

Internal Controls – recent organisational developments

Building on actions already taken to enhance corporate governance, the following measures have recently been adopted by the Management Committee in order to strengthen further the internal controls in the EIB Group.

Inspectorate General – Evaluation and Internal Audit Department

The Management Committee has decided to combine the two main, independent ex-post control functions, viz. Operations Evaluation and Internal Audit, to form a single, autonomous department: Inspectorate General – Evaluation and Internal Audit.

Creation of the Inspectorate General underlines the importance attached by the Management Committee to Operations Evaluation and Internal Audit and its wish to increase synergies between these functions. In particular, the new structure reflects the contribution of evaluation activities to the attainment of the Bank's strategic objectives and their positive impact on operational performance, accountability and transparency. The new Department continues to be responsible for all current services, including the Internal Control Framework and all fraud investigations, in accordance with existing Terms of Reference and Charter for Internal Audit. In addition, the Inspectorate General will provide, when required, an independent recourse mechanism for investigating complaints that the European Ombudsman considers to be outside his remit. All services will be provided to the EIB Group.

Vice-President Sedgwick has functional responsibility for Internal Audit activities; Operations Evaluation activities are placed under the functional responsibility of Vice-President Niinistö. The Inspector General reports to the President and is responsible for the Department's consultation, liaison and cooperation with the Audit Committee and external bodies.

Compliance Department

In line with commitments made to the Board in mid-2004 when it discussed Corporate Governance, a Compliance Office is being set up to assist in the promotion of sound supervisory standards. Its main task is to ensure that the Bank complies with all applicable laws, regulations, codes of conduct and standards of good practice. It will be organised by bringing together some existing services into a separate entity that will work together with compliance correspondents in the directorates. Candidatures for the post of Chief Compliance Officer are currently being examined.

The Board will receive detailed Terms of Reference for the Compliance Department following the recruitment of the Chief Compliance Officer and establishment of the Compliance Manual. The Department, under the functional authority of Vice-President Sedgwick, reports directly to the President.

Financial Control Department

The Management Committee recently approved new Terms of Reference for the former Accounting and Financial Statements Department. Moreover, in recognition of the increased emphasis on the financial control tasks assigned to the Department, the Management Committee has decided to rename it Financial Control Department.

Financial Control's new Terms of Reference emphasise the role of the Department as opinion-provider to the Bank's governing bodies on all financial control matters. The Department has as its task to provide the single set of financial statements on which the Bank and the Group can be held accountable, in line with accounting standards and transparency directives.

As described in the COP 2005-2007, Financial Control forms part of Management Control Services under the supervision of the Management Controller (currently the Deputy Secretary General). Financial Control is under the functional responsibility of Vice-President Genuardi, with the Financial Controller reporting directly to the President as required.