

DECISION 33/2014/GB

OF THE GOVERNING BOARD OF THE EUROPEAN POLICE COLLEGE

**ADOPTING THE EUROPEAN POLICE COLLEGE'S
ANTI-FRAUD STRATEGY**

Adopted by the Governing Board
on 12 November 2014

THE GOVERNING BOARD,

Having regard to Council Decision 2005/681/JHA of 20 September 2005 establishing the European Police College (CEPOL)¹;

Having regard to Decision 01/2014/GB of the Governing Board of the European Police College (CEPOL) adopting the Financial Regulation and repealing decision 28/2011/GB;

Whereas:

On 24 June 2011 the Commission adopted its new Anti-Fraud Strategy² (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.

The Common Approach on EU decentralised agencies stipulates that anti-fraud measures should be put in place in the agencies.

HAS DECIDED AS FOLLOWS:

Article 1

To adopt European Police College's Anti-fraud Strategy which takes into account the priorities set by the Commission within the above mentioned Common Approach on EU decentralised agencies.

Article 2

This decision shall enter into force on the day of adoption by the Governing Board. 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 does not affect relevant or sensitive parts of its content, can be decided by the Director who will inform the Governing Board accordingly.

Done in Rome, 12 November 2014

For the Governing Board

*Rossanna Farina
Chair of the Governing Board*

¹ OJ L 256, 1.10.2005, p. 63. Decision as amended by Regulation (EU) No 543/2014 (OJ L 163, 29.5.2014, p. 5)

² 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.

DOCUMENT CONTROL SHEET

Process area Agency Support Processes

Main process Internal Control

Main process owner Director

TABLE OF CONTENT

Reference	Title	Pages (from-to)
Cover	Cover Page	1
DCS	Document Control Sheet	2
Content	1. Background	4
	1.1 General Context	4
	1.2 Agency Context	4-5
	1.2.1 Internal control system and fraud reporting arrangements in place	5-6
	2. Fraud risk assessment	6-7
	3. Objectives	8
	4. Roles and Responsibilities	9
	5. Action Plan	10

Abbreviations	CEPOL	European Police College
	ICS	Internal Control Standards
	CAFS	Commission's Anti-fraud Strategy
	OLAF	European Anti-Fraud Office

Definitions

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. (source: http://ec.europa.eu/anti_fraud/investigations/report-fraud/index_en.htm)

A **whistleblower** is a member of staff, acting in good faith, who reports facts discovered in the course of or in connection with his or her duties which point to the existence of serious irregularities.

Confidentiality of identity means that the identity of the whistleblower is known to the recipient of the information, but is kept confidential vis-à-vis the person(s) potentially implicated in the serious irregularity reported and used on a strict need-to-know basis.

Anonymity refers to the situation whereby the identity of the source of the information is not known to the recipient.

Retaliation is defined as any direct or indirect action or threat of action which is unjustly detrimental to the whistleblower and resulting from the whistleblowing, including, but not limited to, harassment, discrimination, negative appraisals and acts of vindictiveness.

LOG OF ISSUES

Issue	Issue date	Change description
001	28/10/2014	First issue

1. Background

1.1 General Context

The EU budget is taxpayers' 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 bodies and the implementation of EU policies.

On 24 June 2011 the Commission adopted its new Anti-Fraud Strategy³ (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 Common Approach on EU decentralised agencies stipulated that anti-fraud measures should be put in place in the agencies.

The present strategy takes into account the priorities set by the Commission 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.

1.2 Agency Context

The European Police College (CEPOL) is an EU agency dedicated to providing training and learning opportunities to senior police officers on issues vital to the security of the European Union and its citizens.

CEPOL was set up by Council Decision 2005/681/JHA of 20 September 2005 establishing the European Police College (CEPOL) (OJ L 256/63, 1.10.2005, p. 63), as last amended by Regulation (EU) No 543/2014 (OJ L 163, 29.5.2014, p. 5) with the objective to help train senior police officers in the Member States by optimising cooperation between College's various components.

The partners and stakeholder with whom CEPOL cooperates towards achievement of its objectives are represented by bodies of the European Union in the field of law enforcement and other related areas, as well training bodies in Europe. A significant role is played by the national police training colleges – which through framework partnership agreements - implement activities from CEPOL's Work Programme.

In support of the external policies of the European Union, CEPOL works closely with Associate, Candidate, Potential Candidate, and Strategic Partners of the European Union in the area of law enforcement training.

³ 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.

The Agency handles a budget of about €8 million Euro and it is fully financed by the European Union Budget.

The budget is managed directly by CEPOL and mostly implemented through payment of staff costs, reimbursement of travel expenses, procurements of services and grant agreements.

Considering the nature of its activity and specific context in which it operates, CEPOL has a low degree of exposure to the risk of fraud.

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

1.2.1 Internal control system and fraud reporting arrangements in place

CEPOL sets out measures aiming at minimising the risks of fraud through its control system which foresees ex-ante controls, four eyes review principles for any financial transactions and ex-post controls. The financial initiation and ex-ante financial verification on each financial transaction is performed by the Finance Unit, ensuring maximum consistency.

