

### 1. Purpose

The purpose of this procedure is to provide guidance to internal staff on their obligations with respect independence and objectivity when performing audit activities.

#### 1.1 Independence

Independence for the purpose of internal audit is defined as “the freedom from conditions that threaten the ability of the internal activity to carry out internal audit responsibilities in an unbiased manner”.

#### 1.2 Objectivity

Objectivity for the purpose of internal audit is defined as “an unbiased mental attitude that allows internal auditors to perform engagements in such a manner that they believe in their work product and that no quality compromises are made”.

#### 1.3 Process

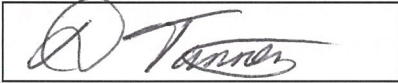
The following Process is to be adopted:

- a) All internal audit staff and external consultants are required to sign annually the Institute of Internal Auditors Code of Ethics and Conflict of Interest Declaration form.
- b) All internal audit staff and external consultants are required to advise the Director Audit and Risk of any relationships that may give rise to a conflict of interest and/or where a relationship may impair their professional judgement (objectivity) with respect to any audit assignment that they are assigned to perform.
- c) Where an auditor declares a potential conflict of interest and/or a relationship that may impair their professional judgement, the Director Audit and Risk will determine whether the auditor has a conflict of interest and/or whether their professional judgement is impaired.
- d) Where the Director Audit and Risk considers that a potential conflict of interest and/or a relationship that may impair the auditor's professional judgement will not impair the auditor's independence or objectivity, then they can authorise the auditor to continue with the audit assignment.
- e) Where the Director Audit and Risk determines the conflict of interest and/or impairment to judgement is minor and the auditor can continue with the audit assignment, the Director must ensure that the declaration by the auditor and the determination by the Director, along with reasons supporting the decision, are appropriately documented and maintained with the audit file.
- f) Where the Director Audit and Risk considers that a potential conflict of interest and/or a relationship may impair the auditor's professional judgement then the auditor will be removed from any involvement with that audit assignment. In this case the Director must ensure that the declaration by the auditor and the determination by the Director, along with reasons supporting the decision, are appropriately documented and maintained with the audit file.
- g) At one staff meeting each year audit staff will be reminded of their obligations to declare any potential conflicts of Interest and/or relationships that may impair their professional judgement.
- h) The Director Audit and Risk may consider requests from management for the Audit and Risk Directorate to undertake functions other than Internal Audit. In such cases the Director must take into account whether that new function will impair the ability of the internal audit function to operate independently and objectively and if so deny the request.

## ARD OPERATIONAL PROCEDURE

### 2.- Independence and Objectivity

#### 2. Administration Data

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signature	
Help Contact	Director, Audit & Risk Directorate - 6773 2124
Related policies or other documents:	<ul style="list-style-type: none"> <li>• International Professional Practice Framework of Internal Audit</li> <li>• IAA Implementation Guidance IG 1100: Independence and Objectivity</li> <li>• IAA Implementation Guidance IG 1110: Organisational Independence.</li> <li>• IAA Implementation Guidance IG 1112: Chief Audit Executive Roles Beyond Internal Auditing</li> <li>• IAA Implementation Guidance IG 1120: Individual Objectivity</li> <li>• IAA Implementation Guidance IG 1130: Impairment to Independence or Objectivity</li> </ul>