

DECISION OF THE COLLEGE OF THE EUROPEAN PUBLIC PROSECUTOR'S OFFICE OF 1 MARCH 2023

ON THE ADOPTION OF THE EUROPEAN PUBLIC PROSECUTOR'S OFFICE ('EPPO') ANTI-FRAUD STRATEGY 2023-25

The College of the European Public Prosecutor's Office (EPPO),

Having regard to Council Regulation (EU) 1939/2017 of 12 October 2017¹, implementing enhanced cooperation on the establishment of the European Public Prosecutor's Office ('EPPO'), hereinafter "the EPPO Regulation", and in particular Article 19 (4) (g) and 114 (b) thereof,

Having regard to Decision 002/2021 of the College of the European Public Prosecutor's Office on the Financial Rules applicable to the EPPO, hereinafter referred to as "EPPO's Financial Rules", and in particular Article 32 (1) (h) and Article 48 (1) (a) (v) thereof,

Having regard to Regulation (EU, Euratom) 2018/1046² of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012, and in particular Article 74(2) hereinafter referred to as "Financial Regulation", and in particular Article 74 (2),

Having regard to the Communication on the Commission Anti-fraud Strategy: enhanced action to protect the EU budget, adopted on 29 April 2019 by the European Commission.³

Having regard to the Decision 076/2021 of the College of the EPPO of 30 June 2021 on accession of the EPPO to the Interinstitutional Agreement of 25 May 1999 between the European Parliament, the Council and the Commission concerning investigations by the European Anti-Fraud Office (OLAF);

Whereas:

¹ OJ L 283, 31.10.2017, p.1-71.

² OJ L 193, 30.7.2018, p.1-222.

³ ((2019) 196 final.

In accordance with Article 19 (4) (g) of the EPPO regulation, "The Administrative Director shall be responsible for preparing an internal anti-fraud strategy for the EPPO and presenting it to the College for approval."

In accordance with Article 32 (1) (h) of the EPPO's Financial Rules, "Single Programming document", an anti-fraud strategy shall be prepared.

In accordance with Article 114 (b) of the EPPO regulation "The College, on the proposal of the European Chief Prosecutor shall adopt an anti-fraud strategy, which is proportionate to the fraud risks having regard to the cost-benefit of the measures to be implemented."

Has adopted the following decision:

Article 1

Adoption of the EPPO's Anti-fraud Strategy

The EPPO's Anti-fraud Strategy 2023-2025, as set out in the Annex to this decision, is hereby adopted.

Article 2

Entry into force

This decision shall enter into force on the date of its adoption by the College.

Done at Luxembourg, on 1 March 2023.

On behalf of the College,

Laura Codruta KÖVESI
European Chief Prosecutor



ANNEX: EPPO's Anti-Fraud Strategy 2023-2025 & Action Plan

1. Background

Definition of fraud

According to article 1 of the Convention on the protection of the European Communities' financial interests:

- "Fraud" is a deliberate act of deception intended for gain (personal or on behalf of a third party) or to cause a loss to another party.
- "Irregularity" is any infringement of a provision of Community law resulting from an act or omission by an economic operator, which has, or would have, the effect of prejudicing the general budget of the Communities or budgets managed by them, either by reducing or losing revenue accruing from own resources collected directly on behalf of the Communities, or by an unjustified item of expenditure.

Unlike fraud, an irregularity is not intentional.

The concept of fraud encompasses both internal and external misbehaviour. It does not only cover financial fraud, but also non-financial fraud. When carrying out the fraud risk assessment, risks causing damage to the image and reputation of the EPPO should be considered as well. The reputational impact could be more important than the financial damage itself.

Context

Pursuant to Articles 19(4) (g) and 114(b) of Regulation 2017/1939 establishing the EPPO mention, the College, on the proposal of the European Chief Prosecutor, shall adopt an internal anti-fraud strategy.

The EPPO adopted its first Anti-fraud Strategy for the period 2021-2022 on 7 April 2021 (College decision 20/2021).

The overall objective of the EPPO's Anti-fraud Strategy is to improve prevention, detection and the conditions for investigation of fraud, and to pursue adequate deterrence and reparation. The Anti-fraud Strategy is integrated into the broader legal framework setting the tasks of the EPPO and is necessary to ensure that the internal control systems in place adequately cover the risk of fraud.

