

DECISION No GB/2024/8

**of the European Cybersecurity Industrial, Technology and Research Competence Centre
Governing Board**

on the Anti-Fraud Strategy 2024-2026

of the European Cybersecurity Competence Centre

THE GOVERNING BOARD,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) 2021/887 of the European Parliament and of the Council, of 20 May 2021, establishing the European Cybersecurity Industrial, Technology and Research Competence Centre and the Network of National Coordination Centres ('Regulation (EU) 2021/887'), and in particular Article 13(3)(w) thereof,

Having regard to DECISION No GB/2024/3 of the Governing Board of the European Cybersecurity Industrial, Technology and Research Competence Centre, Revision of DECISION No GB/2023/1 on the ECCC's Financial Rules, and in particular Article 28(2)(d) thereof,

Whereas:

- 1) According to subparagraph (w) of paragraph (3) of Article 13 of the constituent act, the Governing Board shall take necessary strategic decisions with regard to the adoption of an anti-fraud and anti-corruption strategy that is proportionate to the fraud and corruption risks, as well as the adoption of comprehensive measures, in accordance with applicable Union legislation, to protect persons who report infringements of Union law, having regard to a cost-benefit analysis of the measures to be implemented.
- 2) According to subparagraph (d) of paragraph (2) of Article 28 of the ECCC's Financial Rules, one of the objective of the internal control is prevention, detection, correction and follow-up of fraud and irregularities.
- 3) To fulfil these obligations, the ECCC needs to adopt its Anti-Fraud Strategy in line with the requirements mentioned above.

HAS DECIDED AS FOLLOWS:

Article 1: Anti-Fraud Strategy

1. The ECCC's Anti-Fraud Strategy 2024-2026 (including its annexes A, B and C) in the annex of this Decision is adopted.
2. The Executive Director shall implement this Decision when it enters into force.

Article 2: Entry into force

This Decision shall enter into force on the date following that of its adoption.

Done at Dublin, on 27 June 2024

For the European Cybersecurity Industrial,
Technology and Research Competence
Centre

(e-signed)

Pascal Steichen
Chairperson of the Governing Board

European Cybersecurity Competence Centre

Anti-Fraud Strategy 2024/2026

Version: V.0.7 Date: 28.05.2024

| | |
|---|---|
| 1. General context | 3 |
| 2. ECCC'S specific context | 3 |
| 3. Principles..... | 4 |
| 4. Means and resources | 5 |
| 5. Fraud Risk Assessment | 6 |
| 5.1. Scope..... | 6 |
| 5.2. FRA Methodology | 6 |
| 6. Strategic anti-fraud objectives | 7 |
| 7. The action plan to implement the anti-fraud strategy | 8 |
| 8. Monitoring, reporting, communication..... | 8 |
| 8.1. Monitoring | 8 |
| 8.2. Reporting..... | 8 |
| 8.3. Communication..... | 9 |
| 9. Evaluation and update of the anti-fraud strategy | 9 |
| 10. Annexes..... | 9 |

1. GENERAL CONTEXT

On 24 June 2011, the European Commission (EC) adopted its 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. It then subsequently adopted a new CAFS in 2019, covering the revenue and expenditure sides of the budget ⁽²⁾. The EC has also developed a Common Approach on EU decentralised agencies ⁽³⁾ that require a set of anti-fraud measures to be put in place. Considering the sui generis nature of the European Cybersecurity Competence Centre (ECCC or Centre) as a Union body, with characteristics of both decentralised agencies and Joint Undertakings (JUs), the Common Approach shall apply to the Centre's approach to creating an anti-fraud strategy.

Pursuant Article 13(3)(w) of Regulation (EU) 2021/887 establishing the European Cybersecurity Industrial, Technology and Research Competence Centre and the Network of National Coordination Centres ⁽⁴⁾, the Governing Board of the ECCC shall take the necessary strategic decision for the creation of an anti-fraud strategy.

Taking into consideration Regulation 2021/887, the priorities set by the Commission within the framework of the Common Approach on EU decentralised agencies, the need to pursue the Commission's main objectives for its implementation and the helpful guidance provided by the European Anti-Fraud Office (OLAF), the ECCC has now developed its own Anti-Fraud Strategy (AFS or the Strategy) and the related action plan for the years 2024-2026.

This AFS is part of the Centre's internal controls system and meets the requirements of Article 48 of the Framework Financial Regulation of the European Commission, which refer inter alia to the need for preventing and detecting irregularities and fraud. Ethics and transparency are key issues in the EU institutions and bodies, which the Centre commits to ensuring that these principles are properly applied. The main rules and anti-fraud measures recommended and linked to the policy of the DG CONNECT of the EC are also duly addressed in this Strategy.

