



**XV REUNIÓN DE AUDITORES INTERNOS
DE BANCOS CENTRALES**

“El papel del comité de auditoría: ¿Qué se necesita para tener un comité de auditoría efectivo”

**BANCO CENTRAL DE CHILE, SANTIAGO, CHILE
SEPTIEMBRE 25 - 27, 2019**



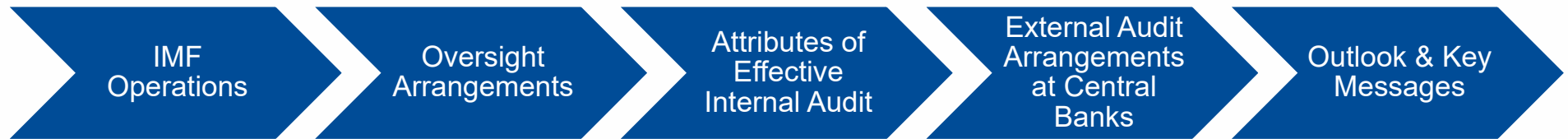
The Role of the Audit Committee: What It Takes to Have an Effective Audit Committee?

**XV MEETING OF CENTRAL BANK INTERNAL AUDITORS
CEMLA – SANTIAGO, CHILE**

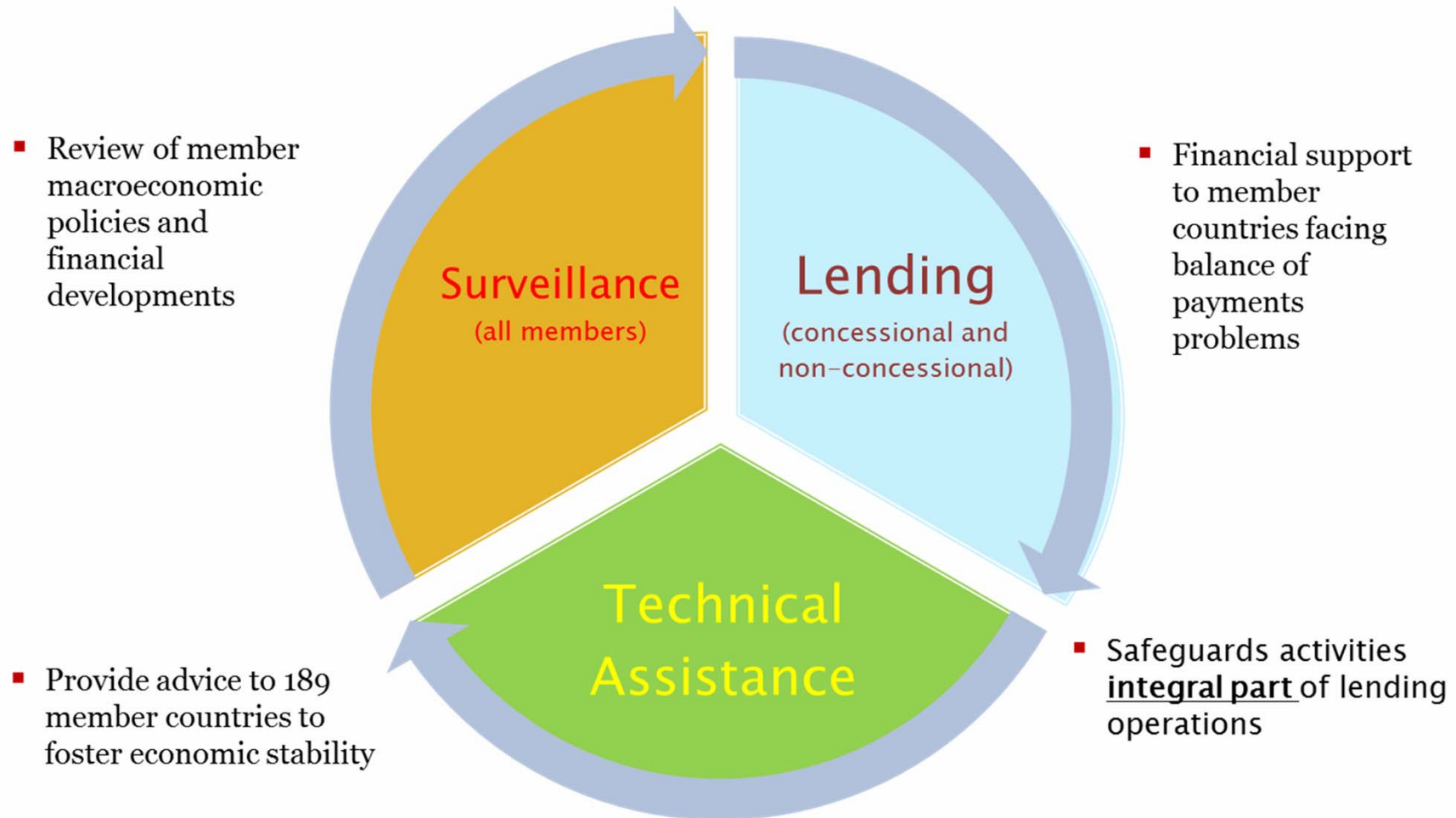
SEPTEMBER 25, 2019

George Kabwe
International Monetary Fund

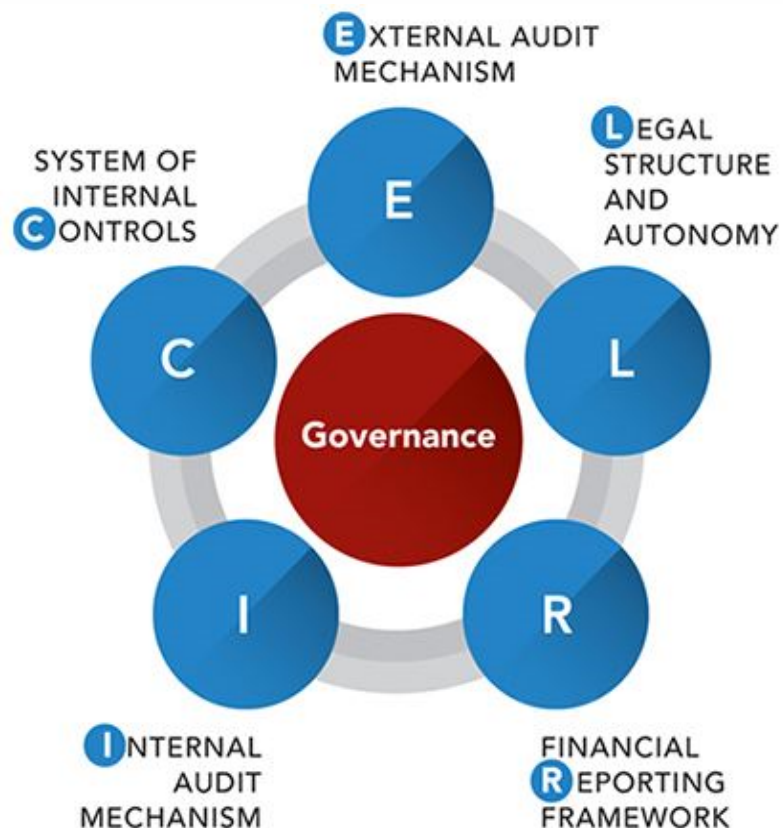
Overview



IMF Core Activities



IMF Operations: Safeguards Policy



- Safeguards assessments are **diagnostic** reviews of a central bank
- Cover five key areas denoted by the acronym **ELRIC**
- Anchored in international standards and promotes leading practices
- **Governance** is an overarching principle

Governance Arrangements at Central Banks

- Central bank **autonomy**, with independent oversight
- Key governance **bodies**:
 - ◆ Oversight board
 - ◆ Audit committee
 - ◆ Governor and deputies



- IMF safeguards staff currently **monitor** ~60 central banks
- Of the 60 central banks, 85% (52) have an **independent board** (majority non-executive)
- 84% of central banks have an **audit committee**
- Average **board size** is 8 members

