



**DECISION No MB/2014/14  
of the Management Board of the  
European Union Agency for Network and Information  
Security on**

**ENISA Anti-Fraud Strategy and Action Plan**

14 October 2014

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## 1 Introduction

### 1.1 General context

The European Union (EU) budget represents taxpayers' money to be spent only for implementing the policies approved by the EU legislator. Fraud involving EU funds has a particularly negative impact on the reputation of the EU institutions and on the implementation of EU policies (ref. Annex 1).

On 24 June 2011, the European Commission (EC) adopted its new Anti-Fraud Strategy<sup>1</sup> (CAFS) with the overall objective of improving the prevention and detection of fraud, and the conditions for investigations of fraud, and achieving adequate reparation and deterrence. This needs to be performed especially by developing close cooperation and synergy, and by promoting the standards set out in the CAFS within the EU agencies and bodies, including joint undertakings.

The EC has also developed a Common Approach on EU decentralised agencies<sup>2</sup> that requires a set of anti-fraud measures to be put in place in the agencies.

Pursuant article 11.2 (h) of the Regulation 526/2013 of the European Union Agency for Network and Information Security (ENISA) the Executive Director of ENISA shall draw up an anti-fraud strategy for the Agency and submit it to the Management Board for approval (Regulation 526/2013 article 5.4).

The present strategy takes into account the priorities set by the EC within the above mentioned Common Approach on EU decentralised agencies, especially:

- Ensuring proper handling of the conflicts of interests issue,
- Developing anti-fraud activities especially through prevention, detection, awareness raising and closer cooperation with OLAF.
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Ethics and transparency are key issues in the EU institutions and bodies. The Agency commits to ensuring that these principles are properly applied.

The main rules and anti-fraud measures recommended and linked to the policy of the DG CONNECT of the EC are also duly addressed in this strategy.

The strategy shall be valid for three years and will be updated in the course of its implementation if necessary, or after its assessment at the end of the implementation period.

Any update during the course of the three years implementation of the Strategy which doesn't affect relevant or sensitive parts of its content, can be decided by the Executive Director of ENISA who will inform the Management Board accordingly.

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<sup>1</sup> 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 implementation of the Commission anti-fraud strategy, SEC(2011) 787.

<sup>2</sup> [http://ec.europa.eu/commission\\_2010-2014/sefcovic/documents/120719\\_agencies\\_common\\_appr\\_en.pdf](http://ec.europa.eu/commission_2010-2014/sefcovic/documents/120719_agencies_common_appr_en.pdf)



## 1.2 ENISA context

ENISA<sup>3</sup> works in the area of Network and Information Security. Its mission is focused mainly on the enhancement of the capability of the European Union, the EU Member States and the business community to prevent, address and respond to network and information security problems.

Communication networks and information systems are essential factors in the development of the economy and society. Secure information technology networks are increasingly becoming as indispensable as electricity or water supply to make the Digital Economy function.

Therefore, the security of communication networks and information systems is of escalating concern for society. This stems from the complexity of information systems, accidents, mistakes and attacks to the physical infrastructures which deliver critical services to the EU citizens.

The growing number of security breaches has already generated substantial financial damage and has undermined user confidence. At the same time, the Information Society is becoming indispensable in all areas of life. Individuals, EU institutions, public administrations in the Member States and businesses have deployed security technologies, security management procedures, information campaigns and research projects, to enhance network and information security. The technical complexity of networks and information systems, the variety of interconnected products and services, and the huge number of private and public players that carry their own responsibility, is risking to undermine the smooth functioning of the Internal Market. The modernised Information Society of Europe and its business, based upon a Digital Economy is thus, potentially, jeopardized.

The Agency's activities consist of giving advice and recommendations, data analysis, as well as supporting awareness raising and cooperation by the EU bodies and Member States. Building on national and Community efforts, the Agency is a Centre of Expertise in this field. ENISA uses its expertise to stimulate cooperation between actions from the public and private sectors. Among other things, the Agency provides assistance to the EC and Member States in their dialogue with industry to address security-related problems in hardware and software products. The Agency also follows the development of standards, promotes risk assessment activities by the Member States and interoperable risk management routines and produces studies on these issues within public and private sector organisations.

