European
Global Navigation
Satellite Systems
Agency

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European GNSS Agency

41st meeting of the Administrative Board

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GSA Anti-Fraud Strategy and Action Plan

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I - Background

1. General context

The European Union (EU) budget represents taxpayers' money to be spent only for implementing the policies approved by the EU legislator. Fraud involving EU funds has a particularly negative impact on the reputation of the EU institutions and on the implementation of EU policies (ref. Annex 1).

On 24 June 2011 the European Commission (EC) adopted its new Anti-Fraud Strategy[1] (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 needs to be performed 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 Commission has also developed a Common Approach on EU decentralised agencies[2] that requires a set of anti-fraud measures to be put in place in the agencies.

Pursuant to article 8(t) of Regulation (EU) No 512/2014 of the European Parliament and of the Council of 16 April 2014 amending Regulation (EU) No 912/2010 setting up the European GNSS Agency (GSA) the Executive Director of the GSA shall draw up an anti-fraud strategy for the Agency and submit it to the Administrative Board for approval.

The present strategy (the "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 conflicts of interests;

- Developing anti-fraud activities especially through prevention, detection, awareness raising and closer cooperation with OLAF.

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

The main rules and anti-fraud measures recommended and linked to the policy of the partner DG Enterprise are also duly addressed in this strategy.

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 its core content, can be decided by the Executive Director of the GSA who shall inform the Administrative Board as the case may be.

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[1] 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.

[2] http://ec.europa.eu/commission_2010-2014/sefcovic/documents/120719_agencies_common_appr_en.pdf

2. GSA context

The GSA works in the area of Global Navigation Satellite Systems (GNSS), in particular EGNOS and Galileo[3]. Its mission is focused mainly on the exploitation, security and market development of these systems.

The aim of the Galileo programme is to establish and operate the first global satellite navigation and positioning infrastructure specifically designed for civilian purposes, which can be used by a variety of public and private actors in Europe and worldwide. The system established under the Galileo programme functions independently of other existing or potential systems, thus contributing amongst other things to the strategic autonomy of the European Union, as emphasised by the European Parliament and the Council.

The objective of the EGNOS programme is to improve the quality of open signals from existing GNSS as well as those from the open service offered by the system established under the Galileo programme, when they become available. The services provided by the EGNOS programme should cover, as a priority, the Member States' territories geographically located in Europe, including for this purpose the Azores, the Canary Islands and Madeira.

The GSA's tasks related to the exploitation of these systems are implemented by the Agency with support of external contractors selected by the GSA following procurement procedures and using EU budget.

Among the Galileo services the GSA will also develop the Public Regulated Service (PRS) which is an encrypted navigation service designed to be more resistant to 'jamming', involuntary interference and 'spoofing'. PRS is primarily intended for use by EU Member State government agencies, including emergency services and police. Access to PRS will be controlled through an encryption key system approved by Member States' governments.

The GSA is also responsible for the security accreditation of the European GNSS systems, i.e. to verify the compliance within the applicable security rules and regulations established by the Council and the EC. An autonomous Security Accreditation Board (SAB) has been established within the GSA, as one of its three official internal bodies, with powers to act independently of the authorities in charge of the programmes, i.e. the EC, the European Space Agency (ESA) and the rest of the GSA.

Another important task of the GSA is market development, consisting in the promotion and marketing of the systems, involving the entire value chain on the supply side, from the provision of satellite signals ('upstream') to the component segment (chipsets, antennae, receivers), system integrators (product equipment, hardware) to value-added services (content providers). A dynamic growth of the market is predicted, providing promising prospects for a multi-constellation GNSS including Europe's Galileo system.

This task is also implemented through contracts and grants, financed from EU budget.

A peculiarity of the GSA is to manage offices and operational centers in Member States (MS) different from the Czech Republic, where its headquarters are based. In particular, the Galileo Security Monitoring Centre based in France and the UK undertakes the mission of Galileo Security Monitoring, management of the PRS access on system level, implementation of "Joint Action" instructions upon decision of the Council (in the event of an EU, MS or system operation security threat) and provision of PRS and Galileo security expertise and analysis.