Audit Committee – Key Attributes



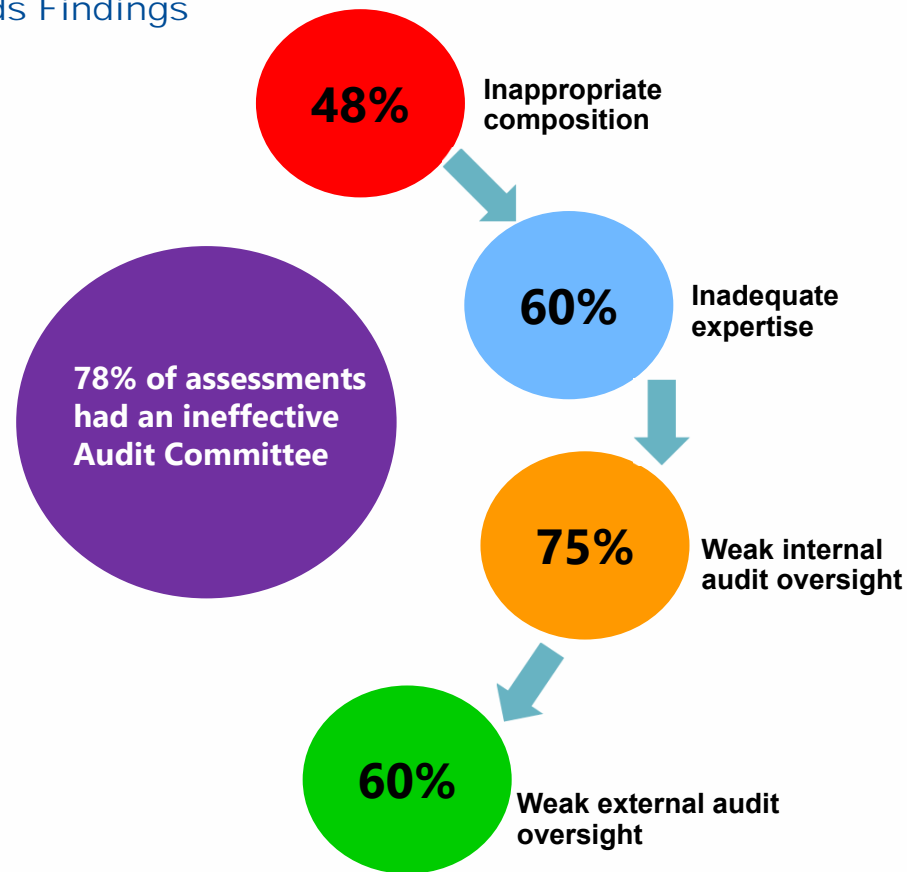
Internal Audit & Oversight at Central Banks – Safeguards Experience



