

Management Board
14 October 2021

EFSA Anti-Fraud Strategy revision

Dirk Detken
Head of Legal & Assurance Services



Trusted science for safe food

Definition of fraud

Fraud encompasses **any misbehavior at detriment of EFSA** that is carried out both **internally** and **externally** that may **infringe on EFSA's financial interests**, as well as any misbehavior that may lead to **image or reputational damages** in addition to the financial impacts.

"Intention" is the key element distinguishing fraud from irregularity, and it is often associated to deceptive activities resulting in acts or omissions leading to unauthorized or illegal advantages.

Motivation (e.g. financial problems, greediness, etc.), **justification** (e.g. *"everybody does it"*) and **opportunity** (e.g. key role within the organization) are among the key factors explaining the occurrence of fraudulent activities.



EFSA's Anti-Fraud system builds on the documents mentioned below, each of them holding a **different nature** (strategic, implementational and operational) and a different **level of decision-making/accountability**.

ANTI-FRAUD STRATEGY

- **Definition of fraud**
- **Agency's context;**
- **Introduction** to the document (with reference to EFSA's principles);
- **Fraud Risk Assessment;**
- **Strategic Objectives.**

➡ To be adopted by the EFSA **Management Board**.

IMPLEMENTING RULES

- **Expected Operational Results** associated to each Strategic Objective;
- **Means and resources** for the implementation of the Anti-Fraud Strategy.

➡ To be adopted by the EFSA **Executive Director**.

MULTIANNUAL ACTION PLAN

- **Description of the actions** associated to each Strategic Objective and Expected Operational Result;
- **Actions implementation timeframe.**

➡ To be validated by the **EFSA Assurance Council**.

Anti-Fraud Strategy – Introduction

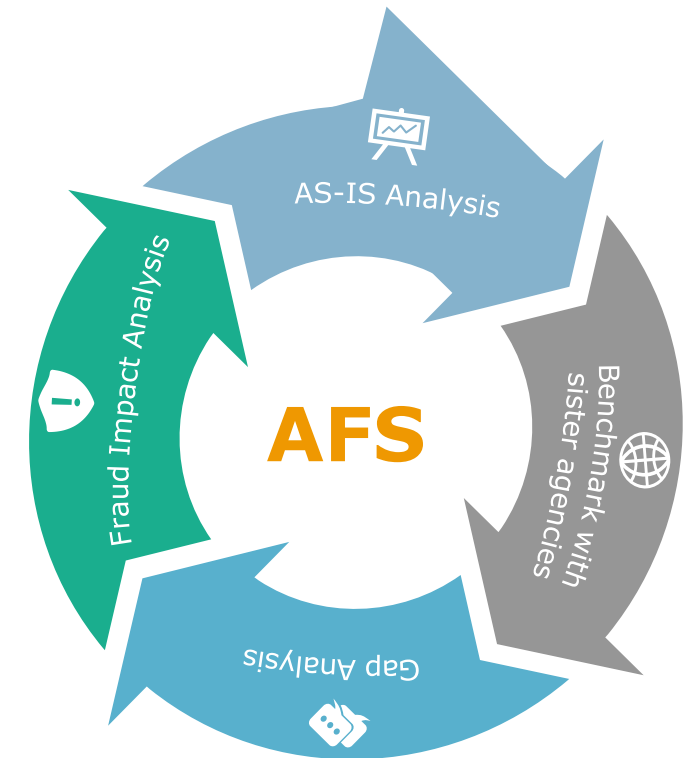
The content of the revised EFSA Anti-Fraud Strategy (AFS) was drawn up based on the results of the **Fraud Risk Assessment** carried out in 2021, which led to the **identification** of the AFS' **strategic objectives**.

Prior to the Fraud Risk Assessment:

- an **in-depth analysis of EFSA's Anti-Fraud Strategy** adopted in 2015, including its various action plans and results achieved through their implementation
- a **benchmark analysis** with the Anti-Fraud Strategies adopted by EFSA's "*sister agencies*"* and
- a **GAP Analysis**

were performed with the aim of identifying areas of improvement to enhance EFSA's Anti-Fraud Strategy.