Beside all the horizontal administrative tasks that the GSA performs in support of the development of the programmes the Agency is also responsible for the communication of those activities, which represents a crucial task considering the importance and global impact of the programmes.
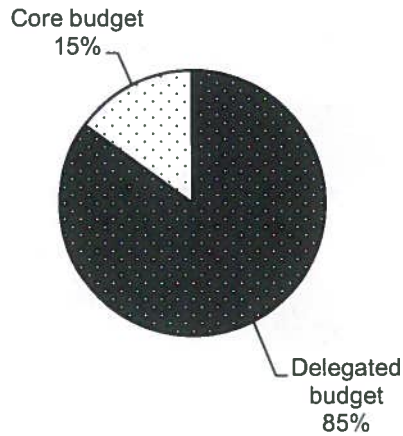
As the use of satellite-based navigation systems continues to expand, and the European GNSS programmes development represents an important challenge and opportunity for growth, the implications of potential frauds are relevant and the related risks need to be duly limited.

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[3] REGULATION (EU) No 1285/2013 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 11 December 2013 on the implementation and exploitation of European satellite navigation systems and repealing Council Regulation (EC) No 876/2002 and Regulation (EC) No 683/2008 of the European Parliament and of the Council
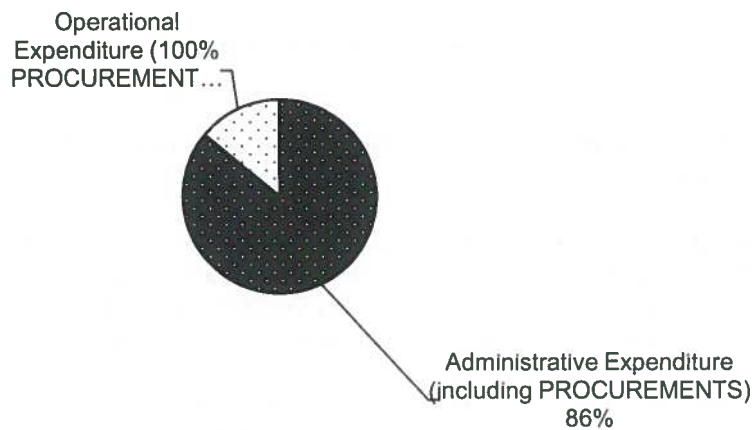
The GSA is financed by the European Union budget.

Its 2014 core budget of around 25 million Euro is estimated to increase up to around 31 million Euro in 2020[4].

GSA global budget implementation in 2013:

Core budget
15%

Delegated
budget
85%

GSA core budget implementation in 2013:

Operational
Expenditure (100%
PROCUREMENT...

Administrative Expenditure
(including PROCUREMENTS)
86%

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[4] Ref. REGULATION (EU) No 512/2014 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 16 April 2014 amending Regulation (EU) No 912/2010 setting up the European GNSS Agency

GSA delegated budget implementation in 2013:
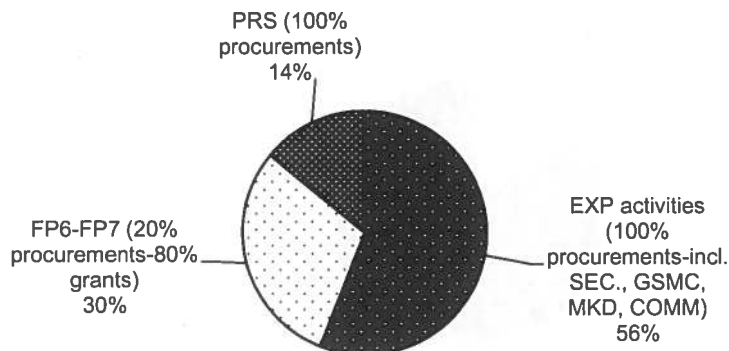
In the next years the GSA budget is expected to continue to be largely implemented through procurements and grants.

The Agency's staff employed in the year 2014 was 96. This figure is expected to increase up to 120 temporary staff members in 2020[5].

The main partners of the GSA are the European Commission and the Member States which exercise decisional powers at the GSA Administrative Board and at the SAB. Other GSA partners are external, mainly the European Parliament, the European External Actions Service, the European Space Agency, external experts and service providers, space industry and grants beneficiaries, involved in research and development.

