



Anti-fraud within the EU framework

Jürgen Siebel, Executive Director

Macedonia University
16 May 2023



CEDEFOP

European Centre for the Development
of Vocational Training

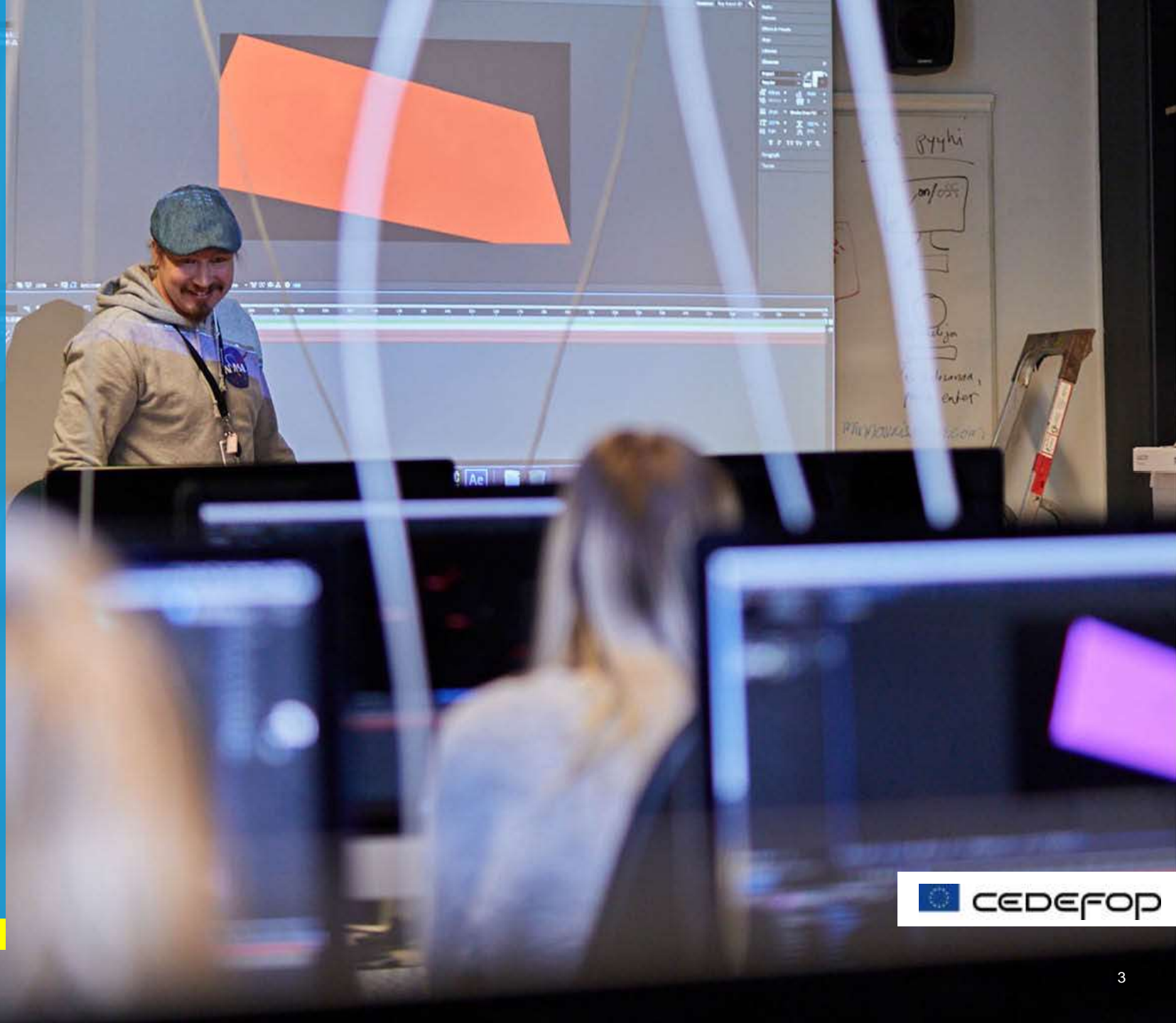
WHO WE ARE, WHAT WE DO

- We are one of the first 'decentralised' EU agencies
- specialising in **vocational education and training (VET), skills and qualifications** policy
- set up in 1975 in Berlin, founded upon the initiative of the EESC
- moved to Thessaloniki in 1995



