

Internal Audit Effectiveness & Oversight Central Banks Perspective



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Embracing Digital Technology in Internal Audit

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Overview



IMF Safeguards Policy



Attributes of Effective Internal Audit
and Oversight



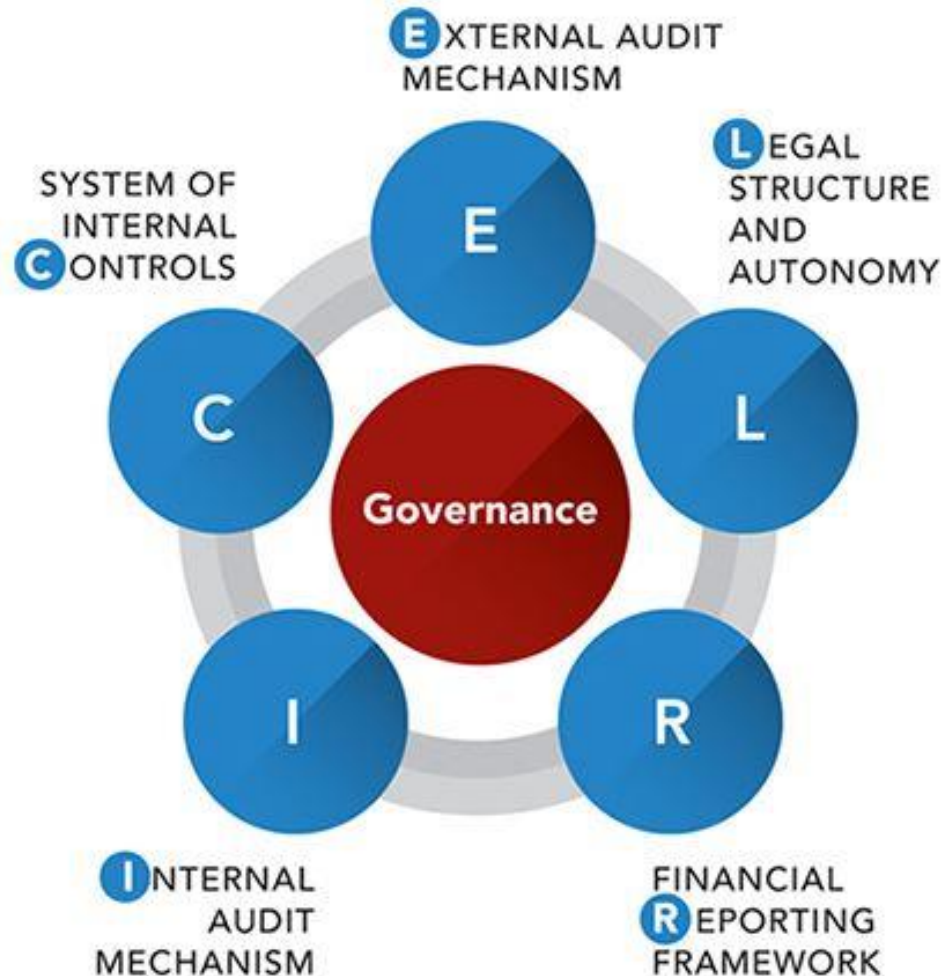
Findings and Observations



Outlook and Key Messages

IMF Safeguards Policy