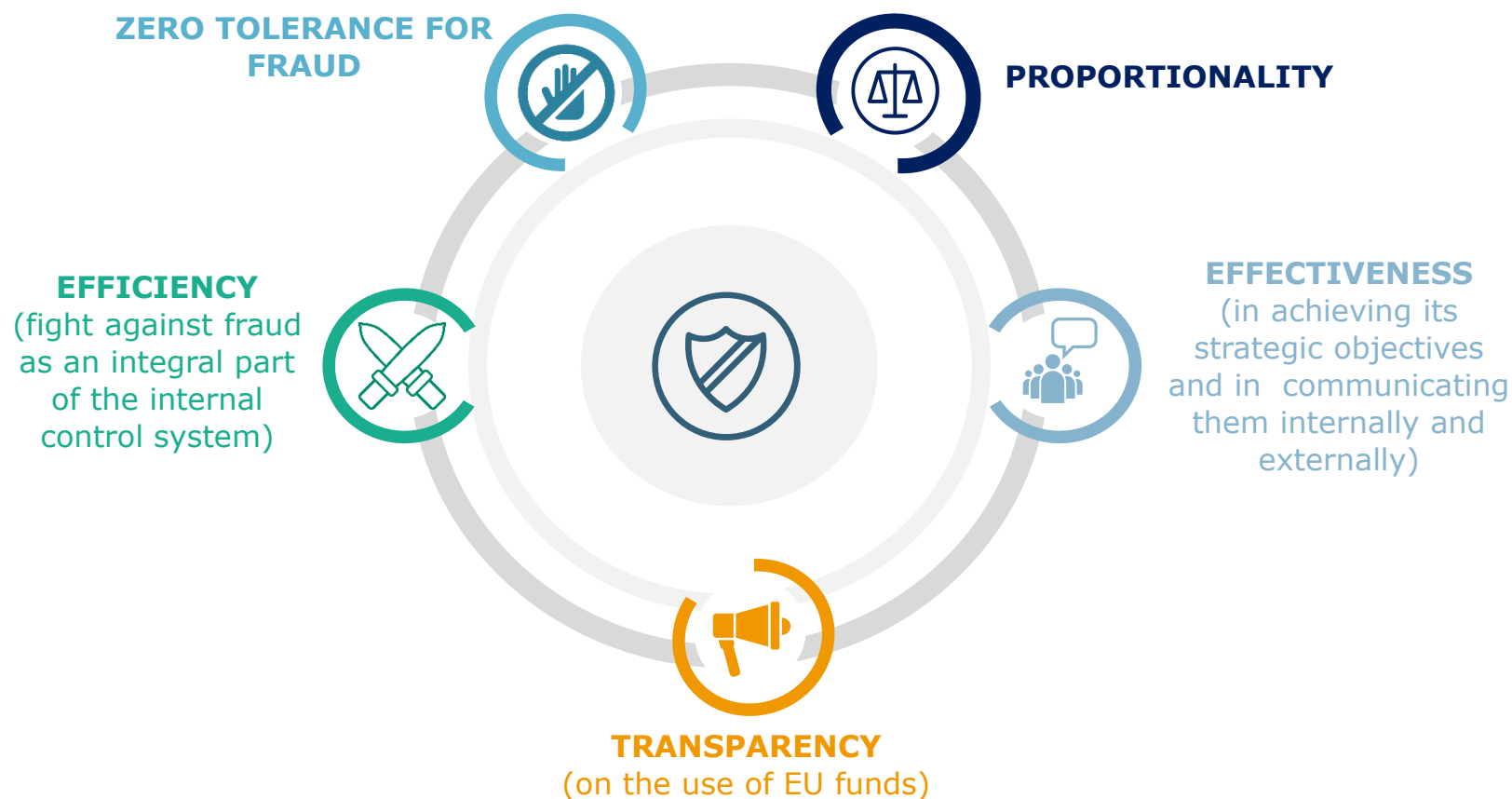
The **results** of the **Fraud Risk Assessment** were **recorded** into a **Fraud Register** and interpreted in a **Fraud Impact Analysis Report**.



