders and managers should lead by example and consistently set the tone for ethical behaviour.

They are expected to ensure true professional management, high standards of accountability and transparency, and to encourage an open and mutual learning environment, where difficult questions can be raised and discussed.

3.4. Ethical responsibilities

Ethical behaviour is primarily a responsibility of individuals in their everyday lives. However, in order to foster an ethical environment, it is important for SAIs to clearly assign organisational responsibilities in this respect. The assignment of responsibilities may involve line managers, ethics committees, integrity coordinators, advisors or counsellors and all employees. Most important is that ethics processes are clearly understood so that employees are aware of the route to undertake to ethics.

3.5. Ethics control and management

Incorporating ethics in the daily management is essential to reinforce values. This includes, *inter alia*, applying merit to ethics as criteria in recruitment, performance appraisal and professional development. It also implies recognising and rewarding ethical behaviour and applying safeguards to specific risks, such as those arising from conflicts of interests, confidentiality issues or conflicts of requirements.

Monitoring controls are integral to ethics to assist the SAI to mitigate any risks. As part of the monitoring controls the following can be applied:

- self-assessments, internal reviews and external scrutiny that can be used regularly, either as monitoring tools, as a way to analyse and identify vulnerabilities and recommend measures for improving ethics management and/or as a routine to ensure accountability and to allow reporting to stakeholders,
- IntoSAINT and peer review guidelines, which are tools prepared and available for these assessments,
- client feedback questionnaires,
- gifts, hospitality and interest electronic register adopted for all declarations. Declaration of interests and rotation procedures are integral to the audit profession,
- clear policies on ethical misconduct and whistle-blowing.

3.6. Other professional ethical standards

SAIs employ or use several types of expertise that may require the correspondent professionals to be members of a professional body. It is likely that these professionals are bound by ethical requirements established for their profession. Each SAI is expected to identify the potential conflicts between those standards and the SAI's ethical requirements, and to provide guidance on how to solve these conflicts. For example,

IV. Values

This Code of Ethics is based on several values that underpin professional and ethical behaviour, namely: (1) integrity, (2) independence and objectivity, (3) competence, (4) confidentiality, and (5) professional behaviour. These values serve as 'compass' and help individuals and SAIs finding their way, even in the absence of rules.

In the following section, each of these values has been approached separately, by providing explanation on how it should be understood, which is followed by requirements, both at the level of a SAI and at the individual level, and then by application guidance, again described at the levels of SAIs and their employees (auditors and other SAIs' employees).

1. Integrity

1.1. Explanation

In order to sustain stakeholders' confidence, the conduct of SAIs' employees and any individual working for SAIs must adhere to high standards of integrity.

For the purpose of this code, integrity means acting honestly, sincerely, reliably, in good faith and in the public interest. In this sense, integrity is mainly a personal responsibility, an uncompromising and consistent commitment to observe law, regulations and values of irreproachable conduct. SAI leadership is responsible for fostering the integrity of SAI employees.

1.2. Requirements

1.2.1. Requirements at the level of SAI

- (a) SAIs shall highlight, demonstrate, and promote integrity by establishing and maintaining ethics' control systems as described in part III of this code.
- (b) SAIs shall raise awareness of the importance of integrity.
- (c) SAIs shall not tolerate breaches of integrity and shall ensure that timely and adequate responses to breaches are taken.

1.2.2. Requirements at the level of SAI staff

- (a) The behaviour of every member of SAIs' staff shall be irreproachable and beyond any suspicion. In this respect, top management shall lead by example.
- (b) SAIs' employees shall act honestly and in good faith. In the course of their work they shall always be trustworthy.
- (c) SAIs' employees, and leaders in particular, shall take care to exercise responsibilities and use the powers, information and resources at their disposal solely for the benefit of the public interest. They shall not use their position to obtain favours or personal benefits for them or for third parties.
- (d) SAIs' leadership and employees shall be aware of integrity risks and appropriate ways to mitigate them.

1.3. Application guidance

1.3.1. Application guidance at the level of SAI

To foster integrity, SAIs implement and maintain control systems, consisting of a well-balanced set of measures and controls. Part III of this standard describes the main components that are relevant for SAIs at the organisational level (please refer to this part for further guidance). IntoSAINT provides guidance for such a framework of controls.

Individuals are usually able to find appropriate lines of action to tackle vulnerabilities. The SAIs should have designated Ethics Officers that are available, should an individual need to seek advice on these matters.

