Common Anti-Fraud Strategy in the Research and Innovation Family (RAFS)

(2023 Update)

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HYSTORY OF CHANGES		
Version	Publication date	Changes
1		Initial version

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1. Context

1.1 General context

EU citizens deserve that the EU budget is spent in a sound and efficient way and for its intended purposes[1]. Fraud affecting the EU budget undermines EU policy objectives and damages the reputation of the Union's institutions, bodies, offices and agencies.

Therefore, the EU and the Member States must counter fraud and any other illegal activities affecting the financial interests of the Union[2]. Each Union institution must put in place an internal control system at all levels of management in order to provide reasonable assurance of achieving the objectives of prevention, detection, correction and follow-up of fraud and irregularities[3].

The fight against fraud to protect the EU's financial interests is a priority of the European Commission, with the European Anti-Fraud Office (OLAF) being the body responsible for developing the EU anti-fraud policy and legislation. This is in addition to OLAF's role of carrying out independent administrative investigations into fraud and corruption involving EU funds and serious misconduct by staff members of the EU Institutions[4]. The European Public Prosecutor's Office (EPPO) that combines European and national law-enforcement efforts, is also key to protecting EU's financial interests against criminal offences by investigating, prosecuting and bringing to judgment their perpetrators and accomplices[5].

The Anti-fraud Strategy of the European Commission (CAFS)[6] and its action plan[7] play a significant role in preventing, detecting and sanctioning possible misuse of the EU budget.

The current CAFS, updated in 2019, has ten guiding principles, two priority objectives and other further objectives that remain valid to date. The two main principles are 1) data collection and analysis, aimed at

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[1] Article 33 Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012 (OJ L 193, 30.7.2018, p. 1) (hereinafter referred to as EU Financial Regulation)

[2] Articles 310(6) and 325(1) Treaty on the Functioning of the European Union (OJ C 326, 26.10.2012, p. 47)

[3] Articles 36 and 74 EU Financial Regulation

[4] Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council of 11 September 2013 concerning investigations conducted by the European Anti-Fraud Office (OLAF) and repealing Regulation (EC) No 1073/1999 of the European Parliament and of the Council and Council Regulation (Euratom) No 1074/1999) (Consolidated text)

[5] Council Regulation (EU) 2017/1939 of 12 October 2017 implementing enhanced cooperation on the establishment of the European Public Prosecutor's Office ('the EPPO') (OJ L 283, 31.10.2017, p. 1)

[6] COM(2019) 196 final of 29/04/2019, 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 Auditor. Commission Anti-Fraud Strategy: enhanced action to protect the EU budget. (COM/2019/196 final)

[7] COM(2023) 405 final of 11/07/2023, 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 Auditor. Commission Anti-Fraud Strategy Action Plan - 2023 revision (COM/2023/405 final) SWD(2023) 245 final of 11/07/2023

improving the understanding of fraud, in particular fraud patterns and information on risks and systemic vulnerabilities; and 2) coordination, cooperation, and processes to improve anti-fraud governance in the Commission and corporate oversight. On 11 July 2023, the Commission adopted a revised Anti-Fraud Action Plan to address important developments, including the new MFF 2021-2027, the launch of the Next Generation EU and the Recovery and Resilience Facility, the start of operations of the European Public Prosecutor Office (EPPO) as well as to ensure sustained progress on anti-fraud matters.

In the framework of the CAFS, reviews of service-level anti-fraud strategies are mandatory. These strategies reflect the Commission's decentralised model of financial management and help tailor anti-fraud controls to different policy areas and operations, thus increasing their effectiveness and efficiency in the protection of the EU budget. These strategies must pursue the above-mentioned objectives and guiding principles of the CAFS through actions linked to the CAFS Action Plan. This is facilitated by following the *Methodology and guidance for services' anti-fraud strategies*[8] that OLAF, in consultation with the Fraud Prevention and Detection Network (FPDNet), created to strengthen cooperation, corporate oversight and consistency among the Commission's anti-fraud policies (the second CAFS priority objective).