*European Environment Agency (EEA), European Medicines Agency (EMA), European Chemicals Agency (ECHA) and European Centre for Disease Prevention and Control (ECDC) Anti-Fraud Strategies.

Anti-Fraud Strategy - Principles

The **Anti-Fraud Strategy** has been elaborated addressing the following **principles**:

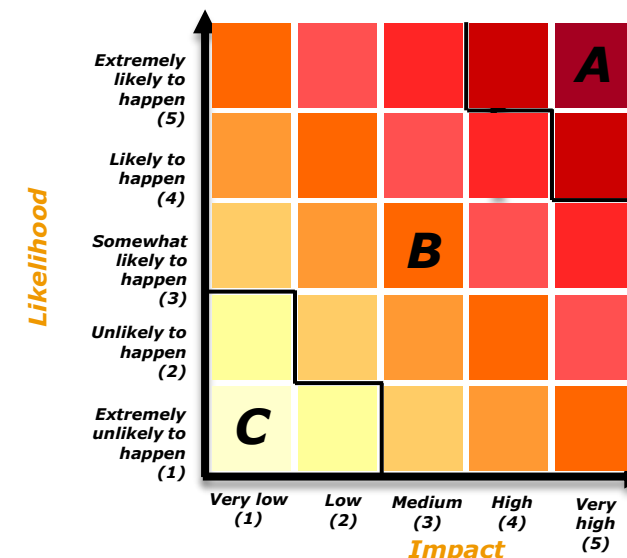
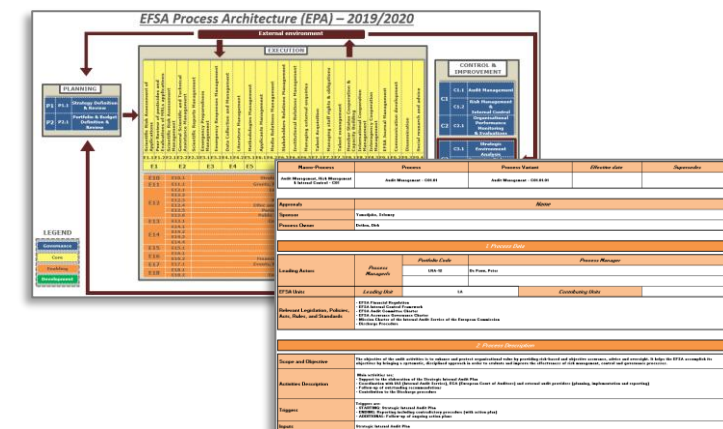


Anti-Fraud Strategy - Fraud Risk Assessment (1/2)

The revision of EFSA's Anti-Fraud Strategy was based on **the outcome of the Fraud Risk Assessment** carried out in the first quarter of 2021.

During the Fraud Risk Assessment, **all EFSA Process Charters**, including their process variants, **were analyzed with the aim of identifying potential fraud risks**. The latter were defined with the **engagement of the concerned Process Owners/Managers** and assessed in accordance with the Risk Management methodology applied in EFSA.

