

Anti-fraud strategy

2019-2021



Contents

1. General background #3
2. Guiding principles of the updated anti-fraud strategy #4
3. The implementation of the Frontex anti-fraud strategy (2015–2018) and its revision #5
4. Definition of fraud for the purposes of the Frontex anti-fraud strategy #6
5. Fraud risk assessment #7
6. Objectives and actions #8
7. Roles and responsibilities #10
8. Review and monitoring #12
9. Annex #13

1. General background

1.1. Frontex context

Pursuant to the European Border and Coast Guard regulation¹, Frontex's role is 'to ensure European integrated border management at the external borders with a view to managing the crossing of the external borders efficiently. This includes addressing migratory challenges and potential future threats at those borders, thereby contributing to addressing serious crime with a cross-border dimension, to ensure a high level of internal security within the Union in full respect for fundamental rights, while safeguarding the free movement of persons within it' (Art.1).

As a decentralised agency of the European Union, Frontex is responsible for the management of the operational and administrative resources allocated to implement EU policies or to contribute to the smooth functioning of the institutions in a cost-effective way and by

¹ Regulation (EU) 2016/1624 of 14 September 2016 on the European Border and Coast Guard (OJ L 251, 16.9.2016, p. 1).

reducing administrative burden as far as possible. As for all other agencies, Frontex is responsible for taking the necessary measures to provide reasonable assurance of preventing and detecting fraud and irregularities.

Frontex is entrusted to achieve its tasks with a budget of approximately EUR 300 million. Key budget figures for 2018 are:

- total budget – EUR 320 198 000
- budget financing – EU contribution – 93 %; non-EU countries contribution – 7 %

Frontex applies the internal control policy promoted by its Management Board and the Commission, especially through the internal control framework².

Recognising this, Frontex is committed to having a robust anti-fraud

² Management Board Decision 32/2017 of 22 November 2017 adopting the revised Frontex internal control framework and authorising the Executive Director to adopt necessary measures for its implementation.

programme in place to ensure the continuous improvement and effectiveness of anti-fraud controls. This programme will ensure all stages of the anti-fraud cycle are covered, i.e. prevention; detection; investigation; sanctions and recovery.

1.2. The adoption of the Frontex anti-fraud strategy

The EU institutions have developed a common approach on EU decentralised agencies that requires a set of anti-fraud measures to be put in place in the agencies. Frontex's first anti-fraud strategy and action plan for 2015–2018 was prepared based on the 'Methodology and guidance for anti-fraud strategies for EU decentralised agencies'³ communicated by the European Anti-fraud Office (OLAF), and on the best-practice example developed by the European Commission and adopted by Management Board Decision 56/2015 of 17 December 2015.

³ Document ref. Ares 20133560341 – 25.11.2013.

2. Guiding principles of the updated anti-fraud strategy

Ethics, integrity and transparency are key drivers of Frontex actions. Frontex staff, Member States and non-EU countries participating in Frontex operational activities, members of the Management Board and all external contractors must pursue the highest standards of honesty and integrity in the exercise of their duties.

Frontex will not tolerate fraud, impropriety or dishonesty and will report, without delay, any instance of suspected fraud to OLAF, which is exclusively competent to investigate these cases.

Frontex will take all actions and adopt all measures in accordance with the applicable rules, including the termination

of employment contracts, against anyone defrauding or attempting to defraud Frontex and/or other EU assets and resources, or otherwise damaging Frontex's reputation. In all such cases, Frontex will continue to cooperate fully with OLAF and all other competent EU actors.

3. The implementation of the Frontex anti-fraud strategy (2015–2018) and its revision

Frontex's anti-fraud strategy and action plan identified four strategic objectives with 22 actions.

The actions were mainly focused on fraud prevention and on establishing a 'fraud-proof' environment within Frontex. This was pursued mainly through raising anti-fraud awareness among staff, for example through direct communications to staff from Frontex management. 70% of these actions were fully implemented during the period 2015–2018.

