

# CFRR>>

Centre for Financial  
Reporting Reform



WORLD BANK GROUP  
Governance

GROUP  
CHALLENGE

The Ethical Dilemmas  
Board Game

## Internal Audit Training of Trainers



Schweizerische Eidgenossenschaft  
Confédération suisse  
Confederazione Svizzera  
Confederaziun svizra



Co-funded by the  
European Union



© 2017 International Bank for Reconstruction and Development / The World Bank  
1818 H Street NW  
Washington DC 20433  
Telephone: 202-473-1000  
Internet: [www.worldbank.org](http://www.worldbank.org)

This work is a product of the staff of The World Bank with external contributions. The findings, interpretations, and conclusions expressed in this work do not necessarily reflect the views of The World Bank, its Board of Executive Directors, or the governments they represent.

The World Bank does not guarantee the accuracy of the data included in this work. The boundaries, colors, denominations, and other information shown on any map in this work do not imply any judgment on the part of The World Bank concerning the legal status of any territory or the endorsement or acceptance of such boundaries.

### **Rights and Permissions**

The material in this work is subject to copyright. Because The World Bank encourages dissemination of its knowledge, this work may be reproduced, in whole or in part, for noncommercial purposes as long as full attribution to this work is given.

Any queries on rights and licenses, including subsidiary rights, should be addressed to World Bank Publications, The World Bank Group, 1818 H Street NW, Washington, DC 20433, USA; fax: 202-522-2625; e-mail: [pubrights@worldbank.org](mailto:pubrights@worldbank.org).

## Acknowledgments

This group exercise was developed, as part of the Internal Audit Training of Trainers Program, by Kalina Shukarova – Savovska, Senior Financial Management Specialist, CFRR, with contributions from Arman Vatan, Senior Financial Management Specialist, Piotr Pyziak, Consultant, CFRR and Jean-Pierre Garitte, Consultant, all The World Bank. It is adapted from a similar activity piloted under the EU REPARIS Audit Training of Trainers program.

# Contents

<b>OBJECTIVE .....</b>	<b>1</b>
<b>APPROACH AND FORMAT .....</b>	<b>1</b>
<b>EXPECTED OUTCOMES .....</b>	<b>2</b>
<b>SHORT ETHICAL DILEMMAS AND QUESTIONS .....</b>	<b>3</b>
1.....	3
2.....	3
3.....	4
4.....	4
5.....	4
6.....	5
7.....	5
8.....	5
9.....	6
10.....	6
11.....	6
12.....	7
13.....	7
14.....	7
15.....	8
16.....	8
17.....	8
18.....	9
19.....	9
20.....	10
21.....	10
22.....	10
23.....	11
24.....	11
25.....	11
26.....	12
27.....	12
28.....	12
29.....	13
30.....	13

# The Ethical Dilemmas Board Game

## Objective

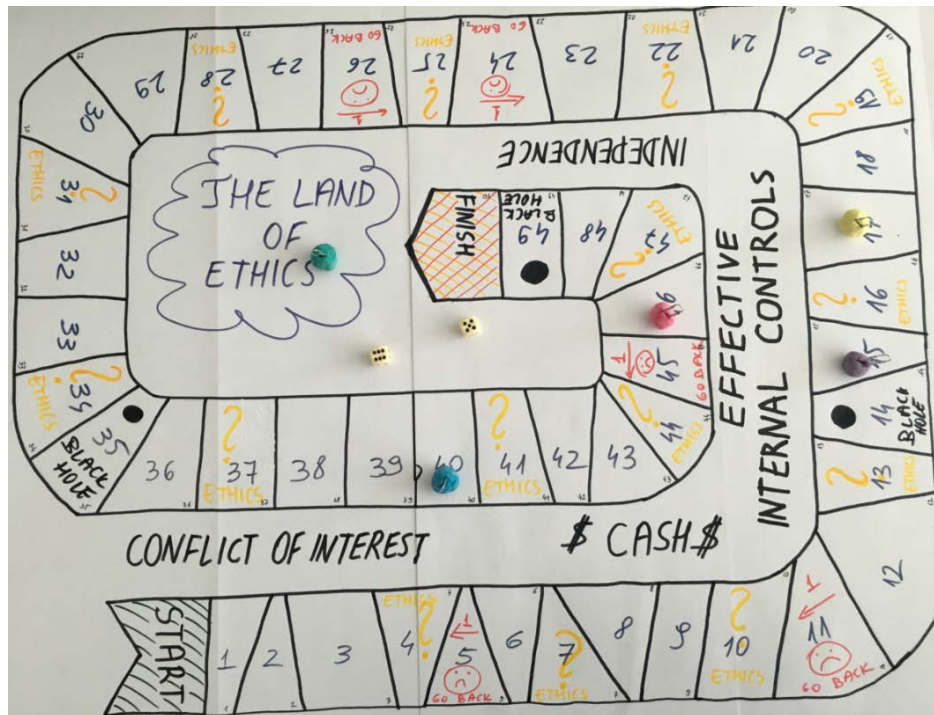
The Ethical Dilemmas Board Game and associated learning session approaches professional ethics training and education in an engaging and practical way. It reviews the fundamental principles of the Code of Ethics for Internal Auditors, prescribed by the Institute of Internal Auditors (IIA), then allows understandings to be tested through analysis, discussion, and selection of action for examples of potential threats.