SAIs should implement tools to control these vulnerabilities, such as clear guidance and monitoring and declarations of interests, activities and/or gifts.

1.3.2. Application guidance at the level of SAI staff

Integrity vulnerabilities

At the individual level, SAIs' leadership and employees need to be aware of circumstances that might expose them to integrity vulnerabilities, particularly those related to working for SAIs and for the public sector. These circumstances may relate to:

- personal financial or other interests or relations conflicting with the SAI's interests or relations,
- acceptance of gifts or gratuities,
- involvement in political activities, participation in pressure groups, lobbying, etc.,
- access to sensitive and/or confidential information,
- access to and use of valuable resources of the SAI.

Circumstances related to private life of SAIs' employees may also threaten their integrity, such as difficult financial situation or personal relationships.

If integrity risks exist without appropriate controls to cover these risks, it is the responsibility of an individual to bring the risks to the attention of the SAI's management to undertake remedial action.

Individual responsibilities towards SAIs' integrity policies

Individuals need to acquaint themselves with the policies, regulations and rules that are in place within the SAI to foster integrity. They have to comply with the standards set by the organisation, not just in a formal way, but also properly taking into account the intention of the rules. Individuals also need to be aware of the responsibilities for integrity assigned within the SAI, for example related to counselling or reporting of concerns or suspicions of integrity violations.

To keep up to date with integrity risks and controls, it is important that both a SAI's leadership and employees participate in training, meetings and events organised by the SAI to promote a culture of integrity.

Finally, individuals need to promote accountability for integrity, which implies, *inter alia*, supporting evaluations of integrity policies and standards, with a view on continuous improvement.

2. Independence and Objectivity

2.1. Explanation

To ensure the credibility of a SAI's work, the stakeholders must be fully assured of its fairness and impartiality. For that, it is essential that a SAI be independent, that its employees act impartially and unbiased, and that their work be fully objective.

Independence comprises independence in fact and independence in appearance. Independence in fact is the state of mind that permits the performance of activities without being affected by influences that compromise professional judgment, thereby allowing an individual to act with integrity and exercise objectivity and professional scepticism. Independence in appearance is the absence of circumstances that would cause a reasonable and informed third party, having knowledge of the relevant information, to reasonably doubt or conclude that the integrity, objectivity or professional scepticism has been compromised.

2.2. Requirements

2.2.1. Requirements at the level of SAI

SAIs shall be independent as regards their status, mandate, discretion, reporting, and management autonomy. This independence shall be prescribed by an appropriate and effective constitutional, legal, or regulatory framework. SAIs shall also adopt policies aimed at providing conditions for their independent and objective functioning. These include:

- (a) Establishing rules to address situations involving previous work done on behalf of the audited entity. SAIs shall adopt internal policies to identify cases where its previous work can jeopardise judgement pertaining to its audits.
- (b) Adopting policies for the periodic rotation of staff, particularly at senior levels.
- (c) Establishing a framework for applying controls to identify and mitigate significant threats to independence as well as providing guidance and direction for employees in this respect.
- (d) Ensuring that where a SAI provides advice or other non-audit services to an audited entity, such services should not include management responsibilities.
- (e) Ensuring that any external experts or contracted parties working for or on behalf of SAIs commit to their independence requirements.

2.2.2. Requirements at the level of SAI staff

SAIs' employees shall be free of impairments to independence and objectivity that result from political bias, participation in management, self-review, financial or other personal interest, or relationships with, or undue influence from, others. Consequently, SAIs' employees shall:

- (a) Be politically neutral in the professional environment.

- (b) Avoid involvement in the audited entity's decision making.
- (c) Avoid auditing work that they have previously done or influenced.
- (d) Avoid circumstances where personal interests could impact decision-making.
- (e) Avoid circumstances where relationships with the management or personnel of other entities, such as auditees, suppliers, contractors, etc., could impact decision-making.
- (f) Disclose pre-existing relevant relationships and refuse gifts, gratuities or preferential treatment that could impair independence in fact or in appearance.
- (g) Maintain independence in fact and appearance from political influence. Notwithstanding the organisational safeguards in place to minimise political pressure, a SAI's leadership and its employees have the responsibility to identify the situations where personal political convictions may impair their independence and where their political views and activities may put the reputation of the SAI and the credibility of its work at risk.
- (h) Formally inform their superior and, ultimately, the head of the SAI about any situation that may present a threat to independence.

