

## Corporate & Financial Weekly Digest

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### **FSA and Bank of England Announce New Draft Code of Practice for Auditors and Supervisors**

On February 10, the UK Financial Services Authority (FSA) published for consultation a draft code of practice designed to improve audit effectiveness and ensure that supervisors are better informed about, and able to challenge, the firms they regulate.

The code of practice (the product of a joint FSA/Bank of England project) proposes increased coordination between auditors and supervisors. This should enhance the ability of the FSA to scrutinize specific accounting practices and related judgments and highlight emerging problems.

Principles are set out in the code for auditors and supervisors to follow when they deal with regulated firms. For certain firms, the code specifies a minimum level of formal meetings between the supervisor, the external auditor and the firm.

Andrew Bailey, Executive Director of the Bank of England, said, "With its emphasis on the importance of an open and constructive relationship, we are very pleased to be able to publish this draft code today as an important first step in redefining the nature of the auditor's role in the new regulatory framework."

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Katten Muchin Rosenman LLP  
Charlotte Chicago Irving London Los Angeles New York Washington, DC