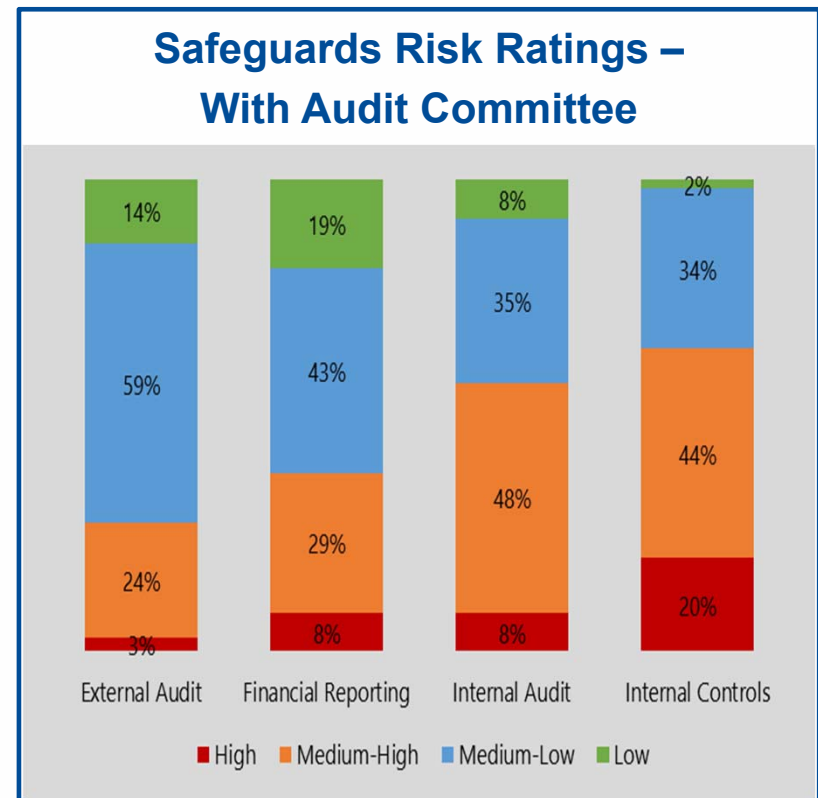
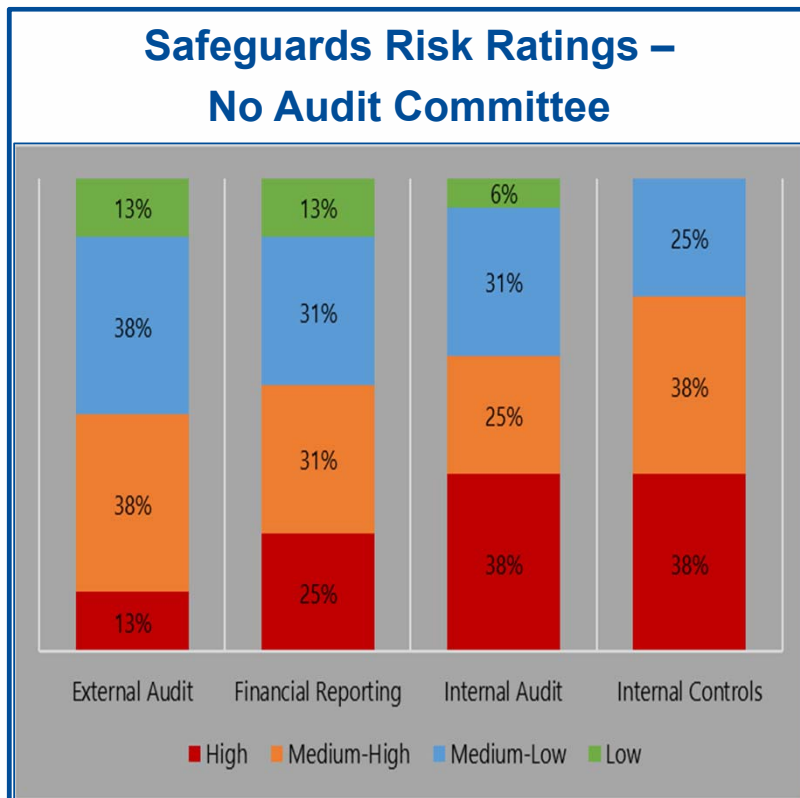
- Safeguards experience (**April 2010 - December 2017**)
- Central banks continue to have vulnerabilities in the areas of **internal audit** and **oversight**.

Internal Audit and Oversight at Central Banks – Safeguards Experience (Cont'd)