The EPPO is responsible for the enforcement of the PIF (Protection des Interêts Financiers)⁴ Directive, which harmonizes the implementation and enforcement of criminal law across 22 participating EU Member States with respect to offences against the EU budget. The directive therefore empowers the EPPO with a mandate to fight fraud that affects the financial interests

⁴ COM (2020) 363 Final « 31st Annual Report on the protection of the European Union's financial interests-Fight against fraud-2079".

of the EU. In this regard, the EPPO is entitled to conduct investigations at Member State level (or cross-Member State), as well as investigations regarding the conduct of EU staff in European Union Institutions, Bodies, Offices and Agencies.

As for its expenditure, the EPPO directly manages its own expenses, both administrative and operational.

An essential part of the EPPO Anti-fraud Strategy is the fraud risk assessment which is carried out at least annually since 2022, and coordinated with the annual risk assessment in order to consider the existing control structure.

2. Guiding principles of EPPO's Anti-fraud Strategy

The main principles of the EPPO's Anti-fraud Strategy are based on internationally accepted ethical standards, professional integrity of the EPPO staff, zero tolerance against fraud, proportionality towards the fraud risks, cost-benefit analysis of the fraud measures to be implemented, cost-effectiveness of controls, enhanced transparency, fraud deterrence / prevention / reparation effective internal and external communication on fraud and good cooperation between internal and external stakeholders and partners.

The European Chief Prosecutor, the Members of the College, the Administrative Director, the European Delegated Prosecutors, the staff members as well as external contractors of the EPPO must act in the best interest of the EPPO and the European Union, thereby safeguarding transparency, honesty and integrity at all times.

The EPPO will not tolerate fraud. Any suspicion of fraud or irregularity shall be reported as soon as possible. Non-staff members are also encouraged to report any suspicious fraud or irregularity to the EPPO.

The EPPO shall protect against any form of retaliation⁵ the individuals who report suspected fraud or irregularity.

Malicious reporting of fraud or irregularity without evidence or reasonable suspicions with the intention of harming another person's integrity or reputation may amount to misconduct and be subject to disciplinary action.

3. Fraud risk assessment

A risk of fraud can arise, in particular, when there is a serious vulnerability in a process, a file or a document that may point to a potential fraud.

⁵ Retaliation is defined as a direct or indirect adverse administrative decision and/or action that is threatened, recommended or taken against an individual who has reported suspected fraud or irregularity that implies a significant risk to the EPPO. Retaliation involves the following three sequential elements: (i) a report of a suspected fraud or irregularity that implies a significant risk to the EPPO (i.e. is harmful to its interests, reputation, operations or governance); (ii) a direct or indirect adverse action threatened, recommended or taken following the report of such suspected wrongdoing; and (iii) a causal relationship between the report of suspected wrongdoing and the adverse action or threat thereof.

A fraud risk assessment is an essential stage of the anti-fraud strategy as it enables identifying the most important sources of potential risks. Based on this assessment, a series of control mechanisms are put in place to efficiently manage risk. The EPPO carried out a preliminary fraud risk assessment in January 2021 with 3 subsequent updates (per 30 June 2021, per 30 September 2021 & per 28 February 2022).

The fraud risk assessment was coordinated with the annual risk assessment in order to consider the existing control structure.

In addition to fraud that could stem from the standard compliance objectives (e.g. ensuring that expenditure is legal and regular), the key sources of fraud that could occur are the following⁶:

3.1. Internal Fraud:

- Asset misappropriation and embezzlement;
- Favouritism with regard to HR matters (i.e. recruitment/promotions);
- Fraud stemming from data theft or the mishandling of confidential information and breach of EPPO's IT systems (i.e. misuse of access rights);
- Conflicts of interests that have not been declared/falsely declared intentionally or accidentally or
- False cost declarations (e.g. mission expenses).

3.2. External Fraud

- Breach of EPPO's IT systems (i.e. cyber-attacks on the CMS); Espionage;
- Attempts by external parties to influence operations staff supporting investigations;
- Intentional breach of public procurement rules or provisions of procurement contracts;
- Non- declaration of bankruptcy by companies while under contract with EPPO or
- Double claiming of costs or overcharged invoices by contractors.

Therefore, robust control systems should be put in place so that any potential source of risk will be undermined and minimised to the largest extent possible. Any risk materialising in irregularity or fraud could have an important reputational damage on the EPPO.

3.3. Main IT Systems where fraud could materialize:

	Tools/ procedures/ network	Organisational Component Concerned
1.	ABAC Assets Database	Budget & Procurement Sector / IT, Security & Corporate Services Unit
2.	ABAC Workflow	Budget & Procurement Sector
3.	Sysper	HR Unit

⁶ This is not an exhaustive list. Additional sources of fraud could be added.