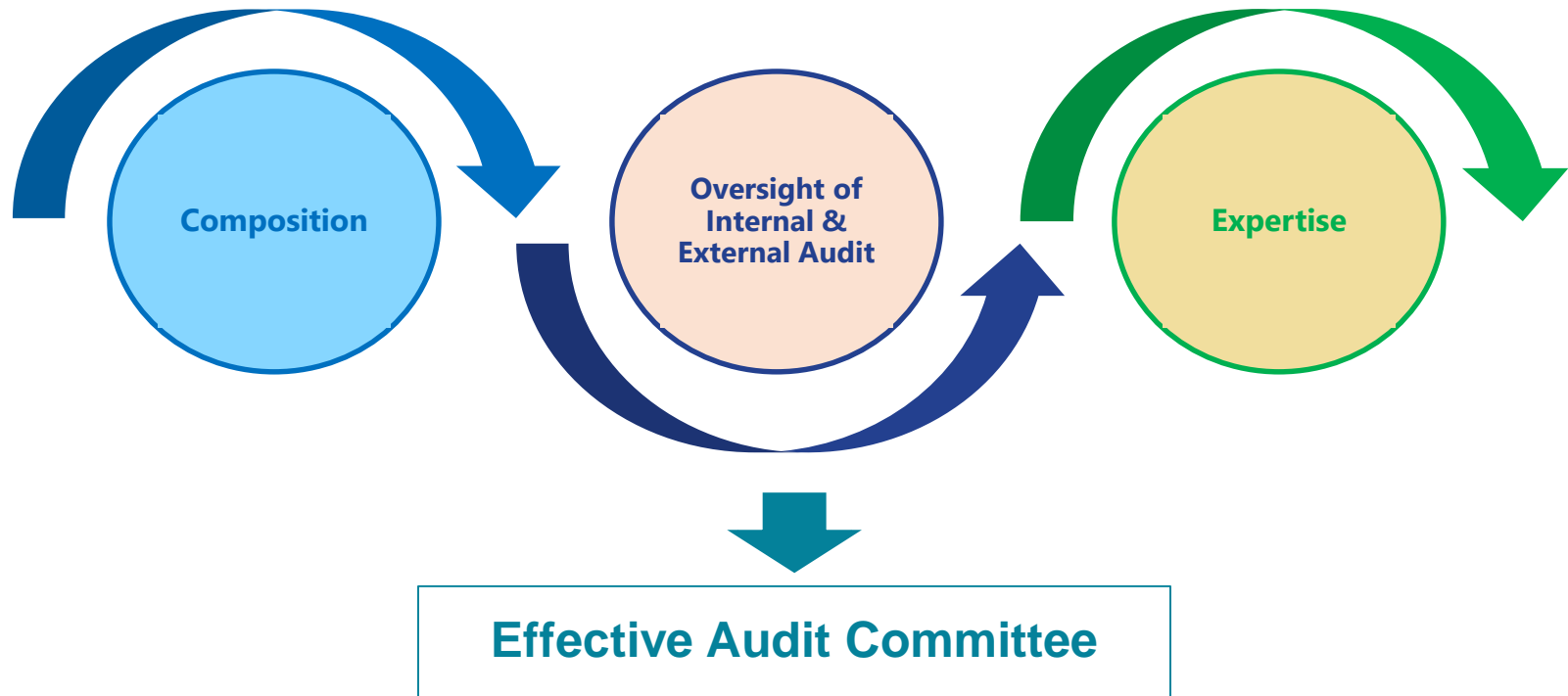
- Safeguards assessments are **diagnostic** reviews of a central bank conducted in conjunction with IMF lending arrangements
- Covering five key areas denoted by the acronym **ELRIC**
- Anchored in international standards and promotes leading practices
- **Governance** is an overarching principle transcending all areas of the framework
- Safeguards assessments assign a **risk rating** to each ELRIC category



