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ECHA Anti-Fraud Strategy

1. Strategy

The ECHA Anti-Fraud Strategy is intended to provide a framework for addressing the issue of fraud in the Agency. Based on the results of the risk-assessment (chapter 3) and available resources (chapter 4), the general objectives have been adapted to the specific context of ECHA.

In line with OLAF's guidance, the strategy takes into account the principle of proportionality, according to which the achievement of the strategy should not require disproportionate and excessively expensive inputs and should not jeopardise the operational and current activities of the Agency. The main aim of the ECHA Anti-Fraud Strategy should therefore be to maintain a widespread anti-fraud culture across the Agency and its staff.

In principle, the Anti-Fraud Strategy encompasses all stages of the anti-fraud cycle, namely prevention, detection, investigation and sanctions/recovery. However, because the number of suspected fraud cases reported is extremely low and the procedures to deal with them (investigation, sanctions/recovery) are considered satisfactory, ECHA's strategy concentrates on the two first two stages (prevention and detection). This assessment may be revised should the number of fraud cases increase.

The results of the Anti-Fraud Strategy will be reported in the Annual Activity Report. The strategy will be updated whenever changes in the context of ECHA's work would require such.

Objective 1: Maintain and further develop anti-fraud culture

ECHA's Anti-Fraud Strategy gives a strong priority to awareness raising and training of staff. The desired outcome would be that a clear anti-fraud culture would be maintained and further developed in the Agency, in which staff members have a clear understanding of the types of behaviour that are unacceptable, of the channels where such fraudulent activities can be reported and of the procedures in place to detect, investigate and counteract fraud.

Action plan to achieve objective 1:

- Regular reminders/training on ethics and conflict of interest
- Regular reminders/training on information security
- Regular reminders/training on procurement and contract management
- Maintain good working relationships with key partners OLAF

Indicator: Information material made available and number of staff members trained. A periodical status report to the Management Board will be foreseen.

Objective 2: Regular review of key policies and procedures

The Agency has robust procedures in place to safeguard the security of the information entrusted to it, the independence of its scientific output and the legality of its procurement and contract management processes (see 3 main fraud risks identified). A regular review of all procedures in place in these three key areas should ensure continued high standards of implementation. ECHA's Integrated Management System (ISO 9001 certified) foresees such regular reviews as well as a strive for continual improvement.

Action plan to achieve objective 2:

- Conduct of an annual risk assessment exercise.
- Regular review of policies and procedures with regard to IT governance and information management and security.
- Regular review of access rights and the controls in place for all important IT tools.
- Regular review of the policies and procedures in the field of ethics and the prevention of conflicts of interest.
- Regular review of the policies and procedures in the field of procurement and contract management, as well as SME verification and selection and recruitment.

Indicator: Up-to-date policies and procedures including robust controls in place in all key areas. A periodical status report to the Management Board will be foreseen.

2. Background

- *Definition*

Fraud is a deliberate act of deception intended for personal gain or to cause a loss to another party.

An irregularity is an act which doesn't comply with EU rules and which has a potentially negative impact on EU financial interests, but which may be the result of genuine errors committed both by beneficiaries claiming funds and by the authorities responsible for making payments. If an irregularity is committed deliberately, however, it's fraud.

- *General context*

The EU budget is public 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 the EU policies.

The Commission has developed a Common Approach on EU decentralised agencies that provides for a set of anti-fraud measures to be put in place in the agencies. To assist the agencies in this exercise the European Anti-Fraud Office (OLAF) has developed a Methodology and guidance document for anti-fraud strategies for EU decentralised agencies. ECHA's Anti-Fraud Strategy as described below follows the methodology and templates proposed by OLAF.

- *Agency context*

ECHA is the driving force among regulatory authorities in implementing the EU's groundbreaking chemicals legislation for the benefit of human health and the environment as well as for innovation and competitiveness. ECHA helps companies to comply with the legislation, advances the safe use of chemicals, provides information on chemicals and addresses chemicals of concern.

The Agency is partly fee-financed and foresaw an expenditure budget of EUR 107.4 million in 2016. The budget is in majority implemented through administrative expenditure and the procurement of services.

The Anti-Fraud Strategy presented in this document will be updated during the course of its implementation if necessary.

3. Fraud risk assessment

In line with OLAF's Methodology and guidance for anti-fraud strategies for EU decentralised agencies, ECHA has conducted a fraud risk assessment of its main activities based on the estimated likelihood and possible impact of fraud. The assessment was performed in October 2014 and fraud has since then been integrated as a general risk in the Agency's annual risk assessment exercise. Overall - taking into account existing controls - ECHA believes that the risk of significant undetected fraud is 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 a result of this fraud risk assessment the following main fraud risks were identified within ECHA:

1. Deliberate leaking of information;
 2. Serious irregularities related to favouritism and conflicts of interest;
 3. Procurement and contract management related fraud.
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1. ECHA has over the years built up the world's largest regulatory database on chemicals. A large part of that data is made up of confidential business information (with an obvious financial value attached to it). A large amount of ECHA staff members, as well as external partners (Commission and Member States) have access to such databases. There is also a potential risk for unauthorised access and leakages via external access by contractors.
 2. ECHA has rather wide regulatory powers and can take decisions that have serious consequences for the regulated industries. Thereby, ECHA relies heavily on external experts (mainly originating from Member State authorities) for its decision-making processes. In certain fields the expertise is concentrated among a small group of experts. Certain regulatory decisions are also taken fully by ECHA staff. Private interests held by such persons or targeted favouritism may endanger the independent decision-making.
 3. ECHA has put in place highly automated processes and is therefore highly dependent on IT development. Such IT development and maintenance takes place mainly via external contractors and the procurement budget is therefore rather large. The contract management process is decentralised. Strict controls are in place, but the risk can never be reduced to zero.

