

**Decision No 32 of the Management Board of the European Foundation for the Improvement of Living and Working Conditions (Eurofound) on the Anti-Fraud Strategy 2021-2023**

THE MANAGEMENT BOARD OF THE EUROPEAN FOUNDATION FOR THE IMPROVEMENT OF LIVING AND WORKING CONDITIONS (hereinafter referred to as 'Eurofound' or 'the Agency'),

Having regard to Regulation (EU) 2019/127 of 16 January 2019 establishing a European Foundation for the improvement of living and working conditions (Eurofound) and repealing Council Regulation (EEC) No 1365/75<sup>1</sup> (hereinafter referred to as 'Eurofound's Founding Regulation'), and in particular Articles 5(1) point (f), 25 and 36,

Having regard to the 'European Commission Anti-Fraud Strategy: enhanced action to protect the EU budget', COM (2019) 196,

Having regard to the Decision of the Governing Board of Eurofound adopting the Internal Control Framework of Eurofound, adopted on 16 November 2018, and in particular Internal Control Principal no.1: Integrity and Ethical Values<sup>2</sup>,

Having regard to Decision of the Bureau of Eurofound concerning the accession of Eurofound to the inter-institutional agreement of 25 May 1999 between the European Parliament, the Council and the Commission concerning internal investigations by the European Anti-Fraud Office (OLAF), adopted on 7 May 1999<sup>3</sup>,

Having regard to Decision No 12 of the Management Board of Eurofound adopting the Financial Regulation of Eurofound, adopted on 30 August 2019<sup>4</sup>,

Having regard to Eurofound's Guidelines on Whistleblowing, adopted by the Governing Board on 16 November 2018<sup>5</sup>,

Having regard to Decision No. 26 of the Management Board of Eurofound adopting rules on the prevention and management of conflicts of interests in respect of Management Board members and external experts, adopted on 16 June 2020<sup>6</sup>,

Whereas:

(1) It is essential to counter fraud and any illegal activities affecting the financial interests of the European Union in the framework of the daily activities of Eurofound involving the use of resources.

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<sup>1</sup> OJ L 30, 31.1.2019, p. 74–89.

<sup>2</sup> Internal reference GR-18-15817.

<sup>3</sup> Internal reference GR-11-24683.

<sup>4</sup> Internal reference GR-19-9417.

<sup>5</sup> Internal reference GR-18-15684.

<sup>6</sup> Internal reference GR-20-6638.

(2) In light of the above, it is appropriate to establish proportionate measures to ensure the prevention, detention, correction, deterrence, investigation and follow-up of fraud and irregularities, to counter any illegal activity affecting the financial interests of the Union.

(3) As established by the Revised Internal Control Framework of the European Commission, those measures shall constitute an anti-fraud strategy within the internal control system for improving the prevention and detection of fraud. The anti-fraud strategy shall be reviewed every three years, following the reassessment of the potential fraud risks to which the Agency is exposed.

(4) Following a review process, Eurofound's Anti-Fraud Strategy, adopted by the Governing Board on 24 October 2014, shall be replaced to reflect the current fraud prevention and mitigating actions of the Agency.

HAS ADOPTED THIS DECISION:

#### **Article 1 – Adoption**

1. The Anti-Fraud Strategy for the period of 2021-2023, as annexed to this Decision (Annex I), is hereby adopted.
2. The Executive Director of Eurofound with the support of Eurofound's Coordinator Internal Control adopts further internal measures which are necessary to implement the Action Plan of the Anti-Fraud Strategy for the period of 2021-2023 (Annex II).

#### **Article 2 – Repeal**

The Eurofound's Anti-Fraud Strategy, adopted by the Governing Board of Eurofound on the on the 24th October 2014, is hereby repealed, with effect from the date of entry into force of this Decision.

#### **Article 3 – Entry into force**

The present Decision shall enter into force on the day following that of its adoption by the Management Board. It shall be published on Eurofound's website.

Done on 6 November 2020

For the Management Board

[Aviana Bulgarelli]

The Chairperson

ANNEX I

**EUROFOUND'S  
ANTI-FRAUD STRATEGY  
2021-2023**

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## A. BACKGROUND

### 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 agencies, as well as on the implementation of EU policies.

To achieve Eurofound's objectives and sustain operational and financial performance, the Management Board of Eurofound adopted, on 16 November 2018, a new Internal Control Framework<sup>7</sup>, following the European Commission decision to move away from a purely compliance-based to a principle-based system.

