Ethics Under Pressure

“No matter how well trained, every internal auditor must deal with challenges to their judgment and to their core ethical values. How they handle those pressures determines the value of the profession.”

Unethical Pressures
Ethics is derived from the Greek word ‘ethos’ which means custom, habit, character or disposition. It is a system of moral principles that affect how a person makes decisions and lead their lives. Ethics is concerned with what is good for individuals and society and is also described as moral philosophy.

Ethics can be ‘tried and tested’ when Internal Auditors are faced with pressure from their work colleagues as a result of unfavorable findings. Internal Auditors may even experience adverse consequences when they are pressured to modify their audit results as it would reflect badly on operational managers.

Internal Auditors are considered key members of the corporate governance team, helping to ensure risk management processes are running effectively. Internal Auditors should therefore possess abilities such as interpersonal skills, business acumen, integrity and credibility which are considered prominent for auditors to remain independent and deliver results without giving into external pressures.

Code of Ethics
The IIA Code of Ethics provides guidance to auditors and the IIA code sets forth a foundation for ethical conduct. The code has four key components:-

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Nevertheless, auditors are required to possess a strong set of personal values and a positive organizational culture to underpin the ethical code in order to perform in the role effectively.

In addition to ethical pressures, Internal Auditors also face high workload demands such as, keeping pace with regulatory compliance issues, identifying emerging risk, and understanding the impact of new technology within the control environment. While the pressures that internal audit teams face are undeniable, the Chief Audit Executives/Internal Audit Managers can assist their employees find better work-life balance by:-

1) Giving their staff a day or two to recuperate after extensive travel or heavy duty projects. However, if the Internal Auditor really must check in, let them do so remotely.

2) Implementing a flexible staffing approach to help the entire Internal Audit team maintain productivity and keep stress at bay when workloads rise.

3) Monitor workloads and how they are distributed within the Internal Audit Department.

Simple gestures such as these not only boost the morale of the auditor, but also contribute to the strength of the unit in managing the many challenges.

Written By: Carla Matthews-Dottin
Senior Audit Analyst

Ethics Under Pressure (cont’d)

The organization believes these codes:-

- Guide auditors when they face pressure that could cloud their judgment.
- Build trust and confidence in professionals who deliver reports.
- Prevent auditors from pursuing activities that could impair trust in their abilities.
- Promote the open communication of audit findings.

Nevertheless, auditors are required to possess a strong set of personal values and a positive organizational culture to underpin the ethical code in order to perform in the role effectively.
The IIATT held its 3rd Chapter Meeting for 2018 on Thursday 8th November 2018 at the Arthur Lok Jack Graduate School of Business.

The event was opened by the IIATT Vice President, Mr. Sunil Babooram, and the bio of the presenter was shared with the attendees. Mr. Moonilal Lalchan who is the Chairman and Procurement Regulator of the Procurement Board at the Office of the Procurement Regulator and Ms Pastora Brown, one of the Team Leads at the Office of the Procurement Regulator, both provided excellent information on the topic Applying the Procurement Legislation – Ensuring Good Governance and Achieving Compliance.

The key functions of the Office of the Procurement Regulator included:
- Establish a comprehensive database of tenders and awarded contracts
- Set training standards, competence levels and certification requirements
- Issue guidelines on the retention and disposal of public property
- Prepare model handbooks with standardized bidding documents
- Advise on best practice
- Promote public awareness
- Promote the use of technology in procurement and disposal
- Harmonize policies, systems and practices and
- Audit and review the system of procurement and disposal of public property to ensure compliance with the objectives of the Act

The question and answer segment was very lively and participants used the extended time to obtain answers for their many questions from the very capable subject experts. This was a very important segment of the session as participants enquired about the role of the internal audit function with respect to the procurement legislation.

The team encouraged participants to use the Office of the Procurement Regulation website where numerous resources are available including the slides from the presentation (oprtt.org).

Submitted by Khyam Abdulah
Vice President – Professional Development
Third Party Risks

Third parties are a stakeholder group comprising individuals or organizations that have been engaged to undertake an activity on behalf of, or in partnership with the organisation. These may include: Suppliers; Contractors; Subcontractors; Consultants; Business Partners; Subsidiaries; Strategic Allies and Agents.

Third Party Risks of failure

- Operational risk due to the complexities of two or more organizations working together with different systems and strategic priorities.
- Reputational risk through association with another organization’s shortcomings.
- Financial risk involving delays, disruptions, underperformance, and penalties.
- Compliance risk where expectations are unclear and no party within the alliance has full oversight of all activities and related regulatory duties.
- Legal risk arising from a partner’s breaches in regard to regulation and statutory requirements.
- Strategic risk through the potential for the relationship with the third party to utilize additional time and resources, divert the organization away from its primary goals, and result in the failure to achieve major objectives.

Third Party risks tend to be greater when:

- The relationship is new.
- The relationship is entered into quickly.
- The services provided are critical to the organization’s operations.
- The financial value of the arrangement is significant.
- The duration of the relationship is extensive.
- The nature of the undertaking is complex.
- The third party is also engaged in other activities or relationships that may be in direct competition or conflict.
- There are several parties involved.
- The third party is planning to subcontract some or all of the work.

Increased due diligence needs to be performed in these situations.

The following measures are commonly used to mitigate third party risks:

- Using clear policies and procedures for procurement and tendering.
- Due diligence to ensure that the third party can deliver the required level of service for the required period.
- Detailed agreements with stated objectives and itemized responsibilities for each party.
- A schedule of regular communications and reports.
- Oversight by an individual or panel that may include representation from internal auditing or a non-executive director to provide an independent and objective view.
- Penalty clauses, indemnities, and insurance as part of the formal agreement to provide financial protection should the third party fail to deliver.

Submitted by: Sunil Babooram
Senior Vice President
2018 Annual Christmas Cocktail
2018 Annual Christmas Cocktail (cont’d)
The Institute of Internal Auditors Trinidad & Tobago Chapter

PRESENTS A 2-DAY SEMINAR ON
ENTERPRISE RISK MANAGEMENT

Risk is Everybody’s Business : Board Directors, Managers, Auditors, Risk Officers, Compliance/Safety/Security Officers & Project Managers; in both the Private & Public Sector and Government Controlled Organizations.

Enterprise Risk Management has been a requirement of Best International Practices for decades; but did you know that, within Trinidad & Tobago, multiple Legislations have made Risk Management mandatory within your organization?

This Seminar will provide Participants with a sound understanding of:

• Legal Requirements, Professional Standards & Best Practices for Risk Management;
• ERM Roles & Responsibilities of Boards & Board Committees, Managers, Auditors, Risk/Compliance/Safety/Security Officers & Project Managers etc.
• Tools & Techniques for establishing/improving your organization’s Enterprise Risk Management System; strengthening its Risk Measures & Controls; and ensuring its Business Recovery & Continuity when significant risks materialize.

Facilitators Include:
IIA Certified Trainer Claire Gomez-Miller CRMA CIA FCCA CA
&
IIATT Former Chapter President Camille Cumberbatch-Dhoray
FCCA CA CFE MBA

Venue:
Arthur Lok Jack GSB
Max Richards Drive,
Uriah Butler Highway,
NW Mount Hope

Date & Time:
2019 FEB. 14 & 15
8:30 a.m. – 4:00 p.m. daily
(Breakfast from 7:30 a.m.)

Seminar Costs (12.5% VAT Included):

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<td>Standard Fees</td>
<td>2 days</td>
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For further information, please contact the Office Administrator, Juliana Julien at:
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Humour to keep your stress level down