The AFS 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. Any update during the course of the three years implementation of the Strategy which doesn't affect relevant or sensitive parts of its content, can be decided by the Executive Director of the ECCC who will inform the Governing Board accordingly.

2. ECCC'S SPECIFIC CONTEXT

The ECCC is a newly established European body which works as part Europe's new framework to support innovation and industrial policy in the area of cybersecurity. Its mission is primarily focused on developing and implementing, with Member States, industry and the cybersecurity

⁽¹⁾ Communication from the Commission to the European Parliament, the Council, the European and Social Committee, and the Committee of the Regions and the Court of Auditors on the Commission anti-fraud strategy, COM(2011)376 final

⁽²⁾ Commission Communication of 29 April 2019, Commission Anti-Fraud Strategy: enhanced action to protect the EU budget, COM(2019) 196

⁽³⁾ [120719_agencies_common_appr_en.pdf\(europa.eu\)](#)

⁽⁴⁾ Regulation (EU) 2021/887 of the European Parliament and of the Council of 20 May 2021 establishing the European Cybersecurity Industrial, Technology and Research Competence Centre and the Network of National Coordination Centres OJ L 202, 8.6.2021, p. 1–31

technology Community, a common agenda for technology development and for its wide deployment in areas of public interest and in businesses, in particular SMEs.

To achieve its mission and materialise its objectives, the Centre and the Network of National Coordination Centres (NCCs) will make strategic investment decisions and pool resources from the EU, Member States and, indirectly, the industry to improve and strengthen technology and industrial cybersecurity capacities, whilst playing a key role in delivering on the ambitious cybersecurity objectives of the Digital Europe Programme and Horizon Europe Programmes.

The present Strategy aims to provide a framework for addressing the issue of fraud at the ECCC for the next years. It defines the level of fraud-proofing which the Governing Board of the Centre plans to achieve, sets the relevant objectives, and establishes the indicators that will allow a clear and objective assessment of the progress achieved. The AFS will therefore serve as a management tool for the ECCC to ensure progress and transparency as regards the protection of the EU financial interests, compliance with EU ethical values and therefore the protection of the EU reputation.

The Strategy is in line with the priorities set by the Commission under the Common Approach on EU decentralised agencies, especially:

- Ensuring proper handling of the conflict of interests issue,
- Developing anti-fraud activities especially through prevention, detection, awareness raising, and establishing a close cooperation with OLAF.

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

The 2024 ECCC revenue amounts to EUR 218 831 127.16 in terms of commitment appropriations out of which EUR 211 267 742.00 represent proceeds from EU Subsidy. The revenue cover expenditure in 3 budgetary titles – Title 1 (Staff Expenditure), Title 2 (Infrastructure and operating expenditure) and Title 3 (Operational expenditure). The bulk of expenditure is allocated to the operational costs – EUR 215 731 127 for financial year 2024.

The ECCC has on-boarded 30 staff members out of the total of 38 set up in the establishment plan. On 1 June 2024, 1 more staff member will join the team. Two selection procedures for recruiting two heads of unit are ongoing at the time of the writing of this Strategy. By the end of 2024, it is envisaged to reach the total of 38 staff members.

3. PRINCIPLES

Ethics, integrity, professionalism and transparency are key principles for EU institutions, bodies and agencies. The ECCC commits itself to ensuring that these principles are properly applied. The Governing Board and all staff (including the Executive Director) as well as the ECCC's stakeholders (grant beneficiaries, tenderers or contractors, experts etc.) must pursue the highest standards of honesty, propriety and integrity in the exercise of their duties.

The Centre does not tolerate any case of fraud, impropriety, or dishonesty and will report, without delay, any instance of suspected fraud and will transit any evidence to OLAF, which is exclusively competent to investigate those cases.

4. MEANS AND RESOURCES

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

- The Governing Board is responsible for the adoption of the Anti-Fraud Strategy, in accordance with Article 13(3)(w) of Regulation (EU) 2021/887. The Governing Board is also responsible for ensuring adequate follow-up to findings and recommendations stemming from the internal or external audit reports evaluations, as well as from investigations of OLAF;
- The Executive Director is responsible for the preparation and presentation of the Strategy to the Governing Board, as well as the development, endorsement and implementation of its Action Plan. The Executive Director is also responsible for promoting an anti-fraud culture across the Centre, setting anti-fraud objectives and putting in place effective arrangements for combating fraud;
- All Heads of Unit shall have as primary role to be controllers for the prevention and detection of fraud throughout the ECCC and ensure that all suspected cases of potential fraud or misconduct are immediately reported to the appropriate reporting channel;
- The Head of Administration is specifically responsible for ensuring that financial and procurement processes/ procedures incorporate strong measures to reduce the risk of fraud;
- Internal Control and Audit staff is responsible for identifying and preventing risks of breach of legal provisions and ethical behaviour rules. They coordinate the implementation of this Strategy, perform anti-fraud risk assessments (as a part of overall risk assessment), report to the Executive Director on implementation of agreed actions, and act as a contact point to OLAF for Strategy-related matters;
- Human Resources, Procurement and Legal staff contribute to promoting staff awareness on anti-fraud principles and ethical behaviour;
- Staff members must comply with the ECCC's Strategy and underlying principles, act in accordance with the principles of the Internal Control Framework, and report any reasonable concerns with regard to fraud or misconduct either to the Heads of Unit and/or Executive Director, Governing Board, and/or directly to OLAF, in accordance with the existing rules and practices.