On 29 April 2019, the European Commission adopted its new anti-fraud strategy<sup>8</sup>, seeking *'to equip the Commission with a stronger analytical capability for purposes of prevention and detection and with a more centralised system of oversight for its anti-fraud action'*.

Eurofound's anti-fraud strategy (hereinafter referred to as 'Strategy') -replacing the version of 2014- is aligned with the aforementioned new anti-fraud strategy of the European Commission. The Strategy and related action plan responds to a staff survey on fraud risks and takes into account the review of the period of the previous action plan.

For the purposes of this Strategy, the word 'fraud' is used as an umbrella for various types of criminal and non-criminal wrongs, including, without limiting to, VAT fraud, corruption and misappropriation affecting Eurofound's financial interests, other criminal offences affecting Eurofound's financial interests, e.g., offences linked to an abuse of procurement procedures where they affect Eurofound budget; irregularities; and serious breaches of professional obligations by staff for personal gain.

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<sup>7</sup> Internal reference GR-18-15817.

<sup>8</sup> Commission Anti-Fraud Strategy: enhanced action to protect the EU budget, COM(2019) 196, 29.04.2019, available at [https://ec.europa.eu/anti-fraud/sites/antifraud/files/2019\\_commission\\_anti\\_fraud\\_strategy\\_en.pdf](https://ec.europa.eu/anti-fraud/sites/antifraud/files/2019_commission_anti_fraud_strategy_en.pdf)

The Strategy is 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.

## 2. Eurofound specific context

Eurofound is a tripartite EU Agency, whose role is to provide knowledge in the area of social and work-related policies. Set in Dublin, Ireland, Eurofound's mission is *'to provide the Commission, other Union institutions, bodies and agencies, the Member States and the social partners with support for the purpose of shaping and implementing policies concerning the improvement of living and working conditions, devising employment policies, and promoting the dialogue between management and labour. To that end, Eurofound shall enhance and disseminate knowledge, provide evidence and services for the purpose of policy making, including research-based conclusions, and shall facilitate knowledge sharing among and between Union and national actors.'*<sup>9</sup>

Eurofound is financed by the EC for close of 100% of its revenue. The budget is implemented based on an annual work programme adopted by the Management Board. Eurofound's main partners are the Commission, Member States and social partner organisations.

Eurofound applies the internal control principles promoted by the Commission through the Internal Control Principles which are adapted to the Agency's context.

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<sup>9</sup> Article 1(2) of Regulation (EU) 2019/127 of the European Parliament and of the Council of 16 January 2019 establishing the European Foundation for the improvement of living and working conditions (Eurofound), and repealing Council Regulation (EEC) No 1365/75 (hereinafter referred to as 'Eurofound Founding Regulation'). *OJ L 30, 31.1.2019, p. 74–89.*

## B. INTRODUCTION

This Strategy generally follows the structure and content suggested by OLAF in its guidance for developing anti-fraud strategies<sup>10</sup>, as well as it is inspired in similar documents adopted by other EU agencies.

### 1. Guiding principles of Eurofound's anti-fraud strategy

Ethics and transparency are key issues in the EU institutions and bodies. This Strategy sets out Eurofound's commitment to prevent, detect and deter fraud and take appropriate actions in the event of their occurrence.

While it may not be possible to entirely prevent fraud from happening at all, Eurofound applies a 'zero tolerance' approach towards any type of fraud. The Executive Director, the staff, the members of the Management board and Advisory committees, as well as all external contractors of Eurofound must apply the highest standards of honesty and integrity in the exercise of their duties.

Once there are indications that fraud may have occurred, Eurofound will take all the adequate measures, including, if needed, termination of employment/services contracts. In all such cases, Eurofound will continue to cooperate fully with OLAF and all other EU authorities and institutions.

### 2. Results from the first anti-fraud strategy

Eurofound's former anti-fraud strategy and action plan<sup>11</sup> identified two (2) strategic objectives with eight (8) actions. These objectives and actions mainly focused on strengthening of an anti-fraud culture in Eurofound.

These objectives were pursued for most part through the:

- a) Set-up of an annual ethics month (usually November) with the aim to increase awareness amongst all staff of the practical implications of ethical values and integrity related to specific (number of) topics;

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<sup>10</sup> Methodology and guidance for anti-fraud strategies for EU decentralised agencies. Ref. Ares (2013)3560341 - 25/11/2013.