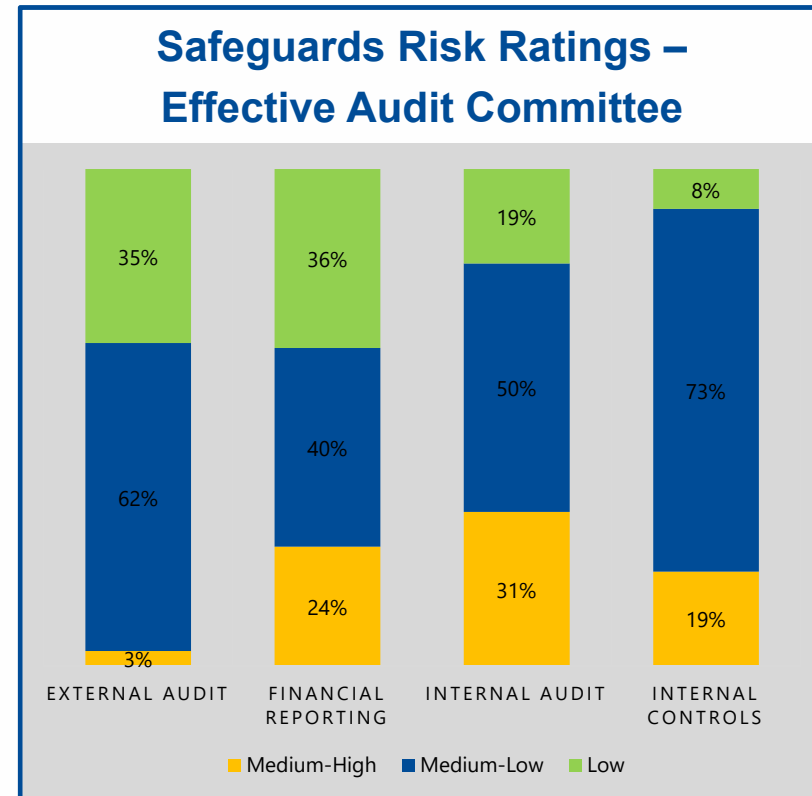
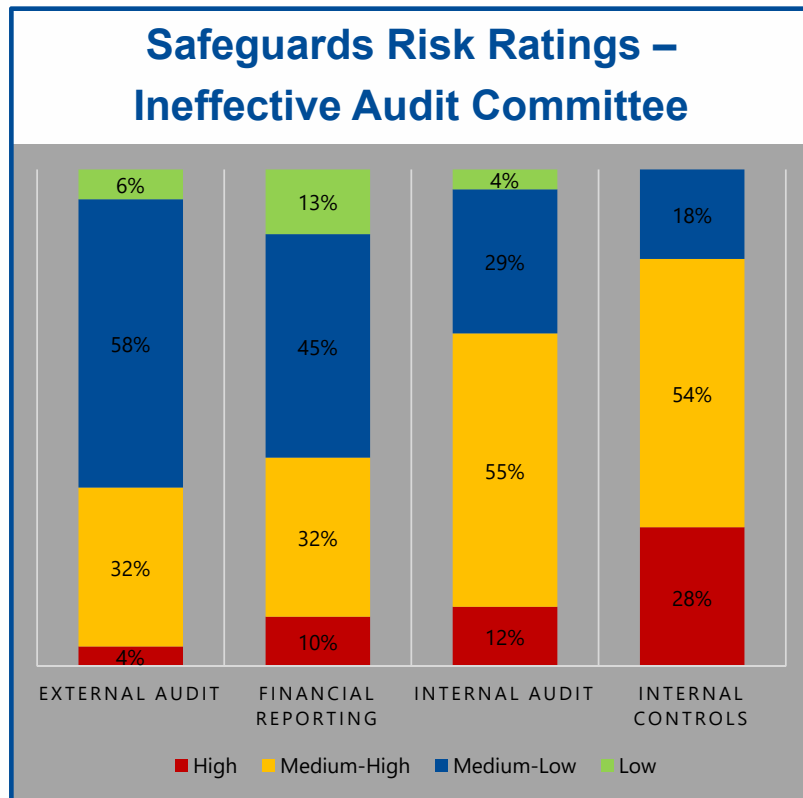
Audit Committees: Safeguards Findings