Informing VET and skills policies

Produce evidence on skill trends and wide-ranging changes in the world of work to inform VET and skills development policies



Valuing VET and skills

Respond to changing needs by promoting quality and inclusive lifelong learning policy, and relevant governance and institutional structures



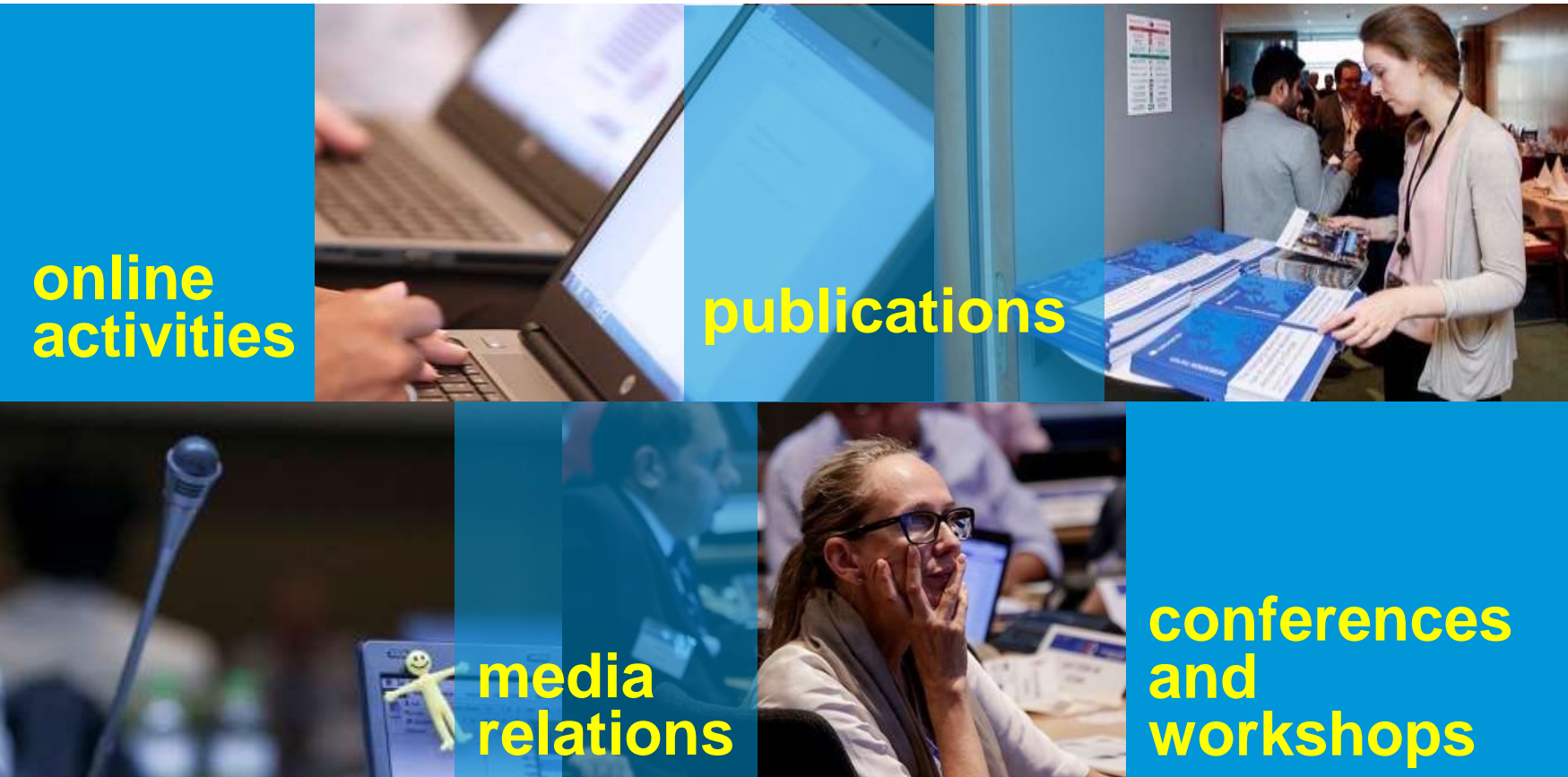
Shaping VET and qualifications

Improve transparency, relevance, quality of VET and qualifications by facilitating close interaction between IVET, CVET and general and higher education institutional structures