Internal Audit – Effectiveness Attributes



Audit Committee – Effectiveness Attributes



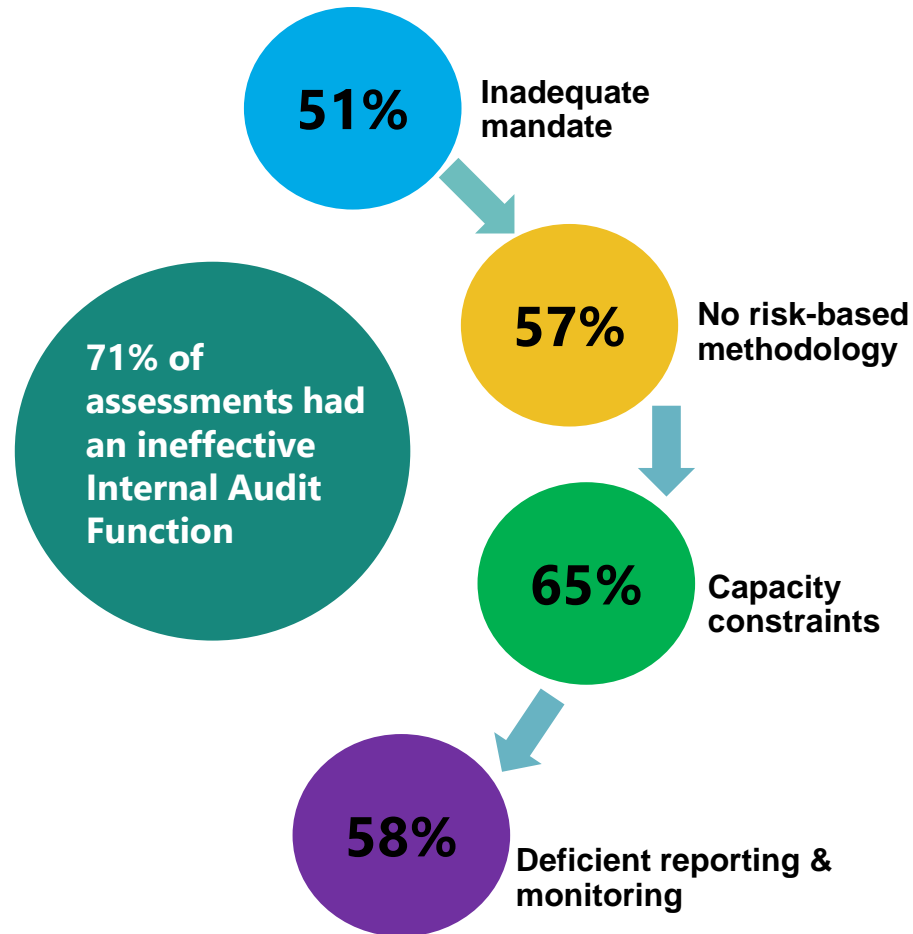
Effectiveness of Internal Audit and Oversight at Central Banks Safeguards Experience

Safeguards experience
(April 2010 - December
2017)

...Central banks continue
to have vulnerabilities in
the areas of **internal
audit** and **oversight**.



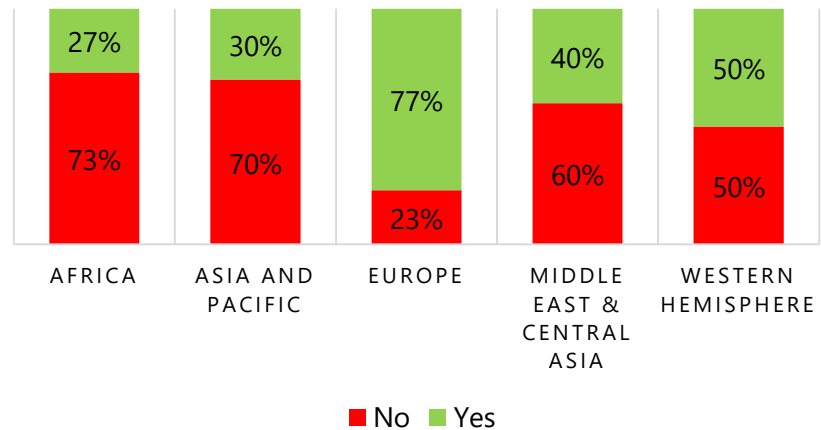
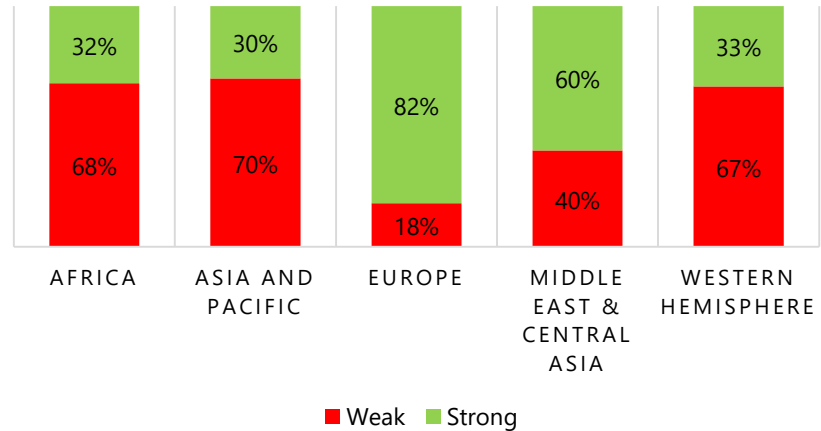
The State of Internal Audit Safeguards Findings



