



# CENTRAL BANK OF EGYPT

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## **Internal Audit And Governance**



# Corporate Governance

- Corporate governance is the combination of processes and the structure implemented by the board to inform, direct, manage, and monitor the activities of the Central Bank of Egypt (CBE) towards the achievement of its objectives.
- The framework for governance and accountability for CBE is identified through Law No.88 of the 2002 CBE Act. In some respects the framework was modified by law No.125 of 2011.



# Internal Audit Mission

## □ Internal Audit (IA) Mission:

Provide independent, objective assurance and consulting, services that can assist in improving organizational activities and operations. This will assist the CBE accomplish its objectives by adopting an objective approach to evaluate and improve the effectiveness of risk management, control and governance processes.



# Audit Committee

- ❑ Audit committee is formed of three members of the Board of Directors of non-executive roles in accordance with Article 82 of Law No. 88 of 2003 and they have the appropriate expertise to ensure the required balance in the capacity, knowledge and know-how in the relevant financial topics and areas of audit and accounting.
- ❑ The most important function of the audit committee is following-up with the internal audit department within the CBE to ensure the efficiency and effectiveness of the internal control system.
- ❑ The head of the internal audit department reports to the audit committee and the governor in addition to the functions of the Audit Committee as mentioned on Article 27 of the Regulations of Law No. 88 for 2003.



# Audit Committee (Cont'd)

- The Audit Committee has an important and effective role in respect to the relationship with both the external auditor and the central auditing organization. The audit committee assumes direct responsibility for the following:
  - 1) Propose the appointment or dismissal of the external auditor ,as well as determine their remuneration and compensations.
  - 2) Agree on the scope of the audit with external auditors.
  - 3) Receive audit reports and ensure that the CBE's senior management take the necessary corrective actions in time to solve problems identified by external auditors as well as the shortcomings and weaknesses in the internal control systems and the non-compliance with policies and applicable laws.



# References

- ❑ Law 88 for 2003 and its amendments
- ❑ Executive regulation for the law 88 ,2003
- ❑ CBE's [Organizational Chart](#)
- ❑ Ethics framework of internal auditing:
  - [Audit Charter \(English\)](#) and [\(Arabic\)](#)
  - [Code of Ethics](#)
- ❑ BASEL Banking Supervision Standards
- ❑ Institute of Internal Auditors ( IIA) Standards