



Anti-Fraud Strategy of the European Environment Agency

**approved by EEA Management Board
in its 71th meeting, 19 November 2014**



1. Background

General context

The European Union (EU) budget is taxpayer's 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 institutions and the implementation of EU policies.

On 24 June 2011 the European Commission adopted its new Anti-Fraud Strategy¹ (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 is to be done 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 European Commission (EC) has developed a Common Approach on EU decentralised agencies that requires a set of anti-fraud measures to be put in place in the agencies.

Agency context

The EEA, according to its mission statement, aims to support sustainable development and to help achieve significant and measurable improvements in Europe's environment, through the provision of timely, targeted, relevant and reliable information to policymaking agents and the public.

The EEA operates in a complex, multi-level and multi-actor governance setting at EU, national and global levels. This setting also includes research institutes, businesses and NGOs. The specific role of the EEA is to support policymaking at the EU level, and to build capacity in member countries, using the European Environment Information and Observation Network (Eionet) as its unique partner to generate two-ways flows of quality-assured environmental data and information.

The Agency handles a core budget of approximately EUR 41 million each year. It is financed by the Commission for 87% of its revenues and for 13% by contributions from other member countries (EFTA and Turkey).

In addition to the core budget, external assigned revenues are received on hoc basis and managed by the EEA, subject to EEA Management Board approval. They are dedicated to specific projects of EEA interest.

¹ 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.



In particular, the Agency has been actively involved in the implementation of the GMES Initial Operations since 2011 and the Commission entrusted a number of tasks to the EEA by means of a delegation agreement, representing a global envelop of about EUR 27 million over 5 years.

The core budget and the earmarked funds are mostly implemented through procurements, grants, and administrative expenditures. The Agency's main partners are the EC, public organisations (universities, research institutes...), Member and non-Member Countries authorities, and economic operators.

The core budget is disbursed 15% through procurements, 18% through grants, 67% through administrative expenditures (including staff).

The earmarked funds are spent through procurements and grants.

There is a specificity regarding grants of the core budget. They are awarded to European Topic Centres, which are defined in EEA founding regulation. In accordance with article 4 (4) of the EEA founding regulation, Member Countries may identify the institutions or other organisations established in their territory which could be specifically entrusted with the task of cooperating with the Agency as regards certain topics of particular interest. An institution thus identified should be in a position to conclude an agreement with the Agency to act as a topic centre of the network for specific tasks. The regulation stipulates also that the topic centres shall be designated by the Management Board for a period not exceeding the duration of each multiannual work programme.

The Agency has an internal control framework through the adoption by the Management Board of EEA Internal Control Standards.

The Agency has decided to develop and implement the following strategy.

This strategy is valid for three years and will be updated in the course of its implementation if necessary after its assessment at the end of the implementation period.

2. Introduction

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

- Ensuring proper handling of the conflicts of interest issue,
- Developing anti-fraud activities especially through prevention, detection, awareness raising and closer cooperation with OLAF.

Ethics and transparency are key issues in the EU institutions and bodies. The Agency commits to ensuring that these principles are properly applied.



3. Fraud risk assessment

In line with OLAF's *Methodology and guidance for anti-fraud strategies for EU decentralised agencies*, the Agency has conducted a fraud risk assessment of its activities based on the estimated likelihood and possible impact of fraud. The assessment was performed in August/September 2014. The following risk area was identified:

- (1) Management of confidential data in the frame of the reporting exercise of Ozone Depleting Substances (ODS) and Fluorinated gas (F-Gas) regulations

4. Means and resources

The Agency has at its disposal means and resources which are engaged in tackling fraud. The main resources are:

- Human resources

Groups/functions	Tasks related to anti-fraud issues
ADS1	<ul style="list-style-type: none"> - Scrutiny of the recruitment process - Support in the implementation of ICS1 – with information on Ethics and Integrity - Support in case of litigious staff management issues
ADS2	<ul style="list-style-type: none"> - Elaboration of the conflict of interest policy - Enforcement, infringements, coordination and legal issues - Scrutiny of mission claims
Internal Audit Capability	<ul style="list-style-type: none"> - Elaboration of the anti-fraud strategy - Contribution to the conflict of interest policy - Coordination role in ETC verification policy - Validation of ABAC access rights
Resource officers	<ul style="list-style-type: none"> - Detective controls through the review of cost statements and invoices
IT – Local Profile Manager	<ul style="list-style-type: none"> - Grant of access rights to ABAC workflow and data warehouse based on requests authorised
IT – System administrators	<ul style="list-style-type: none"> - Permission management of users to ensure that access to EEA systems are granted according to the proper authorisations, in line with the HR processes (taking up duty and leaving)

