

MB DECISION

Decision n°: 2018/10

Subject: Adoption of the update of the Agency's anti-fraud strategy

THE MANAGEMENT BOARD OF THE EUROPEAN UNION AGENCY FOR FUNDAMENTAL RIGHTS

HAVING REGARD to the Council Regulation (EC) No 168/2007 of 15 February 2007 establishing a European Union Agency for Fundamental Rights, and in particular Articles 2, 4 and 22,

HAVING REGARD to the Financial Rules applicable to the budget of the European Union Agency for Fundamental Rights and in particular article 30 paragraph 2(d),

HAS DECIDED AS FOLLOWS

Article 1

To adopt the Agency's update of the anti-fraud strategy

Done at Vienna, on 14 December 2018

For the European Union Agency for Fundamental Rights



Sirpa Rautio
Chairperson of the Management Board

Annex: Update of the Anti-Fraud strategy

UPDATE OF THE ANTI-FRAUD STRATEGY

December 2018

Document Control Sheet

Owner: Director

Log of issues:

Issue #	Issue date	Change description	Related documents affected by new issue
01	12.12.2014	First issue	
02	14.12.2018	First revision	

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1. Background

1.1 General FRA context

The European Union Agency for Fundamental Rights (FRA) has been set up to provide independent evidence based advice relating to fundamental rights, in the domain of Union law. The FRA's activities serve to promote fundamental rights and to support the EU institutions and Member States in raising the level of protection for everyone in the European Union.

The objective, the scope and the tasks of the Fundamental Rights Agency are set out in Articles 2 to 4 of Council Regulation (EC) NO 168/2007 establishing the FRA.

To achieve this objective, the Agency collects and analyses data in order to provide independent, evidence-based assistance and expertise to EU institutions and Member States, as well as other human rights stakeholders.

The Agency situates its work in the wider context of the Charter of Fundamental Rights of the European Union. The purpose of the Charter is to strengthen the protection of fundamental rights in the European Union in the light of changes in society, social progress and scientific and technological developments. The Agency fulfils its tasks, as defined by its Regulation, by implementing specific projects and horizontal activities within the thematic areas of its five-year Multi-annual Framework, which fall broadly under different Titles of the Charter of Fundamental Rights. The thematic areas of the Multi-annual Framework are at the same time of a cross-cutting nature, as they have implications on fundamental rights in different Titles of the Charter.

The main partners of the Agency are the European Commission, the European Parliament, Council of Europe, and EU Member States, equality bodies, national human rights institutions and other bodies with a human rights remit.

1.2 FRA's Anti-Fraud Strategy

On 24 June 2011 the European Commission adopted a new Anti-Fraud Strategy, CAFS, aiming at improving the prevention and detection of fraudulent acts on one hand and making sure that the suitable mechanisms to repair the damages are in place on the other hand.

Taking into account the priorities set by the European Commission within the framework of the Common Approach on EU decentralised agencies, the need to pursue the European Commission's main objectives for its implementation and the guidance provided by the European anti-Fraud Office, in December 2014 FRA adopted its antifraud strategy and related action plan.

The overall objectives of FRA's antifraud strategy adopted in 2014 were:

Prevention through increased fraud awareness

Strengthen the existing controls in a perspective of fraud prevention

The current revision of the anti-fraud strategy takes into account the lessons learnt in the implementation of the previous strategy over the past years, the latest trends and developments in the legislative framework* and guidance received by the European Anti-Fraud Office.

The implementation of the internal control systems creates a reinforced overall environment in which fraud is prevented by the integrated application of different measures embedded in the Agency processes. Furthermore, the permanent contribution of the Internal Audit activities (IAS) and the Court of Auditors visits provides an independent assessment on the existing level of assurance.

Aiming to keep the risk of fraud at the minimum level allowing a sound financial management of its resources, the Agency, through this revision will strengthen the areas of prevention and detection continuing to raise awareness with regard to fraud matters among staff members and contractors, facilitating detection of possible fraudulent behaviours.

The current revision will also take into account the principle of proportionality, according to which the achievement of the strategy should not require disproportionate and excessively expensive inputs and should not jeopardise the operational activities.

2. Fraud definition

The concept of fraud encompasses both internal and external misbehaviour. It covers in particular, but not only, any infringement of the financial interests of the EU as defined by the Convention on the protection of the European Union's financial interests.

It also covers misbehaviour that may not have a direct impact on the EU's financial interests, such as some cases of forgery (in CVs for example), money laundering, concealment or destruction of material facts, or breaches of IT systems. Conflicts of interests that have intentionally not been declared, favouritism and collusion also belong to the category of fraud.

3. Fraud risk assessment

Based on the experience and taking into account the robustness of existing controls, FRA is of the opinion that the risk of undetected fraud remains at an acceptable low level.

Nevertheless, in order to further focus on the risk of fraud and in line with the OLAF's Guidance and Methodology the fraud risk assessment has been repeated in a perspective of improved efficiency and the results of it recorded in the table which is presented in the annex to this strategy.

The parameters of the fraud risk, probability that the risk of fraud will materialise and the impact generated on the Agency in case the risk is materialised, are quantified and presented in the same table.

**The updated Commission antifraud strategy will be adopted in 2019, any relevant aspects will be taken into account in the action plan.*

As a result, a list of prioritised risks was presented to FRA Director to enable him define the objectives for the next three years.

The Director decided to focus on the following areas of risk:

- Decrease of awareness and perceived lack of knowledge, responsibility and participation of all the Staff members in the prevention of fraud.
- Whistleblowing and overall strengthening of fraud detection measures
- Fraud risk in sensitive areas (e.g. Recruitment, Procurement and contract management)
- Lack of monitoring on the ethics framework

4. Objectives and actions

During the past years of implementation FRA achieved the strategic objectives to reinforce a culture of high ethical behaviour and to strengthen the existing controls in a perspective of fraud prevention.