Beside all the horizontal administrative tasks that ENISA performs in support of the development of the programmes, the agency is also responsible for the communication of its activity, which represents a crucial task, considering the importance and the global impact of the programmes.

ENISA budget consists of a subsidy from the General Budget of the EC, as well as EFTA countries' contributions and a subsidy from the host Member State covering the hosting needs of the Agency in Greece. In 2014 ENISA revenue amounts to approximately € 9 755 458,00.

In 2013, the total revenue amounted to € 9 755 458,00, of which € 7.774.561,98 were disbursed through administrative expenditures, including procurements (Titles 1-2 of the budget), and € 1.895.623,02 through operational activities and procurements (Title 3 of the budget).

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<sup>3</sup> Established by REGULATION (EU) No 526/2013 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 21 May 2013 setting up the European Union Agency for Network and Information Security, repealing REGULATION (EU) No 460/2004 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 10 March 2004 on the establishment of the Agency.



ENISA implemented 100 % of the 2013 budget.

### 1.3 Fraud risk assessment

In 2014 ENISA management identified several fraud risks. ENISA will produce a full fraud risk assessment in 2015.

The main findings can be summarised as follows:

Main types of fraud risks
1. Favouritism, conflict of interests, corruption.
2. Falsification of documents
3. Embezzlement

All these risks can be qualified as internal or external to ENISA, depending from the actors implementing the fraud.

They are related in general to the activity of various Departments and Units, with specificities linked to their individual tasks.

### 1.4 Favouritism, conflict of interests, collusion and corruption

**a. Favouritism** is mostly related to recruitment procedures: in particular the risk of recruitment of unqualified people, or recruitment which was not needed.

Procurement Contracts: favouritism can also take place when contractors or beneficiaries are chosen as subjects linked to the staff members by special relationship.

**b. Conflicts of interests** can rise in those situations where the impartial and objective exercise of the functions is compromised for reasons involving other interests. In particular, divided loyalties and self-interests of any kind create the danger of impartial advice. In addition, this can involve situations where external consultants submit bids for the tenders on which they previously provided expertise services. Conflict of interest may also be linked to ENISA staff in case they have an economic interest or any other shared interest with a recipient. It can happen for example when the staff member still keeps a shared interest with his/her previous private employer.

**c. Corruption:** it can happen when power is abused during procedures awarding contracts. It can also occur during recruitment procedures and selection of external experts or projects reviewers. In all these cases, the subject who exercises the power does it in exchange of a personal profit. Corruption can be combined with favouritism and conflict of interests.

### 1.5 Falsification of documents

Falsification refers, among others, to:

- False deliverables of contracts and grant agreements, with related false declarations of costs: this can have a high operational, financial and reputational impact, especially in the case of crucial systems implementation tasks.
- False CVs of candidates to recruitment procedures, of external experts and of tenderers
- False timesheets of experts

### 1.6 Embezzlement

Embezzlement is a misappropriation of funds entrusted to a fund manager and can consist in:

- Overcharged invoicing to cover work done in the dwelling of a staff member
- Uncontrolled inventory shrinkage.
- Selling information held by ENISA for profit.

## 2 Means and resources

ENISA has at its disposal limited means and resources which are engaged in tackling fraud.

The main resources are:

**Human resources, distributed as follows:**

	Departments and Units, Sections /functions	Tasks related to anti-fraud issues
1	COD staff	<ul style="list-style-type: none"> <li>• Identify risks linked to potential conflicts of interest involving ENISA's stakeholders, staff or contractors;</li> <li>• develop actions for prevention and detection purposes linked to favouritism in procedures and award of contracts.</li> </ul>
2	Internal audit function (currently IAS)	<ul style="list-style-type: none"> <li>• Cooperation of all Departments, Units and Sections with the Internal audit function (currently IAS) on Anti-fraud issues.</li> </ul>
3	Legal and Procurement	<ul style="list-style-type: none"> <li>• Ensure fraud-proofing in legal documents binding the contractors/beneficiaries/candidates vis-à-vis ENISA, in particular performing legal anti-fraud checks during the implementation of tender procedures and management of contracts.</li> <li>• Centralising the legal implementation of all recovery/sanctioning issues.</li> <li>• Support the HR Section to enhance fraud awareness through efficient and targeted communication.</li> <li>• Support the other Departments, Units and Sections in identifying risks linked to potential conflicts of interest involving ENISA's stakeholders, staff or contractors.</li> <li>• Recovery and Sanctions.</li> </ul>