Communication:

How we interact with our stakeholders



Stay tuned

Visit [our website](#) and [register](#) to receive alerts about upcoming events, publications, newsletters, briefing notes, videos or podcasts.

Cedefop's performance in 2022 reflects growing stakeholder outreach & policy relevance

Publications

444 000

downloads

Social media followers

17 238 (+ 3%)

Facebook

7 988 (+ 41%)

LinkedIn

12 685 (+ 10%)

Twitter

Quality of Cedefop events

95%

satisfaction rate

Take up (citations) of Cedefop's work in

124

EU policy documents

120

international organisations' papers

1 030

papers in academic literature

2022 user satisfaction survey

97%

find Cedefop's work policy-relevant and reliable

95%

satisfied with Cedefop's work on digital transition

93%

satisfied with Cedefop's work on green transition

89%

satisfied with Cedefop's pandemic related analysis

Budget

100%

budget implementation rate

98%

payment appropriations

Staff

96%

occupation rate
of establishment plan

Environmental indicators

583.52 (- 1%)

overall CO2 (ton) emissions

-11%

Electricity consumption
compared to 2021

‘Cedefop is at the heart of European Union efforts to bridge the important skills gap that the pandemic has revealed.’

EU Commission Vice President Margaritis Schinas, during his visit to Cedefop together with EU Commissioner Nicolas Schmit in September 2021.



This lecture will focus on

- What constitutes fraud and what doesn't
- Why counteracting fraud is important
- What do EU institutions do to prevent, detect and manage fraud



Countering fraud: a top EU priority

EU citizens and taxpayers deserve EU institutions that

- operate with the **utmost integrity**
- spend their contributions to the EU budget in a sound and efficient way

Fraudsters' success

- compromises the effectiveness of EU measures
- calls the integrity of EU action into question
- **undermines the public's trust in EU policies**

⇒ **Zero tolerance for fraud**



What constitutes fraud and what doesn't

Irregularity

an act **non-compliant with EU rules** and with a potentially negative impact on EU financial interests

but **may be the result of** genuine errors
e.g.: an omission when implementing funds, infringement by negligence