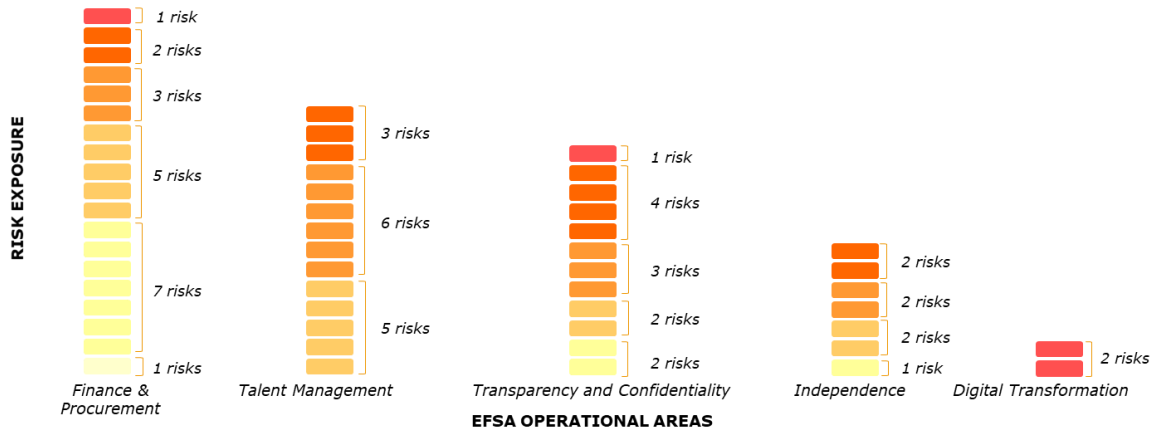
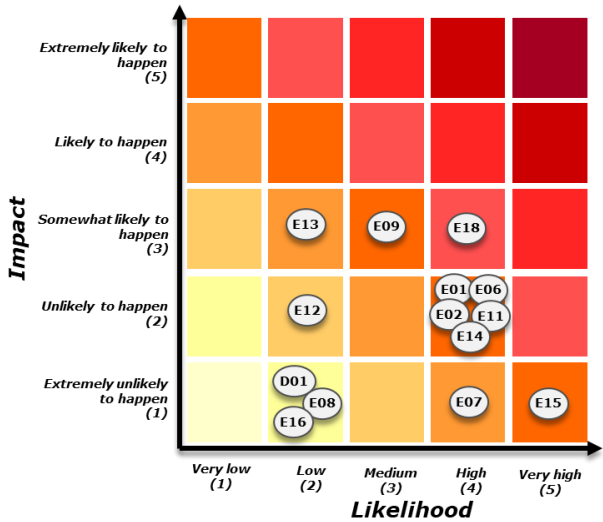
The Fraud Risk Assessment assigned a risk rating for each identified fraud risk – at process level – by assessing the **probability of occurrence** ("likelihood") and the **consequences** ("impact") **on the achievement of the process objectives**, utilizing a **five-point scale**.



Anti-Fraud Strategy - Fraud Risk Assessment (2/2)

The **main conclusions** of the Fraud Risk Assessment **can be summarized as follows:**

EPA CODE*	EPA MACRO PROCESS	LIKELIHOOD	IMPACT	RISK SCORE	RISK RATING
E18	Safety and Converged Security Management	3	4	12	B
E09	Risk Communication Management	3	3	9	B
E01	Application Management	2	4	8	B
E02	Generic Mandates Management	2	4	8	B
E06	Reputation & Audience management	2	4	8	B
E11	Grants, Procurement & Contract Management	2	4	8	B
E14	Technologies Management	2	4	8	B
E13	Competing Interest Management	3	2	6	B
E15	Process Facilities Management	1	5	5	B
E07	Staff and Experts Management	1	4	4	B
E12	Legal Advice	2	2	4	B
D01	Developing EFSA	1	2	2	C
E08	Cooperation Management	1	2	2	C
E16	Financial Activities and Accounting	1	2	2	C