4	Human Resources	<ul style="list-style-type: none"> <li>• Develop actions for prevention and detection purposes linked to favouritism in employment procedures and contracts.</li> <li>• Enhance fraud awareness through efficient and targeted communication.</li> <li>• Set and maintain a high level of ethics in line with the activities of ENISA.</li> </ul>
5	Accounting	<ul style="list-style-type: none"> <li>• Recovery and Sanctions</li> </ul>
6	Finance	<ul style="list-style-type: none"> <li>• Internal control coordination, including monitoring of the implementation of the Anti-fraud Action Plan and contribution to enhance fraud awareness through efficient and targeted communication.</li> <li>• Enhance anti-fraud skills by improving and developing supporting tools and guidance, in particular within the external audit activity.</li> <li>• Centralising the financial implementation of all recovery/sanctioning issues.</li> <li>• Support the other Departments, Units and sections in identifying risks linked to potential collusion or conflicts of interest involving ENISA's stakeholders, staff or contractors.</li> <li>• Recovery and Sanctions.</li> </ul>
7	Communication	<ul style="list-style-type: none"> <li>• Support the HR Section to enhance fraud awareness through efficient and targeted communication</li> </ul>
8	Security and Facility Management	<ul style="list-style-type: none"> <li>• Identify risks linked to potential collusion or conflicts of interest involving ENISA's stakeholders, staff or contractors.</li> <li>• Develop actions for prevention and detection purposes linked to favouritism in procedures and award of grants and contracts.</li> </ul>
9	ICT and logistics	<ul style="list-style-type: none"> <li>• Enhance measures to monitor ENISA inventory and invoicing linked to works.</li> <li>• Develop actions for prevention and detection purposes linked to favouritism in procedures and award of grants and contracts.</li> <li>• Support the HR Section actions.</li> </ul>

**IT tools**

	IT tools	Units involved
1	Whistleblowing on-line reporting tool	OLAF

**Specific procedures, networks, etc.**

	Units/functions	Units involved
1	Auditnet for Agencies	Finance-Internal Control
2	Inter-agencies legal network (IALN)	Legal and Procurement
3	Heads of Administration network	Head of Administration
4	Agency Directors network	Executive Director

**3 STRATEGY**

Taking into account the screening of fraud risks, both internally and externally with its partners, ENISA has decided to concentrate its efforts on achieving the following strategic objectives, covering the whole cycle of fraud prevention, detection, investigation, recovery and sanction.

<b>Objective 1:</b>	<b>Enhance fraud awareness through efficient and targeted communication.</b>
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For the first time now ENISA is adopting its own Anti-fraud Strategy, so it crucial to enhance fraud awareness among the staff through efficient and targeted communication.

The activity performed by ENISA requires awareness on fraud risks and on the potential fraud impact on the budget and/or reputation of the Agency.

Administration and Support Department is in charge of this awareness exercise. In its activity, it will be supported by all other Departments, Units and Sections for what concerns the content of the messages to pass to the staff. IT Unit will support where IT systems are involved, as communication means.

Availability of training in fraud awareness for all staff will be ensured. All Departments, Units and Sections are expected to ensure presence of their representatives to these sessions.

ENISA will profit from the support of the EC, in particular of OLAF and DG CONNEC, in organizing staff training sessions.

The impact expected from the achievement of this objective is the highest awareness possible among the staff on fraud risks, preventive measures in place and sanctions.

This fraud prevention objective is intended to be continuous, dedicated to staff in place and newly recruited one, and to be extended to external partners of ENISA (contractors, beneficiaries, experts etc.)





<b>Objective 2:</b>	<b>Enhance anti-fraud skills by improving and developing supporting tools and guidance</b>
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Once the Anti-fraud Strategy is in place, related tools and guidance need to support it, in order to create the right staff skills and allow its application “in practice”.

One of the actions set to achieve this objective is to actively use the Early Warning System (EWS), by signalling legal entities and individuals as soon as suspicions arise, and by following-up on flags nearing expiration.