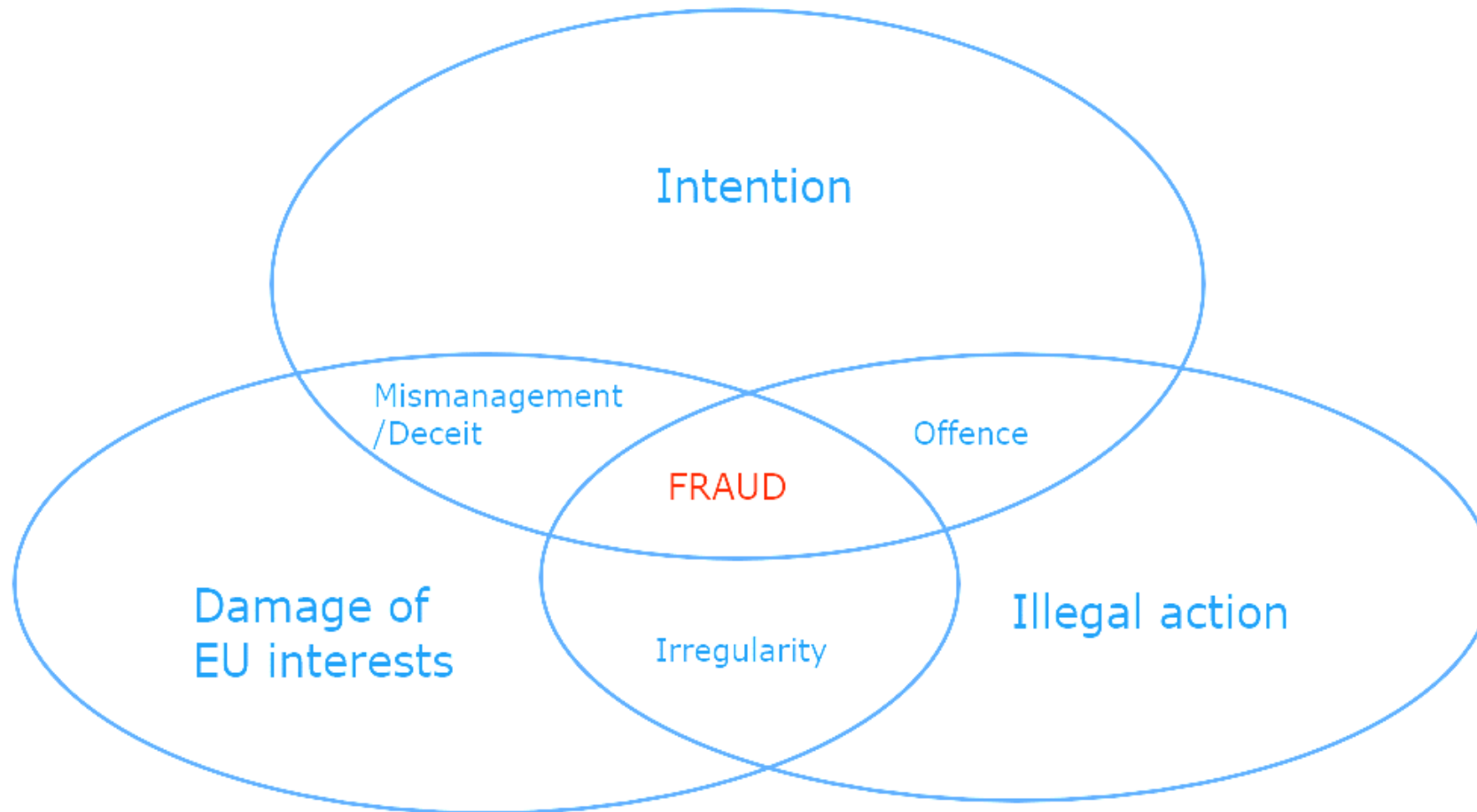
Fraud

a **deliberate act of deception** intended for personal gain or to cause a loss to another party