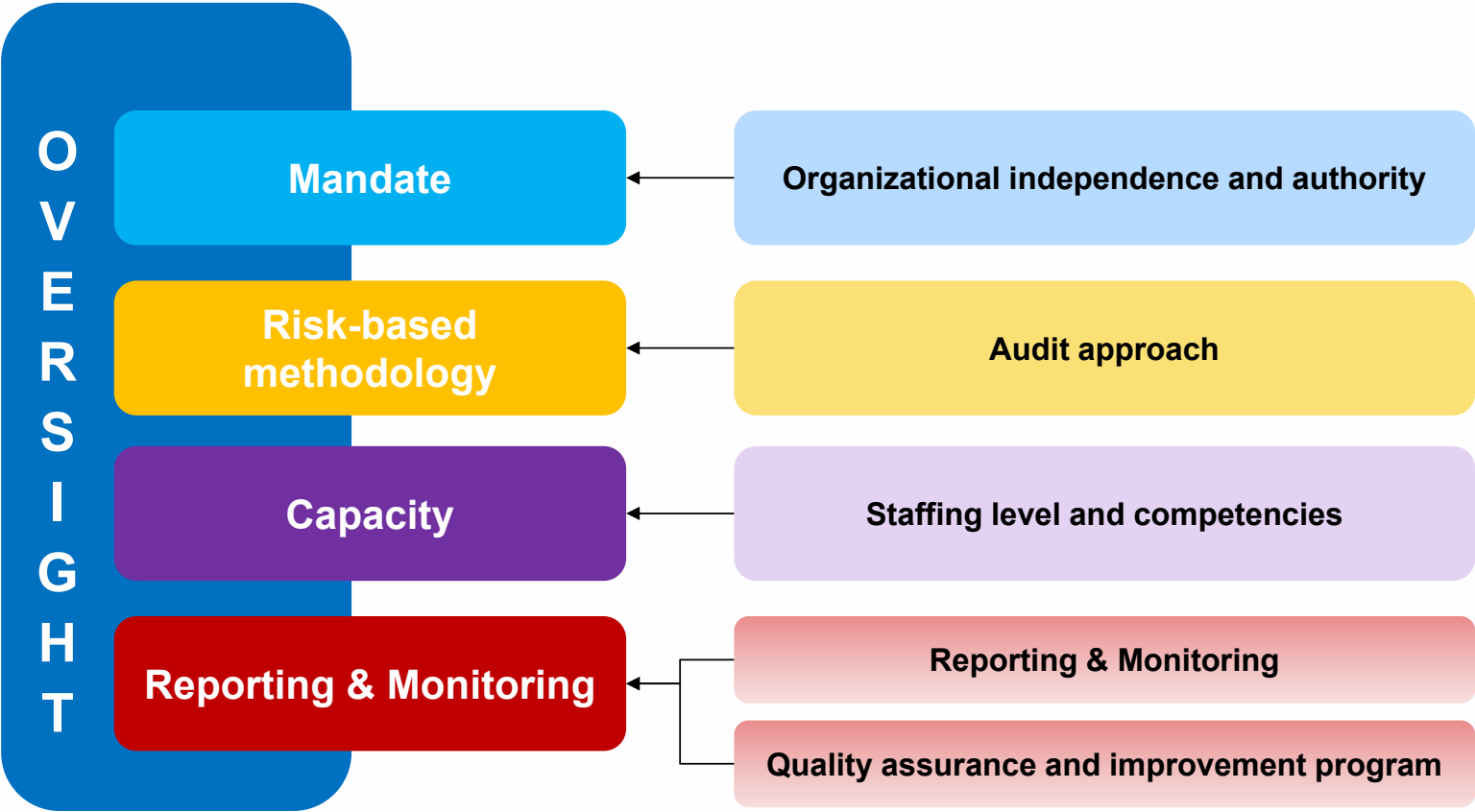
Strong Oversight – Importance of the Audit Committee