An anti-fraud strategy, based on a fraud risk assessment, defines the services' objectives, an action plan to mitigate the most significant risks, and performance indicators to measure its success. This strategy must also be a tool in both internal and external communications to underline that zero tolerance to fraud is a guiding principle of the Commission.

1.2 Specific context: the fight against fraud in the Research and Innovation family

1.2.1 A common anti-fraud strategy in the Research and Innovation family (RAFS)

The Research and Innovation (R&I) family faces common risks affecting grant expenditure when implementing the Framework Programmes for Research and Innovation[9] (R&I FWPs). That implies setting broad priorities and justifies joint mitigation actions and work areas. Therefore, a common R&I anti-fraud strategy and action plan are essential to gain efficiency and effectiveness in the fight against fraud committed by applicants and beneficiaries against the R&I budget.

This strategy ensures a coherent and coordinated approach on anti-fraud measures, actions, and resources relevant to the entire R&I family. At the same time, a common strategy contributes to fulfilling principles of the R&I FWPs, i.e. simplification, a trust-based approach, and equal and consistent treatment of a large variety of applicants and beneficiaries of the R&I funds. This complies with the important role

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[8] Ref. Ares(2012)4589215 -15/07/2021

[9] Horizon Europe, Horizon 2020 and their predecessors, FP7, FP6, etc.

that the DG RTD - Common Implementation Centre (CIC) plays in the implementation of R&I FWPs, as also highlighted by the Internal Audit Service (IAS).[10]

Therefore, the Common Anti-Fraud Strategy in the R&I family (RAFS) sets out broad principles for the fight against external fraud[11] in the implementation of the R&I FWPs concerning grant expenditure, by building relevant preventive and detection measures.

The first RAFS was drafted in 2012 and subsequently updated in 2015 and 2019. The 2019 RAFS is based on the principle of '*better control rather than more control*' in line with the above-mentioned principles of the R&I FWPs.

The R&I family members, as key stakeholders, work together through their anti-fraud experts in a joint network, i.e. the Fraud and Irregularities in Research (FAIR) Committee, which is mandated to develop this common umbrella strategy and to regularly monitor its implementation. (See section 2.1.2 for further tasks and composition of this Committee.)

In addition to the RAFS, the R&I family members have individual sectorial anti-fraud strategies that deal with fraud risks affecting not only grants but also procurement, financial instruments within blending operations and equity support, expert management, external and internal fraud, etc. These sectorial strategies also cover risks associated with political priorities and programmes other than Research and Innovation. For that reason, the common strategy and its action plan are always flexible allowing each stakeholder to adapt their local strategies to their specificities, individual needs and anti-fraud measures and procedures.

1.2.2 An update of the 2019 Common Anti-Fraud Strategy in the R&I family (2019 RAFS)

The 2019 RAFS must be updated following the launch of the Horizon Europe Framework Programme[12] and to comply with the mandatory review established in the above-mentioned *Methodology and guidance for services' anti-fraud strategies*.

The current update, based on the lessons learnt from the previous R&I FWPs, focuses on protecting Horizon 2020 and Horizon Europe from fraud by assessing, preventing, detecting and minimising, when necessary, potential risks also associated with its novelties. Horizon Europe, with a budget of €95.5 billion, continues to promote simplification based on implementation experiences of Horizon 2020, while

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[10] Final Audit Report of the IAS Audit of 2020 on the implementation of anti-fraud actions in the Research area: *The Research Anti-fraud Strategy promotes a common approach to anti-fraud preventive and detective measures within the R&I family. In addition, the CIC provides common procedures and specific IT tools to support project officers in implementing controls at every stage of the project life cycle (…)*

[11] External fraud means fraud committed by perpetrators other than EU staff and Members of EU institutions or bodies

[12] Regulation (EU) 2021/695 of the European Parliament and of the Council of 28 April 2021 establishing Horizon Europe – the Framework Programme for Research and Innovation, laying down its rules for participation and dissemination, and repealing Regulations (EU) No 1290/2013 and (EU) No 1291/2013 (*OJ L 170, 12.5.2021, p. 1*)

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including novelties related to digital transformation of administrative processes, the evaluation process, transparency in its implementation and an extended use of simplified forms of funding, among others.

