



Common Anti-Fraud Strategy in the Research Family

Revision in 2019



FOREWORD

The Research Family now has considerable experience of dealing with fraud – be it on the prevention or the detection side. Nevertheless, this does not mean that we can be complacent. We still need to adapt our strategy to counter the ever-existing risk of fraud, which can have important financial as well as reputational consequences if it is not managed well.

This is why we have decided to update the Common Anti-Fraud Strategy, with a new Action Plan. Following up on the good work on the first Action Plan from 2015, we have now defined seven areas for further action. They address key outstanding challenges like fraud-proofing the new Horizon Europe programme, finding innovative ways to enhance fraud-awareness among our staff and tapping further into the “big data” pool we have collected in previous framework programmes for risk assessment purposes.

We hope that this concise new Action Plan will help us to do even better in the near future. The main strategy remains the same; do better control rather than more control.

Abbreviations used in this document:

AFS – Anti-Fraud Strategy, at a Directorate-General or service level

RAFS – Research family Anti-Fraud Strategy

CAFS – Commission Anti-Fraud Strategy

CSC – Common Support Centre of the Research Family

1. CONTEXT AND BACKGROUND: THE FIGHT AGAINST FRAUD IN THE RESEARCH FAMILY

According to the Financial Regulation (Chapter 7, Art. 33-36), the principle of sound financial management involves reducing the risk of fraud and irregularities by building relevant preventive and protective measures in the Internal Control Systems. Sound financial management should also follow the principles of economy, effectiveness and efficiency.

All DGs/Services in the research sector have comprehensive, individual, Anti-Fraud Strategies that include many common elements.

However, the Commission's Anti-Fraud Strategy (CAFS) of June 2011¹ also requested the Commission Services to set up - where appropriate - sectorial Anti-Fraud Strategies. This strategy should adjust the elements of the anti-fraud cycle to the specific needs and circumstances of the individual policy sector, including the risk of fraud in this sector.

As a consequence, the members of the Research family adopted a first common Research Anti-Fraud Strategy (RAFS) on 27 July 2012.² This set out, in general, broad principles for the fight against fraud and for inter-DG cooperation.

Later, in 2015, the Research family agreed on an ambitious Common Action Plan³, whose 20 actions allowed the members to further progress in their fight against fraud in research spending. These actions covered areas from the organisational set-up to improving technical means as well as building skills and competencies. It also had actions in the area of cooperation, inside and outside the Commission.

By summer 2018, most of these 20 actions had been completed. The Research family then decided to set up a new Action Plan based on the lessons learned and the priorities that still need to be addressed (n.b. some of the partially implemented actions from the first Action Plan were carried over to the new plan).

¹ COM(2011) 376 final

² Ref. Ares(2012)911323 - 26/07/2012

³ Ref. Ares(2015)1797066 – adopted by the Steering Committee of the Common Support Centre on 18 March 2015.

The new Action Plan mostly addresses areas covered in the first Action Plan (building awareness, tackling different forms of scientific misconduct, reinforced monitoring), but where it was felt that further action was necessary. In addition, it contains two new, and important, actions. One concerns “enhanced data analysis”, which is intended to make use of the large amount of data available in-house from implementation of the Horizon 2020 or other programmes. The aim is to better inform the selection of risk-based audits. The other new action is to “fraud-proof” the upcoming Horizon Europe programme.

A revised CAFS will be adopted in 2019⁴. The RAFS takes account of the different actions proposed in the CAFS, particularly in the new actions outlined above.

As always, the Common strategy and action plan are not intended however to be a straightjacket. They must allow flexibility for services to adapt to their own particular needs and to their anti-fraud measures already implemented.

2. OBJECTIVE OF THE RAFS

The CAFS recognises that the "one-size-fits-all" approach would not be the most efficient solution. In the particular case of Research, several DGs/Services managing research funds also need to consider operational tasks and budgets stemming from other EC programmes or policies. Management and Internal Control Systems developed and implemented at DG/Service level strive to best reflect and integrate these mixtures of tasks and thus may vary according to these needs.

Overall, the CAFS remains a basic reference and framework for all DGs/Services when setting up Anti-Fraud Strategies at an individual, operational level, in particular as regards the basic principles and priorities. At the same time, regarding research funding, and especially Horizon 2020, the single sectorial strategy (RAFS) encompasses all the main anti-fraud activities relating to grant management, and for all services within the research family. The joint action plan follows the same logic: the Family members implement it together: by common structures or via ad hoc networks.