2.3. Application guidance

2.3.1. Application guidance at the level of SAI

The core values of SAIs' independence are described in ISSAI 10. Fundamental to each of these values is an appropriate and effective constitutional, legal, or regulatory framework, to support a SAI and its work. An appropriate and effective framework helps ensure SAIs' freedom from interference in the selection of audit issues, in the planning, programming, conducting, reporting, and following-up of their audit, in the access to information, in the enforcement of the decisions where the application of sanctions is part of SAIs' mandate, in the content and timing of audit reports, and in their publication and dissemination. SAIs' financial, organisational and managerial autonomy are critical to this freedom from interference.

SAIs are responsible for implementing independence-related safeguards such as, for example:

- a whistleblowing policy to help identify and mitigate threats to independence,
- measures such as declarations of interests and absence of conflicts of interest to help identify and mitigate threats to independence,
- measures to help ensure that senior staff exercise their supervising and review work according to strict professional criteria designed to exclude outside influences that could impact the SAI's and its employees' independence,
- provisions on how to act in cases when a SAI provides non-audit services to an audited entity or concerning audited areas, such as for example public procurement.

In accordance with its mandate, a SAI may be unable to refuse to engage in or continue an audit engagement. If no controls are effective to eliminate or reduce a threat to independence to an acceptable level, SAI leadership may consider disclosing the threat to independence in the audit report.

2.3.2. Application guidance at the level of SAI staff

Political neutrality

Involvement in political activities may impact the ability of a SAI's leadership or employees to discharge their professional duties impartially. Even where they are permitted to be affiliated and to participate in such activities, they should be aware that these situations may lead to professional conflicts. Especially as it impacts political neutrality, independence in appearance can be as important as independence in fact: participation in public

political activities, public expression of political views, or candidacy for election to public office may be perceived by stakeholders as having an impact on a SAI's ability to form unbiased judgements.

Participation in audited entity management

Management responsibilities involve leading and directing an entity, including making decisions regarding the acquisition, deployment and control of human, financial, physical, and intangible resources. These responsibilities should remain firmly with the management of the audited entity. The following are examples of circumstances related to audited entity management that could impair independence of a SAI:

- a member of an audit team who is, or recently was, a principal or senior manager at the audited entity,
- a SAI's head or employee who serves as a voting member of an audited entity's management committee or board of directors, making policy decisions that affect future direction and operation of an entity's programmes, supervising entity's employees, developing or approving programmatic policy, authorising an entity's transactions, or maintaining custody of an entity's assets,
- a SAI's head or employee who recommends a single individual for a specific position that is key to the entity or programme under audit, or otherwise ranking or influencing the management's selection of the candidate,
- a SAI's head or employee who prepares an audited entity's corrective action plan to address deficiencies identified in the audit.

Audit of work that a SAI's employees have previously done or influenced

Circumstances that could result in a SAI auditing work done by its own employees include:

- an audit employee having recently been an employee of the audited entity,
- an audit employee having previously audited the same subject matter under a different authority.

Personal interests

A SAI's head and its employees have an obligation to avoid financial or other interests that are inconsistent with the values of independence. Such interests could include career, financial interests or dealings, loans and guarantees, or voluntary positions outside the SAI.

Circumstances under which personal interests could impair independence include:

- a SAI's head or employee having a direct financial interest in the audited entity or in another entity that the SAI has a contractual or another relationship with,
- a SAI's head or employee entering into employment negotiations with the audited entity or another entity that the SAI has a contractual or another relationship with,
- a SAI's head or employee responsible for audit engagements or opinions, the outcome of which can have an impact on the financial or other interests of that employee,
- a SAI's head or employee who is engaged in outside business or another non-audit activity with respect to an audited entity or another entity that the SAI has a contractual or another relationship with, the outcome of which can have an impact on the financial or other interests of that employee.

Relationships with management or personnel of other entities

Close personal or professional relationships with other entities, or relationships that can result in undue influence on the part of someone outside a SAI, may impair the independence of the SAI's leadership or employees. This may occur, for example, when an individual:

- has a close or long professional association with managers or employees having an influential position in an audited entity,

- has a close family member or friend who is a manager or employee with an influential position in an audited entity,
- accepts gifts, gratuities or preferential treatment from the other entity, its managers or employees.