The space industry is a niche sector with a high barrier to entry, reinforcing a natural tendency towards vertical integration. It is also heavily dependent from public funding and deeply influenced by governments and other political actors. Consequently, from the fraud risk perspective the GSA is confronted with the oligopolistic situation related to few economic operators participating in important tenders, in particular the GNSS service provision and operation tenders.

3. Fraud risk assessment

The GSA has performed a fraud risk assessment[6], through the collection of specific information from its relevant departments. Its aim was for them to identify the fraud risks to which, in their opinion, the GSA is exposed and subsequently to address these risks in the framework of this Strategy. The outcome of the exercise has been

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[5] Figures from Authorised establishment plan – ref. Communication from the European Commission to the European Parliament and the Council on Programming of human and financial resources for decentralised agencies 2014-2020, Brussels 10.07.2013-COM(2013)519 Final

[6]https://intranet.gsa.europa.eu/finance/Internal%20Control%20Documents/Forms/AllItems.aspx?InitialTabId=Ribbon%2EDocument&VisibilityContext=WSSTabPersistence

shared between contributors. It has also been integrated with a screening of the Internal Control Standards in place and the analysis of relevant audit documents.

The main findings of the fraud risk assessment can be summarised as follows:

Main types of fraud risks
1. Favouritism, conflicts of interests, collusion and corruption.
2. Falsification of documents
3. Embezzlement

All these risks can be qualified as internal or external to the GSA, depending from the actors implementing the fraud.

They are related in general to the activity of various Departments, with specificities linked to their individual tasks.

3.1. Favouritism, conflict of interests, collusion and corruption

3.1.1 Favouritism

Favouritism is mostly related to recruitment procedures: in particular, the majority of Departments reported the risk of recruitment of not qualified people, or recruitment which was not needed.

Contract and grants awards: favouritism can also take place when contractors or beneficiaries are chosen as subjects linked to the staff members by special relationship.

3.1.2 Conflicts of interests

Conflicts of interests can arise in those situations where the impartial and objective exercise of the functions is compromised for reasons involving other interests. In particular, divided loyalties and self-interests of any kind create the danger of skewed advice. In addition, this can involve situations where external consultants submit bids for the tenders on which they previously provided expertise services. Conflicts of interests may also be linked to GSA staff in case they have an economic interest or any other shared interest with a recipient. It can happen for example when the staff member still keeps a shared interest with his/her previous private employer.

3.1.3 Collusion

Collusion can arise in particular during procurement procedures involving space industry when rival companies cooperate for their mutual benefit limiting competition, dividing market or setting prices.

3.1.4 Corruption

Corruption it can happen when power is abused during procedures awarding contracts or grant agreements. It can also occur during recruitment procedures and selection of external experts or projects reviewers. In all these cases the subject who exercises the power does it in exchange of a personal profit. Corruption can be combined with favouritism and conflicts of interests.

3.2. Falsification of documents

Falsification refers, among others, to:

- False deliverables of contracts and grant agreements, with related false declarations of costs: this can have a high operational, financial and reputational impact, especially in the case of crucial systems implementation tasks.

- False CVs of candidates to recruitment procedures, of external experts and of tenderers.

- False timesheets of experts.

3.3. Embezzlement

Embezzlement is a misappropriation of funds entrusted to a fund manager and can consist *inter alia* in:

- Overcharged invoicing to cover work done in the dwelling of a staff member.

- Uncontrolled inventory shrinkage.

- Selling data from the database maintained by the GSA for own profit.

4. *Means and resources*

The GSA has at its disposal means and resources which are engaged in tackling fraud.

The main resources are:

	Departments/functions	Tasks related to anti-fraud issues
1	EGNOS and Galileo Exploitation	Identify risks linked to potential collusion or conflicts of interest involving the GSA's stakeholders, staff or contractors; develop actions for prevention and detection purposes linked to favouritism in procedures and award of grants and contracts.
2	Internal Security	Support the HR Department to enhance fraud awareness through efficient and targeted communication.
3	Internal audit function (currently IAS)	Cooperation of all Departments with the internal audit function on Anti-fraud issues.
4	Legal and Procurement	Ensure fraud-proofing in legal documents binding the contractors/beneficiaries/candidates vis-à-vis the GSA, in particular performing legal anti-fraud checks and following procedures and best practices during the implementation of tendering process and management of contracts. Centralising the legal implementation of all recovery/sanctioning issues. Support the HR Department to enhance fraud awareness through efficient and targeted communication. Support the other Departments in identifying risks linked to potential collusion or conflicts of interest involving the GSA's stakeholders, staff or contractors. Ensuring due LEG involvement in GSA purchasing across all Agency activities. Training GSA staff. Ensuring COI declarations in all procurements and other activities as deemed appropriate.