At the moment of the drafting of this Strategy, there is on-going work at the finalization of the ECCC's official Organization chart. Further roles related to anti-fraud activities may be designated after the approval of the Organizational chart (e.g. Legal Officer with responsibilities in analysing fraud cases and initiation legal actions in court).

To the human resources already mentioned, other types or resources are at the ECCC's disposal, like IT tools (e.g. COMPASS, which is interconnected with EDES) and Service Level Agreements concluded with different Commission services and other EU Institutions, Bodies and Agencies (EUIBAs).

5. FRAUD RISK ASSESSMENT

5.1. Scope

The ECCC is still in its beginning and will, once financially autonomous from the European Commission, face challenges that distinguishes it from other EU agencies particularly so given its sui generis character and operational nature.

In spite of its establishment being solid and well advanced, the Centre will come against risks that are particular to its current state of organisational maturity and the number of staff. The aim therefore is to at present build-up a system with sufficient preventive and detective measures, to develop investigative and corrective measures, and to create awareness for fraud throughout the ECCC.

To assess its fraud risks, the Centre's analysis is limited due to a lack of historical data which therefore makes an assessment of fraud challenging.

However, the ECCC has developed a Fraud Risk Assessment methodology, based on OLAF's "Methodology and guidance for the anti-fraud strategies of EU decentralised agencies and Joint Undertakings". The main steps of the methodology are presented briefly in point 5.2 below, and the detailed methodology is presented as Annex A.

5.2. FRA Methodology

In line with the definition of risk used by the European Commission, a risk for the ECCC can be defined as any event or issue that could occur and adversely affect the achievement of the agency's strategic and operational activities. Lost opportunities are also considered risks.

A risk of fraud is, in particular, present when there is a serious vulnerability, or a combination of vulnerabilities, in a process that may give rise to a potential fraud. Fraud can involve non-financial risks, such as reputational, in addition to a financial risk. Sometimes, the reputational impact of fraud exceeds the financial cost.

The ECCC's Fraud Risk Assessment (FRA) will be included in the overall Risk Assessment required by the Internal Control Framework (ICF) of the Agency. This first version of the FRA was conducted as an independent exercise considering that the first ICF report for the Agency is expected only in Q2/2025 after Financial Autonomy is reached.

The main steps of the FRA methodology were as follows:

1. Identifying the team that will coordinate the FRA (Core Team)
2. Identifying the relevant functions that will take part in the FRA (e.g. Activity Coordinators – Senior Programme Officers, Senior Policy Officer, Finance and Budget Officer, IT Officer/ LISO, Legal Officer, HR staff, Data Protection Officer).
 - a. Appointment of the Core Team, of the FRA participants (Activity Coordinators) and definition of the timeline of the process.
 - b. Kick-off meeting (including a hands-on training on FRA).
3. Analysis of the potential fraud risks that could be applicable to the ECCC.

- a. Analysing the information that is already at the disposal of the ECCC including audit reports from external auditors (ECA, OLAF, IAS), materials from OLAF (e.g. final case reports, OLAF casebooks, and training material, strategic analysis reports), experience from other agencies and so on.
 - b. Identifying potential risks through a list of guiding questions taken from the OLAF's draft Methodology and guidance for the anti-fraud strategies of EU decentralised agencies and Joint Undertakings. The list of guiding questions shall be sent to the Activity Coordinators, for their comments and feedback.
 - c. Identifying potential risks, together with their potential risk owners, from a list with examples provided in the OLAF's draft methodology and from the results of point 3.b) above.
4. Identifying the controls that are already in place for each risk (if any) and estimating the residual level of risk.
 5. For the fraud risks with a residual level that is relevant, perform the Risk Assessment. The scores for the likelihood and impact can be provided in written by the participants in the FRA, to the Core Team, and will be discussed in a dedicated meeting.
 6. Ranking of fraud risks, based on the Total Risk Level (TRL). There will be three levels of risk: Low ($TRL \leq 3$), Medium ($3 < TRL \leq 15$) and High ($15 < TRL \leq 25$).
 7. Decide the risks response options (Reduce, Transfer, Avoid, or Accept).
 8. Defining controls/ actions for addressing the fraud risks.