After the successful set up of this ethics framework, taking into account the proportionality principle and the available resources the Agency is now in a position to focus on continuous follow up and improvement of the measures taken, with special attention to continued communication and awareness raising and a regular review of key policies and procedures.

On the basis of the above considerations and taking into account the risk assessment the Agency has identified the following strategic objectives in order to further improve the efficiency of fraud prevention within the already existing structure of internal controls.

1. Maintain and enhance an anti-fraud culture grounded on high levels of awareness, integrity, impartiality and transparency within the organisation.
2. Maintain an efficient system for internal reporting and detection of suspicious behaviours.
3. Focus efforts on fraud risk-mitigation in identified areas of the organisation.
4. Regular follow up and monitoring of the existing ethics framework

The achievement of the objectives will be possible through a specific set of actions as described in the following paragraphs.

4.1 Maintain and enhance an anti-fraud culture grounded on high levels of awareness, integrity, impartiality and transparency within the organisation.

Reinforcing the anti-fraud awareness in the Agency becomes of paramount importance in the perspective of establishing a reliable anti-fraud structure embedded in our daily business processes.

Fraud deterrence is facilitated by a common understanding and sharing of the ethical values and relevant rules underlining any activity of the Agency.

This integrates the existing ethics framework and commits the Agency to increase the knowledge, responsibility and participation of all the staff members in the prevention of fraud.

The development of a compulsory trainings on "fraud prevention" and "ethics and integrity" for all staff members served the purpose of promoting the values of ethics and integrity amongst staff members.

Actions

- Maintain the regular communication to Staff on anti-fraud related matters.
- Update the "fraud prevention" training in light of the most recent OLAF trends and indications.

4.2 Maintain an efficient system for internal reporting of suspected fraud or irregularities.

This objective aims at providing effective guidance in tackling improprieties and reinforcing fraud prevention across the organisation. The purpose of having these controls in-house is to tighten potential gaps in managing financial and operational processes, and to help staff members report improprieties without any fear of a retaliation.

To the extent feasible due to the need to protect OLAF's investigations and the personal data of the individuals concerned, communication on past and on-going handling of reported suspicions of fraud will be enhanced.

Actions

- Improve the staff's awareness of internal reporting and whistleblowing procedures.
- Create a register for internal whistleblowing.

4.3 Focus efforts on fraud risk-mitigation in identified areas of the organisation.

This objective aims at enhancing specific fraud risk assessment ensuring the correct identification and prevention in the areas where the risks remain at high level.

This will be complemented by focused control actions in specific areas.

Actions

- Include fraud related risk assessment in the annual exercise and reflect the results in the risk register.
- Plan specific compliance checks or ex post controls based on the current risk assessment.

4.4 Regular review of existing policies procedures and guidelines.

In order to avoid that policies may become rapidly obsolete and lose their credibility if not updated and improved regularly, the review of existing policies and procedures will be undertaken as appropriate.

Actions

- Regular monitoring of the legal framework evolution and subsequent update, improvement of policies and procedures.

5. Means and resources

The Agency has implemented a complete set of initiatives and controls and has at its disposal the following resources which are engaged in tackling fraud.

Human resources

Units/ Functions	
Management Board	Adoption of the Anti-fraud strategy.
European Court of Auditors (ECA)	The ECA acts as the Agency's external auditor.
Internal Audit Service (IAS)	The IAS acts as the Agency's internal auditor.
Director and Management team	As process owners responsible for the effective and efficient functioning of the process. As authorising officers responsible

	for the proper execution of the relevant controls. Continuous awareness raising on ethical and fraud prevention “tone at the top”.
Head of Corporate Services Unit	Central contact point for OLAF investigations and coordination of Anti-Fraud Strategy. Responsible for the conduct of administrative inquiries and disciplinary proceedings at FRA
Ethics Officer	Support regarding fraud prevention through training and guidance. Fraud risk assessment. Compliance checks and Ex post controls. Monitoring of ethics legal framework. Advise on ethics issues.
Human resources	Ex-ante controls on individual entitlements and, recruitment process.
Legal	Support for legal advice, complaints, infringements, prevention of conflict of interest for MB and SC.
Finance	Ex-ante and ex-post financial controls.
Digital services	Responsible for the IT risk assessment/risk management and related IT security measures.
Accounting Officer	Independent Accountant of the Agency.

6. Review and monitoring

The strategy is in force since the date of its adoption and will be revised after three years.

The implementation of the Agency’s Anti –Fraud Strategy, policy and procedures will be subject to periodic review on the basis of an evaluation of the impact using some indicators, among which for example number of OLAF cases and number of internal whistleblowing cases.

7. Action plan

No	Action	Who	Target
1	Maintain the regular communication to Staff on anti-fraud related matters.	CS-Ethics officer	Dec 2019
2	Update the "fraud prevention" training in light of the most recent OLAF trends and indications.	Ethics officer	Dec 2019
3	Improve the staff's awareness of internal reporting and whistleblowing procedures with info sessions and training.	CS-Ethics officer	Dec 2019
4	Create a register for internal whistleblowing.	Ethics officer	Jun 2019
5	Include fraud related risk assessment in the annual exercise and reflect the results in the risk register.	CS	Jun 2019
6	Plan specific compliance checks, ex post controls or updates of existing procedures based on the current risk assessment.	CS	Dec 2019
7	Regular monitoring of the legal framework evolution and subsequent update, improvement of policies and procedures.	Ethics Officer	Continuous