

Governance audits in central banks: The CBA experience

2025-12-10

Central Bank of Armenia

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Discussion paper DP-2025-02

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Abstract

In this paper, the authors share their experience with governance audits in the central banks. The paper reflects upon the importance of governance audits in central banks, focusing on their role in strengthening internal governance frameworks, decision-making processes, and risk management practices. It highlights five key areas of governance audits: policies and procedures, board and committee structures, executive management, decision-making processes, and assignment management. While providing practical insights into using agile auditing methods, emphasizing flexibility, collaboration, and iterative processes, the paper also introduces tools such as gap analyses, interviews, and a self-developed materiality assessment model to enhance the comprehensiveness of governance evaluations. By sharing methodologies and experiences, the paper aims to support internal auditors in designing and executing governance audits tailored to the specific needs of central banks. It underscores the critical role of governance audits in fostering accountability, resilience, and alignment with international audit standards, while emphasizing that governance audits must remain iterative and adaptable to the unique context of each central bank.

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