<sup>11</sup> Internal reference GR-14-22709.

- b) Launch of the Eurofound's 'Practical Guide to Staff Ethics and Conduct'<sup>12</sup>, an adaptation of the Practical Guide to Staff Ethics and Conduct used in the European Commission; and
- c) Implementation of a revised procedure for recording exceptions<sup>13</sup>.

Although the 2020 fraud risk assessment (see below) demonstrates that the current level of awareness on fraud is high within the organisation, Eurofound considers that there is still room for improvement and, therefore, that there should be a continuous effort to ensure all staff, is fully aware of the risks and the relevant mitigating controls, and of the procedures to follow in case of fraud detection.

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<sup>12</sup> Internal reference GR-17-11217.

<sup>13</sup> Office Notice 2014-01 Recording Exceptions - January 2014 (GR-14-1838).

## C. FRAUD RISK ASSESSMENT

From July to August 2020, Eurofound carried out a fraud risk assessment. The assessment was based on identifying the risks of fraud and on assessing the impact and likelihood of the identified fraud risks. Various instruments were used such as results from previous audits, staff consultation through a survey and discussions at management level. The main conclusions of the risk assessment indicate a low level of current and future level of fraud as low; no identification of risks with a high level of probability (> 50%). The level of knowledge about mitigating controls and about personal responsibility in detecting fraud can still be further improved. The perceived complexity of regulations, procedures, and processes needs to be further reduced.

## D. MEANS AND RESOURCES

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

### 1. Human Resources

Entity	Responsibility
<b>Management Board</b>	(i) Adoption of the anti-fraud strategy; and (ii) Monitoring adequate follow-up to findings and recommendations stemming from the internal or external audit reports and evaluations, as well as from investigations of the European Anti-fraud Office (OLAF) <sup>14</sup>
<b>Executive Director</b>	Preparing an anti-fraud strategy for Eurofound and presenting it to the Management Board for approval <sup>15</sup>

<sup>14</sup> Article 5(1), points f) and p) of Eurofound's Founding Regulation.

<sup>15</sup> Article 11(5), point o) of Eurofound's Founding Regulation.

<b>Authorising Officers (by delegation)</b>	Ensuring that measures to prevent and detect fraud are implemented when verifying commitment, recovery and payment orders.
<b>Coordinator Internal Control</b>	<ul style="list-style-type: none"> <li>(i) Assisting management in determining whether the organisation has adequate internal controls and a culture that fosters implementation of anti-fraud measures,</li> <li>(ii) Ensuring awareness of fraud prevention, identification and detection, and</li> <li>(iii) Cooperating with OLAF, when fraud is suspected or detected.</li> </ul>
<b>Internal Audit Function</b>	Carried out by the Internal Audit Service (IAS)
<b>Legal &amp; Internal Control Officer</b>	Setting and maintaining a compliance programme with anti-fraud related legal requirements.
<b>Organisational Support Unit</b>	<ul style="list-style-type: none"> <li>(i) Ensuring fraud-proofing of procurement procedures and</li> <li>(ii) Developing actions to prevent and detect favouritism in procurement procedures.</li> </ul>
<b>Resources Unit</b>	<ul style="list-style-type: none"> <li>(i) Developing and implementing controls to prevent and detect fraud in relation to recovery and authorising issues,</li> <li>(ii) Cooperating with the external auditors,</li> <li>(iii) Administering controls in relation to conflicts of interest involving members of the Management Board,</li> <li>(iv) Developing actions to prevent and detect fraud in relation to conflict of interest, collusion, misrepresentation, false documentation, in the context of selection procedures, recruitment and staff entitlement, and</li> </ul>

	(v) Development of the training programme on core values and ethics.
<b>Verifying Officers</b>	Ensuring that measures to prevent and detect fraud are implemented when verifying commitment, recovery and payment orders.
<b>Accounting Officer</b>	Ensuring that the responsibilities entrusted to him under Article 50 of the Financial Regulation are carried out properly and that measures are put in place to prevent and detect fraud.
<b>Research &amp; Information and Communication Units</b>	Ensuring reliability of Eurofound research material by implementing quality assurance controls and measures to detect plagiarism
<b>Project Managers</b>	Ensuring that <ul style="list-style-type: none"> <li>(i) contracts are properly evaluated and without favouritism or bias,</li> <li>(ii) all work signed off on is in accordance with the deliverables and quality specified in the contract, including the intellectual property clauses.</li> </ul>
<b>ICT Unit</b>	Ensuring that there are systems and protocols in place to protect the IT systems of Eurofound from external and internal intrusion as well as to protect data on those systems, thereby preventing fraud and improper use of information.

