

**Management Board
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Note to the Management Board

Background

The anti-fraud strategy of the Commission, adopted in June 2011 (CAFS)¹ states that anti-fraud measures within the European Agencies should be promoted. The same idea is reflected in the roadmap on the follow-up to the Common Approach on European decentralised Agencies. EFSA has used the methodology provided by OLAF in order to develop an anti-fraud strategy.

Developments so far

A draft anti-fraud strategy was debated and endorsed by the EFSA Management Team. It is noted that the draft was also shared with the European Anti-Fraud Office (OLAF) in order to receive feedback. The Audit Committee of the EFSA Management Board discussed the draft in its meeting on 17 December 2014. The comments of the Audit Committee have been implemented. The draft is now presented to the Management Board for discussion and possible adoption.

Content of the proposed strategy

The proposed strategy is largely based on the findings of a fraud risk assessment exercise performed on the basis of the definition of 'fraud' as provided by OLAF. According to that definition 'fraud' encompasses misbehaviour of both internal and external actors that has an impact in particular on the financial interest of the European Union but also misbehaviour which albeit not having a direct financial impact can be detrimental e.g. for the reputation of the Agencies.

The following areas were identified as requiring attention: plagiarism, falsification of documents, misbehaviour when completing a declaration of interest and favouritism.

On the basis of the above-said exercise and by taking into consideration the specific context of EFSA four objectives have been identified: a) maintaining a high level of ethics and fraud awareness, b) ensure robustness of fraud detection, c) strengthening cooperation with OLAF as key actor in the fight against fraud and d) ensuring effective implementation of anti-fraud measures.

The action-plan contains a set of 7 actions linked to the four objectives covering a period of 2 years. For each action an indicator is set in order to be able to monitor and report on the implementation of the action.

¹ Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee, and the Committee of the Regions and the Court of Auditors on the Commission anti-fraud strategy, 24.6.2011, COM (2011) 376 final.

Anti-Fraud Strategy of the European Food Safety Authority

Submitted for adoption on 19 March 2015
For EFSA's Management Board

Sue Davies
Chair of the Management Board

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1. Background

■ 1.1. General context

The budget of the European Union (EU) is taxpayers' money that must be used only for implementing the policies which the EU legislature has approved. Fraud involving EU funds has a particularly negative impact on the reputation of the EU and the implementation of EU policies.

In June 2011, the European Commission adopted its new Anti-Fraud Strategy (CAFS)², the overall objective of which is to improve prevention, detection and the conditions for investigations of fraud and to achieve appropriate preparation and deterrence. This is to be done especially by developing close cooperation and by promoting the standards set out in the CAFS within the EU agencies. The Commission has developed a Common Approach on EU decentralised agencies that requires each agency to put in place a set of anti-fraud measures. To assist the agencies, the European Anti-Fraud Office (OLAF) prepared specific guidance³ addressed to the EU decentralised agencies (OLAF guidance document).

The aim of this document is to set out the anti-fraud strategy that EFSA has developed for the next two years (2015-2016).

■ 1.2. The context of EFSA

The European Food Safety Authority (EFSA) was created⁴ in 2002 in response to a series of food crises in the late 1990s. EFSA provides independent scientific advice to underpin the policies and decisions of risk managers in the European Commission, European Parliament and Member States. EFSA also provides communication on risks associated with the food and feed chain.

EFSA handles a budget of approximately €79 million each year. It receives almost all of its revenue from the European Budget, with a small percentage coming from third countries. For the year 2015 the latter percentage will be 2.94%. In 2013, EFSA reached a budget execution of 98.8%.

The Authority applies the internal control policy promoted by the Commission, especially through the Internal Control Standards.

² Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee, the Committee of the Regions and the Court of Auditors on the Commission Anti-Fraud Strategy, COM(2011) 376; Communication to the Commission: Commission internal action plan for the implementations of the Commission Anti-Fraud Strategy, SEC(2011) 787.

³ Methodology and guidance for anti-fraud strategies for EU decentralised agencies, document circulated by OLAF.

⁴ Regulation (EC) No 178/2002 of the European Parliament and of the Council of 28 January 2002 laying down the general principles and requirements of food law, establishing the European Food Safety Authority and laying down procedures in matters of food safety, OJ L 31, 1.2.2002, p. 1. ('founding Regulation').