	Tools/ procedures/ network	Organisational Component Concerned
4.	EDES	Budget & Procurement Sector
5.	Case Management System	College, European Chief Prosecutor, European Delegated Prosecutors and Operations and College support unit
6.	MIPS	HR Unit & Budget & Procurement Sector
7.	SAP	Accounting Officer

4. Roles and Responsibilities

The EPPO has in its possession a series of means and resources to fight fraud. The main ones can be broken down in the following areas of competence:

Roles	Responsibilities and Tasks Related to Anti-Fraud
European Chief Prosecutor	<p>Sets the tone at the top by emphasizing that EPPO has zero tolerance to any kind of fraud especially as it is in contradiction to EPPO's values and objectives.</p> <p>Program the Anti-fraud Strategy regular review and update by the College.</p>
College and European Prosecutors	<p>Adopts the Anti-fraud Strategy.</p> <p>Practises the mandate to fight fraud whilst overseeing, coordinating and following up on investigations and prosecutions with European Delegated Prosecutors and Member State Authorities.</p> <p>Promotes the anti-fraud culture and encourages a high level of ethics of staff.</p> <p>Provides strategic guidance to the Administrative Director.</p>
Administrative Director	<p>Bears the overall responsibility for the implementation of the Anti-Fraud Strategy.</p> <p>Prepares the EPPO Anti-fraud Strategy and present it to the College for approval and monitors the timely implementation of the annexed action plan when adopted.</p> <p>Acts as a coordinator between the concerned Units, sectors, teams for the reporting and processing of irregularities detected and reported.</p> <p>Ensures that managers under his/her supervision implement fraud prevention, detection and response measures; and that resources needed to implement those measures are made</p>

Roles	Responsibilities and Tasks Related to Anti-Fraud
	available.
Heads of Unit/sector	<p>Promote the anti-fraud culture within their departments.</p> <p>Raise staff awareness and ensure that all suspected cases of potential fraud are promptly reported to the Administrative Director (or the College through its Chair would the Administrative Director be concerned).</p> <p>Protect the confidentiality of suspected cases of fraud reported, and ensure timely follow-up as appropriate.</p> <p>Cooperate with all other functions involved in the implementation of the Anti-fraud Strategy.</p> <p>Ensure that experts, partners, suppliers, contractors and consultants under their responsibilities are aware of EPPO Anti-fraud Strategy and its principles.</p> <p>Advise on appropriate measures to protect EPPO's interests and reputation.</p>
Operational/Financial Initiating Agents, Operational/Financial Verifying Agents, Authorising Officers by Delegation and sub-delegation	<p>Contribute to the implementation of the EPPO budget and provide assurance that expenditure is legal and regular, and in line with the principle of sound financial management.</p> <p>Report any suspected fraudulent activities within the course of executing their responsibilities to the Administrative Director (or the College through its Chair would the Administrative Director be concerned).</p> <p>Report any conflict of interest as per the workflow of financial circuits as set out in the EPPO Financial Rules.</p>
Internal Audit Capability of the EPPO	<p>Assist the European Chief Prosecutor and Administrative Director by evaluating whether the EPPO has adequate internal controls and a satisfactory control environment in place.</p> <p>Design the risk-based Internal Audit Capability Activity Plan promoting the deployment of an adequate ethics framework.</p> <p>Carry out, when part of the Internal Audit Activity Plan, internal audits on ethics to determine whether the EPPO has effectively implemented an ethics framework in line with internal standards and Staff Regulations of the EU, to ensure that the</p>

Roles	Responsibilities and Tasks Related to Anti-Fraud
	<p>ethical standards are respected by the staff.</p> <p>Report to the Administrative Director (or the College through its Chair would the Administrative Director be concerned) any suspected fraudulent activities within the EPPO that may have been identified when undertaking audit engagements.</p>
European Court of Auditors	Act as the EPPO's external auditor.
Legal Service Sector	Take on board the antifraud requirements in its legal advices.
Human Resources Unit	<p>Ensure compliance with the relevant provisions of the Staff Regulation and corresponding articles of the Conditions of Employment of other Servants of the European Communities.</p> <p>Ensure that temporary workers are aware of EPPO Anti-fraud Strategy and its principles.</p> <p>Ensure that any administrative or disciplinary measures resulting from investigations of allegations of fraud have been duly implemented.</p>
Security & Facilities Departments	Facilitate information related to physical security measures and provide technical assistance to EPPO investigations.
IT, Security & Corporate Services Unit	Design, deploy and monitor EPPO IT security and any related fraud risks.
Local Information Security Officer	Assess IT related fraud risks and report through the risk assessment process to the relevant risk register.
Accounting Officer	Monitor the proper implementation of EPPO accounting standards and report to the Administrative Director (or the College through its Chair would the Administrative Director be concerned) any suspected fraudulent activities.
Internal Control Officer	<p>Implement and monitor EPPO's Internal Control and Risk Management Frameworks.</p> <p>Monitor compliance with the action plan set out in EPPO's Anti-fraud Strategy and report on the matter to the Administrative Director.</p> <p>Provide training to EPPO staff on internal control matters / risk management / ethical and fraud protection guidelines.</p> <p>Receive training when necessary on new guidelines to properly</p>

