

SECTION E-1

INDEPENDENCE AND CONFIDENTIALITY

Independence

Internal auditing is an independent appraisal function established within an organization to examine and evaluate its activities as a service to the organization. The objective of internal auditing is to assist members of the organization in the effective discharge of their responsibilities. To this end, internal auditing furnishes them with analyses, appraisals, recommendations, counsel, and information concerning the activities reviewed.

In order for the desired results to be realized, internal auditing employees must perform their work fully and objectively, that is, be independent of the activities they audit. They must have no authority over or responsibility for the activities they audit.

In order to maintain independence and objectivity, staff members will not be assigned audits involving the following instances:

1. Any situation in which a conflict of interest or bias is present or may reasonably be inferred.
2. Any situation that involves a member of the auditor's immediate family.
3. Any activity that the auditor previously performed or supervised unless a reasonable period of time has elapsed.

If through your actions or state of mind your audit objectivity is or can be inferred to be impaired, notify the Director or Assistant Director immediately.

Each employee of the Internal Auditing Department must sign a Conflict of Interest/Independence Statement at the beginning of each fiscal year. (See attached [example](#))

Excerpts from Standards for the Professional Practice of Internal Auditing, the Institute of Internal Auditors, Inc.

Confidentiality

Definition

Confidential information is information, of a proprietary or sensitive nature, about the University of Houston System, its students, suppliers, and employees.

Policy

Confidential information acquired by an auditor through his or her employment is considered to be privileged and must be held in strictest confidence. It is to be used solely for University purposes and not as a basis for personal gain by the auditor. Confidential information is transmitted only to those persons who need the information to discharge their duties as University employees or auditors. Internal audit workpapers and draft audit reports are not required to be disclosed when requested by the public (re Texas Government Code 552.116). Any other dissemination of workpaper or correspondence contents must be approved by the Director. Any dissemination without authorization will be considered serious misconduct and could result in suspension or dismissal.

Each employee of the Internal Auditing Department must sign a Confidentiality Statement at the beginning of each fiscal year. (See attached [example](#))

**UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT**

**CONFLICT OF INTEREST/CONFIDENTIALITY STATEMENT
FOR FY****

This form should be completed by each new employee upon hire and annually in September by each current employee. **Please fill in and sign the appropriate statement.**

I have read and understand the Institute of Internal Auditors Statement of Responsibilities of Internal Auditing and Code of Ethics as provided.

Employee Signature: _____ Date: _____

I do not have any official, financial, or personal relationships with any University of Houston employees or anyone who does business with UH which may impair my judgement or appear to impair my judgement as an auditor, except as indicated below.

Employee Signature: _____ Date: _____

The following relationships/interests may impair or appear to impair my judgement as an auditor:

During the past two years, I have performed or supervised the following activities (other than internal auditing) within the University of Houston System:

I have read and understand the department's policy on confidentiality.

Employee Signature: _____ Date: _____