awp 4.6

**Assessment of ethical threats and safeguards**

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| Name of the Entity | XYZ |
| Period of audit | 01.01.20XX to 31.12.20XX |

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| --- | --- | --- | --- | --- |
| Assessed by: | | Signature | Reviewed & approved by | Signature |
| Name: |  |  |  |  |
| Designation |  |  |
| Date: |  |  |

**Name of the Auditor:**

**Designation:**

|  |  |
| --- | --- |
| **Ethical Threats *(Traced from AWP 4.3; AWP 4.5)*** | **Suggested Safeguards** |
| **Self Interest Threat** (Financial or other interests of audit team member or close family of audit team) |  |
| **Self-review threat** (Auditor performing review of his own work as a result does not identify the shortcomings in his own work) |  |
| **Advocacy Threat** (Auditor is asked to promote the audited entity’s position or represent them in some way) |  |
| **Familiarity Threat** (The auditor is too trusting of the audited entity because of a close relationship with them) |  |
| **Intimidation Threat** (Auditors are deterred from acting objectively by threats made against them, such as the threat of litigation) |  |
| **Conclusion**  The Ethical threats arising as a result of taking up the audit of (name of audited entity) have been assessed against the aforementioned auditor and necessary safeguards as indicated above have been put in place to uphold the independence and objectivity in the conduct of the audit of this entity.  (Name of Audit Engagement Supervisor)  Designation:  Division/Unit/Section: | |

**Guidance for completing Declaration of Conflict of Interest**

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| Overall Objective of the completing the template | The overall objective is to assess the ethical threats arising as a result of conducting this audit, and to suggest safeguards to bring such threats to an acceptably low level. |
| Applicable ISSAIs | ISSAI 130, ISSAI 2200 and ISSAI 2220 |
| Guidance | This working paper template should be used only if there is an ethical threat(s) to an individual auditor, audit team leader, audit supervisor, etc. as a result of conducting the audit of an entity. This template is linked to AWP 4.3 and AWP 4.5. In an event where a particular member in the audit team has stated the reason that he/she will not be able to comply with the given ethical code of conduct, the ultimate solution could be withdrawing that particular member from the audit team. However, given the situation where the SAI has a human resource constraint, the withdrawal of a member(s) and to have a substitute may not be possible as always. Therefore, the SAI or the audit supervisor is supposed to suggest safeguards to bring ethical threats to an acceptably low level.  Besides, tracing those reasons provided by the team members in AWP 4.3, an individual auditor as well as audit supervisors and team leader may assess ethical threats, and accordingly suggest the safeguards. This is to ensure that appropriate safeguards are put in place for every threat identified.  The list provided herewith is example only, and may not be applicable in all SAIs. |
| Conclusion | While the team leader assigned for the audit is expected to assess ethical threats and safeguards of every member in the audit team, the audit supervisor will review and provide a conclusion of the assessment.  Similarly, if there is an ethical threat to Audit Supervisor, his/her superior is expected to make an assessment and provide a similar conclusion as above. |
| Recording evidence of assessor & reviewer | The table indicating the details of a person assessing ethical threats and reviewer needs to be completed at the end. This is to ensure that there was independent check and balance system in the audit team, and that this was completed before commencement of audit.  In this case, the assessor is usually the audit team leader, and the reviewer is the audit supervisor. Similarly, when the ethical threats are assessed against the audit team leader and audit supervisor, the assessor and reviewer can then be addressed based on the organisation structure of the SAI. This needs to be signed off accordingly by the assessor and reviewer respectively. |