Roles	Responsibilities and Tasks Related to Anti-Fraud
	<p>discharge the responsibilities with regards to the implementation of the Anti-fraud Strategy.</p> <p>Contribute to the drafting and maintenance of anti-fraud related processes (reporting unethical behaviours –whistleblowing– /prevention and management of conflicts of interest processing).</p> <p>Prepare fraud indicators "red-flags" lists.</p> <p>Assist the Administrative Director by determining whether EPPO has adequate internal controls and a satisfactory control environment in place considering fraud risk in every internal review and monitor compliance of internal controls set in place.</p>
Data Protection Officer	In performance of the DPO's tasks, raise awareness of potential for fraud also as relates to personal data belonging to EPPO.
Experts, partners, suppliers, contractors, consultants and temporary workers	Comply with the Anti-fraud Strategy and its principles.

5. Fraud response

Pursuant to article 45, paragraph 12 of the EPPO Financial Rules:

"in the event of any illegal activity, fraud or corruption which may harm the interests of the Union, a member of staff or other servant, including national experts seconded to the EPPO, shall inform their immediate superior, the Administrative Director, or the European Chief Prosecutor or the College of the EPPO, respectively, or, in accordance with its specific competence, the European Anti-Fraud Office. Contracts with external auditors carrying out audits of the financial management of the EPPO shall provide for an obligation of the external auditor to inform the Administrative Director or, if the latter may be involved, the College of any suspected illegal activity, fraud or corruption that may harm the interests of the Union."

The EPPO will streamline and reinforce the use of financial and/or administrative penalties, including exclusion from EU financing in the event of serious irregularities and fraud, in line with Article 88 of its Financial Rules, section 2 of Chapter 2 of Title V of Regulation (EU, Euratom) 2018/1046.

6. Review

This Anti-fraud Strategy shall be reviewed at the end of 2025 and lessons learned will be taken on board to prepare the next strategy from 2026 onwards. However, progress towards the achievement of the objectives will be monitored at least annually.

7. Strategic Objectives & Action Plan

The strategic objectives of the Anti-fraud Strategy are driven by the EPPO's priorities and values. The reputation of the Office and the public trust in the highest standards of professionalism, ethics and integrity that it follows is a key driver of the EPPO's actions. For this reason, the EPPO needs to set certain objectives to counter fraud at all levels of the organisation and thus reinforce the public trust in its activities. These objectives aim at encompassing all stages of the anti-fraud cycle: prevention, detection, investigation, recovery and sanction.

Strategic objective 1:

Promote a robust anti-fraud culture, as well as encouraging high ethical standards in line with the activities of the EPPO

Action Plan:

- 1.1 Ensure that its rules and ethical values are properly and regularly communicated from the highest levels to its entire staff.
- 1.2 Raise awareness, organize trainings, and encourage participation of staff at any level to get involved in anti-fraud practices.
- 1.3 Organise training and awareness activities regarding EPPO's security classification.

Key Performance Indicators:

- At least internal ten (10) internal awareness raising initiatives per year on ethics/anti-fraud related topics.
- All statutory staff, Seconded National Experts, temporary workers have completed relevant mandatory trainings and/or activities related to ethics and fraud within 3 months of their on-boarding.

Strategic objective 2:

Clarify roles and functions in relation to fraud risks

Action Plan:

- 2.1 Organize dedicated sessions with EPPO concerned staff to inform them on their specific Anti-fraud Policy responsibilities (Heads of Unit/sector/team, Operational/Financial Initiating Agents, Operational/Financial Verifying Agents, Authorising Officers by Delegation and sub-delegations, Authorising Officer, Accounting Officer, Data Protection Officer, Local Information Security Officer and Internal Audit Officer).
- 2.2 Establish 'Ethics/anti-fraud contact point(s)' for staff and provide training on their responsibilities.