Grants, which are covered by the RAFS, are the main form of support under the R&I FWPs, although funding is also provided through prizes, procurements and financial instruments within blending operations and equity support.

The RAFS is one of the pillars of the overall Control Strategy for Horizon Europe[13], jointly with the HE Audit Strategy[14]. Another main element of the Control Strategy for Horizon Europe is a common ex-ante control approach that includes the Guidance on Horizon Europe ex ante controls[15] and the Guidance on Horizon Europe ex ante anti-fraud checks[16]. An overview of the Commission's control architecture, including Control Strategy and RAFS, can be found in Figure 1.
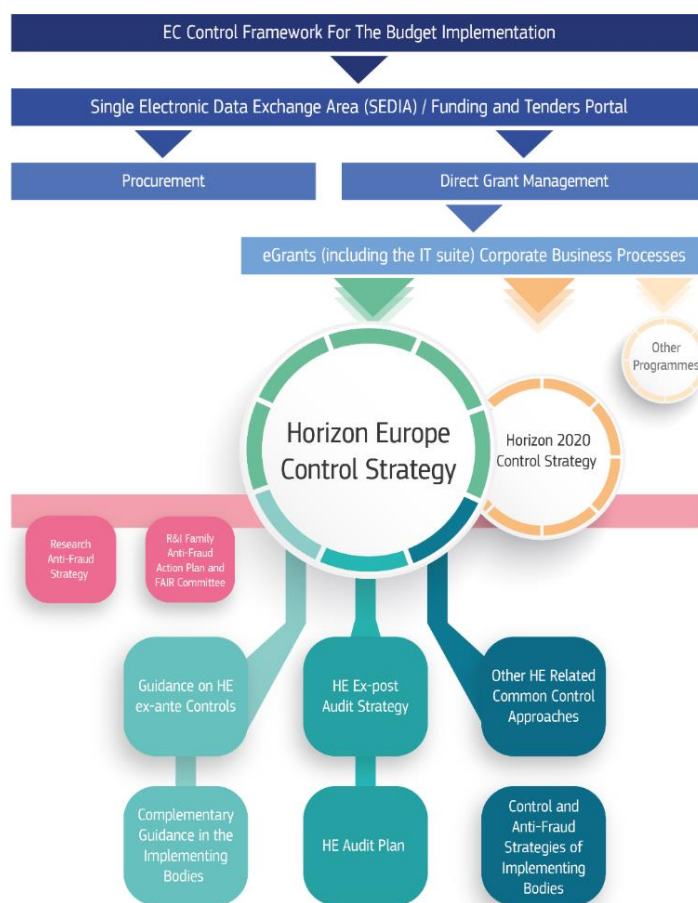

Figure 1 – RAFS and Horizon Europe Control strategy within the Commission's control architecture. RAFS covers risks associated with grant management.

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[13] Ares(2023)7472965 - 03/11/2023
[14] Ares(2023)782262- 02/02/2023
[15] GoFund, EU Grants HE Ex ante controls
[16] GoFund, EU Grants HE Ex ante anti-fraud checks

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This updated anti-fraud strategy is in line with the risk-based approach of the overarching control strategy, the overriding principle of which is *better control rather than more control*. It pays particular attention to fraud prevention and detection, in accordance with the CAFS, and to reinforcing the early detection of emerging risks of irregularities and fraud. With this objective, staff awareness-raising actions, including training, have been designed in the action plan.

The Commission's priorities in the fight against fraud of the 2023 Commission Anti-Fraud Action Plan have also been a point of reference to update this Strategy. The objectives of the 2019 Commission Anti-Fraud Strategy, which remain valid and up to date, have also guided this update.