CEPOL applies the internal control policy promoted by the Commission especially through the Internal Control Standards.

In accordance with Article 22a of Staff Regulations, any official who, in the course of or in connection with the performance of his duties, becomes aware of facts which gives rise to a presumption of the existence of possible illegal activity, including fraud or corruption, detrimental to the interests of the Communities, or of conduct relating to the discharge of professional duties which may constitute a serious failure to comply with the obligations of officials of the Communities shall without delay inform either his immediate superior or his Director-General or, if he considers it useful, the Secretary-General, or the persons in equivalent positions, or the European Anti-Fraud Office (OLAF) direct.

To underpin this requirement in the Staff Regulations, the Director adopted the Decision 019/2011/DIR on *'Reporting Suspected Improprieties'* in order to raise staff awareness on the duty to report any possible illegal activity, including fraud or corruption and to lay down whistleblowing arrangements.

The reporting procedure provides more options for the whistle blower to report both internally and externally. Thus the facts or concerns should be reported in writing to one's Head of Unit or where this is not possible, in writing to the Director.

If the staff member considers that it is useful, he/she is free to further disclose in writing the suspected impropriety to the Secretary General of the Commission, President of the Commission, or of the Court of Auditors or of the Council or of the European Parliament or to the European Ombudsman or to the European Anti-Fraud Office.

The European Anti-Fraud Office also known as OLAF (from its French name Office de Lutte Anti-Fraude) investigates fraud against the EU budget, corruption and serious misconduct within the European institutions, and develops anti-fraud policy for the European Commission.

CEPOL staff members have the possibility to report corruption and fraud to OLAF via the Internet, even anonymously. OLAF's electronic system - "Fraud Notification System" (FNS) is accessible via OLAF's website: http://ec.europa.eu/anti_fraud/index_en.html and the reporting can be done either on line, by e-mail or by post.

The protection of a person reporting a serious irregularity in good faith shall be guaranteed first of all by the fact that their identity will be treated in confidence. This means that their name will not be revealed to the person(s) potentially implicated in the alleged wrongdoings or to any other person without a strict need to know, unless the whistleblower personally authorises the disclosure of his/her identity or this is a requirement in any subsequent criminal law proceedings.

Any staff member who reports a serious irregularity, provided that this is done in good faith and in compliance with the provisions of these guidelines, shall be protected against any acts of retaliation such as harassment, discrimination, negative appraisals and acts of vindictiveness.

The protection continues to apply in cases of external disclosures, provided that the staff member honestly and reasonably believes that the information and any allegation in it are substantially true.

CEPOL shall refrain from carrying out investigations on facts liable to lead to an investigation by OLAF and communicate complete and timely information to OLAF to allow informed decisions on whether to launch investigations. CEPOL shall prepare a communication plan and draft an external communication strategy to be activated in case fraud is detected which could seriously affect CEPOL.

2. Fraud risk assessment

What constitutes fraud?

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.

The concept of fraud encompasses both internal and external misbehaviour. It covers in particular, but not only, any infringement of the financial interests of the EU as defined by the Convention on the protection of the European Communities' financial interests.⁴

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 C 316, 27.11.1995, p. 49.

It also covers misbehaviour that may not have a direct impact on the EU's financial interests, such as some cases of forgery (in CVs for example), money laundering, concealment or destruction of material facts, or breaches of IT systems. Conflicts of interests that have intentionally not been declared, favouritism and collusion also belong to the category of fraud.

Fraud risk is the probability that fraud will occur and could have a potential impact or consequence for the budget managed by the Agency or may cause reputational damage for the Agency or for the European Institutions and bodies as a whole.

CEPOL has conducted a fraud risk assessment of its main activities based on the estimated likelihood and possible impact of fraud. Taking into account the overall context and existing controls, CEPOL believes that the risk of significant undetected fraud is low. However, the following risk areas were considered (in order of perceived risk):

Internal fraud risk areas

- Misconduct
- Leaking of information

External fraud risks areas

- Breach of the Agency's IT System

CEPOL is a small sized Agency and the potential fraud risks are low. The identified internal fraud risk areas are connected to the recent CEPOL relocation context. In the recent period the staff turnover was relatively high, with new employees joining the organisation, many of them as short term interims having access to information throughout the organization. There is a risk that the information held by the Agency is used for unauthorised purposes.

The external fraud risk area is related to unauthorised intrusion to CEPOL website and E-net service. This risk has materialised during last year and since then additional security measures have been put in place by the service provider hosting the website, therefore the risk is now mitigated.

The risks identified are already mitigated by various measures taken within CEPOL including:

- a strong emphasis on ethical standards for staff during welcome upon recruitment – every staff member has to sign a declaration that they understand and have taken note of the provisions in the CEPOL Code of Conduct;
- guidance and training to staff in relation to ethics and conduct;
- whenever CEPOL is contracting external service providers to support it in its tasks, it ensures that these contractors are bound by confidentiality duties and that potential conflicts of interest are avoided. Both a confidentiality clause and a conflict of interest clause are included in all such contracts that CEPOL concludes;
- CEPOL has developed a recovery strategy based on which in the event of an unauthorized intrusion to CEPOL website and E-net, CEPOL will proceed to establishing the response and recovery measures in cooperation with the contractor/other involved parties⁵.

