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News release

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The Bank of England and the Financial Services Authority welcome the publication of draft guidance for effective internal audit in the financial services sector

The Bank of England and the Financial Services Authority welcome the publication of the consultation paper, *Effective Internal Audit in the Financial Services Sector*, by the Chartered Institute of Internal Auditors. Both the Bank and the FSA strongly believe that an effective internal audit function is an essential part of a firm's corporate governance structure and representatives from both authorities have been observers on the Committee that drafted this guidance.

Andrew Bailey, Executive Director of the Bank of England and Managing Director of the FSA's Prudential Business Unit, said:

"The expectations of internal audit functions within financial services firms have hitherto been set too low. The regulatory authorities expect firms to have robust internal audit functions capable of providing genuine challenge to management and driving improved governance, risk management and internal controls. I hope that this guidance will help internal audit functions position themselves to achieve that."

ENDS

Notes to Editors

1. This release accompanies the publication, by the Chartered Institute of Internal Auditors, of draft guidance for consultation, on *Effective Internal Audit in the Financial Services Sector*. To obtain an embargoed copy of the consultation paper please contact: Phil Gray, Director of Communications, Chartered Institute of Internal Auditors on 020 7819 1942 or 07590 004842. Alternatively contact the Institute's PR agency Mattisons (Nick Cosgrove/Nick Mattison) on 020 7645 3636.
2. For more information about the Chartered Institute of Internal Auditors and about the Committee that drafted the guidance please see the Institute's website: www.iaa.org.uk/fscommittee.
3. The FSA regulates the financial services industry and has four objectives under the Financial Services and Markets Act 2000: maintaining market confidence; securing the appropriate degree of protection for consumers; fighting financial crime; and contributing to the protection and enhancement of the stability of the UK financial system.
4. The FSA will be replaced by the Financial Conduct Authority and Prudential Regulation Authority in 2013 as required by the [Financial Services Act 2012](#).