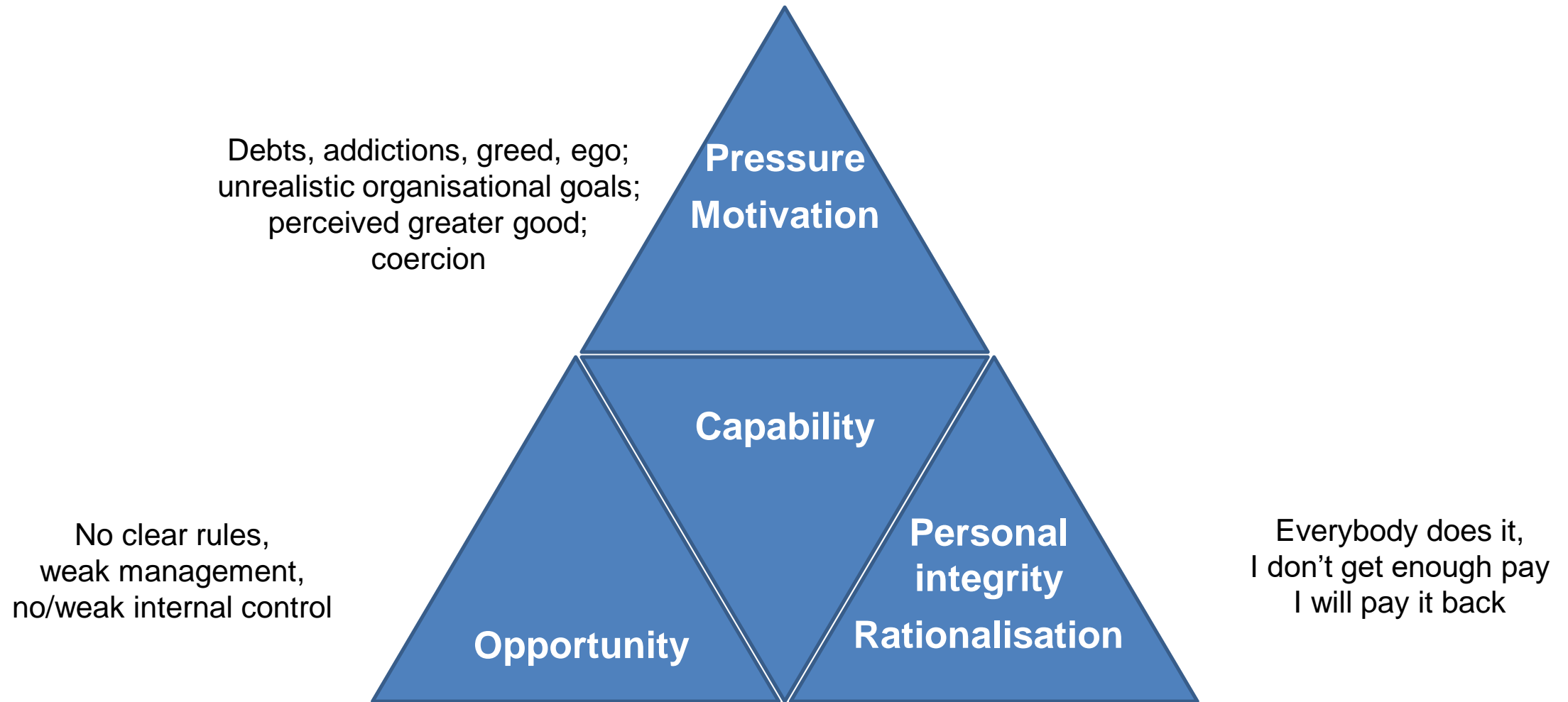
e.g. misappropriation of funds due to use of false statements