## Approach and Format

The session's duration is 90 minutes. It starts with a brief presentation reviewing the fundamental principles of the IIA Code of Ethics, giving examples of threats that arise, and suggesting possible courses of action covered by the IIA Code of Ethics [approx. 30 mins]. Participants are then divided into teams to play the board game, which involves addressing a range of brief ethical dilemmas [approx. 60 mins].

A game board is prepared as illustrated below. A path leads from the "start" to the "finish" divided into numbered spaces. Each team has a different colored counter. In turn, the teams throw the dice then advance their colored counter the number of spaces shown on the dice. If they stop on a space with a yellow question mark they must address an ethical dilemma. The dilemmas are prepared in advance (see examples later) and written on individual cards which placed upside down in a pile next to the game board and taken from the top of the pile in turn. Other spaces can have other instructions, for example on this game board the "Black hole" field where the team must move back six spaces and the "Go Back 1" field.





The team that gets the highest score by rolling the dice starts the game. Open, inclusive team discussion of the ethical dilemmas is encouraged throughout. The first team to reach the “Land of Ethics” wins a distinguished certificate pronouncing the team members as “The Champions of Ethics”.

## Expected outcomes

- Enhanced awareness and development of ethical decision-making skills
- An inclusive and interactive platform for all session participants to constructively share views and ideas
- A supportive environment to practice applying sound judgments to resolve or mitigate ethical dilemmas

## Short Ethical Dilemmas and Questions

Some proposed ethical dilemma scenarios and questions are provided below, together with proposed answers (in bold).

1

The ethical principles that Internal Auditors are expected to apply are:

- A. Integrity, Objectivity, Confidentiality, Professional Judgement
- B. Integrity, Objectivity, Confidentiality, Independence
- C. Integrity, Objectivity, Confidentiality, Competency**
- D. None of the above

2

You are the head of the Internal Audit Department of a large State Owned utility. During the course of the internal audit assignment you come across information that confirms certain internal audit findings were known to the internal audit team members from last year, but they ended up not being reported in writing to management. The reason for non-reporting is unknown but can be attributed to high workload of the internal audit staff and lack of adequate time to review the internal audit documentation. The best course of action is to:

- A. Immediately stop what you are doing and conduct an investigation within the internal audit department into why and who failed to report the findings so as to take performance related actions
- B. As responsible executive in the internal audit assignment make sure current year working papers are appropriately reviewed and report the finding within the current reporting period noting it has been detected in the past**
- C. Withdraw the report from last year, add the finding, and issue a new report with a backdating date of issue since nobody will notice that something was changed





3

You are a member of the internal audit team and are completing the internal audit assignment. You do not have time now to document all your findings in the internal audit working papers so you decide to leave that for later and focus now on writing the report for management and the Audit Committee. You can always come back and complete the working papers in a less busy period. This practice is:

- A. Appropriate
- B. Consult with the Head of Internal Audit**
- C. Partially appropriate

4

In the context of the requirements of the Code of Ethics principles, identify the least accurate statement:

- A. Internal Auditors should perform their work with honesty, diligence, and responsibility
- B. Internal Auditors must respect and contribute to the legitimate and ethical objectives of the organization
- C. Internal Auditors shall not accept anything that may impair or be presumed to impair their professional judgement
- D. Internal Auditors shall report immediately to the respective authorities any management non-compliance observed during the course of the Internal Audit engagement.**

5

In the context of the requirements of the Code of Ethics principles, identify the most accurate statement:

- A. Internal Auditors should perform their work with honesty, diligence, and responsibility**
- B. Internal Auditors can take part in any type of services for which there is a request from senior management
- C. Internal Auditors should give priority to Internal Audit Assignments over maintaining their competence through continuing professional education
- D. Because of the principle of confidentiality Internal Auditors should never engage in disclosure of any information obtained in the course of the internal audit



6

You are the Head of the Internal Audit Department and your team is in the process of finalizing the internal audit engagement on the invoicing process in the organization and preparing the report with findings. The findings have not yet been finalized and are still being discussed. You have been invited to spend the weekend in the Head of Procurement Department's country house and enjoy a weekend filled with social activities and entertainment. The best course of action is that you:

- A. Accept the invitation, there is nothing wrong with some social activities over the weekend
- B. Accept the invitation, but decline to discuss any work related issues
- C. Do not accept the invitation at this time.**

7

After years of trying, you finally got another internal audit job in your dream company. Before you leave your current employer, you:

- A. Copy all working papers, methodologies, and reports because you may use some of them again in your new job
- B. Copy only materials you have developed yourself while working overtime
- C. Pack and take away only personnel belongings and files.**

8

As a reward for a successful season of the ministry, the Minister has asked all senior officials of the ministry to accompany him and his wife skiing and has offered accommodation at his mountain house. You as the Head of the Internal Audit Department have also received an invitation:

- A. Accept the invitation, go and have a fun weekend
- B. Accept the invitation as long as it is a usual practice that takes place each year
- C. Decline the invitation as it is in conflict with the Code**



9

You are a junior member of the internal audit team and are performing an internal audit for the first time. You notice some unusual transactions which you believe are connected with money laundering. The appropriate action is:

- A. Report the client to the authorities immediately
- B. Decline to perform the internal audit further and disassociate yourself with the engagement
- C. Report the findings to your supervisor and the Head of Internal Audit and ask them to review your work and advise on appropriate further action.**

10

You and your colleague are both members of the internal audit team of a large municipality. While travelling home together on the bus you actively discuss your work, mentioning details, names, findings related to procurement and contracting. There are other people travelling on the bus who may overhear your conversation:

- A. There is nothing wrong with this as the other bus passengers are not proficient in the technical issues being discussed
- B. The other bus passengers are entitled to hear because all information on the use of taxpayers' money is public
- C. This is a breach of the Code of Ethics as internal auditors are required to keep information confidential unless disclosure is required by law**
- D. This is partially wrong: the internal auditors should keep information confidential, but the other people on the bus are also to blame as they should not listen to other people's conversations

11

The appropriate response if offered small value contributions in kind from auditees, such as gifts and lunches, is:

- A. Small gifts are acceptable if given to all members of the internal audit department at the same time
- B. Business lunches are considered acceptable**
- C. Nothing may be accepted as auditors must maintain objectivity (in appearance and in action)



12

Local regulations and laws have certain requirements for internal auditors which are stricter than the IIA Code of Ethics. In these circumstances, internal auditors are allowed to follow the requirements of the IIA Code of Ethics.