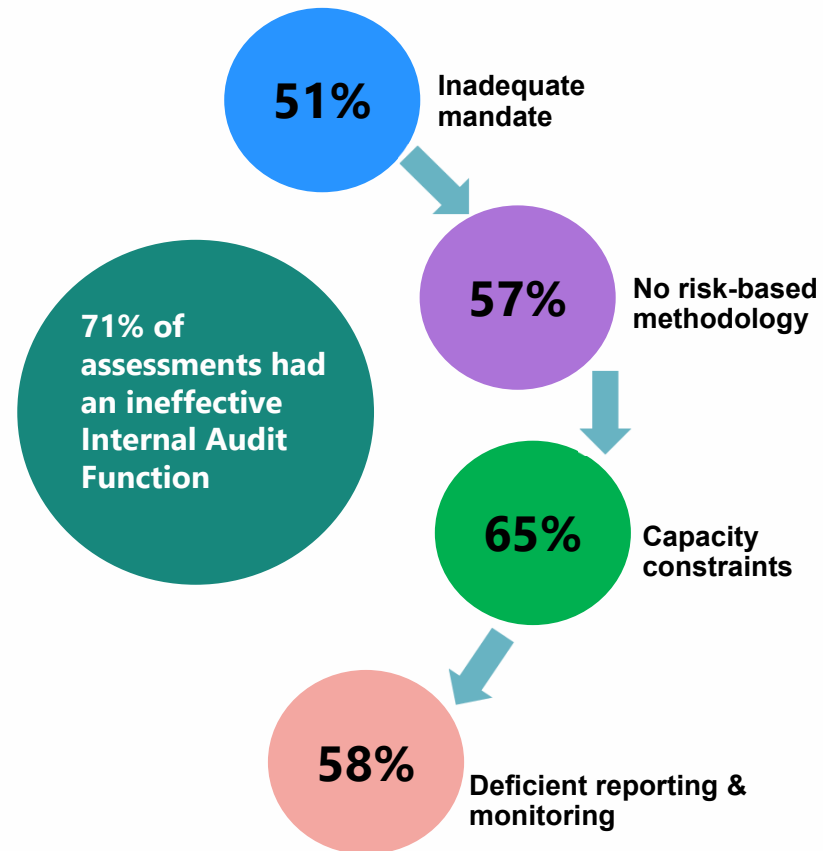
Strong Oversight – Importance of the Audit Committee (Cont'd)