5	Human resources	Develop actions for prevention and detection purposes linked to favouritism in employment procedures and contracts. Enhance fraud awareness through efficient and targeted communication. Set and maintain a high level of ethics in line with the activities of the GSA.
6	Accounting	Recovery and Sanctions
7	Finance / Internal Control	Finance: Centralising the financial implementation of all recovery/sanctioning issues (after decision by AO following LEG vetting). Internal Control: Internal control coordination, including monitoring of the implementation of the Anti-fraud Action Plan and contribution to enhance fraud awareness through efficient and targeted communication. Enhance anti-fraud skills by improving and developing supporting tools and guidance, in particular within the external audit activity. Support the other Departments in identifying risks linked to potential collusion or conflicts of interest involving the GSA's stakeholders, staff or contractors. Both Finance and Internal Control: Ensuring due LEG involvement in GSA purchasing across all Agency activities.
8	Communication	Support the HR to enhance fraud awareness through efficient and targeted communication.
11	Market Development	Identify risks linked to potential collusion or conflicts of interest involving the GSA's stakeholders, staff or contractors. Develop actions for prevention and detection purposes linked to favouritism in procedures and award of grants and contracts. Support HR to enhance fraud awareness through efficient and targeted communication.
9	Security	Identify risks linked to potential collusion or conflicts of interest involving the GSA's stakeholders, staff or contractors. Develop actions for prevention and detection purposes linked to favouritism in procedures and award of grants and contracts.
10	GSMC	Identify risks linked to potential collusion or conflicts of interest involving the GSA's stakeholders, staff or contractors. Develop actions for prevention and detection purposes linked to favouritism in procedures and award of grants and contracts.
12	ICT and logistics	Enhance measures to monitor GSA inventory and invoicing linked to works. Develop actions for prevention and detection purposes linked to favouritism in procedures and award of grants and contracts. Support the HR Department actions.

Human resources, distributed as follows:

	IT tools	Units involved
1	Accountancy software	Accountant
2	EWS	Finance/LEG
3	PDM	Finance
4	Gift and Hospitality Register	Finance –Internal Control Coordinator (ICC)
5	Whistleblowing on-line reporting tool	OLAF

Specific procedures, networks, etc.:

	Units/functions	Units involved
1	Auditnet for Agencies	Internal Control
2	Inter-agencies legal network (IALN)	Legal and Procurement
3	Heads of Administration network	Finance, HR and/or others (Head of Administration)
4	Agency Directors network	Executive Director

II – STRATEGY

Taking into account the screening of fraud risks, both internally and externally with its partners, the GSA has decided to concentrate its efforts on achieving the following strategic objectives, covering the whole cycle of fraud prevention, detection, investigation, recovery and sanction.

Objective 1:	Enhance fraud awareness through efficient and targeted communication

HR (with help of LEG, FIN, COMM –IT if needed) to organise awareness raising communication covering fraud risks, prevention, detection, correction.

Target audience shall initially be GSA staff (with representatives from all departments), followed by new recruits and GSA's external partners (contractors, beneficiaries, experts etc).

Support from Commission's experience may be sought.

Objective 2:	Enhance anti-fraud skills by improving and developing supporting tools and guidance

The following tools and guidance to support this Strategy's implementation by Staff "in practice" shall be considered:

- active use of the Early Warning System (EWS), signalling legal entities and individuals as soon as suspicions arise, and following-up on flags nearing expiration;

- possibility to accede to European inquiry tools to prevent fraud (e.g. Pluto, an auditing and investigation system using analytical tools and information on fraud indicators, Daisy, a tool to identify (fraud) risks in EU-funded projects, Arachne, in the field of shared management, a tool for Member States' use by DG EMPL and DG REGIO, Urkund for the prevention of plagiarism on grants);

- Commission Guidelines on whistleblowing, as an additional (bottom up) tool to identify potential fraud/conflicts of interests;

- Common Anti-fraud Strategy of the Research Family (RAFS) to counter the risk of fraud within activities financed by EC Research Framework Programmes.