2.3 Establish and regularly update an Intranet component on EPPO Anti-fraud Policy and its implementation.

2.4 Draft the Annual Activity Report and the Single Programming Document, which should contain information on fraud prevention as part of the assessment of the internal control systems.

Key Performance Indicators:

- Organize at least five (5) sessions per year with EPPO concerned staff to inform them of their specific Anti-fraud Policy responsibilities.
- Concerned staff participation to at least one (1) session by the end of 2023 or within six (6) months of significant changes defined by the Internal Control Officer.

Strategic objective 3:

Put in place procedures and processes for fraud prevention and detection purposes

Action Plan:

- 3.1 Set up a system for internal reporting of suspected fraud and irregularities.
- 3.2 Carry out an annual fraud risk assessment as part of the annual risk assessment process.
- 3.3 Develop guidelines for declaring and managing conflicts of interest specifying the scope of interests to be declared and incompatibilities with duties. The guidelines should be applicable to all EPPO staff (specifying coverage requirements for NEDPAS, SNEs, interims and contractors).
- 3.4 Develop ethics guidelines with a dedicated focus on anti-fraud.
- 3.5 Draft whistleblowing and anti-retaliation guidelines.

Key Performance Indicators:

- Develop and publish a dedicated procedure for reporting suspected fraud and irregularities (including whistleblowing and anti-retaliation guidelines) by 31 December 2023.
- Report at least annually to the Administrative Director on the results of the annual fraud risk assessment.
- Develop and publish a policy on prevention and management of conflicts of interest by 31 December 2023.

Action Plan

	Category (Prevention/Detection)	Responsible Entity
Strategic objective 1: Promote a robust anti-fraud and culture, as well as encouraging high ethical standards in line with the activities of the EPPO		

	Category (Prevention/Detection)	Responsible Entity
1.1 Ensure that its rules and ethical values are properly and regularly communicated from the highest levels to its entire staff.	Prevention	Communication Sector/ HR Unit/ Internal Control Officer
1.2 Raise awareness, organize trainings and encourage participation of staff at any level to get involved in anti- fraud practices.	Prevention	Internal Control Officer/ HR Unit
1.3 Organise training and awareness activities regarding EPPO's security classification.	Prevention	Information Security Officer
Strategic objective 2: Clarify roles and functions in relation to fraud risks		
2.1 Organize dedicated sessions with EPPO concerned staff to inform them on their specific Anti-fraud Policy responsibilities (Heads of Unit/sector/team, Operational/Financial Initiating Agents, Operational/Financial Verifying Agents, Authorising Officers by Delegation and sub-delegations, Authorising Officer, Accounting Officer, Data Protection Officer, Local Information Security Officer and Internal Audit Officer).	Prevention	Communication Sector/ HR Unit/ Internal Control Officer
2.2 Establish 'Ethics/anti-fraud contact point(s)' for staff and provide training on their responsibilities.	Prevention	Administrative Director / Internal Control Officer / HR Unit
2.3 Establish and regularly update an Intranet component on EPPO Anti-fraud Policy and its implementation.	Prevention	Communication Sector/ HR Unit

	Category (Prevention/Detection)	Responsible Entity
2.4 Draft the Annual Activity Report and the Single Programming Document, which should contain information on fraud prevention as part of the assessment of the internal control systems.	Prevention	Administrative Director / Planning, Monitoring and Quality Officer
Strategic objective 3: Put in place procedures and processes for fraud for prevention and detection purposes		
3.1 Set up a system for internal reporting of suspected fraud and irregularities.	Detection	Internal Control Officer Internal Audit Capability Legal Counsel
3.2 Carry out an annual fraud risk assessment as part of the annual risk assessment process.	Prevention	Internal Control Officer
3.3 Develop guidelines for declaring and managing conflicts of interest specifying the scope of interests to be declared and incompatibilities with duties. The guidelines should be applicable to all EPPO staff (specifying coverage requirements for NEDPAS, SNEs, interims and contractors).	Prevention	Internal Control Officer Legal Counsel
3.4 Develop ethics guidelines with a dedicated focus on anti-fraud.	Prevention	HR Unit / Internal Control Officer
3.5 Draft whistleblowing and anti-retaliation guidelines.	Prevention	Administrative Director / Internal Control Officer / Internal Audit Capability / Legal Counsel