

Introduction

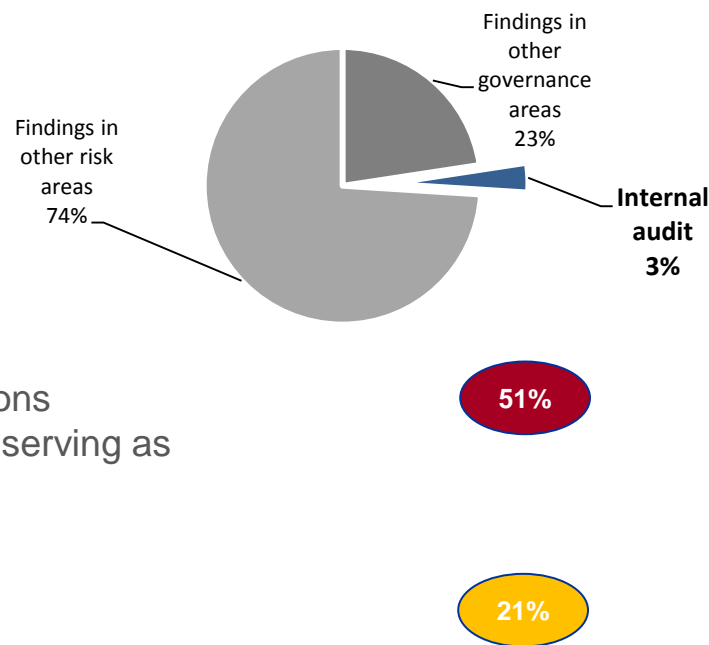
- ECB Banking Supervision recently conducted an in-depth analysis of the key findings from the 2018 OSIs.
- OSI findings were categorised using a four-point scale, from less severe to more severe, to reflect the strength of the potential impact.
- 1,200 findings of the two highest classes of severity analysed (F3-F4).
- **31%** related to credit risk, **26%** to governance (including internal audit) and **15%** to IT risk.

Qualitative overview:

Key findings on Internal Audit (F3,F4)

Clear concentration of findings on weaknesses identified in the internal audit life cycle.

- **Internal Audit life cycle:**
 - Insufficient depth of audit work performed
 - Deficiencies in the follow-up process of recommendations
 - Weaknesses identified in the risk assessment process serving as basis for the audit plan
- **Scope of activity:**
 - Limited coverage of audit universe



Please also refer to ECB's Supervision Newsletter (Aug 2019) - [On-site inspections 2018: key findings](#)