- IT tools

Groups/functions	Tasks related to anti-fraud issues
ABAC	Ensuring the segregation of function in the financial circuits
Information security measures and tools	Intrusion control, authorisation and access controls, spam filters, anti-virus and spy ware
Copies of master files in a secure environment	Ensuring integrity of data



- Policies and procedures

Related to anti-fraud issues
Conflict of interest policy
Sensitive posts policy
Anti-fraud strategy
ETC verification policy
Procedures QMS – P51 Reporting improprieties (ICS14)
Procedure QMS – P52 Reporting exceptions (ICS18)
Procedure QMS – P53 Reporting internal control weaknesses

5. Strategy and action plan

Taking into account the screening of fraud risks, both internally and externally with its partners, the Agency has decided to concentrate its efforts on achieving the following strategic objectives.

• Objective 1:

Given the activity of the Agency, the risk of fraud is not particularly high. Nevertheless it exists and should not be overseen. That is why, to maintain a good level of control over the risks that can materialised, it is needed to develop a structured approach to detect potential fraud.

Description of the objective:

Ensuring an effective internal organisation for detecting potential fraud

Indicator: Issuance of a list of red flags and regular monitoring of the list

• Objective 2:

The majority of EEA data are public data, reducing any interest for selling them for personal/business enrichment. However, since 2012 in the application of the ODS and F-Gas Regulations it is EEA who, in practice, enables an online tool and takes responsibility of the core of the reporting exercise and handling confidential data from companies. As a consequence, a specific formalisation and authorisation of access rights granted to the data is needed. The Agency needs also to ensure a proper traceability of any intervention in the reporting platforms, and that the proper confidentiality level after each intervention remains respected.



Description of the objective:

Strengthen the formalisation of authorisation of access rights to the Business Data Repository (BDR). Ensure a yearly verification of authorisation of access rights granted. Proper documentation of the procedures applying to the data management processes both at EEA and at ETC/ACM level. Proper application of procedures related to the reporting platforms.

Indicators: Procedure of access authorisation in place, respecting the 4 eyes principle of control, report on verification of authorisation of access rights granted, data management procedures.

• **Objective 3:**

It is considered of high importance that the staff is aware not only of the rules regarding potential fraud but also have the competences to react when they are put in a situation which questions ethical values and integrity. The Agency intends to achieve homogeneity in the individual behaviours to ensure that perception of permeability to fraud is low at the level of the organisation.

Description of the objective:

Maintaining a high level of ethics and fraud awareness within the Agency

Indicators: General and awareness trainings for all staff, targeted training, development of tools to help targeted groups raising awareness of potential conflict of interest to staff and detecting fraudulent behaviour.



ACTION PLAN

This action plan designed to implement the Agency's Anti-Fraud Strategy covers the period from 01/01/2015 to 31/12/2017

The target dates are geared to the level of priority.

The actions cover the following stages of the anti-fraud cycle: prevention and detection.

Objective 1	
Ensuring an effective internal organisation for detecting potential fraud	
Actions	Definition of a list of red flags allowing to have a synthetic overview on regular time basis where we are regarding potential fraud
Priority ²	Detection
Responsible	IAC
Target date	2015
Indicator	Issuance of a list of red flags and regular monitoring of the list
Objective 2	
Strengthen the formalisation of authorisation of access rights to the BDR database. Ensure a yearly verification of authorisation of access rights granted. Proper documentation of any intervention in the reporting database.	
Actions	- Formalisation of the access authorisation with request follow up, duly approved - Ensure tracking of access rights granted
Priority ²	Prevention
Responsible	ACC2 and IAC
Target date	2015
Indicators	- Procedure of access authorisation in place, respecting the 4 eyes principle of control - Report on verification of authorisation of access rights granted - Data management procedures

² (Prevention/detection/investigation/corrective measures)



Objective 3 Maintaining a high level of ethics and fraud awareness within the Agency	
Actions	<ul style="list-style-type: none"> - Disseminate among the staff placed at control points (secretaries, resource officers, line managers) tools to help them raise awareness of potential perception of conflict of interest to staff and to detect fraudulent behaviour - Propose them concrete example of situation to use the tools disseminated - Raise awareness among all staff about what can be perceived as potential conflict of interest in order to achieve a common understanding
Priority ²	Prevention
Responsible	ADS1 and IAC
Target date	For the duration of the strategy
Indicators	General and awareness trainings for all staff, targeted training, development of tools to help targeted groups raising awareness of potential conflict of interest to staff and detecting fraudulent behaviour