Improvements made:

- increased fraud awareness and improved internal communication on anti-fraud-related issues;
- improved access to relevant documents and, where necessary, improved documentation;
- improved anti-fraud controls in key processes in Frontex;
- new (quarterly) internal control management meetings established with a panel that periodically reviews and discusses risks;
- new Inspection and Control Office established in February 2018 ensuring that Frontex's approach to managing the risk of fraud keeps pace with anti-fraud-related developments, best practices and legislative requirements;
- contact with OLAF established.

Additionally, Frontex has already successfully developed a number of procedures and policies designed to mitigate identified risks, including major fraud risks, namely:

- a code of conduct;
- a declaration on absence of conflicts of interests for members of the Management Board;
- a transparency policy, whereby CVs and declarations on absence of conflicts of interests of Executive Managers and Management Board members are published to allow public scrutiny;
- a comprehensive auditing system, whereby Frontex is subject to annual audits, firstly by the European Court of Auditors and contracted companies – external auditors auditing Frontex's annual accounts – and secondly by the Internal Audit Service of the European Commission;
- an updated internal control framework;
- a system of *ex ante* and *ex post* controls;
- an annual risk assessment and risk management process.

However, there are still areas which should be strengthened by the strategy for 2019–2021:

- further improve the communication and anti-fraud-related documentation by introducing a whistleblowing policy and procedures for reporting improprieties, ensuring that staff know whom to contact and what documents to consult when they are faced with ethical questions;

- continually improve staff knowledge in the fraud-related domain by developing an e-learning module on ethics as part of a wider (corporate) approach to learning and training – in particular in view of the large number of newcomers expected in the near future;
- ensure fraud-related roles and responsibilities are clear, agreed upon and documented in relevant job descriptions – it is recommended that Frontex senior management consider including a common objective for all middle managers related to anti-fraud issues in the 2018 appraisal exercise;
- ensure that the risk assessment exercise includes fraud-related risks and that these risks are managed properly;
- raise awareness in Member States, which will mainly be done as part of the ongoing *ex post* control activities.

With this revision of the anti-fraud strategy, Frontex wishes to continue raising awareness of fraud matters among staff and contractors, facilitating the detection of possible fraudulent acts and reacting swiftly in close cooperation with OLAF. The Executive Director has set the new objectives for the next 3-year period, together with an updated action plan.

As in the previous action plan, the actions planned to reach the revised objectives for the period 2019–2021 are linked to key performance indicators and will be implemented by a set due date.

4. Definition of fraud for the purposes of the Frontex anti-fraud strategy

For the purposes of the anti-fraud strategy, the concept of fraud encompasses both internal and external acts (i.e. both acts committed by staff or persons linked to Frontex and by third parties) and relies on the assumption that the reputational impact of a fraudulent act might be equally as important as the financial damage itself.

What is fraud?

Fraud includes internal and external misconduct. It covers notably any infringement of the financial interests of the EU as defined by the Convention on the protection of the European Communities financial interests⁴. It also covers acts that may not have a direct effect on the EU's financial interests, but nevertheless have a reputational impact, such as cases of forgery (in CVs for example), breaches of IT systems, cyber fraud, transmission of confidential information and intentionally undeclared conflicts of interest. Favouritism and collusion are also included in the definition of fraud for the purposes of this anti-fraud strategy.

4 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 C316, 27/11/1995, p0049-0057

Intention is the key element which distinguishes fraud from irregularity. In principle fraud is a penal law qualification given by a judge. For the purpose of drafting an anti-fraud strategy, detection of fraud means the detection of facts or highly suspicious circumstances that suggest fraud may be taking place⁵.

Frontex deems it appropriate to maintain this wide definition of fraud for the purpose of this document. This wide definition is shared with the other EU agencies and serves the purpose of preventing and detecting the highest possible number of illegal acts and of keeping staff alert concerning instances likely to create reputational damage.

In addition, Frontex is rapidly increasing in staff and budget. Staff will have to face a further sharp increase in workload, and are likely to be subject to professional and personal challenges due to Frontex's new mandate and tasks. In this challenging framework, the implementation of this revised anti-fraud strategy and related action plan may be of help to further sustain the image of Frontex as an example of a fraud-free environment.

