

MFIA

Malta Forum for Internal Auditors

CODE OF ETHICS

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

A code of ethics is necessary and appropriate for the profession of internal auditing, where the fiduciary aspect, trust and professionalism are key to strengthen corporate governance structures in different organisational settings.

Internal Auditing is defined as an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.¹

The *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 behaviour 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 provides guidance to local internal auditors in practice, who provide internal auditing services within the parameters of the Definition of Internal Auditing.

¹ Definition of the Institute of Internal Auditors (IIA) as adopted by the FERMA / ECIIA

Applicability and Enforcement

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

1. INTEGRITY

Principle

The integrity of internal auditors establishes trust and thus provides the basis for reliance on their judgment.

Rules of Conduct

Internal auditors:

- 1.1 Shall perform their work with honesty, diligence and responsibility.
- 1.2 Shall observe the law and make disclosures expected by the law and the profession.
- 1.3 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 organisation.
- 1.4 Shall respect and contribute to the legitimate and ethical objectives of the organisation.

2. OBJECTIVITY

Principle

Internal auditors shall exhibit the highest level of professional objectivity in gathering, evaluating and communicating information about the activity or process being examined. Internal auditors shall make a balanced assessment of all the relevant circumstances and are not unduly influenced by their own interests or by others in forming judgments.

Rules of Conduct

Internal auditors:

- 2.1 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 organisation.
- 2.2. Shall not accept anything that may impair or be presumed to impair their professional judgment.
- 2.3 Shall disclose all material facts known to them that, if not disclosed, may distort the reporting of activities under review.

3. CONFIDENTIALITY

Principle

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.

Rules of Conduct

Internal auditors:

- 3.1 Shall be prudent in the use and protection of information acquired in the course of their duties.
- 3.2 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 organisation.

4. COMPETENCY

Principle

Internal auditors apply the knowledge, skills and experience needed in the performance of internal auditing services.

Rules of Conduct

Internal auditors:

- 4.1 Shall engage only in those services for which they have the necessary knowledge, skills and experience.
- 4.2 Shall perform their professional duties in line with applicable local regulations and directives and in accordance with the International Standards for the Professional Practice of Internal Auditing.
- 4.3 Shall continually seek to improve their proficiency and the effectiveness and quality of their services.
- 4.4 Shall further their knowledge through continued professional education.