## 2. IT tools

IT tools
Antivirus, firewalls and similar technology
Accountancy software
Text mining tools for detecting plagiarism

### 3. Reference documents and networks

Item
Financial Regulation of Eurofound <sup>16</sup>
Staff Regulation <sup>17</sup>
Internal Control Framework <sup>18</sup>
Practical Guide to Staff Ethics and Conduct <sup>19</sup>
Guidelines on Whistleblowing <sup>20</sup>
Rules on Conflict of Interest <sup>21</sup>
Recording Exceptions <sup>22</sup>
Electronic Information Security <sup>23</sup>
Auditnet for Agencies
Inter-agencies Legal Network (IALN)
Heads of Resources Network
Heads of Agencies Network

## E. STRATEGY

Considering the screening of fraud risks, the Agency has decided to concentrate its efforts on achieving the following strategic objectives:

### 1. Objective no. 1: A strong anti-fraud culture in Eurofound through awareness raising activities

Continuation of communication and awareness raising amongst staff on fraud prevention and detention will ensure that the specific controls in force at Eurofound are known and

<sup>16</sup> Adopted by the Management Board on 30 August 2019

<sup>17</sup> Staff Regulations of Officials of the European Communities and the Conditions of Employment of Other Servants of the European Communities laid down by Council Regulation (EEC, Euratom, ECSC) No 259/68

<sup>18</sup> Internal reference GR-18-15817.

<sup>19</sup> Internal reference GR-17-11217.

<sup>20</sup> Internal reference GR-18-15684.

<sup>21</sup> Internal reference GR-20-6638.

<sup>22</sup> Internal reference GR-14-1838.

<sup>23</sup> Internal reference GR-19-1041.

effectively applied. It aims to decrease the likelihood of risks to materialise and to improve staff's ability to efficiently deal with fraud detection.

Actions to implement objective no. 1:

- Continuation of the Ethics Month focusing on the organisational culture of zero tolerance;
- Organise topical discussion sessions about risks and controls based on case examples;
- Ensure the implementation of a simple roadmap of steps-by-steps to be followed by staff in case of fraud detection;
- Create and maintain a dedicated Intranet space on the internal control framework, including on ethics.

## **2. Objective no. 2: A strong connection between internal controls and anti-fraud prevention by removing any barriers to effective implementation of controls**

Consolidation of the existing controls measures and instruments that staff have at their disposal in the most exposed fraud risk areas will help (i) detect deficiencies, (ii) improve procedures and processes in place, (iii) facilitate their implementation by staff members, enabling a more efficient compliance and reporting.

Actions to implement objective no. 2:

- Mapping controls in risk areas assessing whether they are appropriate and adequately applied;
- Where relevant remove any barriers for adequate implementation.

## ANNEX – ACTION PLAN

This action plan designed to implement the Eurofound’s Anti-Fraud Strategy covers the period from 2021 to 2024. The target dates are geared to the level of priority. When implementing the actions, Eurofound will wherever possible take advantage of synergy by cooperating with other agencies, partner DGs and OLAF.

The actions will cover all the stages of the anti-fraud cycle: prevention, detection, investigation and corrective measures.

Operational objective 1	Action	Responsible	Time frame	Indicator
<b>To further strengthen the anti-fraud culture in Eurofound through awareness raising activities</b>	Ethics Month initiative	Resources Unit - HR	Annually	Attendance of at least 95% of staff
	Topical discussion sessions about risks and controls based on case examples	Coordinator Internal Control	Annually	At least 2 sessions a year
	Implementation of a simple roadmap of steps-by-steps to be followed by staff	Legal and internal control officer	2021	Roadmap explained at general staff meeting and available on the Intranet

	Dedicated Intranet space	Coordinator Internal Control with ICT	2021	Intranet page available to all staff
<b>Operational objective 2</b>	<b>Action</b>	<b>Responsible</b>	<b>Time frame</b>	<b>Indicator</b>
<b>A strong connection between internal controls and anti-fraud prevention through mapping of controls</b>	Mapping controls assessing whether controls are appropriate and adequately applied- and where required improved- in areas such as procurement, financial circuit, recruitment, ICT security, data protection and implementing operational activities.	Coordinator Internal Control with various Units	Annually	Report of mapping by Q3