Objective 3:	To set and maintain a high level of ethics in the GSA

A strong ethical culture is considered an absolute must in the GSA. Fraud prevention needs to be accompanied by a culture of integrity and service to the common interest, ensuring a solid reputation for the GSA and trust in the programmes it develops. The impact the GSA aims to reach is to set a high level of ethics to be followed by its entire staff in their daily work. Codes of ethics shall in particular raise awareness on conflicts of interest, their prevention, detection/identification and correction.

The specific action taken by the GSA to reach this objective is the set-up of policies and procedures for declaring, assessing and managing conflicts of interests, both internal and external, e.g. in case of consultants then applying as tenderers. This follows a recommendation by the Court of Auditors addressed to all EU institutions and decentralised bodies, in its Special Report on the Management of Conflicts of Interests in selected EU agencies[7], as well as general guidelines provided by the Commission to all decentralised agencies.

Objective 4:	To ensure fraud-proofing in legal documents binding the tenderers/contractors/beneficiaries/candidates vis-à-vis the GSA

Tasks of the GSA involving legal documents with tenderers/contractors/beneficiaries/candidates require due verification with particular attention on risks of fraud.

In particular, this objective shall impact the three main areas where legal documents are submitted by external partners: calls for tenders and contracts, calls for proposals and grant agreements, as well as recruitment procedures. In all those areas special attention must be raised in particular within LEG regarding checks and preventive measures.

Objective 5:	To identify risks linked to potential collusion or conflicts of interest involving the GSA's stakeholders, staff or contractors

The activity of the GSA requires high care in the identification of risks linked to potential collusion or conflicts of interest involving the GSA's stakeholders, staff or contractors.

Particular monitoring is envisaged on stakeholders involved in particular in tender procedures and contracts for the exploitation of the GNSS programmes, security, market development and expert services.

Emphasis is to be put on internal staff's potential conflict of interests, e.g. through declarations.

Contract management shall also focus on anti-fraud, potentially further down the supply chain.

Objective 6:	To improve prevention and detection of favouritism in award of grants and procurement contracts

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[7] European Court of Auditors' Special Report n.15 of 2012

Three actions to reach this objective: (i) ensuring a turnover of selection committee members; (ii) proactively raising checks on regularity of award of grants and contracts where appropriate; (iii) better coordination with other granting authorities, such as the Commission or other agencies in similar fields of activity.

Objective 7:	To improve prevention and detection of favouritism in recruitment procedures and employment contracts

Selection panels shall rotate and suit with the post profile. Proactive raising of checks on regularity of selection and employment contract in all stages of the process.

Objective 8:	Enhance measures to monitor GSA inventory and invoicing linked to works

- Inventory monitoring to be enhanced and streamlined throughout all GSA offices.

- Invoicing on works to be strictly linked to activities contractually agreed and actually performed.

- Regular audits to specifically address these points in ICT & Logistics Department.

  The impact is to limit as much as possible the risk of internal and external fraud on both inventory report and works invoicing.

Objective 9:	Ensure due application of the rules regarding recovery and sanctions

Fraud detection to be systematically followed upon, where appropriate through recovery and sanctions.

Objective 10:	Review exception procedure for possible improvements and ensure systematic follow up on exceptions

Exception procedure must track down deviations from applicable rules, identifying such rules, describing the deviation (ex ante / ex post), analysing its root cause, assessing the risk (with particular attention on detecting fraud) and recommending measures/action to prevent repeating them, before being acknowledged by authorising officer.

Exceptions recorded in any year shall be reviewed annually with the respective process owners, documenting lessons learnt and action list.

III - ACTION PLAN

This action plan designed to implement the GSA Anti-Fraud Strategy covers the period from 2015 to 2017. The target dates are geared to the level of priority. When implementing the actions the GSA will wherever possible take advantage of synergy by cooperating with other agencies and by sharing best practices with external partners (Commission, in particular DG Grow, OLAF, Member States, contractors / beneficiaries etc.).