General responsibilities related to independence

Individuals should consult with the appropriate parties within a SAI when any uncertainty exists about an independence issue. Depending on the circumstances, it may be possible to consult an independent third party, such as an advisor, a professional organisation, a professional regulatory body or another employee, to assist in assessing the significance of the threat and determining an appropriate means of mitigation.

3. Competence

3.1. Explanation

Stakeholders' trust and credibility in SAI's judgments rely on rigorous professional work. To achieve that, SAIs and their employees must be competent. To this effect, being competent is demonstrating and applying knowledge and skills as appropriate for the tasks to be performed, maintaining them as necessary and acting diligently in accordance with defined and expected standards.

3.2. Requirements

3.2.1. Requirements at the level of SAI

SAIs shall adopt policies to ensure that tasks required by their mandate are performed by individuals or teams having adequate knowledge and skills to successfully complete them. This includes:

- Putting in place competence based recruitment and human resources' policies.
- Designing efficient work teams that collectively possess the needed expertise for each assignment.
- Providing their employees with appropriate training and supervision.
- Using mechanisms to enhance knowledge and information sharing.
- Being prepared to face new challenges arising from changes in the public sector environment and/or in their stakeholders' expectations.

3.2.2. Requirements at the level of SAI staff

Employees or other individuals working for, or on behalf of, SAIs shall:

- Perform to the best of their knowledge and skills, and have the ability to work in a variety of contexts and situations, depending on the requirements of the job or task.
- Always act in accordance with the requirements of the assignment, carefully, thoroughly and on a timely basis.
- Maintain and develop their knowledge and skills to keep up with the developments in their professional environment and to perform their job optimally.
- Recognise and communicate to responsible management any situation where their expertise is not appropriate or enough to complete a specific task.

3.3. Application guidance

3.3.1. Application guidance at the level of SAI

Assembling the appropriate competences

In order to ensure that tasks are performed by adequately qualified employees, that resources are managed in an efficient and effective way, and that employees are not required to work on assignments for which they are not competent, SAIs have the responsibility of:

- identifying the adequate knowledge, skills and values needed to perform each type of engagements required by their mandate,
- recruiting professionals that possess the best possible level of those qualifications and qualities,
- assigning employees to specific tasks according to their identified capabilities.

Considering the diversity of SAIs' work, it is of the utmost importance that SAIs identify the needed expertise for each assignment and that they set up multidisciplinary teams, which collectively possess the required knowledge and the needed team working skills.

In case an employee indicates that their competence is not adequate to perform a concrete task, SAI leadership is expected to bridge this gap. Some tasks, in particular performance audits, may require specialised techniques, methods or skills from disciplines not available within a SAI. In such cases, external experts may be used to provide knowledge or carry out specific tasks.

Continuing professional development and support

Maintaining and developing professional competence is necessary to keep up with technical, professional and business developments, and to respond to a permanently changing environment and to increasing stakeholders' expectations. IT developments and techniques, and evolving public sector management and accounting frameworks, are examples of fields where SAIs and auditors need to permanently get acquainted with new knowledge.

SAIs are responsible for providing support to enable individuals to apply and develop their competence. This support includes the following areas:

- initial and continuous training strategies and programmes in key areas for the SAI's performance,
- development and continuous updating of manuals and written guidance,
- coaching, supervision and feedback mechanisms,
- IT based systems to share knowledge within a SAI: intranets, searchable documentation folders and collaborative workspaces,
- access to external databases, portals and knowledge platforms or communities,
- encouragement and recognition of talents, skills, experience, performance, service attitudes and professional development approaches, e.g. through adequate performance management and appraisal systems, personal development plans and promotion criteria,
- working environment valuing teamwork, open communication, talent, learning, knowledge sharing and continuous improvement.

3.3.2. Application guidance at the level of SAI staff

Performing competently and diligently

Being competent is the ability to perform successfully when executing a task or function pertaining to a job, achieving the expected institutional objectives. For this, it is necessary to:

- understand the role and tasks to be performed,
- know the objectives to be fulfilled and the technical, professional and ethical standards to be followed,
- recognise and possess the knowledge and skills necessary to perform effectively and efficiently,

- know and understand the relevant technical, professional and business criteria, environment and developments for the concrete case,
- exercise sound professional judgment in applying the knowledge and skills to the concrete tasks,
- act carefully, thoroughly and timely in accordance with applicable rules and requirements,
- be able to work in a variety of contexts and situations, depending on the requirements of the job or task,
- be able to anticipate contingencies and demonstrate flexibility while performing tasks,
- acquire new knowledge and abilities, updating and improving skills as needed for the discharge of professional responsibilities,
- comply with professional permanent education requirements where applicable,
- propose ideas, solutions and innovations wherever the possibility for improvement in the work performed is detected, particularly in matters pertaining to simplifying procedures and avoiding the duplication of work,
- show sustained professional motivation to successfully perform entrusted tasks,
- seek at all times to pursue the attainment of institutional values and strategy.

