

Update of the ECHA Anti-Fraud Strategy

44th meeting of the Management Board 13-14 December 2016

Proposal

The Management Board is invited to adopt the revised ECHA Anti-Fraud Strategy.

The initial Anti-Fraud Strategy, adopted in December 2014 included an action plan for the period 2015-2016. Now is the time to report on the achievements and to revise the Anti-Fraud Strategy based on lessons learned. In the initial two-year period a lot has been done to foster a culture of high ethical behaviour in the Agency and to prevent serious financial and reputational damage to the organisation.

Now that such culture of ethical behaviour has been reinforced, it is proposed to switch the focus to continuous improvement, with special attention to continued awareness and a regular review of key policies and procedures. While the Strategy would be no longer time-bound, periodical revisions are still envisaged.

Background

According to the Common Approach for decentralised agencies, all agencies have to put in place an Anti-Fraud Strategy. The European Anti-Fraud Office (OLAF) developed a methodology and guidance to assist the agencies in this exercise and gave each agency until end 2014 to put in place a comprehensive strategy, which the Agency did in December 2014¹.

All EU agencies, as well as all Directorate Generals of the Commission have gone through the same exercise of drafting an anti-fraud strategy. Based on the risk profile of each organisation the exercise conducted and the system proposed was heavier and more burdensome or even lighter for some than for others. In view of ECHA's rather low risk profile, it was decided in 2014 to adopt a strategy that is proportional to the risks and that can be accomplished without the need for additional resources.

The first version of the Anti-Fraud Strategy included an action plan for the period 2015-2016, which has now been implemented. At this point of time the Secretariat wants to report back on the achievements and to put in place a revised Anti-Fraud Strategy for the future.

Rationale

Overall - taking into account existing controls - ECHA believes that the risk of significant undetected fraud remains low. As ECHA is not an agency that distributes large financial resources directly via EU funds or grants, its residual fraud risks lie elsewhere and are more indirect.

As the main fraud risks of the Agency (deliberate leaking of information, serious irregularities related to favouritism and conflicts of interest and procurement and contract management related fraud) have not changed during the past two years, only minor revisions are foreseen to update the Anti-Fraud Strategy to new developments. Now that a clear anti-fraud culture has been established in the Agency via the implementation of numerous actions throughout 2015-2016, the initial strategy can be consolidated.

The controls in place for the three main risks are already quite robust. ECHA has strong security controls preventing unauthorised access to its IT systems, strict conflict of interest rules, as well as multiple controls in the procurement and contract management process. Therefore, the revised Strategy could be centered around maintaining and further developing the culture of high ethical behaviour in the Agency with a focus on continued awareness and a regular review

¹ see MB/60/2014

of key policies and procedures. In view of the proportionality principle, the continued reduction in resources and the already numerous actions implemented during the past two years, it is also proposed to put in place an action plan, which is fit for purpose and focused on continuous improvement and to adopt a Strategy which is no longer time-bound, while periodical revisions are still envisaged.

Alternative options

It would be possible to be extremely risk-averse and adopt an all-encompassing Anti-Fraud Strategy with numerous new actions and additional controls. Yet, such strategy would be resource-intensive and burdensome, which the Agency cannot afford for the identified risk size.

Drawbacks

It should be clear that there is no specific motive for the Agency to have an Anti-Fraud Strategy in place (i.e. there were no specific incidents), other than compliance with the Commission's requirements. However, the Strategy is useful as it brings together a number of controls that are in place in different areas of work of the Agency. By bringing these together in a comprehensive strategy and by raising more awareness about the necessity of these controls it will be easier to keep up a culture of high ethical behaviour in the Agency.

Attachments:

- Annex 1: Report on actions implemented during 2015-2016
- Annex 2: Revised ECHA Anti-Fraud Strategy

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Annex 1 – Report on actions implemented during 2015-2016

Awareness and training

- Regular training: ethics and fraud prevention covered in induction training for newcomers. Annual reminder training on ethics and conflict of interest duties for all staff (replaced by online training in form of a conflict of interest quiz in 2016). Reminder trainings organised for the Management Board, MSC, RAC and BPC working groups.
- Intranet page created on Fraud Prevention for internal awareness.
- Regular articles on ethics on ECHA's intranet: e.g. post-employment article, CoI quiz.
- Regular training on information security (included in newcomers training and in several other trainings for varied audiences).
- Regular training on procurement and contract management (included in newcomers training and in several trainings for varied audiences).
- All staff training by the Head of Unit Fraud Prevention of the EU Anti-Fraud Office, OLAF.

Clarify roles and improve cooperation

- Roles and responsibilities clarified:
 - o Executive Office responsible for the coordination of the Anti-Fraud Strategy.
 - o Director of Resources as the responsible contact person for OLAF (investigations). Security Manager responsible for providing access where needed.
 - o HR unit responsible for awareness and training activities on ethics and fraud prevention.
 - o Two ethics contact points identified within the HR Unit.
- Good working relationships established with the EU Anti-Fraud Office, OLAF.

Process improvement

- Whistleblowing guidelines adopted by the Management Board in June 2015.
- Controls in the procurement and contract management process reviewed.
- Fraud included as a possible risk in the Agency's annual risk assessment exercise.
- Analysis of the IT security monitoring for fraud detection (conclusion: the existing controls and logs kept for ECHA's IT systems are highly sufficient for this purpose).
- Necessity to refer deliberate wrong company-size declarations to OLAF analysed (conclusion: except for extreme cases, the element of "intent", necessary to talk about fraud can mostly not be proven. The SME verification process has been revised and intensified however).
- Update of the Information Management and Security Policy and new Procedure for Access to ECHA Information adopted in 2016.
- Guidance in post-employment conditions for staff adopted in 2015. Joint Committee on post-employment established and regularly consulted before conditions are imposed with regard to new employment of ex-ECHA staff members.