The individual DG/Service-level AFS's may then simply refer to the RAFS and its action plan, as for any research specific issue. It does not exclude some complementary actions.

3. UNDERLYING PRINCIPLES

Under Horizon 2020, the number of implementing bodies has increased, and this is expected to remain the same for Horizon Europe. The counterpart was the creation of the Common Support Centre (CSC), providing services to the whole family. This makes it important that these different bodies share a common vision on the specific research related fraud risks, and how they, and the CSC, can address them.

⁴ Interservice consultation finished, awaiting adoption by the College – possibly to update depending on timing.

3.1. Better control rather than more control

The CAFS recognises that the controls aimed at preventing and detecting fraud are part of those intended to ensure the legality and regularity of transactions. Anti-fraud strategies should therefore not result in an additional layer of controls. It is nonetheless necessary to ensure that the internal control systems in place adequately address the risk of fraud.

The CAFS also notes that, in recommendations on discharge procedures and various other resolutions and reports (also for Horizon Europe), the European Parliament, the Council and the European Court of Auditors have called for better protection of EU financial interests against irregularities and fraud. However, these bodies have also called for simplification and avoidance of administrative burden in European programmes, and especially in the area of research. The anti-fraud strategies therefore need to strike a balance between cost-effective control and simplification.

Considerable efforts have been made in the research programmes to simplify procedures and reduce administrative burden. The trust-based approach is an important principle in research funding. It is not the intention of this RAFS, or anti-fraud work in general, to undermine these efforts. However, it is recognised that simplification can add to the challenge of anti-fraud activities. Where controls are less, or are performed at a more general level, awareness of the fraud risks must be higher.

Additional systematic controls would not be cost-effective due to the principle of marginal utility. Therefore, efforts should be focussed on training and awareness-raising measures, combined with targeted controls like advanced data research – allowing targeted audits on high risk entities – and ad-hoc checks on double funding and plagiarism (guided by an electronic tool to identify possible cases). These should ensure that staff possesses the basic competences that give them a reasonable chance to detect a possible fraud risk in the course of their normal work.

3.2. Staff awareness is the main preventive measure

A number of standard controls exist that might contribute to fraud prevention, detection and deterrence. Nevertheless, the research family considers that the best "line of defence" against fraudulent activities lays in the awareness of the staff members that are in day-to-day contact with research beneficiaries (assisted by the appropriate electronic tools, as laid out above).

Thus, a core principle of the RAFS is to assist and enable staff at this level to determine – in accordance with the other policy and programme objectives – what level of control to apply to each individual file. They will make this assessment on a case-by-case basis, based on their knowledge of the appropriate control instruments and techniques.

3.3. A common approach where relevant

The Framework Programme Horizon 2020 is implemented by several different bodies. The Common Support Centre ensures a consistent approach across the different components of the programme through the provision of legal and ex-post audit services as well as common IT tools and business processes.

While some actions and decisions are always taken locally, under the responsibility of each AOD, this strategy aims to promote a common approach in the areas where it has a real added value: addressing scientific misconduct, common training, awareness raising,

proactive data analysis, and the common Horizon 2020 Ex-post Audit Strategy (2016-2026) (see section 5 for further information on these "areas for common action").

3.4. Easy access to information and anti-fraud support across the family

One important area where it is essential to ensure a common approach is the "anti-fraud services" offered to staff: the individual grant management officer should have easy access to support structures, whichever implementing body s/he works in. This is intended to reduce the risk that a "noticed" case is disregarded due to a lack of support/technical capacity.

Most of the anti-fraud services should be provided as "proximity services" from an organisational point of view. This includes immediate access to relevant information in standard IT systems, but also to specialists in their service able to assist at an early stage..

4. CENTRAL FORUM FOR ANTI-FRAUD WORK WITHIN THE CSC GOVERNANCE STRUCTURE

Given the nature of the Research family and its anti-fraud activities, the organisational support for the present strategy also needs to be of a dynamic nature.

Therefore, while for some areas a permanent structure is relevant, other actions are better implemented by ad-hoc workshops.