Another action is to investigate on the possibility to accede to European inquiry tools to prevent fraud (e.g. Pluto: [http://ec.europa.eu/anti\\_fraud/documents/preventing-fraud-documents/ec\\_antifraud\\_strategy\\_en.pdf](http://ec.europa.eu/anti_fraud/documents/preventing-fraud-documents/ec_antifraud_strategy_en.pdf) , Daisy: [https://openlibrary.org/books/OL23212911M/Anti-fraud\\_audit\\_and\\_control\\_workbook](https://openlibrary.org/books/OL23212911M/Anti-fraud_audit_and_control_workbook) , Arachne: [http://ec.europa.eu/regional\\_policy/what/future/pdf/preparation/guidance\\_fraud\\_risk\\_assessment.pdf](http://ec.europa.eu/regional_policy/what/future/pdf/preparation/guidance_fraud_risk_assessment.pdf) ).

Moreover, the Executive Director will issue an Internal Note raising awareness on the procedure foreseen by the Commission Guidelines on Whistleblowing, as an additional (bottom up) tool to identify potential fraud/conflicts of interest.

The impact ENISA intends to achieve through this objective is to facilitate the development of staff skills in fraud prevention through the development of user-friendly tools and guidance accessible by all.

<b>Objective 3:</b>	<b>To set and maintain a high level of ethics at ENISA</b>
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It is highly important to establish a general ethical culture at ENISA. Fraud prevention needs to be accompanied by a culture of integrity and service to the common interest, with the aim to create and maintain a good reputation of ENISA and trust of the programmes it develops. The impact ENISA aims to reach is to set a high level of ethics to be adopted by the staff of all Departments, Units and Sections of ENISA in their daily work. Codes of ethics can help to minimise problems with conflicts of interest because they can spell out the extent to which such conflicts should be avoided, and what the parties should do (disclosure, recusal, etc.). Thus, ENISA staff or external experts cannot claim that they were unaware that their improper behaviour was unethical. Awareness of the consequences and the threat of action (e.g. dismissal of staff or removal of an expert) can help to prevent unacceptable conflicts.



<b>Objective 4:</b>	<b>To ensure fraud-proofing in legal documents binding the tenderers/contractors/beneficiaries/candidates vis-à-vis of ENISA</b>
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The tasks of ENISA are strictly linked to legal documents binding tenderers/contractors/beneficiaries/candidates vis-à-vis it, so it is crucial to set-up measures and controls which detect and investigate fraud, beside the prevention measures (mitigating controls) already in place.

In particular, this objective shall impact the two main areas where legal documents are submitted by external partners: call for tenders and contracts and call for proposals, as well as recruitment procedures. In all those areas, checks in addition to the ones in place need to be ensured in order to detect fraud cases, and to investigate them, in case they have occurred. In the last case, protective measures vis-à-vis ENISA can still be put in place to limit the damage.

<b>Objective 5:</b>	<b>To identify risks linked to potential conflicts of interest involving ENISA's stakeholders, staff or contractors</b>
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The activity of ENISA requires high care in the identification of risks linked to potential conflicts of interest involving ENISA's stakeholders, staff or contractors. Particular monitoring needs to be put in place on contractors involved in tender procedures.

HR Section can identify internal staff potential conflict of interests, beside the measures already in place (e.g. declarations of honours, declaration of absence of conflict of interests).

The Agency can consider introducing in future Contracts with the main ENISA contractors a clause requesting that they put in place an appropriate Anti-fraud Strategy to address potential fraudulent behaviour by third parties (e.g. subcontractors) or by their own staff.

<b>Objective 6:</b>	<b>To improve prevention and detection of favouritism in award of procurement contracts</b>
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Three actions are envisaged to reach this objective. They consist in a prevention measure of ensuring a turnover of selection committees' members and internal investigation when it doesn't happen; adoption of a proactive attitude regarding raising the need of checks on regularity of a specific award of contract in all stages of the procedures; and improvement of coordination with other granting authorities, such as the EC or other agencies in the similar fields of activity.

The impact of the previous mentioned actions should consist in drastically limiting the risk of favouritism, but responsibility of each actor in the processes is crucial to reach the objective.

