

Febelfin reaction to the consultation 'Internal Audit Function'

This document is the Febelfin reaction to the consultation issued by the Basel Committee on banking supervision on the internal audit function in banks.

Document available on : <http://www.bis.org/publ/bcbs210.htm>

Febelfin is the **Belgian Financial Sector Federation** representing 238 members acting among other in the **banking industry**. It aims at joining their interests with those of the policy makers, supervisors, trade associations and other stakeholders at the national and European level.

Febelfin **welcomes the consultative document** launched by the Basel Committee on Banking supervision about the role of the internal audit in banks and is pleased to formulate the following comments:

- In the aftermath of the crisis, the Belgian banking sector is working hard to **restore the confidence** in order to be able to contribute to the sustainable growth of the Belgian economy. A good functioning internal audit department is a cornerstone for a good functioning banking sector and, as such, it is important to regularly assess the role and function of internal audit. Such an assessment has to be done whilst keeping in mind the principles of efficiency and proportionality.
- The Belgian prudential framework has been deeply reformed in 2011: In the **'twin peaks model'** the **National Bank of Belgium (NBB)** is in charge of macro- and micro-prudential supervision, whereas the **Financial Supervision and Market Authority (FSMA, formerly CBFA)** is now in charge of the supervision of financial markets and products, including new functions in the field of consumer protection. In view of this new regulatory governance, in combination with the existing regulations, Febelfin considers that **the Belgian regulatory framework** is at the **upper degree of integration of globally acknowledged professional internal auditing practices**.
- Febelfin insists that the legal framework and the missions attributed to the internal audit should be the same in all countries operating within the sphere of the BIS and the Basel Committee. **A level playing field is key** in order to get more competitive, transparent and comprehensive financial markets. This is essential within the European single market, as well as on a global level, as we operate in a global



economy. An effective method to achieve this is to extensively incorporate international standards on internal auditing, such as the IIA's International Professional Practices Framework, in the regulatory framework.

- Finally, Febelfin particularly welcomes the desire to **maintain and enhance the dialogue** between the regulatory authorities, the supervisory organs and the internal audit function.