If done intentionally, the irregularity = fraud



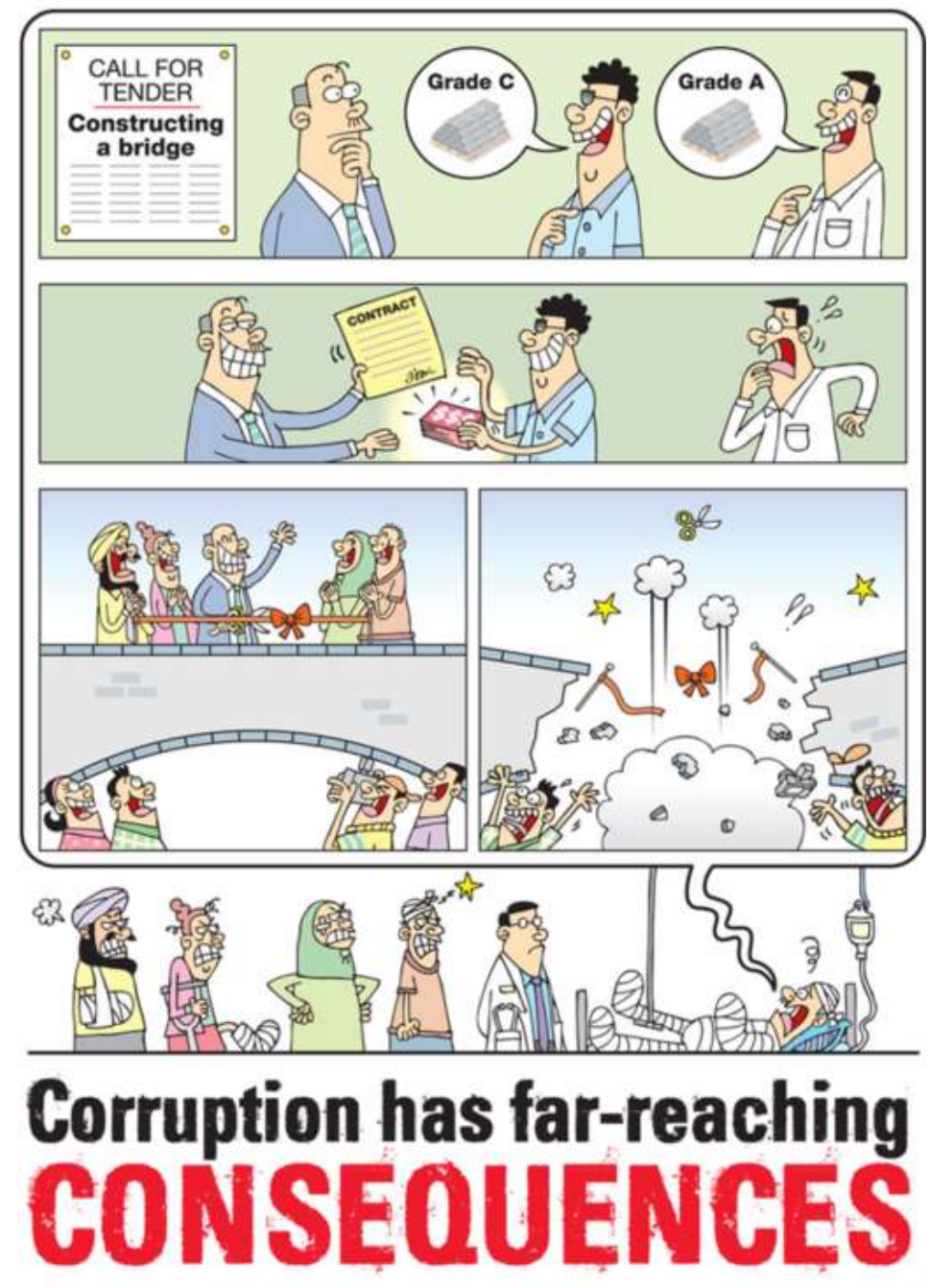
What triggers fraud: the root cause



Consequences of fraud...

... for the intended users of the services and the general public

- Waste of public funds
- Lack of services
- Health and safety risks
- Vicious-circle effects on the economy



Cedefop's anti-fraud strategy



- Since 2014: among the first Agencies, shared definition
- Fully aligned with the Commission's 2019 anti-fraud strategy and the 'Common Approach' principles
- Revised and adopted by the Management Board in January 2019



Cedefop's anti-fraud strategy (cont.)

Strategic objectives

- ✓ Maintaining/enhancing an anti-fraud culture
- ✓ Strengthening detecting measures
- ✓ Focusing efforts on mitigating fraud risks



Underlying principles

- ✓ Honesty, propriety, integrity = a **must** for staff, MB members, external experts, consultants
- ✓ **Zero tolerance** for fraud, irregularities, impropriety or dishonesty

Closely cooperating with



Reporting any instance of suspected fraud

Cedefop's strategy: spreading the gospel

Communicating
our policy, strategy and measures to

- everyone inside Cedefop
- our partners/those working with us
- our users
- our Management Board
- our budget authority and control bodies

Cedefop: wide definition of fraud ...

... to prevent and detect any type of illegal behaviour

- any infringement of the EU's financial interests
- misbehaviour with a reputational impact, e.g.
 - forgery
 - plagiarism
 - breaches of IT systems, cyber fraud
 - intentionally not declared conflict of interests
- favouritism and collusion



Fraud risk management

PREVENT

- Create and manage a control environment through processes and systems
- Anti-fraud strategy
- Organisation and culture: tone at top
- Code of Conduct/Ethics
- Whistleblowing guidelines
- Establish a fraud risk management policy
- Awareness-raising

DETECT

- Select, develop and deploy preventive and detective fraud control activities and tools
- Establish a fraud reporting process and coordinated approach to investigation and corrective action
- Check red flags
- Audit and review

RESPOND

- Report, communicate and improve actions
- Monitor the fraud risk management process, report results and improve the process
- Lessons learned

Robust
integrity and
compliance

Red flags – warning signals of possible fraud

The existence of a red flag does **not** mean that fraud exists but that a certain area of activity needs extra attention to exclude or confirm potential fraud.

Some patterns, practices and specific forms of activity are red flags that **could signal** irregularities or fraud.