4. Confidentiality

4.1. Explanation

Auditing is related to access to information about and owned by auditees that, if disclosed, may be detrimental to these auditees, to the state, to the privacy or interest of individuals, or may be used for private gains. Therefore a SAI and its employees shall appropriately protect information acquired and shall not disclose any such information to third parties without proper and specific authority, unless there is a legal or professional right or duty to do so, nor shall use the information for personal advantage or the advantage of third parties.

In their work, SAIs and SAI employees are exposed to risks related to confidentiality infringements that, apart from intentional use of confidential information, may result from, e.g. unclear understanding of what should and what should not be treated as confidential information, allowing for unauthorised access to confidential information, or unintended disclosure of confidential information.

4.2. Requirements

4.2.1. Requirements at the level of SAI

SAIs shall establish an adequate system for maintaining confidentiality, which shall include:

- (a) Providing clear rules for reasonable procedures for maintaining confidentiality, including information contained in audit documentation and IT systems, as well as provisions for these rules to be complied with.
- (b) Establishing clear rules for situations when confidentiality requirement ceases in case of specific legal duties.
- (c) Providing that any parties contracted to carry out work for a SAI are subject to appropriate confidentiality agreements.
- (d) Providing for safe conditions for retaining audit documentation and/or information in IT systems for the periods specified in laws, regulations, professional standards or guidelines.
- (e) Agreeing on applicable confidentiality rules when carrying out joint or parallel audits.
- (f) Appropriate balancing the confidentiality of audit related and other SAI information with the need for transparency and accountability. SAIs shall make public their conclusions and recommendations resulting

from audits unless they are considered confidential by special laws and regulations. These guidelines should specifically refer to communications with media.

4.2.2. Requirements at the level of SAI staff

A SAI's employees shall understand and acknowledge the fact that taking up work for a SAI involves an obligation to keep confidentiality of information obtained during the performance of professional duties, which also applies to their personal life. The obligation to keep confidentiality does not cease after termination of employment. Therefore, SAI employees shall:

- (a) Be aware of the SAI's policies and guidelines concerning confidentiality.
- (b) Not disclose outside the SAI any information without proper and specific authority.
- (c) Not use confidential information for personal gain or for gain of third parties.
- (d) Be alert to unintended possibility of revealing confidential information.
- (e) Safeguard work related information to prevent unauthorised access.
- (f) Maintain professional confidentiality during and after termination of employment.
- (g) Take into consideration the legal responsibilities related to reporting suspected breaches of laws and regulations, which may overrule the professional confidentiality requirements.

4.3. Application guidance

4.3.1. Application guidance at the level of SAI

Examples of controls/safeguards that SAIs may use to prevent potential risks to confidentiality infringements:

- building awareness of the importance of confidentiality,
- providing clear guidance what information, including documents, and at which stage of work should be treated as confidential, which might include a system of classification and labelling of confidential information,
- appropriate recording of a consent to application of confidentiality rules,
- assigning specific procedures for reporting suspected breaches of laws for cases when professional obligation to maintain confidentiality may be overridden by other legal responsibilities regulated by national laws,
- safe storage conditions of information in any form (paper, electronic, audio, etc.),
- appropriate allocation of access rights to archives, IT systems and physical areas,
- counselling with regard to application of confidentiality rules and legal requirements concerning conditions of disclosure,
- procedures for disposal of information carriers, as such paper or electronic devices.

4.3.2. Application guidance at the level of SAI staff

Examples of controls/safeguards that may be applied at the individual level:

- in case of suspected breaches of laws or regulations, considering obtaining legal advice available in house to determine the appropriate course of action in the circumstances,
- leaving all records in the custody of the client unless there are specific legal provisions to not to do so,
- within the SAI, using professional judgment to respect the confidentiality of information; in particular, keep the confidentiality of information in mind when discussing work related issues with other employees,
- in private live, maintaining audit confidentiality in family, social or other environments,

- securing the carriers of electronic information, such as laptops and portable data storage devices,
- Preventing passwords from being used for unauthorised access.