The Research DGs and services established in 2008 a Fraud and Irregularities in Research Committee (FAIR) to discuss and coordinate fraud and irregularities aspects. The Committee, chaired by the Common Audit Service, is open to all DGs and Services managing research grants. OLAF participates in this forum; its presence has an added value and enhances mutual understanding. This platform is the keystone of the implementation of the present strategy and should remain the central forum for anti-fraud work.

The mandate of the Committee is to provide a network to exchange between Research DGs and Services information, experience and best practices on irregularities and fraud related matters. The FAIR further serves as a forum to inform each other and coordinate specific irregularities and fraud cases, to discuss any fraud and OLAF related matter of interest to the Research DGs and Services (for example new fraud schemes, internal procedures, technical aspects).

The FAIR committee may be supported by various formal and informal networks and contacts, such as local anti-fraud correspondents or ad-hoc arrangements.

After ten years of operation, it is now considered necessary and appropriate to integrate the FAIR better within the CSC governance structure, in order to increase the FAIR's visibility and impact in the Research family. Thus, the updated Action Plan of 2018 includes an action to this effect, asking for the establishment of clear reporting lines from the FAIR to the CSC governance structure.

5. AREAS FOR COMMON ACTION

The following areas have been selected for actions to undertake by the members of the Research Family together. Most of them affect the prevention stage as well as the detection stage of the anti-fraud cycle; some of them are related to the follow-up stages. They have in common that they are more efficient if implemented at family level, even though fraud detection activities have been centralised in the Common Audit Service. The actions related to these areas can be seen in the updated Action Plan of 2018.

5.1. Fraud-proofing Horizon Europe

As part of work on the next Research framework programme for 2021-2027 (“Horizon Europe”), the Research Family is looking to create a fraud-proofed implementation system, based on the lessons learned from Horizon 2020 as well as a risk assessment of the new features of Horizon Europe.

5.2. Common awareness raising actions

As the awareness of the staff is a key element of this strategy, there is a need to maintain the communication, training and awareness-raising activities that have been put in place since 2012.

DGs and Services will develop continuous awareness-raising actions, other than the existing common training course. They will also raise awareness on EDES procedures, and in particular how to create a new case.

5.3. Fraud detection by enhanced data analysis

Capitalising on already available databases (CORDA, SEDIA e-grants system, etc) as well as those not yet available (Structural Funds, etc), the Common Audit Service is planning to perform a pro-active, targeted data analysis in order to identify beneficiaries presenting specific risks. This intelligence will then inform the selection of focused, risk-based audits (n.b. these risks will encompass fraud as well as non-fraud irregularities).

5.4. Risk-based audits

The number of risk-based audits are foreseen to be increased as a result of the above data analysis.

5.5. Addressing Research misconduct

Research misconduct is defined as breaches of research integrity; the main elements being any form of plagiarism, data falsification and fabrication or unjustifiable double funding. Research misconduct goes beyond financial implications as reflected by the definition of fraud and irregularities in the Financial Regulation; its impact is not limited to specific grant proposals but also jeopardises the value of science, the reputation of scientists in the scientific community and the research services of the Commission.

Following the establishment of a European Code of Conduct for Research Integrity, the focus of the updated Action Plan of 2019 is to put into production a tool for detecting *double funding and plagiarism*⁵ among EU projects.

6. IMPLEMENTATION AND MONITORING OF THE RAFS

The oversight of RAFS implementation is assured in the first instance by the FAIR Committee. Updates following developments or experiences gained over time – also in the context of the Commission regulations – will be analysed within the Committee and suggested to the DGs/ Services on a "need to act" basis.

As suggested under point 4 above, the FAIR will report to the Common Support Centre Executive Committee on the implementation of the Action Plan.

In particular the FAIR Committee will regularly reflect on (new) fraud schemes discovered which could imply (additional) common fraud risks or amendments to the local control systems.

Implementation of the RAFS at the level of the DGs/ Services is subject to the individual DG or Service in accordance with local needs and management systems.

Annex: Updated Anti-Fraud Action Plan for the Research Family of 2019

Endorsed by the CSC Executive Committee on 21 March 2019

⁵ "*Double funding*" refers here to cases where the beneficiary has declared the same cost under a Horizon 2020 action as well as under another EU or Euratom grant (article 6.5(b) of the H2020 Model Grant Agreement).. *Plagiarism* is the appropriation of other people's material or ideas without giving proper credit, which may result in a breach of copyright, or repeating work that has already been performed, etc.