⁵ Business Continuity Plan (FO.BUCO.002-2)

The measures in place are considered effective to reduce such risks to an acceptable level. In addition several aspects of the current control system of CEPOL aim at the prevention and detection of fraud. Since the programme of far-reaching change was instituted by CEPOL's management in 2010 to ensure compliance with internal control standards, no fraud cases were identified and no important incident or major event affecting the internal control system took place.

CEPOL is regularly audited by the European Court of Auditors (ECA), by the Commission's Internal Audit Service (IAS) and by the Internal Audit Panel (IAP) on behalf of the Governing Board. So far no reference to a fraud suspicion was presented by the internal/external auditors.

Overall, the mitigation actions already in place offer a reasonable assurance that the risks of fraud are well managed and the likelihood kept to a low level.

3. Objectives

Taking into account the fraud risk assessment, the agency context, the control environment, the procedures in place and the mission of CEPOL, the fraud risk is very low. Nevertheless CEPOL has to remain vigilant and enhance the controls and procedures in place, therefore the following objectives were established:

Objective 1: Promote the highest level of integrity of CEPOL staff

The existence of a corporate culture which favours integrity of staff is of the highest importance in fighting fraud. With this aim it is important to have rules in place that are acknowledged and clear to everyone. Refreshment training on ethics and integrity for staff are to be implemented on a regular base. In order to minimise the risk of fraud CEPOL could introduce additional measures by requesting the external consultants/interim staff to sign declarations of conflict of interest and confidentiality.

Objective 2: Establish appropriate internal procedures for reporting and handling potential fraud cases and their outcomes

The existing internal procedures for fraud suspicion, reporting and handling need to be complemented and regularly made known to staff.

4. Roles and Responsibilities

Fraud prevention and detection is the joint responsibility of each member of staff.

Staff members are expected to be vigilant and have the duty to report without delay any known or suspected conflicts of interest, fraud, or instances of unethical or illegal behaviour.

The Corporate Services will be the lead service in relation to the overall coordination of the anti-fraud strategy of the Agency and the implementation of the action plan.

The follow-up and the monitoring of these actions will be carried out by the Internal Control Officer.

5. Action Plan

#	Objective	Actions	Responsible	Deadline
1	<i>Promote the highest level of integrity of CEPOL staff</i>	Action 1: Compulsory training on ethics and integrity for newcomers as part of their induction training.	Head of Corporate Services	Ad-hoc
		Action 2: Provide a copy of the Code of Conduct and Anti-Fraud Policy to all employees (including SNEs, interims, trainees) with their contract/ induction plan.	HR Office	Ad-hoc
		Action 3: Refreshment training on Ethics and Integrity for staff.	Head of Corporate Services	At least 1 session/year
		Action 4: Develop the policy on the prevention and management of conflicts of interest to be adopted by the Governing Board.	ICO	October 2014
		Action 5: Once the policy on the prevention and management of conflicts of interest is adopted, implement declarations of interest providing information on direct or indirect interests of relevance to the mission of CEPOL.	HR Office in cooperation with ICO	By December every year
		Action 6: Define a policy on sensitive functions in accordance with the Guidance on Sensitive Functions issued by the Commission and formally identify the sensitive functions.	ICO/Management	October 2014
		Action 7: Minimise the risk of fraud by the service providers by: <ul style="list-style-type: none"> - requiring external consultants (regardless of him/her working intra-muros or not) or interim staff to make a specific declaration of interest with regard to the worked performed for CEPOL, in case their participation has a qualitative impact on the decision-making at the Agency - requiring a declaration of confidentiality to be signed by the external consultant/interim, pending on the level of his/her access to the information across the Agency 	Line managers	Ad-hoc

#	Objective	Actions	Responsible	Deadline
2	<i>Establish appropriate internal procedures for reporting and handling potential fraud cases and their outcomes</i>	Action 1: Develop the Anti-Fraud Strategy to be adopted by the Governing Board.	ICO	October 2014
		Action 2: Report on implementation of the Anti-Fraud Strategy.	ICO	By February every year
		Action 3: Refreshment training on fraud and whistleblowing awareness for staff, as well as on OLAF's role.	Head of Corporate Services	At least 1 session/year
		Action 4: Prepare a communication plan and draft an external communication strategy to be activated in case fraud is detected which could seriously affect CEPOL.	Communication Officer in cooperation with ICO	March 2015
		Action 5: To ensure that fraud risk is assessed as part of CEPOL's risk assessment process	Management/Planning Officer	Yearly
		Action 6: To ensure that potential sensitive functions are assessed as part of CEPOL's risk assessment process. The criteria contributing to the sensitivity of a post as well as the ever-changing context in which the activities are carried out shall be given consideration. The identified risks associated with sensitive functions shall be included in the Risk Register and managed through mitigating actions/controls.	Management/Planning Officer	Yearly