As in previous updates, the RAFS and its action plan are not intended to be used as a straitjacket. They must allow flexibility to R&I services to be adapted to their own needs and to their anti-fraud measures already implemented.

1.3 Evaluation of the implementation of the 2019 RAFS

The 2019 Action Plan of the Common Anti-Fraud Strategy in the R&I family was implemented, thus complying with its four underlying principles:

1. Better control rather than more control.
2. Staff awareness is the main preventive measure.
3. A common approach where relevant.
4. Easy access to information and anti-fraud support across the R&I family.

To achieve these objectives, targeted actions were designed and implemented such as common tools, common R&I training material, awareness-raising actions for staff and beneficiaries, repositories of red flags and IT tools for fraud prevention and detection, an anti-fraud page available for the R&I family, analysis of OLAF closed cases, etc.

The implementation of the 2019 RAFS Action Plan was regularly monitored in the context of the annual activity reports, in accordance with the indicators defined in the annual management plans/work programmes/working plans of the R&I family services[17].

Furthermore, as an integral part of the process of updating the current strategy, the FAIR members carried out a targeted evaluation of the implementation of this strategy and its action plan through a survey.

In general terms, the 2019 Action Plan was evaluated as relevant, coherent, effective and efficient in fulfilling the aforementioned underlying principles of the strategy.

Most of the stakeholders agreed that the underlying principle of promoting better control rather than more control was achieved through relevant actions, such as enhanced data analysis to better inform the selection of risk-based audits, integration of the SIMBA tool (which is key to detecting potential plagiarism and double funding) into the eGrants IT system, among others. This principle complies with the objective of simplification of the R&I FWPs and the risk-based approach of the new HE Control Strategy.

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[17] Refer to section 2.4

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Raising staff awareness on R&I fraud was considered key and a necessary objective for the new action plan. Prevention through staff awareness of fraud, red flags, ex-ante checks guidance and preventive contractual measures is the most effective and efficient method to protect the R&I expenditure.

Maintaining a common approach, where relevant, was considered essential to implement the action plan. Key factors for this were the following: 1) a coherent and centralised approach to designing the fraud risk assessment, including the development of common mitigating measures; 2) awareness-raising actions, particularly the revised common training material; 3) common tools such as SIMBA and the reinforced monitoring tool and 4) the coordination and coherence roles of the FAIR Committee and the CIC (mostly CAS and CLSS). The CAS data analysis to identify beneficiaries presenting specific risks was also highlighted as very relevant.

The results of this evaluation and the updated fraud risk assessment were the main basis to design the objectives of the updated strategy and its new action plan.

It is important to highlight the conclusions of an audit carried out by the IAS on the implementation of anti-fraud action in the Research area in 2020. The IAS underlined that the anti-fraud framework in place in the R&I family for the prevention, detection and handling of fraud-related cases is adequately designed and implemented effectively, in compliance with the applicable rules.

For the IAS, the Common R&I Anti-fraud Strategy promotes a common approach to fraud prevention and detection measures within the R&I family. In addition, the CIC provides common procedures and specific IT tools to support project officers in implementing controls at every stage of the project life cycle, including addressing the risk of plagiarism and double funding. This common approach in the R&I family and the coordination role played by the CIC/CAS facilitates the exchange of information and the identification of precautionary measures across the implementing bodies.

2. Means and resources

Each R&I service has its individuals means and resources such as expert staff in the fight against fraud, IT tools, procedures, guidelines and Intranet sites. In addition, the entire R&I family shares various means and resources dedicated to fighting fraud affecting R&I FWPs concerning grants that are explained in the following subsections.

2.1 Actors involved and their responsibilities

2.1.1) The R&I family

The R&I family, in the sense of this strategy, is composed of a large number of public and public/private funding bodies (Directorates-General, Executive Agencies and Joint Undertakings) that manage Horizon Europe and Horizon 2020 - grants.

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The R&I family members are the key actors of the Common R&I anti-fraud Strategy and share the responsibility for implementing its action plan.

The CIC 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, common business processes and a common anti-fraud framework.