<b>Objective 7:</b>	<b>To improve prevention and detection of favouritism in recruitment procedures and employment contracts</b>
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It is crucial for the reputation of ENISA staff is selected according to high standards and set criteria. For this reason, favouritism in employment procedures and contracts needs to be avoided: the selection and related contract shall be the result of the choice of the best candidates. Actions to prevent and detect fraud cases focus on the selection panels that shall rotate and suit with the post profile and on the proactive attitude by all staff in raising the need of checks on regularity of a specific selection or employment contract in all stages of the procedures.

<b>Objective 8:</b>	<b>Ensure due application of the rules regarding Recovery and Sanctions</b>
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ENISA will to apply the relevant recovery and sanction rules, following any fraud detection found true following the appropriate investigation.

Operational objective 1	Priority: Enhance fraud awareness through efficient and targeted communication			
	Prevention measures	Responsible	Deadline	Indicator
<b>Action</b>	Adequately advertise the <b>Anti-fraud Strategy (AFS) on intranet</b>	Internal Control Coordinator (ICC)	Nov-14	AFS published on intranet
<b>Action</b>	Set-up and keep updated <b>Anti-fraud intranet page</b> (Share Point) with all fraud related procedures and relevant documents, presentations etc.	ICC	Continuou s	Fraud related intranet page (Share Point) up-to-date
<b>Action</b>	Develop and provide <b>fraud awareness trainings</b> with inputs from OLAF. Request from training participants that they debrief their colleagues in their next unit meeting.	Human Resources (HR)-Administration and Support Department (ASD)-(OLAF)	1 x year	Number of training sessions with % attendance of:- 50% staff for general fraud awareness trainings and
	Special attention to fraud awareness and ethics in <b>training for newcomers.</b>		Regular newcomers trainings	- 80% staff for newcomers trainings.
<b>Action</b>	<b>Keep the Fraud Risk Assessment of ENISA updated</b> to better target and monitor training.	ASD	Continuou s	Map of the ENISA fraud risks per area of activity (Fraud Risk Assessment)
<b>Action</b>	Draft an <b>external communication strategy</b> to be activated in case of fraud is detected which could seriously harm ENISA's reputation.	ICC	Dec-14	Strategy adopted

<b>Action</b>	Include a <b>declaration on the ENISA's zero tolerance towards fraud</b> in seminars for external partners.	ICC	Continuou s	
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Operational objective 2	Priority: Enhance anti-fraud skills by improving and developing supporting TOOLS and GUIDANCE			
	Prevention measures	Responsible	Deadline	Indicator
<b>Action</b>	Set-up and publish on intranet a list of <b>ENISA red flags, tailored on the base of red flags identified by OLAF</b> . These red flags will be used as ex-ante sampling criteria for more targeted risk based ex-ante controls.	Finance, Accounting and Procurement Unit (FAPU) - ICC	End 2014	List published on Intranet
<b>Action</b>	Promote the use of the Early Warning System ( <b>EWS</b> ) within ENISA.	ICC	Continuou s	N. of ENISA flagings/year
<b>Action</b>	Set-up an Ex-post <b>audit</b> program for fraud risk-based audits.	ICC	End 2014	Set-up of Ex-post audit program
<b>Action</b>	To perform the risk-based audits foreseen in the 2014 according to the specific Ex-post audit program (as mentioned in the previous action), especially focusing on plagiarism and double-funding and taking into account potential fraud cases.	ICC	End 2014	Expected result: 40% "success rate" in: '- Procurements: detection of cost overstatements > 50% for 50% of the risk-based ex-post audits.
<b>Action</b>	Improve access to existing audit reports and to the list of beneficiaries under reinforced monitoring on a "need to know" basis as tools for ex-ante controls.	FAPU - ICC	Continuou s	
<b>Action</b>	Investigate on possibility to accede European inquiry tools to prevent fraud (Pluto, Daisy, Arachne etc.)	ICC	End 2014	Outcome of the investigation
<b>Action</b>	Investigate on possibility to sign the Common Anti-fraud Strategy of the Research Family (RAFS).	ICC	End 2014	Outcome of the investigation
<b>Action</b>	Monitor the implementation of the AFS and review it at least every three years	ICC	March 2017 or before if necessary	Annual implementation report as part of the AAR