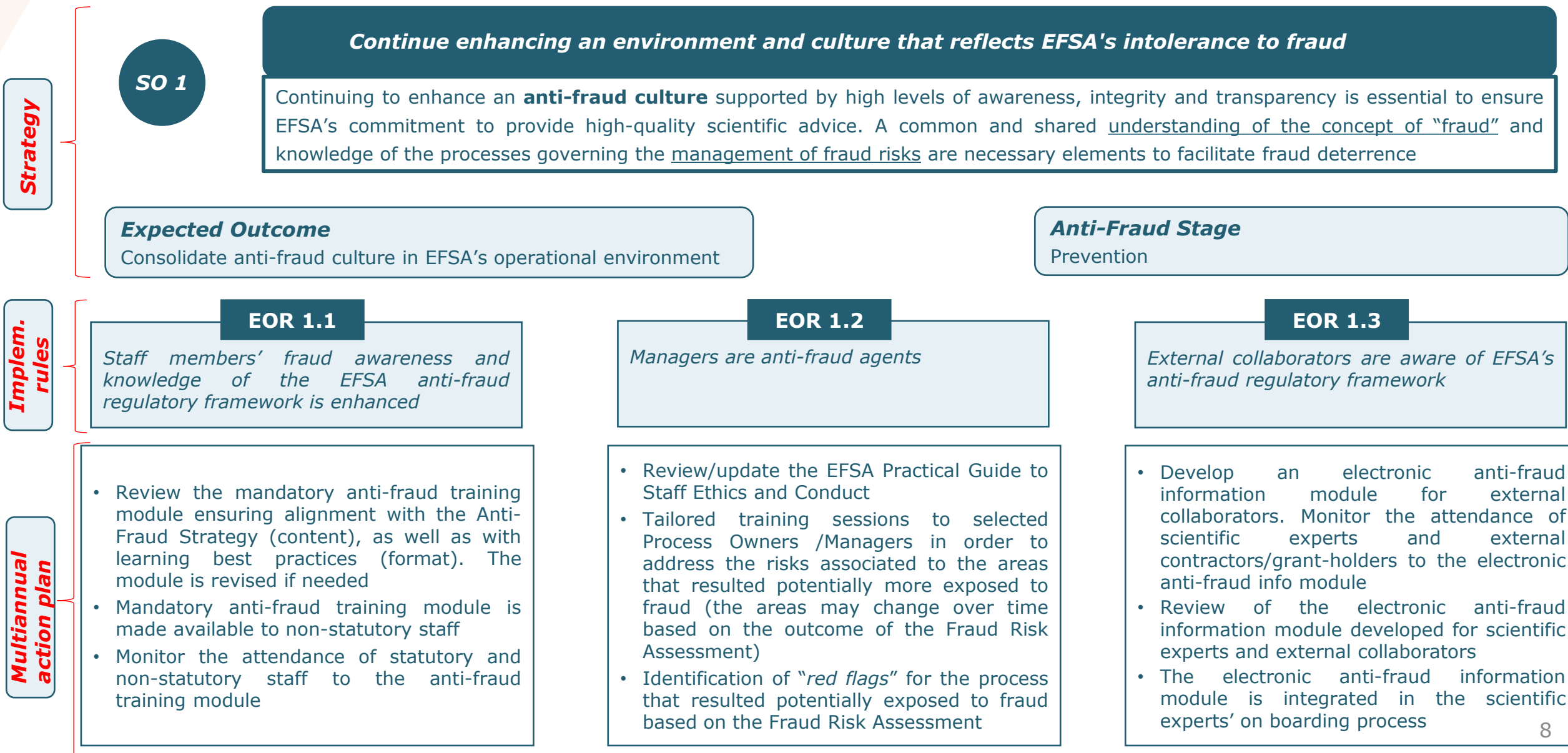


No critical fraud risks were identified

The **operational areas** that resulted potentially more **exposed to fraud risks** are:

- Finance & Procurement;
- Talent Management;
- Transparency & Confidentiality;
- Digital transformation.

Strategic Objectives, Expected Operational Results & Actions (1/4)



Strategic Objectives, Expected Operational Results & Actions (2/4)

Strategy

SO 2

Strengthen fraud risk monitoring

An agile and effective monitoring system is needed to allow the Authority keeping the fraud risks at acceptable levels. While fraud risk monitoring remains an integral part of the overall risk assessment cycle, elements supporting the management of risks holding a potential fraudulent nature are reinforced. Appropriate means are made available to the actors engaged in the fraud risk monitoring at all managerial levels

Expected Outcome

Improved effectiveness of the EFSA fraud risk monitoring system

Anti-Fraud Stage

Prevention

Implem.
rules

EOR 2.1

Effectiveness of fraud risk monitoring is reinforced

EOR 2.2

Managers coordinate anti-fraud sentinels

Multianual
action plan

- Monitoring of the implementation of the anti-fraud action plan
- Performance of a Fraud Risk Assessment Exercise
- Update of the Fraud Risk Register and re-prioritization of risks as well as actions to be carried out
- Review/revision of the EFSA' Process Charters in the context of EFSA's Annual Planning Cycle

- Process owners/managers inform the respective process co-workers on the "red flags" identified and coach them in the detection of those "red flags"
- Review of the "red flags" identified to ensure their validity over time

Strategic Objectives, Expected Operational Results & Actions (3/4)