5 *European Anti Fraud Office Methodology and guidance for DGs' anti fraud strategies*, February 2016

What is a risk of fraud?

In the European Commission, a risk is defined as 'Any event or issue that could occur and adversely impact the achievement of the Commission's political, strategic and operational objective...'⁶.

Usually, compliance objectives (e.g. the legality and regularity of activities and financial transactions) are at particular risk of fraud, but performance objectives may also be at risk. Fraud is characterised by having a serious impact (potential consequences should the risk materialise) and a low likelihood (the estimated probability that the risk will materialise).

What is an anti-fraud strategy?

An anti-fraud strategy provides a framework for addressing the issue of fraud. It should define some key objectives and be accompanied by an action plan, which should reflect the priorities established by Frontex.

6 *European Anti Fraud Office Methodology and guidance for DGs' anti fraud strategies*, February 2016

5. Fraud risk assessment

To further focus on the risk of fraud and in line with OLAF's guidance and methodology, the Internal Control Coordinator (ICC) carried out a risk assessment exercise with middle and senior management, during which the following fraud-related risks were identified.

1. Considering that the business processes have not been updated since 2012 and that new activities have no clear business processes described at all, there is the possibility of fraudulent activities due to:
 - a. no clarity for decision-making authority assigned (roles and responsibilities);
 - b. lack of clear segregation of tasks;
 - c. allocation of money without the required financing decision.
2. The non-implementation of the security strategy (action plan) heightens the risk related to data security/thefts.
3. The lack of a whistleblowing policy and related implementation measures create the risk that possibly fraudulent behaviour detected by a staff member is not being reported.
4. The limited awareness of the anti-fraud strategy and related policies, procedures and plans might negatively impact its effective implementation. It is suggested that the introduction of more formal steps (e.g. signature of acknowledgement) be considered alongside existing training and information sessions.

6. Objectives and actions

To define new strategic objectives Frontex took the following steps whilst updating the anti-fraud strategy:

1. analysis of the lessons learnt in the course of the implementation of the anti-fraud strategy over the past 3 years, the latest fraud trends, the developments in the legislative framework and guidance received from OLAF as well as Frontex's new needs with regard to fraud-related matters which have emerged from recent developments;
2. assessment of fraud-related risks to identify two to three key risks (p.5);
3. review of findings and observations in the audit work conducted by the Internal Audit Service and the European Court of Auditors;
4. review of the results of *ex-post* controls;
5. ongoing activity of the assessment of the internal control system (Internal Control Coordinator quarterly reports).

The strategic objectives of the anti-fraud strategy are driven by Frontex's priorities and values. The reputation of Frontex and the highest standards of professionalism, ethics and integrity are key drivers for our actions. For this reason, Frontex needs to set certain objectives to counter fraud at all levels of the organisation and thus reinforce public trust in its activities.

These objectives aim to encompass all stages of the anti-fraud cycle: prevention, detection, investigation, recovery and sanction. Whilst prevention should remain one of the most important

objectives of the revised anti-fraud strategy, it is deemed appropriate to also focus efforts on detection, in particular by encouraging internal reporting of any possible case of fraud as well as proactive random verifications in some areas.

In order to address the major risks identified in the preceding section, the following strategic objectives were agreed and endorsed by the Executive Director.

Strategic objective 1: reinforce the anti-fraud culture to ensure a high level of awareness, integrity, impartiality and transparency.

Fraud awareness is achieved by spreading the common understanding of ethical values and relevant rules underlining any activity at Frontex. This objective is inspired by the need to continually communicate the rules and ethical values of the EU public service from the highest level to each member of staff.

Actions to implement strategic objective 1:

1. adopt a policy on conflicts of interest and organise dedicated awareness-raising sessions;
2. develop a compulsory anti-fraud training course (e-learning tool) for all staff members to promote the values of ethics and integrity;
3. invite the Anti-Fraud Office to give presentations to staff members;
4. maintain regular communication with staff on anti-fraud-related matters;

5. develop a specific training/awareness-raising tool for contractors working at Frontex and partners participating in Frontex operations;
6. assess the effectiveness of awareness-raising tools.

