

Appendix I: Fraud risk management objectives and priority measures

Fraud risk management objectives	Priority measures
1. Fraud risk governance	1.1. Makes an organisational commitment to fraud risk management
The SM and MB demonstrate in their instructions and actions a commitment to high integrity and ethical values regarding the management of fraud risk by establishing and communicating to all staff a sound and solid ethical framework and anti-fraud strategy.	With the support of the ICCU, the SM demonstrates a commitment to and is involved in the fraud risk management process by establishing and documenting objectives and priority measures to prevent and detect fraud.
	1.2. Supports fraud risk governance
	The SM supports fraud risk management as a 'key element' of corporate governance by sponsoring and communicating the fraud risk register to the MB and the EUAA's staff.
	1.3. Establishes a comprehensive anti-fraud strategy and ensures its update
	The SM provides a solid foundation for fraud risk management by establishing a "comprehensive" anti-fraud strategy.
	The SM ensures that the anti-fraud strategy is fully documented and revised every 3 years.
	1.4. Establishes fraud risk governance roles and responsibilities
	across the Agency
	The SM identifies and appoints the functions with key roles and responsibilities for the implementation of the anti-fraud strategy .
	1.5. Communicate the anti-fraud strategy at all levels
	The SM supports the ongoing effectiveness of the anti-fraud strategy by maintaining a continuous focus and communicating on fraud deterrence, prevention and detection across the Agency.
2. Fraud risk assessment Based on the EUAA's fraud risk management objectives and priorities, the SM performs a comprehensive fraud risk assessment to identify specific fraud incentives, pressures and opportunities, assess existing fraud control activities and implement actions to mitigate residual fraud risks.	2.1. Involves appropriate levels of management and staff from across the different units and functions of the Agency
	The fraud risk assessment process includes managers and staff at relevant levels and recognises that fraud can happen at any level or in any entity of the Agency.
	2.2. Analyses internal and external factors
	The fraud risk assessment process considers both internal and external factors and their impact on the achievement of objectives.
	2.3. Considers various types of fraud
	The Agency considers a wide range of possible fraud schemes, and specifically the risk of management overriding controls.
	2.4. Estimates the likelihood and significance of identified risks
	The Agency carefully assesses the probability of occurrence of each particular fraud risk and its potential effects on the Agency if it were

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Page 26/32



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	to occur.
	2.5. Assess personnel or entities involved and all aspects of the fraud triangle
	The Agency focuses on incentives and pressures, opportunities, attitudes, and rationalisations to commit fraud.
	2.6. Identifies existing fraud control activities and assesses their effectiveness
	The fraud risk assessment team identifies and assesses existing and missing controls for effectiveness to determine residual fraud risks that require mitigation.
	2.7. Determines how to respond to risks
	The fraud risk assessment team's ultimate goal is to formulate effective and appropriate responses to all fraud risks.
	2.8. Performs periodic reassessments and assesses changes to fraud risk
	The Agency repeats the risk assessment process periodically and at least once per year and considers changes affecting the EUAA, including changes in the external environment, business operations, staff, and leadership that can impact fraud risks.
3. Fraud control activity The EUAA mitigates the risk of fraud events occurring or not being detected in a timely manner through selecting, developing, and deploying preventive and detective fraud control activities across all the priority areas.	3.1. Promotes fraud deterrence through preventive and detective control activities
	The Agency addresses its fraud deterrence as a process of eliminating those factors that may cause fraud to occur and understand that deterrence results from having effective preventive and detective fraud control activities in place.
	3.2. Integrates with the fraud risk assessment
	The Agency ensures that the design and implementation of fraud control activities link directly to the fraud risk assessment.
	3.3. Considers the application of control activities to different levels of the Agency
	The EUAA ensures that fraud control activities exist across the Agency at all the appropriate levels.
	3.4. Uses a combination of fraud control activities
	The Agency ensures that fraud control activities include a range, variety and mix of preventive and detective controls that also address the possibility of management overriding controls.
	3.5. Deploys control activities through policies and procedures
	The EUAA ensures that fraud control activities are well documented and implemented through policies and procedures.

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Page 27/32



Fraud risk management **Priority measures** objectives 4. Fraud investigation 4.1. Establishes fraud investigation and response protocols and corrective action The Agency establishes processes for communication relating to The EUAA establishes a potential fraud. communication process 4.2. Conducts investigations to obtain information The Agency has in place the means to undertake investigations of about potential fraud and potential fraud, giving due consideration to the scope, severity, deploys a coordinated credibility and implications of communicated matter. approach to investigation 4.3. Takes timely corrective action and corrective action to address fraud The Agency selects transparent corrective measures and particularly appropriately and in a discipline, remediation, asset recovery, training, civil action and/or criminal referral to address in a timely manner the findings of the timely manner. investigation. 5. Fraud risk 5.1. Considers a mix of ongoing and separate assessments management monitoring The SM includes a combination of ongoing and annual monitoring activities processes to assess whether the fraud risk management objectives The EUAA selects, and priority measures were effectively achieved. develops, and performs 5.2. Establishes appropriate measurement criteria ongoing assessments to The SM establishes appropriate measurement criteria to assist in the ascertain whether each of objective assessment of its anti-fraud strategy. the five fraud risk 5.3. Assesses, communicates and remediates deficiencies management objectives The SM assesses the results of the fraud risk management monitoring are present and functioning and programme, communicates deficiencies to those tasked with communicates the antiimplementing corrective actions and ensures that appropriate fraud strategy action plan remediation is implemented promptly. in a timely manner to parties responsible for taking corrective action,

including the SM and MB.