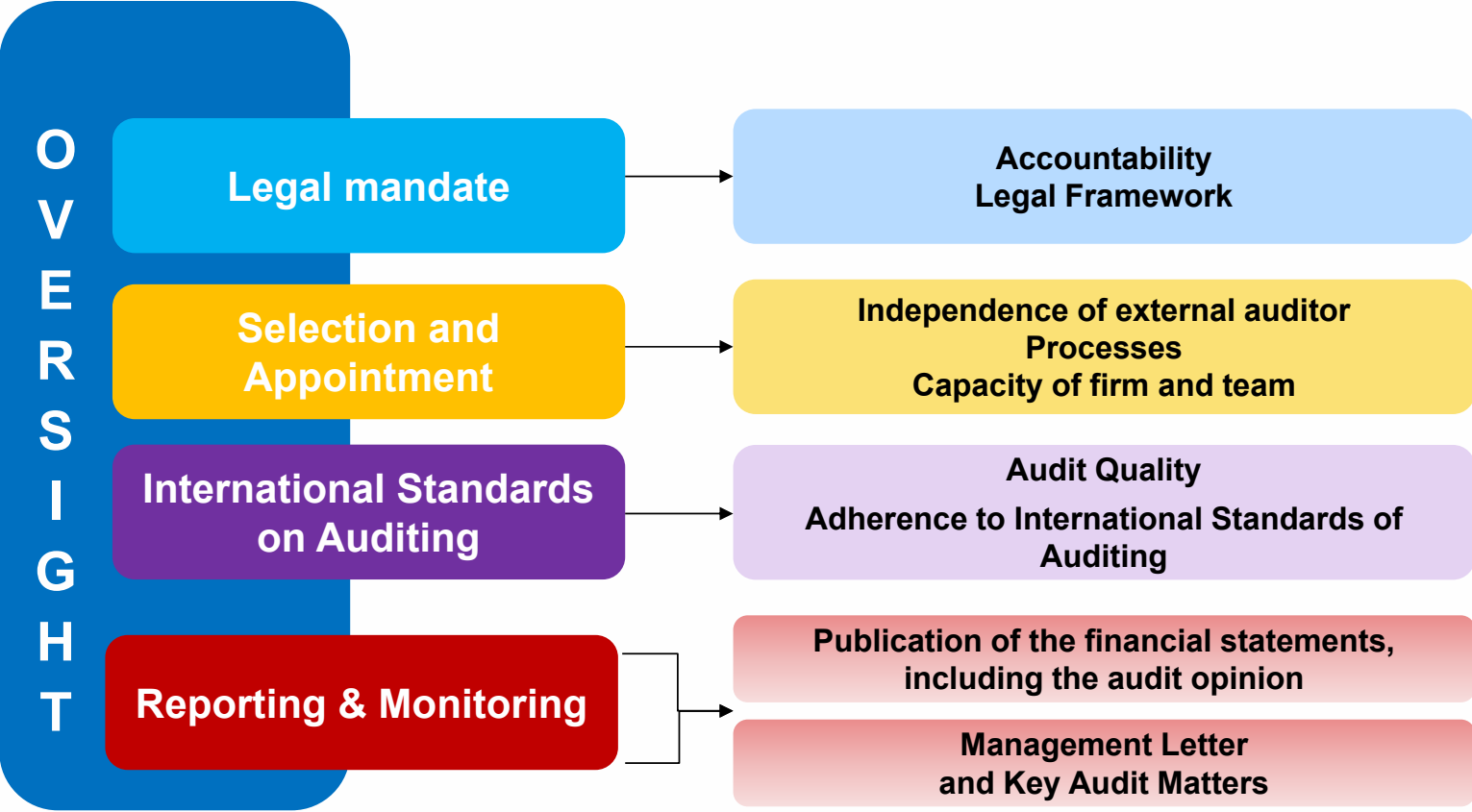
Internal Audit – Key Attributes



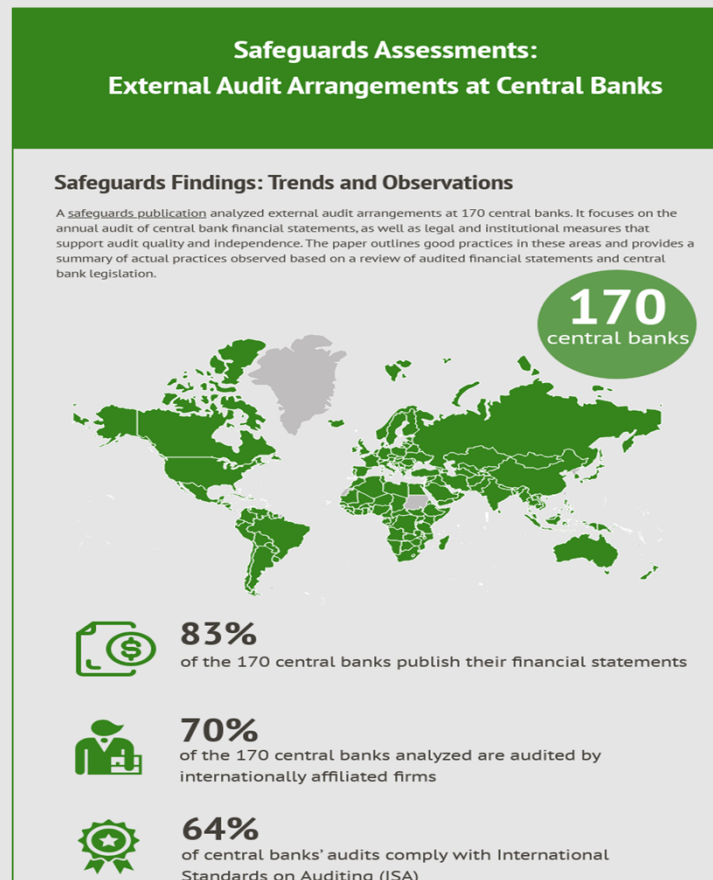
The State of Internal Audit Safeguards Findings



External Audit – Key Attributes



External Audit Arrangements at Central Banks



- Requirement for an annual audit is **enshrined in most CB laws**
- **Timeliness** of publication continues to improve

Key Concluding Messages

- **Oversight** by an independent board is key for strong safeguards at central banks
- Equally important is a **strong audit committee** with:
 - ▶ Diverse composition
 - ▶ Expertise, and
 - ▶ Strong oversight mandate
- Adherence to **international standards** promotes quality and consistency
- Assurance expectations on internal audit functions are increasing, but many have **areas for improvement** and **challenges** prevail
- **Collective action** on possible solutions is needed: (i) peer central bank dialogue and reviews; (ii) stronger ownership; (iii) training and professional development; and (iv) greater advocacy and support by the standard-setter

Questions?



Reference Materials

- [Safeguards Factsheet](#)
- [Safeguards Assessment Policy](#)
- [IMF Working Paper: Internal Audit](#)
- [IMF Working Paper: External Audit](#)