Strategic objective 2: establish and maintain an efficient system for internal reporting of suspected fraud or irregularities.

This objective aims to provide effective guidance to tackle improprieties and reinforce fraud prevention across the organisation and to ensure that suspicious behaviour is detected and reported via clear reporting channels.

Frontex will also cooperate with, and learn from the experience of, other organisations, such as OLAF, the European Commission and other agencies in countering internal and/or external fraud.

Actions to implement strategic objective 2:

7. adopt the renewed whistleblowing procedure;
8. improve staff's awareness of internal reporting and whistleblowing procedure;
9. create a register for internal whistleblowing and, to the extent possible, share anonymous cases with senior managers to discuss future prevention measures.

**Strategic objective 3:
strengthen controls in areas where
fraud-related risks are identified.**

This objective aims to substantiate the remaining levels of risks after the current mitigating measures have been applied. Frontex needs to focus its efforts on these areas to ensure the levels of risks were correctly assessed and to strengthen prevention measures where the risks' scores were higher than predicted.

Actions to implement strategic objective 3:

10. strengthen business process management at Frontex;
11. strengthen project management at Frontex;
12. further strengthen existing controls in key processes such as procurement and contract management;
13. prepare and implement the security strategy and action plan;
14. update job descriptions introducing anti-fraud management related tasks and set-up appropriate objectives to strengthen controls at middle management level;
15. carry out an annual risk assessment including specific fraud-related risks;
16. monitor and report regularly on the effectiveness of the measures and controls in place.

7. Roles and responsibilities

The risk of fraud cannot be dealt with in isolation. Properly addressing and mitigating the risk of fraud is a key aspect of sound management. Whilst it is essential that all Frontex staff members should have a clear understanding of Frontex's anti-fraud strategy and the related action plan, some individuals and Frontex entities have specific leadership roles or responsibilities and these are identified below.

Management Board

The Management Board is responsible for adopting the anti-fraud strategy⁷ and governing its implementation.

Executive Director

The Executive Director is responsible for the preparation and presentation of the anti-fraud strategy⁸ to the Management Board and the development, endorsement and implementation of the action plan.

The Executive Director, with his 'tone from the top', promotes anti-fraud culture across Frontex, sets anti-fraud objectives and puts in place effective arrangements for combating fraud.

Directors of Division

The Directors of Division are responsible for promoting the anti-fraud culture within their divisions, checking staff awareness and ensuring that all suspected or reported cases of potential fraud are immediately reported to the Anti-Fraud Office, cooperating with all other functions involved in the implementation of the anti-fraud strategy, including through the use of *ex ante* and *ex post* controls where required.

All managers

The primary responsibility – 'first line controls' – for the prevention and detection of fraud rests with managers throughout the organisation. They are responsible for managing the risk of fraud and will be supported and trained so that this task is fulfilled effectively.

Head of the Inspection and Control Office

The Head of the Inspection and Control Office is responsible for setting and managing the tasks related to the anti-fraud activities in the Inspection and Control Office (ICO).

The ICO coordinates the implementation of the anti-fraud strategy and the follow-up actions and reports regularly to the Executive Director on its implementation. It acts as the contact point to OLAF on all fraud-related issues, in particular for issues related to the anti-fraud strategy.

The ICO provides guidance on managing fraud risk and the design of additional controls. It develops training materials for all staff, in close collaboration with competent experts and entities within and outside Frontex.

Internal Control Coordinator

The Internal Control Coordinator (ICC) is responsible for the risk management process including the identification and assessment of fraud-related risks.

The ICC coordinates the annual risk assessment (as well as fraud-related risks) and regularly follows-up on the implementation of agreed actions to further mitigate significant risks. The status of risks is reported to managers quarterly in the internal control management report.

The ICC identifies weaknesses in the internal control system and coordinates

⁷ Art. 62 (2)(p) of the European Border and Coast Guard regulation

⁸ Art. 38 (3)(r) of the European Boarder and Coast Guard regulation

the implementation of improvements related to those controls.