2.1.2)   The Fraud and Irregularities in Research (FAIR) Committee

In the fight against fraud affecting R&I budget concerning grant expenditure, all R&I services work together within a specific network of anti-fraud practitioners who meet via the Fraud and Irregularities in Research (FAIR) Committee[18].

This Committee was established in 2008 and is chaired by the Head of the Common Audit Service (RTD.H2. CAS). The CAS also ensures the FAIR secretariat.

The main mandate of the FAIR is as follows:

a)   develop and regularly monitor the implementation of the RAFS and its action plan.
b)   ensure regular reporting to the HE Executive Committee on the implementation of the RAFS action plan.
c)   contribute and coordinate specific anti-fraud actions.
d)   exchange experiences and best practices on fraud affecting the R&I FWPs.

2.1.3)   The Common Audit Service (CAS.RTD.H2)/CIC

The CAS is directly involved in the design and monitoring of the R&I anti-fraud framework and is responsible for:

a)   coordinating the design and implementation of the RAFS and its action plan.
b)   acting as Chair of the FAIR Committee.
c)   being available, upon request, to facilitate coordination when several R&I services (RAOs) are concerned by an OLAF case/finding during the OLAF investigative process (selection and investigation phases) and during the implementation of the OLAF recommendations.

In addition, the CAS is the OLAF and EPPO correspondent for DG RTD and a DG RTD member of the Fraud Prevention and Detection Network (FPDNet), chaired by OLAF.

2.1.4)   The Common Legal Support Service (CLSS.RTD.H1)/CIC

The CLSS provides legal support to the R&I family both during the OLAF investigative process and the implementation of the OLAF financial and administrative recommendations.

2.1.5)   The Common Service for Business Processes (CSBP.RTD.H3)/CIC

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[18] Rules of Procedure of the FAIR Committee (Ref.Ares(2019)7246639 – 25/11/2019)

The CSBP defines the simplification strategy, the business processes for the implementation of the R&I FWPs and the specifications for the corporate Commission Funding & Tender Opportunities Portal.

2.1.6)   The Common IT Service (RTD.H.DEP.IT)/CIC

The Common IT Service defines and implements the IT strategy for the eGrants IT system and services that has a corporate approach (not only the grant management cycle of the R&I FWPs).

2.1.7)   The HE Governance: HE Executive Committee & HE Steering Board

The HE Executive Committee is the governance body to which the FAIR Committee reports on the implementation of the RAFS action plan. This committee is responsible for the endorsement of the Common R&I Family Anti-Fraud Strategy. The responsibility for the final adoption of the strategy lies with the HE Steering Board.

2.2 IT tools and their purpose

The list of IT and other tools available to the R&I family and used for fraud prevention and detection is published on the RTD intranet dedicated to anti-fraud[19] (in section "Red flags" (warning signs)). This list includes internal and external tools, databases, as well as external websites, platforms, etc. useful to perform ex-ante anti-fraud checks, many of them integrated into the fully electronic eGrants system.

Furthermore, the CIC, in its effort to harmonise and contribute to the digital transformation, is working with the Commission's central services on the improvement of Arachne and other IT tools to promote their quality and interoperability. This is in accordance with the revised CAFS Action Plan's priority of fostering digitalisation to make the fight against fraud more effective and efficient.

2.3 Reference to anti-fraud manual/Intranet site

The above-mentioned RTD intranet dedicated to the fight against fraud affecting the R&I budget is a site to raise awareness among all staff members in the R&I family. The page supports staff on how to identify fraud risks (through red flags) and whom to contact in case of suspected fraud or serious irregularities. It provides key information such as the most common R&I fraud patterns, red flags, tools, actors involved, including the EPPO and OLAF correspondents of the R&I services as well as the key role of OLAF and EPPO, anti-fraud strategies (RAFS, CAFS and sectorial AFSs), training sessions, guidelines and other useful links.

