

***Annual Report on the
Activities of the Anti-Fraud Committee
of the European Central Bank***

– Covering the Period from January 2000 to January 2001 –

26 January 2001

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EUROPEAN CENTRAL BANK

ANTI-FRAUD COMMITTEE

ANNUAL REPORT

I. Establishment and activities of the Anti-Fraud Committee of the European Central Bank

The Anti-Fraud Committee of the European Central Bank (AFC) was established by Decision ECB/1999/5 of 7 October 1999 on fraud prevention¹. Dr. Eric Nordholt, Mr. Justice John L. Murray and Dr. Maria Schaumayer were appointed members of the Committee².

The AFC commenced its activities in January 2000 and between then and January 2001, it has met on four occasions. The AFC appointed Mr. John L. Murray as its Chairperson and established its own rules of procedure.

Having regard to the responsibilities conferred by Decision ECB/1999/5 of 7 October 1999, the activities performed by the AFC within the reporting period were as follows³:

- ◆ the AFC liaised with and monitored the activities of the Directorate Internal Audit of the European Central Bank (ECB) in the field of fraud prevention and detection. For this purpose, the Director of Internal Audit forwarded a programme of the relevant activities and kept the AFC regularly informed on these activities,
- ◆ the AFC monitored the process for implementing the ECB Code of Conduct, the Insider Trading Rules and for developing a Code of Expenses for Executive Board Members,
- ◆ during its first year of existence, the Committee has met to organise itself internally, to familiarise itself with the internal control structure of the ECB and to monitor the activities of the ECB in the field of fraud prevention and detection,

¹ OJ L 291, 13.11.1999, p. 36. In connection with this, the Rules of Procedure of the European Central Bank were amended by a new Article 9a; see OJ L 314, 8.12.1999, p. 32.

² See Decision ECB/1999/8 of 16 November 1999 appointing the members of the Anti-Fraud Committee of the European Central Bank, OJ L 299, 20.11.1999, p.40.

³ According to Article 1(9) of the Decision ECB/1999/5, the AFC shall be responsible for relations with the Supervisory Committee of the European Anti-Fraud Office (OLAF) referred to in Article 11 of Regulation (EC) No 1073/1999 of the European Parliament and of the Council (OJ L 136, 31.5.1999, p. 1). These relations shall follow the principles established by a decision of the ECB. However, the establishment of such a decision by the ECB is delayed because of the pending Case (C-11/00 Commission v ECB) in which the European Commission is contesting Decision ECB/1999/5. Consequently the AFC has not yet sought to establish corresponding relations with the Supervisory Committee of the European Anti-Fraud Office (OLAF).

- ◆ the AFC has noted with satisfaction that the Code of Conduct and the Insider Trading Rules have now been finalised and will be published shortly in the *Official Journal of the European Communities*. It expects the Code of expenses for Executive Board members to be adopted in the near future,
- ◆ following a direction from the AFC a circular, on its behalf, was distributed to all staff members of the ECB in order to ensure awareness of its role and functions, and in particular, the right of staff members to inform the AFC directly (and/or the Directorate Internal Audit) of any fraud or illegal activities detrimental to the financial interest of the ECB.

2. Observations of the Anti-Fraud Committee of the European Central Bank

Having regard to Decision ECB/1999/5, the observations of the AFC with regard to the reporting period are as follows:

- ◆ there has been no issue detected concerning fraud and other illegal activities detrimental to the financial interests of the ECB,
- ◆ there has been no issue detected concerning non-compliance with relevant internal standards and/or codes of conduct of the ECB⁴,
- ◆ there has been no occasion for an investigation related to fraud and other illegal activities detrimental to the financial interest of the ECB,
- ◆ there has been no case in which the management of the ECB or the decision-making bodies of the ECB have failed to act on recommendations regarding an issue of fraud prevention or detection or regarding compliance with relevant standards and/or codes of conduct of the ECB,
- ◆ there has been no occasion to forward information to the judicial authorities of a Member State,
- ◆ there has been no information submitted to the AFC by a member of staff of the ECB or any other person on any fraud or illegal activities detrimental to the financial interests of the ECB,

⁴ With regard to corresponding rules to be found in various internal measures (e.g. the ECB Staff Rules), the basic spirit of the Code of Conduct has been already applicable within the ECB while the Code of Conduct itself was still under development.

- ♦ there has been no complaint submitted to the AFC by a member of staff of the ECB in respect of an act or omission having an adverse effect on him/her committed by the Directorate Internal Audit as part of the activities referred to in Decision ECB/ECB/1999/5.

3. Conclusion

In the light of the reports and information received by the AFC, it has not found any cause for concern with the functioning of the established internal control structure of the ECB or the precautions taken by the ECB in the field of fraud prevention and detection.

The personnel of the bank, and in particular the Directorate Internal Audit, have at all times fully co-operated with the AFC in the carrying out of its activities and made available to it all information or documentation which it required.

The continuing process of establishing internal procedures and controls for fraud prevention on the basis of international standards is welcomed by the AFC. The AFC will continue to review and monitor the code of conduct and other internal procedures or controls in the light of these standards and the 'best practice' principle.

26 January 2001

John L. Murray
Chairperson of the AFC
[signed]

Maria Schaumayer
Member of the AFC
[signed]

Erik Ernst Nordholt
Member of the AFC
[signed]