Strategy

SO 3

Maintain a robust system for fraud detection and investigation

The Authority counts on well-established instruments and control procedures to detect and investigate fraudulent activities. With a view of continuous improvement, EFSA is committed to foster the tools (e.g. processes, procedures, guidelines) that can provide reasonable assurance of fraud being detected. Emphasis is placed in particular on the areas and groups with a higher level of exposure to potentially fraudulent activities

Expected Outcome

Consolidate EFSA's capability to detect and investigate fraudulent activities

Anti-Fraud Stage

Detection and investigation

Implem.
rules

FOR 3.1

EFSA's fraud detection and investigation tools are reviewed and revised when appropriate

- Review of the "Guidance on red flags regarding falsified documents" and dissemination of information within the Agency
- Review and update of the SOP related to handling complaints by whistleblowers and definition of a template for the transmission of an alleged fraudulent behavior
- Review the EFSA Management Board decision "Concerning the terms and conditions for internal investigations in relation to the prevention of fraud, corruption and any illegal activity detrimental to the Union's interests"

FOR 3.2

EFSA's detection and investigation system is aligned to the EU best practices

- Exchange of good practices with the Fraud Working Group within the Inter Agency Legal Network (IALN)
- Participation in the inter-Agency pool of investigators and contribution to investigations

Multiannual
action plan

Strategic Objectives, Expected Operational Results & Actions (4/4)

SO 4

Increase readiness in recovering damages and in sanctioning fraudulent activities

A toolkit is made available to timely process recoveries and sanctions should the occurrence of fraudulent activities be established.

Strategy

Expected Outcome

Toolkit to recover damages and to sanction fraudulent activities

Anti-Fraud Stage

Recovery/sanction

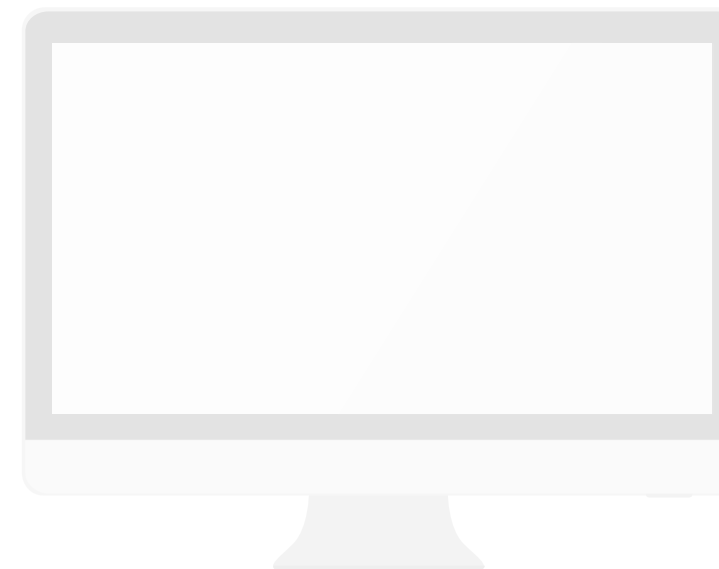
EO 4.1

EFSA sanctions fraudulent activities and recovers associated damages timely and efficiently

- Development of a toolkit guiding through the processes for the recovering of damages following ascertainment of a fraudulent act.

Implem.
rules

Multiannual
action plan



Anti-Fraud Strategy - Entry into force, Validity & Review/Revision



The **validity** of the EFSA's Anti-Fraud Strategy is **aligned** with that of the **EFSA Strategy** (2027).

The Anti-Fraud Strategy enters into force on the day of its **adoption by the EFSA Management Board**.

Its **review** shall be launched **by the end of 2024**.

As a follow up of the abovementioned review, the **Executive Director may submit to the Management Board a proposal for revising** the Anti-Fraud Strategy.

1 Review by AC and adoption by MB of the Anti-Fraud Strategy

2 Adoption of the Implementing Rules by the ED

3 Adoption of the Multiannual Action Plan by the Assurance Council

4 Report to the MB on Strategy implementation via AAR

5 Review of the EFSA Anti-Fraud Strategy system triggered in 2024