2. Introduction

The strategy aims to set a horizontal EFSA framework for the fight against fraud. It takes into account the priorities set by the Commission within the framework of the Common Approach on EU decentralised agencies⁵. Objectives and actions contained in the anti-fraud strategy of the Directorate General of Health and Consumers relevant for EFSA are also taken into consideration. It should be highlighted that ethics and transparency are key principles in order to achieve these objectives and the Authority commits to ensuring that these principles are properly applied.

3. Means and resources

A description of the available EFSA organisation structures and their contribution to handling fraud is summarised in the table below:

- Human resources:

Unit/Function	Main tasks related to anti-fraud
Internal Audit Capability Unit (IAC)	Providing independent, objective assurance and consulting services. Follow-up with OLAF any suspected fraudulent activity within EFSA.
Audit Committee of EFSA	Assisting the Management Board (Board) by ensuring that the recommendations of the IAC, the Internal Audit Service (IAS) and the European Court of Auditors (ECA) are taken into account by the Board and the Executive Director.
Finance Unit	Handling of financial procedures. Advice on financial procedures at a horizontal level.
Internal Control Coordinator	Annual review of Internal Control Standards including Risk Management processes, operations and control activities.
Legal and Regulatory Affairs Unit (LRA)	Legal Advice on prevention, detection, investigation and sanctions/recovery in case of fraud
EFSA Ethics Advisor function	Ethics Advice on questions linked <i>inter alia</i> to prevention, detection, investigation and sanctions/recovery in case of fraud.
Public Procurement Committee (PPC)	Performing a screening of tendering (or procurement) procedures above a certain threshold and providing recommendations to the authorising officer before award.

⁵ In particular, ensuring proper handling of the conflicts of interests issues and develop anti-fraud activities especially through prevention, detection, awareness raising and closer cooperation with OLAF.

4. Fraud risk assessment

EFSA conducted a fraud risk assessment to reflect on the risks which could be relevant to its activities.

EFSA based this exercise on the definition of 'fraud' as provided by OLAF in the guidance document. According to the latter, the concept of fraud encompasses misbehaviour of both internal and external actors that has an impact, in particular, on the financial interest of the European Union, as defined by the Convention on the protection of the European Communities' financial interests⁶. Nevertheless, the concept of fraud also covers misbehaviour which does not have a direct financial impact but can be detrimental to e.g. the image and reputation of EFSA.

The exercise was performed by taking into account specific fraud drivers. According to the 'fraud triangle' theory a fraudulent behaviour occurs when a) a person is more exposed to the opportunity of acting in a fraudulent manner (e.g. frequent handling of financial files leads to more exposure) b) the person has a motivation (e.g. financial difficulties due to personal debt) c) the person can rationalise his/her act (e.g. others act the same way).

The fraud risk assessment exercise was performed in the third quarter of 2014 involving a representative range of EFSA services. The exercise was carried out using a grid containing different types of fraud. This list originated from examples provided by OLAF and the screening of anti-fraud strategies of the Commission. The assessment was based on the estimated likelihood and possible impact of fraud that led to the calculation of the level of residual risk for each type of fraudulent behaviour. The exercise identified four types of fraud risks linked to EFSA activities, namely: plagiarism, falsification of documents, misbehaviour when completing a declaration of interest, and favouritism. The findings of the above-mentioned exercise were assessed by the Executive Director of EFSA together with the EFSA Management Team and presented to the Management Board which decided upon objectives and actions that EFSA should focus its strategy on.

5. Objectives and action plan of the strategy

To be fit-for-purpose the anti-fraud strategy has been adapted to the specific context of EFSA. Against this background, it is clarified that the fraud risk area of misbehaviour when completing a declaration of interest is not within the scope of the present action plan as it is addressed by the EFSA Policy on Independence and Transparency.

The strategy has been articulated by taking into consideration the OLAF guidance document covering all the stages of the anti-fraud cycle, namely: prevention, detection, investigation and sanctions/recovery. However, this first EFSA anti-fraud strategy covers to date only the first three stages as the fourth has no practical relevance.

The strategy is to be implemented via the means described in the annexed action plan. The results of the implementation of the anti-fraud strategy will be reported in the Annual Activity Report of EFSA. The strategy covers the period 2015-2016. If necessary the strategy will be updated in the course of its implementation. At the end of the implementation period the outcomes will be assessed.

⁶ Convention drawn up on the basis of Article K.3 of the Treaty on European Union, on the protection of the European Communities' financial interests, OJ C 316, 27.11.1995, p.49.