The State of Internal Audit Safeguards Findings – Regional Perspective

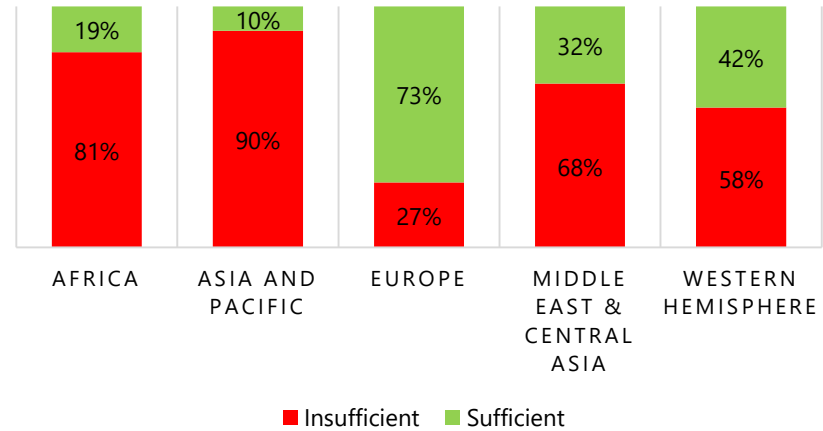
Mandate

Risk-based methodology

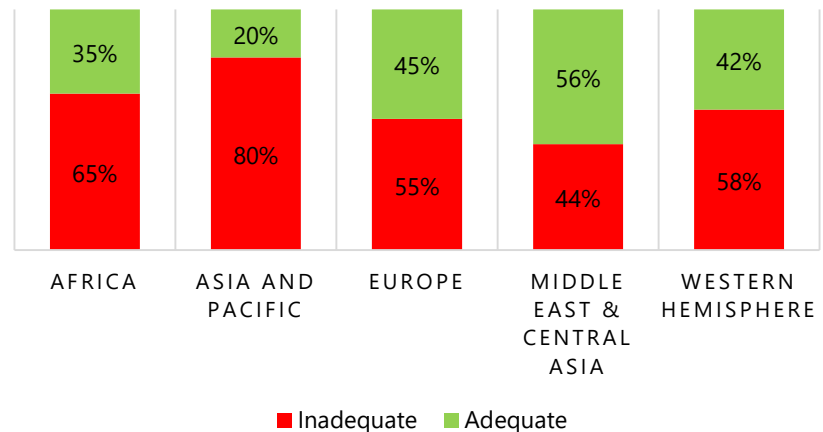


The State of Internal Audit Safeguards Findings – Regional Perspective

Capacity

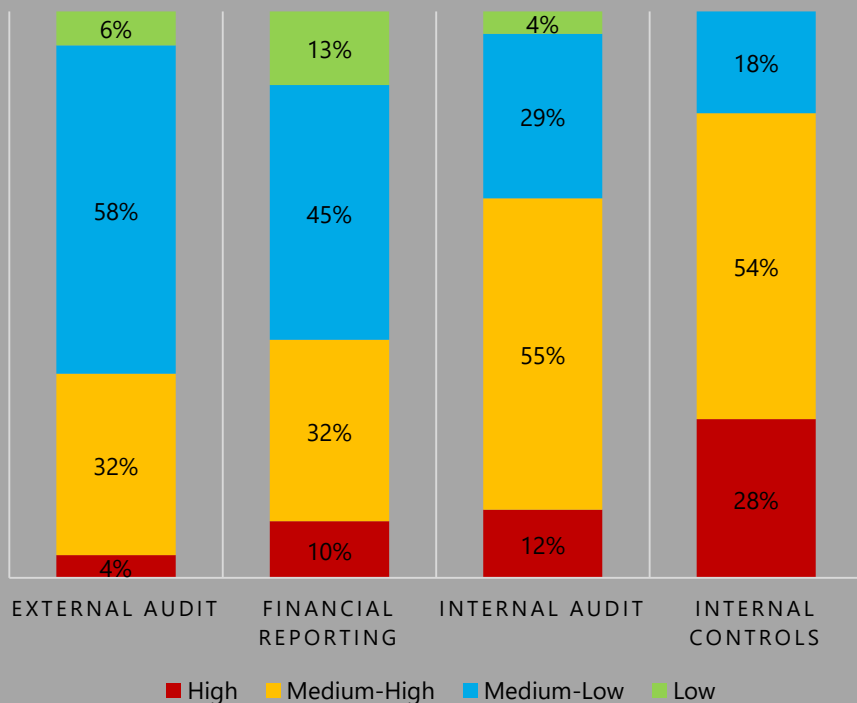


Reporting & Monitoring

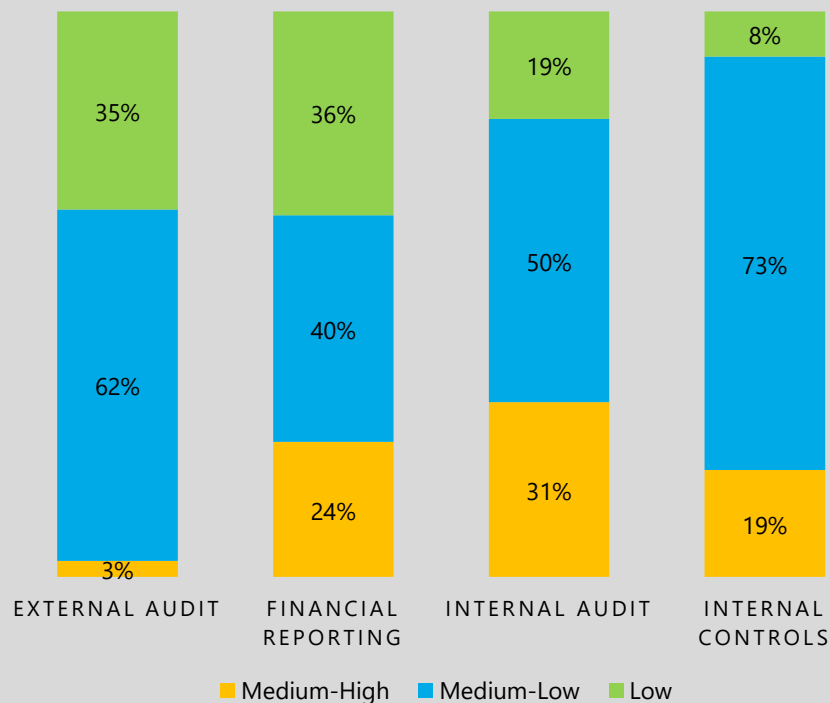


Strong Oversight Impact on Risk Profiles

Safeguards Risk Ratings – Ineffective AC



Safeguards Risk Ratings – Effective AC



Outlook & Key Messages

- 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) priority recruitment, training, and professional development efforts; and (iv) greater advocacy and support by the standard-setter
- **Standing** within the organization promotes independence and authority
- **Oversight** by the Board is paramount to the effectiveness of the function
- Adherence to **international standards** promotes quality and consistency



Questions



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- [Safeguards Factsheet](#)
- [Safeguards Assessment Policy](#)
- [IMF Working Paper 18/125](#)

