

*Annual report on the  
activities of the Anti-Fraud Committee  
of the European Central Bank  
covering the period  
from March 2002 to January 2003*

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# EUROPEAN CENTRAL BANK

## ANTI-FRAUD COMMITTEE

### ANNUAL REPORT

#### 1 Introduction

In its third year of existence, the Anti-Fraud Committee of the European Central Bank (hereinafter referred to as the “AFC”) continued its activities in accordance with the Decision of the European Central Bank of 7 October 1999 on fraud prevention (ECB/1999/5)<sup>1</sup> and its rules of procedure.

The members of the AFC, Dr. Erik Ernst Nordholt, Mr. Justice John L. Murray and Dr. Maria Schaumayer, who were appointed by a Decision of the European Central Bank of 16 November 1999,<sup>2</sup> continued in their functions after the Governing Council approved the prolongation of their term of office at its 109th meeting. Mr. Justice John L. Murray continued as Chairperson.

Having regard to the responsibilities conferred by the Decision of the European Central Bank on fraud prevention (ECB/1999/5), the activities performed by the AFC within the reporting period, March 2002 to January 2003, were as follows:<sup>3</sup>

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 and comprehensively informed of these activities.

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<sup>1</sup> See Official Journal of the European Union (OJ), L 291, 13.11.1999, p. 36. In connection therewith, the Rules of Procedure of the European Central Bank were amended to include a new Article 9a; see OJ L 314, 8.12.1999, p. 32.

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

<sup>3</sup> According to Article 1, paragraph 9, of the Decision of the European Central Bank on fraud prevention (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, 31.5.99, 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 has been delayed because of the still pending court case (C-11/00, Commission v. ECB) in which the European Commission is contesting the Decision of the ECB on fraud prevention (ECB/1999/5). Consequently, the AFC has not yet sought to establish corresponding relations with the Supervisory Committee of OLAF.

Monitoring the activities of the Directorate Internal Audit included consideration of proposals and initiatives of the Directorate Internal Audit and, where it considered it appropriate, the AFC emphasised the priority and importance to be attached to such proposals.

## **2 Observations of the Anti-Fraud Committee of the European Central Bank**

Having regard to the Decision of the European Central Bank on fraud prevention (ECB/1999/5), the observations of the AFC with regard to the reporting period are as follows:

- No issue has arisen concerning fraud or other illegal activities detrimental to the financial interests of the ECB.
- No issue has arisen concerning non-compliance with relevant internal standards or codes of conduct of the ECB.
- There has been no occasion for an investigation related to fraud or other illegal activities detrimental to the financial interests 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 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.
- 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 or her by the Directorate Internal Audit as part of the activities referred to in the Decision of the ECB on fraud prevention (ECB/1999/5).
- The Committee has noted that the Directorate Internal Audit is conscious of the need to promote, in the context of good corporate governance, a “compliance culture” with a view to maintaining and improving risk control. In the view of the AFC, these objectives will best be met by a direct involvement of, and increased co-operation between, all directorates of the Bank.

- Progress with regard to physical inventory and assets acquisition has been made by the ECB. This progress should be maintained and continued, priority being given to the inventory of “secure items”.
- The AFC has made available to members of the staff of the ECB a statement of its practices and procedures with regard to any report it might receive from staff members (or others) concerning matters for which it has responsibility. The statement makes particular reference to the AFC’s respect for the confidentiality of reports which might be submitted to it by such persons.
- As indicated in previous reports, the AFC has monitored and reviewed internal standards and codes of conduct. A strict segregation of business transactions, through the procurement services, from private transactions should be observed. In keeping with the high standards observed by the Bank, routine reviews of standards and codes at appropriate intervals should take place within the Bank itself.

### **3 Conclusion**

- The European Central Bank, the foundations for which were laid by its precursor, the European Monetary Institute, was established in June 1998. From the outset, the ECB faced the enormous challenge of establishing an institution with an administration and ethos appropriate for managing the European monetary system with due regard to the role conferred on it by the Treaty establishing the European Community and its Statute. One of its principle challenges was, of course, the introduction of the single currency. The smooth and efficient introduction of the euro has been universally acknowledged as an historic achievement in organisational terms alone.

It is manifest that the introduction of the euro was achieved by an extraordinary degree of dedication, commitment and professionalism at all levels within the ECB, which is somewhat belied by the fact that it was achieved so seamlessly and smoothly.

- The AFC, which commenced its three-year term of office in January 2000, has also witnessed, in the particular areas with which it is concerned, the same degree of professionalism and commitment being given to the establishment of internal rules, codes and standards in accordance with the principles of good governance, so important for an institution of this nature.
- Consistent with these standards, the AFC has at all times received full co-operation in its work from every sector of the Bank where this was required, and the Directorate Internal Audit has, of course, played a pivotal role in this respect.

30 January 2003

John L. Murray  
Chairperson of the AFC

Maria Schaumayer  
Member of the AFC

Erik Ernst Nordholt  
Member of the AFC