

Auditing ethics

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The natural setting, that we are predominantly in an imperfect world, brings about the question of ethics in many spheres of the human endeavor, including auditing.

It is therefore a pre-requisite for all auditors in any organization to understand and give concerted considerations to the human factor (both within the organization and outside) as they conduct ethically sensitive audits as well as determining the required audit coverage. It is common practice for most organizations to have some postulated ethical guidance procedures-the codes of ethics- the comprehensive principles and values statement that should serve as a daily guide to auditors in their daily work.

This gives an outline regarding not only the ethical requirements but also the professional obligations that should be emphasized whenever any critical decisions relating to the business proceedings are to be made (Matthias, 2004, 16).

There should be prior, clear communication and reinforcement of such ethical codes among the suppliers, customers, and employees (including the internal and external auditors). However, the extent and the nature of any audit coverage are critically determined by the management's degree of commitment to high ethical and integrity standards.

Discussion

It is paramount to understand at this point that there are several risk factors that are involved in the process of auditing ethics. This implies that the auditors must be well conversant with all the functional fields in an organization so as to identify activities and functions in which ethical

implications would pose the greatest risks. After such risks have been identified, a value (such as low, medium or high) is assigned to facilitate proper allocation of audit efforts (Usoff, 2001, 21).

Among the most considered risks by auditors include, but are not limited to the following:

- Sensitive data/information disclosure
- Perceived business loss
- Adverse publicity
- Probable injury to employers, employees, and/customers and
- Adverse legal implications.

Some areas are imperatively more risk prone than others and auditors should therefore allocate them more ethical auditing time. One of these is the procurement and purchasing department in most, if not all enterprises. Red flags must always be raised in times when larger gratuities and gifts are offered by suppliers. These also include other nominal gifts offered, and every employee who is involved in purchases must be thoroughly reminded of the company policy on gratuities and gifts.

Another are that require careful consideration at all times is the environmental, health issues, and safety department. An elaborate example deliberate audit denial is the Soviet's Chernobyl nuclear reactor accident which they refused to acknowledge until other European neighbors complained about the nuclear fallouts.

Environmental issues have been among the major challenges to industries world wide, with many other stakeholders such as the media, the public and

regulatory bodies demanding apt responses on the part of the companies to make responsible precautions (Caplan, 2003, 14).