5.1 Objectives

Objective 1 (Prevention)

Maintaining a high level of ethics and fraud awareness

The first objective is based on the belief that the presence of a fraud awareness reflex among staff is pivotal to preventing fraud from taking place. During the fraud risk assessment exercise it emerged that although the general level of awareness is good, the number and the complexity of the existing rules reinforce the need for appropriate training and communication of relevant information to staff. Due to higher exposure to the risk of fraudulent behaviour certain areas require more attention; therefore the training will be addressed to different target groups formed according to their level of exposure to the opportunity of acting in a fraudulent manner.

Objective 2 (Detection)

Ensure robustness of fraud detection

The second objective has been identified to create an environment that does not tolerate fraud and that can provide reasonable assurance of fraud being detected. In this respect, emphasis will be placed in particular to the groups of staff with a higher level of exposure to the opportunity of acting in a fraudulent manner.

Objective 3 (Investigation)

Strengthening cooperation with OLAF as key actor in the fight against fraud

The third objective has been identified as a means to create optimal working arrangements with OLAF. This concerns in particular the swift exchange of information to ensure that investigations are not jeopardised.

Objective 4 (Prevention, Detection, Investigation)

Ensuring effective implementation of anti-fraud measures

The fourth objective acknowledges that it is the responsibility of EFSA to ensure that it acts in a proactive manner and undertakes all necessary actions to implement anti-fraud measures. This shall include reflections on proportionality. Such careful monitoring of the implementation of the adopted anti-fraud measures will enable shortcomings (if any) or ineffectiveness to be addressed at an early stage.

5.2 Action Plan

The objectives of EFSA, as outlined above, are translated into actions. It is noted that the action plan takes into account proportionality considerations according to which the achievement of the objectives should not require a disproportionate investment in terms of human capital and resources and should not jeopardise the core business activities of EFSA. The attainment of the objectives is measured through a set of indicators.

Actions addressed to the staff members (e.g. training aiming to prevent fraud) will be designed by taking into consideration that depending on the type of activities carried out by the staff members (e.g. scientific tasks, administrative tasks) the drivers of fraud can vary e.g. in terms of frequency of occurrence. The content of these actions therefore, will be modelled accordingly.

Annex: EFSA's anti-fraud action plan 2015-2016

OBJECTIVE	ACTION	INDICATOR	TARGET DATE	LEAD RESPONSIBLE
Objective 1 Maintaining a high level of ethics and fraud awareness (Prevention)	1.1 Training aiming to prevent fraud addressed to all the staff. In particular, regarding scientific units focus should be placed on the topic of plagiarism	Percentage of targeted staff having followed the training	By the end of 2015 and by the end of 2016	Legal and Regulatory Affairs Unit - Resources and Support Department
	1.2 Continuous evolution of the EFSA Practical Guide to Staff Ethics and Conduct	Updated version of the Guide published on the EFSA Intranet	Second quarter of 2015	Legal and Regulatory Affairs Unit - Resources and Support Department
	1.3 Enhancing the effective function of the role of the Ethics Advisor	Putting in place relevant workflow	Fourth quarter of 2015	Legal and Regulatory Affairs Unit - Resources and Support Department
Objective 2 Ensure robustness of fraud detection (Detection)	2.1 Putting in place a procedure for the handling of complaints made by whistleblowers	Adoption of internal rules and raising awareness on the existence of the mechanism to the whistleblowers	End of 2015	Legal and Regulatory Affairs Unit - Resources and Support Department
	2.2 Develop a list of flags regarding falsified documents	Adoption of updated rules	Second quarter of 2016	Human Capital and knowledge management Unit- Resources and Support Department

OBJECTIVE	ACTION	INDICATOR	TARGET DATE	LEAD RESPONSIBLE
Objective 3 Strengthening cooperation with OLAF as key actor in the fight against fraud (Investigation)	3.1 Updating of existing EFSA rules (dated 2002) regarding investigations	Adoption of updated rules	Second quarter of 2016	Legal and Regulatory Affairs Unit - Resources and Support Department
Objective 4 Ensuring effective implementation of anti-fraud measures (Prevention, Detection, Investigation)	4.1 Monitoring of the implementation of the anti-fraud action plan	Reporting on the progress of the implementation of the anti-fraud action plan in the Annual Activity Report of EFSA	Beginning 2016 and Beginning 2017	Legal and Regulatory Affairs Unit - Resources and Support Department