<b>Action</b>	Distribute with accompanying note by the Executive Director and publish in Share Point the Commission new Guidelines on Whistleblowing.	ICC	End 2014	Distribution and publication of ED Note and EC Guidelines, including OLAF link to report fraud
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Operational objective 3	Priority: To set and maintain a high level of ethics at ENISA			
	Prevention measures	Responsible	Deadline	Indicator
<b>Action</b>	To make an <b>ethics risk assessment</b> in view of identifying the posts with a higher risk of potential conflicts and define target audience	HR	End 2014	Report with conclusions and mapping of ENISA's risky posts
<b>Action</b>	To establish a Code of Conduct or any equivalent Code on Ethics for ENISA	HR	End 2014	Code of Conduct/Ethics
<b>Action</b>	To monitor the <b>ethics framework</b> and the effectiveness of ethics related controls	HR	End 2014	Regular ethics surveys
<b>Action</b>	To ensure that the rules applicable to <b>post-ENISA employment</b> by staff are well known and strictly respected	HR	End 2014	Note to the ENISA's Heads of Departments and Units
<b>Action</b>	Assess effectiveness of existing measures taken to avoid <b>information leaks</b>	ASD	End 2014	Conclusions and action plan
<b>Action</b>	Set-up of policies and procedures for declaring, assessing and managing <b>conflicts of interests</b>	ICC	End 2014	Guidance published on intranet
<b>Action</b>	-Boost the <b>cooperation</b> with the Commission services, in particular DG CONNEC and OLAF and -consultation on possible establishment of an Anti-fraud team at ENISA.	ICC	Continuous 2014	Report on the conclusion of the consultation

Operational objective 4	Priority: To ensure fraud-proofing in legal documents binding the contractors/beneficiaries/candidates vis-à-vis ENISA			
	Detection measures	Responsible	Deadline	Indicator
<b>Action</b>	To regularly consult the <b>EWS</b> within ENISA.	All Departments, Units and Sections managing legal documents	Continuous	Number of fraud risks detected by the Departments and Units per year

<b>Action</b>	Put in place fraud detection measures when a <b>legal document</b> not compliant with ENISA/national authorities' requirements is submitted during a tender procedure.	Legal Officer	End 2015	Number of investigations implemented by the Departments and Units per year
<b>Action</b>	Put in place fraud detection measures when a <b>report or timesheet</b> not compliant with ENISA requirements is submitted during a <b>contract implementation</b> .	Core Operations Department	End 2015	Number of investigations implemented by the Departments and Units per year
<b>Action</b>	Put in place fraud detection measures when a <b>legal document</b> not compliant with ENISA/national authorities' requirements is submitted during a <b>recruitment procedure</b> .	HR	End 2015	Number of detection measures implemented by the Departments and Units per year

<b>Operational objective 5</b>	<b>Priority: To identify risks linked to potential collusion or conflicts of interest involving ENISA's stakeholders, staff or contractors</b>			
	<b>Prevention/Detection measures</b>	<b>Responsible</b>	<b>Deadline</b>	<b>Indicator</b>
<b>Action</b>	Identification of <b>staff at potential conflict of interests</b> , upon internal request during a tender or recruitment procedure.	Legal Officer -ICC	Continuous	Number of investigations implemented per year
<b>Action</b>	To consider introducing in <b>future Contracts</b> with the main ENISA contractors a clause requesting that they put in place an <b>appropriate Anti-fraud Strategy</b> to address potential fraudulent behaviour by third parties	Legal Officer - ICC	End 2014	Clause integrated in future contracts with main contractors

	(e.g.subcontractors) or by their own staff.			
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Operational objective 6	Priority: To improve prevention and detection of favouritism in award of procurement contracts			
	Prevention/Detection measures	Responsible	Deadline	Indicator
Action	Ensure a <b>turnover of members of selections and evaluation committees</b> and investigate when it doesn't happen.	HR-ICC	Continuous	Number of investigations implemented per year
Action	Adopt a <b>proactive attitude</b> regarding raising the need of checks on regularity of a <b>specific award of contract</b> in all stages of the procedures.	All Departments, Units and Sections	Continuous	Consider integrating anti-fraud components in relevant check lists

