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News release

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PRA and FCA welcome Internal Audit guidance

The regulatory authorities welcome the publication, by the Chartered Institute of Internal Auditors, of the guidance “Effective Internal Audit in the Financial Services Sector”.

The regulators believe that implementation of the recommendations within the guidance will enhance the effectiveness of internal audit functions and the impact and influence they have within their organisations. In exercising their supervisory judgement, the regulators will consider the nature and extent of compliance with the guidance in any assessment of internal audit effectiveness within regulated firms.

Andrew Bailey, Deputy Governor, Prudential Regulation of the Bank of England and CEO of the Prudential Regulation Authority, said:

“I am very grateful to the Chartered Institute of Internal Auditors and to Roger Marshall and the members of his Committee for developing this guidance.

Throughout the financial crisis, the role of internal auditors within banks and insurance companies has received relatively little scrutiny. This guidance raises the bar for Internal Auditors with the explicit acknowledgement that their primary role is to help protect the assets, reputation and sustainability of the organisation.

I am very pleased that the Internal Audit profession in the UK has agreed to adopt this guidance though it should be noted that implementing its recommendations will require strong support from both Audit Committees and Executive Management.”

Martin Wheatley, Chief Executive, Financial Conduct Authority, said:

“Internal auditors must be front and centre of ensuring their firm acts with integrity and will be alert to potential risks. Sadly we have seen what happens in both the retail and wholesale markets when the right arrangements are not in place.

I welcome this guidance which makes clear internal auditors must have the power and confidence to examine thoroughly that products and services are in line with the interests of customers. This will

play a vital part in restoring the confidence and faith of consumers and the market alike and we are ready to play our part in helping that happen.”

ENDS