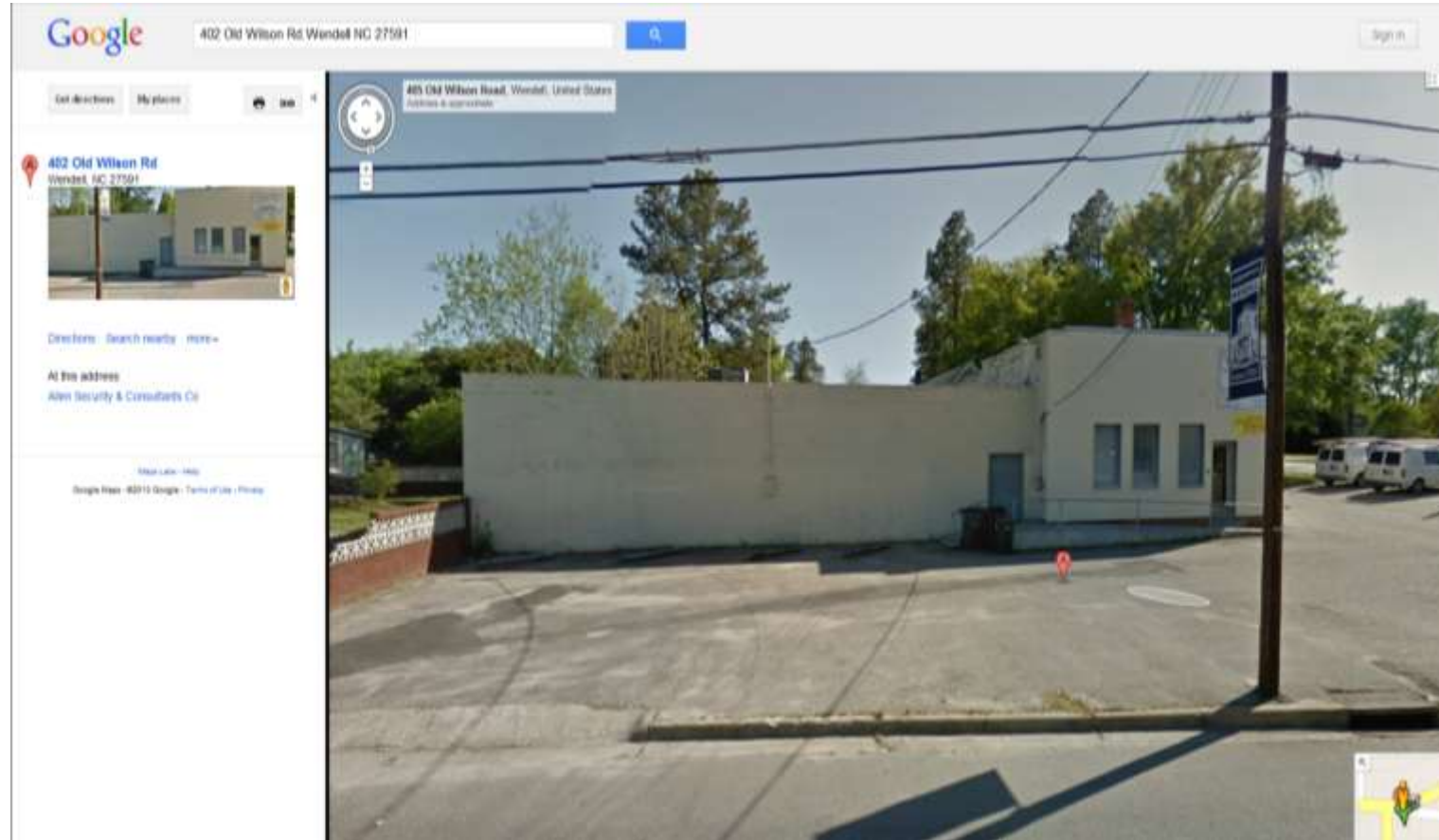
Red flags – examples

- Inventory shrinkage
- Invoice issued at the end of the year has a low serial number
- Similarity between terms of reference (ToR) and winning contractor's product or services
- Contractor's address = employee address
- Missing obligatory elements





Red flags – Location of a big insurance company



Conflict of interest – why care?