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

Operational objective 1	Priority: Enhance fraud awareness through efficient and targeted communication			
	Prevention measures	Unit in charge	Deadline	Indicator
Action	Adequately advertise the **Anti-fraud Strategy (AFS) on intranet**	ICC-COMM-ICT	March 2015	AFS published on intranet
Action	Set-up and keep updated **Anti-fraud intranet page** (Share Point) with all fraud related procedures and relevant documents, presentations etc.	ICC-ICT	Continuous	Fraud related intranet page (Share Point) up-to-date
Action	Develop and provide **fraud awareness trainings** with inputs from OLAF. Include Decision GSA AB 08-06-16-03 rev.1 on Internal Investigations and application of penalties foreseen in grant agreements. Request from training participants that they debrief their colleagues in their next unit meeting. Special attention to fraud awareness and ethics in **training for newcomers.**	HR-ICC + FIN & LEG (OLAF)	1 x year Regular newcomers trainings	Number of training sessions with % attendance of: - 50% staff for general fraud awareness trainings - 80% staff for newcomers trainings.
Action	**Keep the Fraud Risk Assessment of the GSA updated** to better target and monitor training.	ICC-all other Departments	Continuous	Map of the GSA fraud risks per area of activity Assessment)
Action	Draft an **external communication strategy** to be activated in case of fraud is detected which could seriously harm the GSA's reputation.	ICT	April 2015	Strategy adopted
Action	Include a **declaration on the GSA's zero tolerance towards fraud** in seminars for external partners	All concerned Departments-FIN(ICC)	Continuous	

	Priority: Enhance anti-fraud skills by improving and developing supporting TOOLS and GUIDANCE			
Operational objective 2	**Prevention measures**	**Unit in charge**	**Deadline**	**Indicator**
Action	Set-up and publish on intranet a list of **GSA red flags, tailored on the base of red flags identified by OLAF**. These red flags will be used as ex-ante sampling criteria for more targeted risk based ex-ante controls.	ICC	June 2015	List published on Intranet
Action	Promote the use of the Early Warning System **(EWS)** within the GSA.	FIN	Continuous	N. of GSA flaggings/year
Action	Set-up an ex-post **audit** programme for fraud risk-based audits for grants.	FIN	June 2015	Set-up of ex-post audit programme
Action	To perform the **risk-based audits** foreseen in 2015 according to the specific ex-post audit programme (as mentioned in the previous action), especially focusing on plagiarism and double-funding and taking into account potential fraud cases.	FIN	End 2015	Expected result: 40% "success rate" in: - grants: detection of cost overstatements > 50% for 50% of the risk-based ex-post audits.
Action	Improve access to **existing audit reports** and to the list of beneficiaries under **reinforced monitoring** on a "need to know" basis as tools for ex-ante controls.	FIN	Continuous	
Action	Investigate on possibility to accede **European inquiry tools** to prevent fraud (Pluto, Daisy, Arachne etc.)	FIN/ICC	June 2015	Outcome of the investigation
Action	Investigate on possibility to permanently use the Urkund system in test phase to prevent plagiarism.	MKD	June 2015	Outcome of the investigation
Action	Investigate on possibility to sign the Common Anti-fraud Strategy of the Research Family (RAFS).	ICC- MKD	June 2015	Outcome of the investigation
Action	Monitor the **implementation of the AFS** and **review** it at least every three years	FIN	March 2017 or before if necessary	Annual implementation report as part of the AAR
Action	Publish in Share Point the Commission's Guidelines on **Whistleblowing.**	FIN (ICC)	April 2015	Distribution and publication of EC Guidelines, including OLAF link to report fraud

Operational objective 3	Priority: To set and maintain a high level of ethics in the GSA			
	Prevention measures	**Unit in charge**	**Deadline**	**Indicator**
Action	To make an **ethics risk assessment** in view of identifying risky posts and define target audience	HR	June 2015	Risk mapping
Action	To establish a Code of Conduct or any equivalent Code on Ethics for the GSA	HR	June 2015	Code of Conduct/Ethics
Action	To monitor the **ethics framework** and the effectiveness of ethics related controls	HR	June 2015	Regular ethics surveys
Action	To ensure that the rules applicable to **post-GSA employment** by staff are well known and strictly respected	HR	June 2015	Note to the GSA Heads of Departments
Action	Assess effectiveness of existing measures taken to avoid **information leaks**	LSO	June 2015	Conclusions and action plan
Action	Set-up of policies and procedures for declaring, assessing and managing **conflicts of interests**	LEG-All Departments	March 2015	Guidance published on intranet
Action	-Boost **cooperation** with Commission services, in particular DG Grow and OLAF -Consultation on possible establishment of an **Anti-fraud team** in the GSA.	ICC	Continuous Early 2015	Report on the conclusion of the consultation