Head of the Legal and Procurement Unit

The Head of the Legal and Procurement Unit is responsible for providing the necessary legal assistance to those concerned with implementing this strategy. They are responsible for identifying and preventing the risks of breach of legal provisions and ethical behaviour rules which may entail liabilities or reputational losses for Frontex.

Head of the Budget, Finance and Corporate Service Unit

The Head of the Budget, Finance and Corporate Service Unit is responsible for ensuring that financial systems incorporate strong measures to reduce the risk of fraud and detect potential fraud cases at an early stage.

Head of the Human Resources and Security Unit

The Head of the Human Resources and Security Unit contributes to promoting staff awareness about the anti-fraud

principles and strategy. They apply sanctions commensurate with the breach by the relevant staff member, as decided by the Executive Director in accordance with the reports and recommendations drawn up by OLAF following an OLAF investigation.

Staff members

All staff members must comply with Frontex's anti-fraud principles and strategy and forward any reasonable concerns about fraud to their reporting officer and/or senior management, in accordance with the existing guidelines, for example, on internal whistleblowing.

Delegates/experts, partners, suppliers, contractors and consultants

All delegates/experts, partners, suppliers, contractors and consultants must comply with Frontex's anti-fraud principles and strategy.

8. Review and monitoring

The Inspection and Control Office will ensure that Frontex's approach to managing the risk of fraud is kept up to date with developments in best practices and with legislative requirements. The anti-fraud strategy and its action plan will be reviewed every 3 years.

The implementation of Frontex's anti-fraud strategy, policy and procedures will be subject to periodic review on the basis of an evaluation of the impact of the strategy, measured using some key performance indicators, including:

- the number of cases notified to OLAF;
- the number of notified cases dismissed by OLAF;
- the number of internal reports of suspicious behaviour.

9. Annex

Tentative action plan 2019–2021 to implement the adopted anti-fraud strategy.

Annex: Anti-fraud strategy implementation action plan 2019–2021

No	Action	Responsible	Due date
1.	Adopt a policy on conflicts of interest and organise dedicated awareness-raising sessions	Executive Director (ED) decision prepared by Internal Control Office (ICO) with support from Legal procurement unit and Human resources and Security Unit (HRSU)	June 2019
2.	Develop a compulsory anti-fraud training course (e-learning tool) for all staff members to promote the values of ethics and integrity	ICO with support from HRSU and Information and Communication Technology Unit (ICTU)	End 2019
3.	Invite the Anti-Fraud Office to give presentations to staff members	ICO with support from HRSU	June 2020
4.	Maintain regular communication with staff on anti-fraud-related matters	Line Managers with ICO support and coordination	Permanent
5.	Develop a specific training tool for contractors working at Frontex and partners participating in Frontex operations	ICO	End 2019
6.	Assess the effectiveness of awareness-raising tools	ICO	Annually
7.	Adopt the renewed whistleblowing procedure	ED decision prepared by ICO with support from LPU and HRSU	June 2019
8.	Improve staff's awareness of internal reporting and whistleblowing procedure	Line Managers with ICO support and coordination	Permanent
9.	Create a register for internal whistleblowing and, if possible, share anonymous cases with senior managers to discuss future prevention measures	ICO	End of 2019
10.	Strengthen business process management at Frontex	Senior Managers with ICO support and coordination	End of 2021
11.	Strengthen project management at Frontex	Senior Managers with ICO support and coordination	End of 2021
12.	Further strengthen existing controls in key processes such as procurement and contract management	Senior Managers with Internal Control Coordinator (ICC) support and coordination	End of 2020
13.	Prepare and implement the security strategy and action plan	ICTU and HRSU	End of 2020
14.	Update job descriptions introducing the anti-fraud management related tasks, and set-up appropriate objectives to strengthen controls at middle management level	HRSU with ICO/ICC support and coordination	End of 2019
15.	Carry out an annual risk assessment including specific fraud-related risks	ICO/ICC and middle management	Annually
16.	Monitor and report regularly on the effectiveness of the measures and controls in place	ICO/ICC	Quarterly



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PDF:
TT-06-18-333-EN-N
ISBN 978-92-9471-219-6
doi:10.2819/95187