The Guidance on HE ex ante anti-fraud checks[20] as part of HE Ex-Ante Control Strategy, is a key document to fraud-proof Horizon Europe and to raise anti-fraud awareness among staff. Based on lessons learnt from previous R&I FWPs and following a strict need-to-act and risk-based approach, the guidance contains a list of red flags, relevant ex-ante checks, and IT and other tools that can be used for this purpose, as well as measures to take in case of suspicion of a potential fraud is confirmed.

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[19] RTD Intranet. Anti-Fraud
[20] Refer to footnote 16

2.4 Monitoring mechanisms

As mentioned in section 1.1, an internal control framework is in place which includes, among other elements, an appropriate fraud risk management and a control strategy. The R&I family members have an internal control system tailored to their characteristics and circumstances and regularly assess its implementation. Concerning the RAFS, a mandatory objective is indicated to minimise the risk of fraud through the application of effective anti-fraud measures and the implementation of the CAFS, integrated in all activities of the R&I family services, aimed at the prevention, detection and correction of fraud in grant management in the implementation of EU R&I FWPs.

Under the umbrella of the strategic plan, in the annual management plans/work programmes/working plans, the R&I services outline the actions that will be taken to implement the RAFS while, at the same time, contributing to the CAFS and its action plan, and evaluate their implementation based on the stated indicators.

Subsequently, in their Annual Activity Reports, following the instructions from DG BUDG, the R&I services report the main actions taken during the year to implement the RAFS, to contribute to the CAFS, on the mechanisms put in place for its monitoring and on the results achieved through these actions. The FAIR Committee monitors the implementation of the RAFS and regularly reports to the HE Executive Committee on this implementation (See section 2.1. for further information.)

In December 2021 the R&I family agreed on a set of mandatory common indicators to measure and monitor the overall performance of the RAFS: two quantitative and two descriptive indicators. The quantitative indicators are: 1) Number of new cases sent to OLAF and opened in the year, and cases handled by OLAF relevant to the granting authority in a given year and 2) Number of OLAF financial recommendations received in a given year, in accordance with the DG BUDG instruction for the AAR. The descriptive indicators are: 1) Awareness-raising actions and 2) Cooperation with stakeholders, such as participation in the FAIR Committee, etc.

3. Fraud Risk Assessment

The R&I family fraud risk assessment (R&I FRA2022) was updated in 2022 and is the main basis for the review of the R&I Common Anti-Fraud Strategy, in accordance with the above-mentioned OLAF's methodological guidance for services' anti-fraud strategies and the EC Risk Management Implementation Guide[21]. The R&I FRA 2022 implemented sub-action 2.2 of the 2019 Anti-Fraud Action Plan for the R&I family to fraud-proof Horizon Europe.

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[21] Risk Management in the Commission - Implementation Guide. NB: the version of September 2021 in force at that moment.

3.1 Scope and methods

The R&I FRA 2022 developed within the FAIR Committee covers external[22] fraud risks in the implementation of R&I FWPs through grants. The assessment encompasses a broad range of R&I fraud risks in all forms of grants (actual cost reimbursement, unit costs and lump sums).

To understand the scope of this strategy and its fraud risk assessment, it is important to remember the definitions of fraud and irregularities.

Fraud is any intentional and deceptive breach of a contractual or legal provision of Union law within the meaning of Article 3 of Directive (EU) 2017/1371 that damages the Union's financial interests[23]. Fraud affecting the Union's financial interests constitutes a criminal offence when committed intentionally.

Irregularity[24] is any infringement of a provision of Union law resulting from an act or omission which has, or would have, the effect of prejudicing the general budget of the Union, either by reducing or losing revenue accruing from own resources, or by an unjustified item or expenditure. Irregularity may be the result of genuine errors or negligence. If such a breach of law has been committed intentionally, then it is fraud.

The members of the FAIR Committee were involved in the entire risk assessment process following a 360° scan of R&I fraud risks in grant management, ensuring its robustness. Based on the sources mentioned below, the FAIR Committee participates in 1) the identification of the risks, 2) their assessment using the impact likelihood-approach (ranking the risk level with the five-point scale), 3) the analysis of the effectiveness and efficiency of mitigating measures and 4) the design of the risk response, in accordance with the agreed category of residual risk (high, medium, or low).