The detailed FRA methodology (Ref. Ares(2024)1895095) is presented as Annex A of the Anti-fraud Strategy.

The results of the Fraud Risk Assessment exercise are included as Annex B (limited distribution).

6. STRATEGIC ANTI-FRAUD OBJECTIVES

All staff of the ECCC are bound to report, without delay, any evidence of the existence of possible fraud, corruption or any other illegal activity detrimental to the interests of the EU budget or to the EU's reputation, whether in the performance of their tasks or from informants/ whistle-blowers. Raising awareness is therefore the most effective measure to enhance the efficiency of the controls in place without necessarily increasing the checks in place, particularly considering the early stages of the Centre's functions.

Irregularities which may constitute the most common types of fraud/ irregularities in relation to the ECCC's activities could include (not exhaustive):

- Fictitious beneficiaries (shell companies, lack of operational or financial capacity)
- Ineligible personnel costs
- Misrepresentation (fake invoices, fake documents, inflated costs, fabrication of results, etc.)

- Conflict of interests
- Double funding
- Plagiarism

Taking into account the most significant fraud risks identified during the fraud risk assessment (Annex B), the following strategic anti-fraud objectives have been defined for the period 2024-2026:

1. To maintain a high level of ethics in the ECCC
2. To build capacity to effectively tackle the main types of fraud risks
3. To step up timely detection of fraud
4. To speed up reporting to OLAF about suspected fraud
5. To improve the ECCC's responsiveness in fraud cases with regard to recovery and penalties

7. THE ACTION PLAN TO IMPLEMENT THE ANTI-FRAUD STRATEGY

The strategic anti-fraud objectives will be implemented through actions formulated in the attached Action Plan in Annex C (limited distribution). When implementing the proposed actions, the Executive Director will take into consideration the level of priority as well as the availability of resources.

8. MONITORING, REPORTING, COMMUNICATION

8.1. Monitoring

The AFS action plan constitutes the structured anti-fraud response of the ECCC. It is also an essential tool to monitor the implementation of the actions and, thus, the progress in the achievement of the strategic anti-fraud objectives.

For monitoring purposes, the action plan shall be updated at least once per year. The updated plan shall also take into account the results of the yearly fraud risk assessment (part of the overall risk assessment of the ECCC). The results of monitoring shall be compiled and explained in the Consolidated Annual Activity Report, including the reasons for a lack of progress on some indicators (if it's the case).

8.2. Reporting

Results of monitoring and any other significant event or development in anti-fraud matters will be regularly reported to the ECCC's Executive Director and top managers and to the Governing Board. Consistent and timely reporting will contribute to anti-fraud awareness and engagement at the top level. It will also keep these important stakeholders informed and ready for action if sudden events require their intervention.

In particular, in the Consolidated Annual Activity Reports (CAAR), the ECCC will report on the main actions taken during the year to implement their anti-fraud strategy, the mechanisms

put in place for its monitoring and the results achieved through these actions in terms of fraud prevention, detection, investigation and correction. The CAAR will also indicate when the ECCC's anti-fraud strategy was last updated and provide information of the follow-up to OLAF's recommendations.

8.3. Communication

The main objectives of communication on anti-fraud matters are to inform, educate and engage staff and stakeholders. In order to be effective as anti-fraud actors, both groups must be aware of the ECCC's fraud risks, be informed of the anti-fraud actions that are relevant to them and know what is expected of them in this domain.

The ECCC will use all the communication tools and channels at its disposal. In order to be sure that they reach the widest audience possible, some of the messages should be sent through multiple channels if appropriate: presentations during ECCC/ unit/ sector meetings, newsletters, e-mails etc.

Communication is also important because it is a two-way tool: staff members and stakeholders can provide useful input throughout the stages of the fraud management cycle. For example, staff can discover red flags and signal risky practices in their day-to-day activities. Top management and staff responsible for anti-fraud activities will encourage this type of feedback and incorporate it, when relevant, into the next AFS or adjust the fraud response accordingly.

9. EVALUATION AND UPDATE OF THE ANTI-FRAUD STRATEGY

The Executive Director of the ECCC, with the support of the Internal Control and Audit staff member, will ensure that the ECCC's approach to managing the risk of fraud is kept up-to-date considering best practices and legislative requirements. The management of the risk of fraud will be discussed regularly during the ECCC's management meeting. Elements of particular interest (e.g. detected fraud cases) will be brought to the attention of the Governing Board.

As mentioned, the Strategy and its Action Plan will be reviewed every three years. Depending on the growing maturity of the Centre and the progress made with regards to the implementation of the Strategy during the first years, a revision of the Strategy might be needed before the end of the three year term.

10. ANNEXES

Annex A – Fraud Risk Assessment methodology

Annex B – Detailed Fraud Risk Assessment table (limited distribution)

Annex C – Detailed Action Plan (limited distribution)