- A. True
- B. False**

13

Identify the false statement. In the context of the IIA Code of Ethics, internal auditors shall:

- A. Continually improve their proficiency and the effectiveness and quality of their services
- B. Only undertake continuing professional development when it does not disrupt the work of the internal audit department**
- C. Engage in those services for which they have the necessary knowledge, skills, and experience
- D. Perform the internal audit in accordance with International Standards for the Professional Practice on Internal Auditing (ISPPA)

14

The IIA Code of Ethics speaks about avoiding the following threats in action and in appearance:

- A. Conflict of interest, impairment of professional judgement, unbiased assessment**
- B. Conflict of interest, impairment of professional judgement, intimidation
- C. Self-interest, impairment of professional judgement, intimidation



15

As Head of the Internal Audit Department which good practice(s) do you implement to make sure the principle of objectivity is maintained. Select the best statement from below:

- A. Organize regular staff training to raise awareness about potential threats to independence
- B. Ensure each new staff member joining the audit department has no prior conflict of interest
- C. Introduce written annual statements for staff to confirm there are no current conflicts of interest
- D. All of the above should be implemented.**

16

You are Head of the Internal Audit Department, with three certified internal auditor colleagues. In principle, you encourage them to maintain their professional competence and engage in mandatory continuing professional development. However, during a very busy internal audit period you have been unable to approve their time requests to attend continuing professional development training. You certify that they have attended the required training and agree with them that they will catch up with the missed training hours next year. Which statement most accurately describes the situation:

- A. The Head of Internal Audit is in breach of the Code of Ethics for providing false statements
- B. Both the Head of Internal Audit and the other internal auditors are in breach of the Code of Ethics**
- C. Only the three certified internal auditors are in breach of the Code of Ethics as they have not maintained their obligation for continuing professional development.

17

Impairment to independence and objectivity may include:

- A. Situations when there is competing professional or personal interests, scope limitations, or restrictions of access
- B. Situations in which an internal auditor provides assurance services for an activity for which he had internal audit responsibility in the previous year
- C. All of the above.**



18

Management has informed you, as Head of Internal Audit, that a declining budget situation means less funding will be available for Internal Audit this year. You:

- A. Cut the training budget for the professionals working under your supervision. This should not be very damaging as they all attended training last year and can resume continuing professional development next year
- B. Remind management that Internal Audit should have sufficient resources to function adequately, raising the issue with the Audit Committee if necessary**
- C. Contact the local Internal Audit Association and seek ad-hoc opportunities to train some of the staff, prioritizing use of the available funds for those most in need of training (using none for yourself as you are already well qualified).

19

At a party, you and a colleague from the internal audit department talk about some conditions present at the government agency you both work at. After a few drinks, you discuss information that has not yet been made public by the agency. Your conversation is overheard by many other people at the party. Which of the following statements is true:

- A. You are in breach of the ethics code since you have not taken due care to protect confidential client information in social circumstances**
- B. You are not in breach of the ethics code because you are discussing this information with a colleague who also works for the client
- C. You are in breach of the ethics code because attending parties is not professional behavior for the internal auditor



20

As a junior internal auditor you are asked to join a tender evaluation panel in the organization you work for, to bring additional independence and objectivity to the selection process. During the course of the evaluations you observe a few minor irregularities. You are unable to conclude that a transparent and fair evaluation process is being undertaken if they are not rectified. The best course of action is:

- A. Discuss the issue with the Head of the Internal Audit Department and raise a written concern to the evaluation panel head to correct the irregularities in this and future proceedings**
- B. Do nothing, these irregularities will not affect the ultimate selection
- C. Disassociate yourself from the evaluation process and demand that the management immediately dismiss the evaluation panel and appoint a new one

21

In your view, what approach would be most effective when dealing with ethical and compliance issues within an organization:

- A. HR and Legal Departments should together handle compliance and ethical issues; Internal Audit should report the findings to management
- B. An inclusive approach should be developed, whereby Internal Audit is involved and consulted on a need to know basis when evaluating ethical issues and related compliance**
- C. HR should be responsible for dealing with ethical issues related to the workplace and Legal should deal with compliance issues

22

As the recently appointed Head of the Internal Audit Department of an organization you are asked to perform certain consultancy services for which you lack adequate competences. The best course of action, in line with the IIA code, is:

- A. Perform the consultancy service as requested, you can learn as you do the work rather than show that your knowledge in the specific area is lacking
- B. Delegate most of the work to more junior members of the team and supervise them periodically
- C. Inform management that internal skills in this area are insufficient and recommend that an external provider / consultant be engaged to assist**