Operational objective 7	Priority: To improve prevention and detection of favouritism in recruitment procedures and employment contracts			
	Prevention/Detection/Investigation measures	Responsible	Deadline	Indicator
Action	Ensure a <b>turnover of members of selections/evaluation committees</b> and investigate when it doesn't happen.	HR-ICC	Continuous	Number of investigations implemented per year
Action	Adopt a <b>proactive attitude</b> regarding raising the need of checks on regularity of a <b>specific selection or employment contract</b> in all stages of the procedures.	Legal Officer- ICC	Continuous	Consider integrating anti-fraud components in relevant check lists

Operational objective 8	Priority: Ensure due application of the rules regarding Recovery and Sanctions			
	Corrective	Responsible	Deadline	Indicator
<b>Action</b>	<b>Recovery:</b> ensure that all amounts unduly paid (including the ones not related to fraud, irregularity or error) are recovered to the maximum extent possible.	FAPU	Continuous	Number of pending recovery orders
<b>Action</b>	<b>Sanctions:</b> ensure that sanctions are applied to all cases where fraud has been proven, in line with the Financial Regulation.	Legal Officer-ICC	Continuous	Number of sanctions applied annually

#### 4 Annex 1: Definitions of irregularity and fraud

**Irregularity** is defined<sup>4</sup> as any infringement of a provision of EU law resulting from an act or omission by an economic operator, which has, or would have the effect of prejudicing the general budget of the EU by charging an unjustified item of expenditure.

To classify an irregularity as fraud, it needs to be an intentional act.

**Fraud** is therefore defined<sup>5</sup> as any intentional act or omission relating to:

- the use or presentation of false, incorrect or incomplete statements or documents, which has as its effect the misappropriation or wrongful retention of funds from the general EU budget or budgets managed by, or on behalf of, the EU
- non-disclosure of information in violation of a specific obligation, with the same effect
- the misapplication of such funds for purposes other than those for which they were originally granted

<sup>4</sup> Article 1 (2) of Council Regulation 2988/95 on the protection of European Communities' financial interests, OJ L 312 of 23.12.95

<sup>5</sup> Convention on the protection of the Communities' financial interests, drawn up on the basis of Art. K.3 of the Treaty on the EU, OJ C 316 of 27.11.95, p 49-57



The following is a non-exhaustive list of actions considered to fall within the definition of fraud:

- **favouritism:** preference given to acquaintances, friends and family over strangers. When public (and private sector) officials demonstrate favouritism to unfairly distribute positions and resources, they are guilty of cronyism or nepotism, depending on their relationship with the person who benefits.<sup>6</sup>
  - **conflicts of interests:** situation where the impartial and objective exercise of the functions of a financial actor or other person is compromised for reasons involving family, emotional life, political or national affinity, economic interest or any other shared interest with a recipient.<sup>7</sup>
  - **collusion:** agreement between two or more parties, sometimes illegal and therefore secretive, to limit open competition by deceiving, misleading, or defrauding others;
  - **corruption:** abuse of entrusted power for private gain. It hurts everyone who depends on the integrity of people in a position of authority;
  - **extortion, blackmail, bribery:** requesting or accepting money or valuables to influence the award of a grant or contract
  - **double claiming of costs:** submitting the same items of expenditure to different funding sources separately in order to obtain financial support from all of them
  - **overcharging** (by forgery or alteration of documents, e.g. by knowingly generating false time sheets or invoices, by declaring fictitious contractors or employees or unjustified trips, or by using substandard materials)
  - **non-compliance** with the provisions and/or legal requirements of the contract or grant agreement (e.g. non respect of the obligation to organize tenders or market consultations for subcontracted activities)
  - **plagiarism:** use or close imitation of the language and ideas of another author and representation of them as one's own original work
  - **wilful destruction** or removal of records
- fraudulent bankruptcy** may occur in various ways but one of the most common methods of indulging in fraud is to make false statements with regards to one's assets while filing a claim for bankruptcy protection. Concealment of assets from the court can be done by illegal transfer of money to family members or friends, shift the property or assets to offshore accounts and failing to report the various sources of income.

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<sup>6</sup> Glossary of the U4 Anti-Corruption Resource Centre

<sup>7</sup> Article 57 of the Financial Regulation