4. Means and resources

The Agency has already put an extensive set of controls in place and has at its disposal the following means and resources which are engaged in tackling fraud:

Human resources:

	Units/functions	Tasks related to anti-fraud issues
1	European Court of Auditors (ECA)	The ECA acts as the Agency's external auditor.
2	Internal Audit Service (IAS)	The IAS acts as the Agency's internal auditor.
3	Internal Audit Capability (IAC)	Independent audits, which may include fraud assessments.
4	Quality and Internal Control Officer	Internal Control and Management Review.
5	Process owners	Person or role responsible for the effective and efficient functioning of the process. He/she has the necessary authority to take action or make decisions with an impact on the process performance (PRO-0008)
6	Executive Office	Coordination of ECHA's Anti-Fraud Strategy
7	Security Manager	Responsible for policy and implementation of physical security measures. Provides technical assistance for OLAF investigations.
8	Information Security Manager	Responsible for policy and implementation of information security measures.
9	Director of Information Systems	Ultimately responsible for the IT security management systems
10	IT Security Engineer	Responsible for the IT risk assessment/risk management and related IT security measures.
11	Legal Affairs Unit	Focal point for legal advice, complaints, infringements and IPR management.
12	Conflict of Interest Advisory Committee	Advisory body on matters related to (potential) conflicts of interest of individuals staffing the Agency or members of its bodies
13	Director of Resources	Responsible for the conduct of administrative inquiries and disciplinary proceedings at ECHA and central contact point for OLAF investigations.
14	Human Resources Unit	Support regarding ethical and organisational values through training and guidance.
15	Finance Unit	Ex-ante and ex-post financial controls. Include the procurement team and SME verification team. Fixed Asset management.
16	Accounting Officer	Independent Accountant of the Agency.
17	Fixed Assets Retirement Committee (FARC)	Gives opinion on the retirement of fixed assets above 5000 EUR.

Specific tools, procedures, networks:

	Tools/ procedures/network	Units involved
1	Early Warning System (EWS)	EWS is an internal alert tool, containing restricted information concerning third parties likely to represent a threat to the EU financial interests in the form of warnings.
2	ABAC Assets Database	The ABAC Assets Database is used for the inventory and management of fixed assets
3	Auditnet for Agencies	EDEO
4	Policy and Procedure on Fixed Asset Management (POL-0018 and PRO-0048)	R1, R3, IO
5	Inventory of fixed and IT assets;	R1, R3, IO
6	IPR inventory and procedure for IPR management (WIN-0151)	B2
7	Procedure on SME verification (WIN-0069 and WIN-0132)	R1
8	Code of Good Administrative Behaviour (MB/11/2008)	ExO
9	Procedure for Prevention and Management of CoI (PRO-0067) and several implementing rules (e.g. WIN-0105)	ExO, R2, B2
10	Annual (FOR-0039) and specific Declarations of Interest (FOR-0051 and FOR-00052)	ExO, R2
11	Specific declaration of confidentiality for panel members (FOR-0053);	R2
12	Guidance on gifts and hospitality (ED/159/2012)	R2
13	COM decision on outside activities and assignments applied by analogy	R2
14	Information Management and Security Policy (POL-0007)	ExO
15	Unified declarations and standard security requirements for MS and COM access to ECHA IT systems (MB decision 09/2013);	ExO
16	Use of ICT facilities policy (POL-0011)	ExO
17	Procedure on IT governance, bodies, roles and functions (PRO-0026)	Dir. I
18	Procedure on ECHA ICT Security Management System (PRO-0065)	Dir. I

19	ICT Security Handbook	Dir. I
20	Procedure on Access to ECHA information (PRO-0085)	ExO
21	IVA (Initiate, Verify, Approve) and/or four-eye principle applied in all administrative and operational processes across the Agency	All units
22	Procedures for Procurement of External Services and Supplies (PRO-0039) and for Contract Management (PRO-0040) and Handbooks on Preparation of Specifications (HAN-0016) and Evaluation of Tenders (HAN-0017)	All units
23	Implementing rules on the conduct of administrative inquiries and disciplinary proceeding (MB/12/2012 D final)	R0
24	Decision concerning terms and conditions for internal investigations in relation to the prevention of fraud, corruption and any illegal activity detrimental to the Communities' interests (MB/30/2009 final)	All staff members
25	Guidelines on whistleblowing (MB/27/2015)	All staff members