23

You are Head of the Ministry's Internal Audit Department. The Finance Department Director is not happy with some of the findings and has asked that these be dismissed as inaccurate. He has used intimidation and some younger team members have become frightened to perform their internal audit work. Your response as the Head of the Internal Audit should be:

- A. Immediately withdraw from the internal audit engagement as this is a highly unethical behavior for the Finance Department Director
- B. Provide a copy of the Code of Ethics to the Finance Department Director
- C. Remind the Finance Department Director of your obligations as internal auditor about the principle of objectivity. If the intimidation continues, escalate the discussion with the Audit Committee and Minister.**

24

You are a member of the Internal Audit team that will shortly start an audit of procurements. Your organization has initiated a large tender and a company owned by your close family member is one of the short listed companies. Your action should be:

- A. Do nothing
- B. Continue as normal but try to find out as much as possible about the evaluation criteria and other selection insider details to help the family member win the job
- C. Inform the Head of Internal Audit Unit that there is a conflict of interest for you and ask to be dissociated from any activities concerning the tender**

25

You recently completed your qualification program and are seeking work in the field of internal auditing. As the job market is very difficult you decide to polish your CV and say that you are a well experienced and qualified internal auditor. Select the option that best fits this situation:

- A. Not in breach of the IIA Code of Conduct as you are a qualified professional
- B. In breach of the IIA Code of Conduct as you are misrepresenting yourself in your CV**
- C. Partially in breach of the IIA Code of Conduct as even if information is not 100% accurate, you are a talented and hard working person





26

In your country, the IIA Code of Ethics and the International Standards for the Professional Practice of Internal Auditing (ISPPIA) are not applicable. As an IIA member working in internal audit under the supervision of a non IIA member, you wonder what is the appropriate course of action:

- A. You insist that your supervisor and organization adopt the IIA Code of Ethics and ISPPIA and advocate the need for high quality standards in the professional practice of internal auditing**
- B. As the IIA Code and the ISPPIA are not a legal requirement in your country there is nothing you can do

27

Which of the following circumstances **do not** create a self-interest threat:

- A. The Head of Internal Audit is hired and removed by joint decision of the Head of Human Resources and the Head of the Government Agency
- B. The salary of the Head of the Internal Audit is decided by the Head of the Government Agency
- C. Appropriate channels are in place to report inappropriate scope or resource limitations to the Audit Committee or the Central Harmonization Unit in the Ministry of Finance**
- D. Human Resources and Legal Department provide recommendations to management on the Internal Audit Charter

28

You are Head of the Internal Audit Unit. You have been asked to provide assurance services in an area for which you had responsibility in the previous year. Is this acceptable?:

- A. Yes, this is acceptable according to the IIA Code of Ethics and the International Standards for the Professional Practice of Internal Auditing (ISPPIA)
- B. No, this is not acceptable according to the IIA Code of Ethics and the International Standards for the Professional Practice of Internal Auditing (ISPPIA)**
- C. Yes, this is acceptable under the IIA Code of Ethics and International Standards for the Professional Practice of Internal Auditing (ISPPIA) provided objectivity is not impaired



29

You are Head of the Internal Audit Unit and have been asked to provide assurance services in an area for which you have previously provided consultancy services. Is this acceptable?:

- A. Yes, this is acceptable according to the IIA Code of Ethics and the International Standards for the Professional Practice of Internal Auditing (ISPPIA)
- B. No, this is not acceptable according to the IIA Code of Ethics and the International Standards for the Professional Practice of Internal Auditing (ISPPIA)
- C. Yes, this is acceptable under the IIA Code of Ethics and International Standards for the Professional Practice of Internal Auditing (ISPPIA) provided the nature of the consulting did not impair objectivity, and individual objectivity is managed when assigning resources to the engagement**

30

As Head of the Internal Audit Department it is your responsibility to communicate directly with the Audit Committee (or the Head of your organization, if there is no Audit Committee) and report any interference in determining the scope of internal auditing, performing the work or communicating the results.

- A. True**
- B. False