Operational Objective 4	Priority: To ensure fraud-proofing in legal documents binding the contractors/beneficiaries/candidates vis-à-vis the GSA			
	Detection measures	Unit in charge	Deadline	Indicator
Action	To regularly consult the **EWS** within the GSA and follow the procedure foreseen in Decision GSA AB 08-06-16-03 rev.1 on Internal Investigations if any risk of fraud is detected.	All Departments managing legal documents	Continuous	N. of fraud risks detected by the Departments per year
Action	Devise on fraud detection measures in connection with legal documents submitted in procurement; share experience.	LEG	Continuous	N. of investigations implemented by the Department per year
Action	Put in place fraud detection measures when a **report or timesheet** not compliant with the GSA requirements is submitted during a **contract or grant implementation.**	Operational Departments	End 2015	N. of investigations implemented by the Departments per year
Action	Put in place fraud detection measures when a **legal document** not compliant with the GSA/national authorities' requirements is submitted during a **recruitment procedure.**	HR	End 2015	N. of detection measures implemented by the Department per year

Operational Objective 5	Priority: To identify risks linked to potential collusion or conflicts of interest involving the GSA stakeholders, staff or contractors			
	Prevention/Detection measures	Unit in charge	Deadline	Indicator
Action	Identification/prevention of **staff's potential conflict of interests**, upon internal request during a tender or recruitment procedure.	HR - LEG	Continuous	N. of investigations implemented per year / COI declarations
Action	Managing/monitoring contract implementation with special attention to detecting fraud, potentially including in authorising/monitoring subcontractors.	LEG-Operational Departments	June 2015	Attention drawn on such review in contract management.

Operational Objective 6	Priority: To improve prevention and detection of favouritism in award of grants and procurement contracts			
	Prevention/Detection/investigation measures	Unit in charge	Deadline	Indicator
Action	Ensure a **turnover of members of selection and evaluation committees** and investigate when it would not happen.	LEG-HR	Continuous	N. of investigations implemented per year
Action	Adopt a **proactive attitude** regarding raising the need of checks on regularity of a **specific award of grant or contract** in all stages of the procedures.	All Departments	Continuous	Consider integrating anti-fraud components in relevant check lists
Action	Consider improve **coordination** with other granting authorities, such as the Commission or other agencies in the similar fields of activity.	FIN-LEG	End 2016	Coordination implemented where/if appropriate. Actions where/if appropriate

Operational Objective 7	Priority: To improve prevention and detection of favouritism in recruitment procedures and employment contracts			
	Prevention/Detection/investigation measures	Unit in charge	Deadline	Indicator
Action	Ensure a **turnover of members of selection/evaluation committees and** investigate when it does not happen.	LEG-HR	Continuous	N. of investigations implemented per year
Action	Adopt a **proactive attitude** regarding raising the need of checks on regularity of a specific **selection or employment contract** in all stages of the procedures.	All Departments	Continuous	Consider integrating anti-fraud components in relevant check lists

Operational Objective 8	Priority: Enhance measures to monitor GSA inventory and invoicing linked to works			
	Prevention/Detection/investigation measures	Unit in charge	Deadline	Indicator
Action	Implement two **audits** per year internally in the Logistics Department to monitor the **reported GSA inventory.**	ICT	Continuous, starting from Year 2015	N. of audits implemented per year
Action	Implement two **audits** per year internally in the Logistics Department to monitor the **correspondence between the works and the prices invoiced.**	ICT	Continuous, starting from Year 2015	N. of audits implemented per year

Operational Objective 9	Priority: Ensure due application of the rules regarding Recovery and Sanctions			
	Corrective	Unit in charge	Deadline	Indicator
Action	**Recovery:** ensure that all amounts unduly paid (including the ones not related to fraud, irregularity or error) are recovered to the maximum extent possible.	All Departments-FIN	Continuous	N. of pending recovery orders
Action	**Sanctions:** ensure that sanctions are applied to all cases where fraud has been proven, in line with the Financial Regulation.	All Departments-FIN - LEG	Continuous	N. of sanctions applied annually