- Each EU staff member should not deal with matters in which he/she has any personal interest such as to impair independence.
- Managing conflicts of interest is part of Cedefop's commitment to **fraud risk management** to protect its integrity and credibility and to maintain the trust and confidence of its stakeholders.
- Conflicts of interest **must be declared** – even perceived ones.



Fraud or irregularity?

1

Experts: reimbursement

several e-tickets as proof for travel to Cedefop meeting

the e-tickets were altered, contained inflated prices, changed dates and fictitious trips

2

External consultant: study

substandard product: main points not addressed

Cedefop's expert in charge accepts it as it is without exercising due scrutiny

3

Procurement service: tender notices

for several projects just before the Christmas holidays

with the minimum time provided by law left for potential tenderers to respond

EU staff must report suspicion of fraud



Any official who, in the course of or in connection with the performance of his duties, becomes aware of facts which give rise to a presumption of the existence of possible illegal activity, including fraud or corruption, detrimental to the interests of the Union, 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 Union, 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.

Reporting suspected fraud = whistle-blowing

What: suspected fraudulent activity

Who: any staff member – duty to report wrongdoings

How: report in good faith to

- immediate superior or the Executive Director or
- Management Board chairperson or **OLAF** or
- if **Cedefop** or **OLAF** do not to respond within 60 days, the President of the European Parliament, the Council, the Commission, the European Court of Auditors, or the EU Ombudsman (last resort option)

⇒ **The recipients must transmit the information to **OLAF** without delay**



OLAF – European Anti-Fraud Office

Mission

- Carry out independent investigations into fraud and corruption involving EU funds, so as to ensure that all EU taxpayers' money reaches projects that can create jobs and growth in Europe
- Contribute to strengthening citizens' trust in the EU Institutions by investigating serious misconduct by EU staff and members of the EU Institutions
- Develop a sound EU anti-fraud policy



OLAF – scope of investigations



OLAF can investigate allegations of: ✓

- fraud or other serious irregularities with a potentially negative impact on EU public funds
- serious misconduct by members or staff of EU Institutions and bodies

OLAF *cannot* investigate allegations of: ✗

- fraud with no financial impact on the EU public funds. Such allegations are to be reported to the **national police**
- corruption which doesn't involve members or staff of EU Institutions and bodies. Please report such allegations to the **national police**
- cybercrime, such as fraud with online payments, fake e-commerce sites or virtual currencies scam. If you have fallen victim to cybercrime, [this Europol webpage](#) explains how to report it
- fraudulent use of the [EU logo](#) or the name of EU institutions

How to report to OLAF

- You can contact **OLAF anonymously**. No formalities. Just give as precise and detailed information as possible, including documents when available.
- You can communicate with OLAF in any of the **24 official EU languages**.
- It is possible to report:

➤ **Online**

via the Fraud Notification System (anonymous, with secured document transmission)

➤ **By post**

European Commission
European Anti-Fraud Office (OLAF)
1049 Brussels, Belgium



OLAF's website: https://ec.europa.eu/anti-fraud/index_en

Anti-fraud coordinator = Internal Control Coordinator



Coordinates

- strategy implementation
- annual anti-fraud risk assessment and implementation of agreed actions



Reports to

- the Executive Director or directly to **OLAF**

Communicates with **Cedefop stakeholders**
acts as **contact point**
for **OLAF**



Advises/helps to

- manage/prevent fraud
- design additional controls
- identify and prevent risks of breaching legal provisions and ethical behaviour entailing liabilities or harming Cedefop's reputation
- train staff

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FAQs

11 months starting 1 September, you can find information [here](#)
Next application round: Spring 2024

Aim of the traineeship scheme

Every year, Cedefop offers a traineeship programme that aims to:

- provide university graduates, PhD students and students with technical qualifications with a unique and first-hand experience of the workings of Cedefop, and more generally of the EU institutions;
- enable the trainees to acquire practical experience and knowledge of the day-to-day work of Cedefop's departments and services;

Question time



Jürgen Siebel
Executive Director

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