5. Professional behaviour

5.1. Explanation

Stakeholders expect that SAI leadership and employees will conduct their business in a professional manner. Adherence to the value of professional behaviour means acting always in a manner consistent with the highest expectations of a reasonable and informed stakeholder.

SAI leadership and employees should understand the expectations of stakeholders and conduct their business accordingly. Conduct consistent with the value of professional behaviour includes avoiding any action that would cause an objective third party with knowledge of all relevant information to conclude that the work is professionally deficient. Conduct consistent with the value of professional behaviour also includes complying with all relevant laws and regulations and avoiding any action that may discredit a SAI or the auditing profession in general.

5.2. Requirements

5.2.1. Requirements at the level of SAI

A SAI's leadership shall maintain a control environment that promotes adherence to the value of professional behaviour. The leadership of a SAI influences the SAI's culture by the example it sets. Therefore, the SAI's leadership shall always conduct itself in a manner consistent with exemplary professional behaviour.

The SAI's leadership shall provide the SAI's employees with clear, consistent and frequent guidance, including policies and procedures, which promote adherence to the values of professional behaviour.

5.2.2. Requirements at the level of SAI staff

All employees of a SAI shall adhere to the highest standards of professional behaviour. This means:

- (a) Complying with relevant laws and regulations.
- (b) Not engaging in behaviour that discredits the SAI or the auditing profession.
- (c) Complying with the guidance established by SAI leadership to promote employees' adherence to the value of professional behaviour.

5.3. Application guidance

5.3.1. Application guidance at the level of SAI

A SAI's leadership should implement controls that foster the highest standard of professional behaviour and identify activity that is inconsistent with that standard.

Such controls may include:

- a code of professional conduct,
- a function within the SAI that monitors compliance with ethics policies and procedures and provides employees with a resource for raising ethics concerns and seeking guidance on ethics,
- training and guidance for employees on resources for raising ethics concerns and seeking guidance on ethics,

- controls that allow SAI leadership to identify instances of behaviour that is inconsistent with a high standard of professional behaviour, including, for example, a register of interests, a complaints and allegations policy, and a whistle-blowing policy,
- procedures outlining steps can be taken if an employee's actions are inconsistent with a high standard of professional behaviour.

Some of a SAI's employees may be obligated to follow standards of conduct promulgated by organisations that provide ethics guidelines for professionals working in accounting, human resources, procurement, or other relevant fields. SAI leadership should be alert to potential conflicts between the ethics guidelines of these organisations and those of the SAI.

A SAI's leaders can only establish a culture in which employees adhere to high standards of professional behaviour if they adhere to the highest standards themselves. Appropriate leadership by example includes always adhering to the policies and procedures in place at the SAI.

5.3.2. Application guidance at the level of SAI staff

All employees of a SAI should be aware of the high standard of professional behaviour expected of the SAI by its stakeholders. All employees should understand the SAI's policies and procedures relating to professional behaviour and should understand the impact of their actions on the SAI's credibility.

Employees should consider how their behaviour, both within and outside the working environment, may be perceived by colleagues, family and friends, audited entities, the media, and others. Within the working environment, employees of a SAI are bound by the protocols and policies in place at the SAI. Outside of the working environment, employees are bound by the laws and regulations and conventions of the community in which they reside. While expectations of what constitutes acceptable professional behaviour may differ depending on whether one is inside or outside the workplace, stakeholders' expectations of a SAI employee should always be considered when an employee is determining a course of action. The employee's position within the SAI is an important part of this consideration.

The expectations of stakeholders may vary depending on the regulations and conventions of the community in which the individual resides. However, common expectations include:

- an individual should adhere to the legal framework in place in the community in which the SAI operates,
- an individual should not misuse their position or the assets and resources of the SAI, to obtain favours or personal benefit or exceed the powers vested within the individual's position,
- an individual should not take part in political activities that could lead to a stakeholder questioning the individual's independence,
- an individual should apply diligence and care in performing their work and not misuse evidence obtained in the course of the SAI's work to form conclusions that are not supported by that evidence,
- an individual should act with professionalism when dealing with other employees and stakeholders.

If a particular course of action is legally permitted but does not meet the standard of professional behaviour for a SAI employee, the SAI employee should avoid that course of action.

V. Definitions of key terms

IntoSAINT: A dedicated self-assessment instrument for members of INTOSAI to assess integrity vulnerabilities and controls.