Operational Objective 10	Priority: Review exception procedure for possible improvements and ensure systematic follow up on exceptions			
	Corrective	Unit in charge	Deadline	Indicator
Action	Exception procedure's objectives: - tracking down deviations from applicable rules, - identifying such rules, - describing the deviation (ex ante / ex post), - analysing its root cause, - assessing the risk (with particular attention on detecting fraud) and - recommending redressing measures/actions, - acknowledgement by authorising officer.	All Departments- QUALITY – ICC – FIN	Continuous	Exception register
Action	Yearly review of exceptions with the respective process owners, documenting lessons learnt and action list –special attention to fraud risks.	QUALITY/ICC All Depts	Continuous	Documented review

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ANNEX 1 – DEFINITIONS OF IRREGULARITY AND FRAUD

Irregularity is defined[8] as any infringement of a provision of EU 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 EU by charging an unjustified item of expenditure.

To classify an irregularity as fraud, it needs to be an intentional act.

Fraud is therefore defined[9] as any intentional act or omission relating to:

- the use or presentation of false, incorrect or incomplete statements or documents, which has as its effect the misappropriation or wrongful retention of funds from the general EU budget or budgets managed by, or on behalf of, the EU

- non-disclosure of information in violation of a specific obligation, with the same effect

- the misapplication of such funds for purposes other than those for which they were originally granted

  The following is a non-exhaustive list of actions considered to fall within the definition of fraud:

- **Favouritism**: preference given to acquaintances, friends and family over strangers. When public (and private sector) officials demonstrate favouritism to unfairly distribute positions and resources, they are guilty of cronyism or nepotism, depending on their relationship with the person who benefits[10];

- **Conflicts of interests**: situation where the impartial and objective exercise of the functions of a financial actor or other person is compromised for reasons involving family, emotional life, political or national affinity, economic interest or any other shared interest with a recipient[11];

- **Collusion**: agreement between two or more parties, sometimes illegal and therefore secretive, to limit open competition by deceiving, misleading, or defrauding others;

- **Corruption**: abuse of entrusted power for private gain. It hurts everyone who depends on the integrity of people in a position of authority;

- **Extortion, blackmail, bribery**: requesting or accepting money or valuables to influence the award of a grant or contract;

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[8] Article 1 (2) of Council Regulation 2988/95 on the protection of European Communities' financial interests, OJ L 312 of 23.12.95
[9] Convention on the protection of the Communities' financial interests, drawn up on the basis of Art. K.3 of the Treaty on the EU, OJ C 316 of 27.11.95, p 49-57
[10] Glossary of the U4 Anti-Corruption Resource Centre
[11] article 57 of the Financial Regulation

- **Double claiming of costs**: submitting the same items of expenditure to different funding sources separately in order to obtain financial support from all of them;

- **Overcharging** (by forgery or alteration of documents, e.g. by knowingly generating false time sheets or invoices, by declaring fictitious contractors or employees or unjustified trips, or by using substandard materials);

- **Non-compliance** with the provisions and/or legal requirements of the contract or grant agreement (e.g. non respect of the obligation to organize tenders or market consultations for subcontracted activities);

- **Plagiarism**: use or close imitation of the language and ideas of another author and representation of them as one's own original work;

- **Wilful destruction** or removal of records;

- **Fraudulent bankruptcy** may occur in various ways but one of the most common methods of indulging in fraud is to make false statements with regards to one's assets while filing a claim for bankruptcy protection. Concealment of assets from the court can be done by illegal transfer of money to family members or friends, shift the property or assets to offshore accounts and failing to report the various sources of income.

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Done in Prague on 05 / 03 / 15

For the GSA Administrative Board
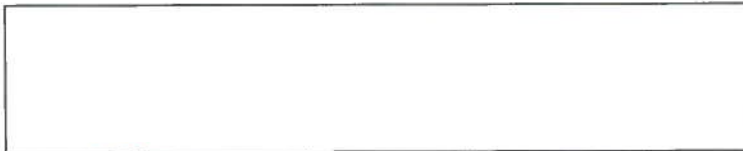
Sabine Dannelke

Chair of the GSA Administrative Board