The main **sources** used to analyse the R&I fraud risks were:

- The 2017 R&I fraud risk assessment.
- A thorough analysis by the CAS of 86 OLAF cases closed under the H2020 and FP7 Framework Programmes that were reported by the R&I OLAF correspondents.
- Available OLAF material such as, the *OLAF casebook or Compendium of anonymised cases - Research 2010*.
- OLAF reports.

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[22] External fraud means fraud committed by perpetrators other than EU staff and Members of EU institutions or bodies.
[23] Directive (EU) 2017/1371 of the European Parliament and of the Council of 5 July 2017 on the fight against fraud to the Union's financial interests by means of criminal law (*OJ L 198, 28.7.2017, p. 29*)
[24] Article 1(2) Council Regulation (EC, Euratom) No 2988/95 of 18 December 1995 on the protection of the European Communities financial interests (OJ L 312, 23.12.1995, p. 1)

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3.2 Summary of risks and mitigating measures in place

3.2.1 Summary of R&I fraud risks in grant expenditure

Eleven fraud risks were identified and assessed:

1. Fake proposal.
2. Fake project (Fake deliverables or intentional low/poor quality deliverables/fake supporting documents. Lack or insufficient operational and/or financial capacity of the beneficiary).
3. Fake participant/beneficiary. Misrepresentation of an existing legal entity.
4. Fake researcher (Existing researcher not working on the project/action. Misrepresented experience).
5. Fake expenditure (personnel, equipment, travel, subcontracting costs, etc.). Falsification and misrepresentation (invoices, contracts, subcontracts, time records, etc.).
6. Intentionally overcharging personnel, equipment and travel costs.
7. Fraudulent bankruptcy.
8. Undisclosed conflict of interests with a subcontractor. Fake subcontractor or hidden subcontractor.
9. Undisclosed conflict of interests with an (evaluator/monitoring) expert.
10. Double funding.
11. Plagiarism.

In general, such risks remain constant in all R&I FWPs, including Horizon Europe. This time, fake proposals were kept as a separate risk from fake projects, despite the thin line between them, which was different from the previous R&I fraud risk assessments. The purpose was to better cover risks during the evaluation stage.

In addition, due to the more generalised use of simplified cost options (SCOs) under Horizon Europe, the FAIR Committee analysed these forms of grants in relation to each type of risk. No specific, different, or additional risks were identified for SCOs, meaning that the risks associated with SCOs are currently considered to be identical to the risks of cost reimbursement grants.

3.2.2 Summary of the existing mitigating measures

The risks were assessed at their residual level. i.e. considering the controls and mitigating measures in place to reduce their impact and/or likelihood. The main measures are the following:

- Preventive measures, such as anti-fraud awareness through training sessions to staff involved in project management.

- Standard and risk-based ex-ante controls, including anti-fraud checks performed when red flags are detected. Guidance on HE ex-ante controls[25] and Guidance on HE ex-ante anti-fraud checks[26]. However, some controls and checks included in these standard guidance documents which are related to costs actually incurred by the beneficiaries are, by definition, not applicable to lump sum grants.
- The reinforced monitoring tool within the Risk Management Module (RMM) in the eGrants IT system, as part of the risk-based ex-ante controls.
- Early Detection and Exclusion (EDES) system.
- The standard evaluation process by independent experts who are selected and contracted based on their expertise, through the Expert Management Internal/Expert Contracting System (EMI/ECS).
- The role of the REA Central Validation Service (CVS) that performs the validation of legal entities and the Financial Capacity Assessment (FCA).
- Technical reviews.
- Ex-post financial audits (not applicable to lump sum grants, instead, ex-post technical reviews).
- Declarations on honour (absence of exclusion situations, conflict of interests, etc.)
- Double funding and anti-plagiarism checks in the eGrants IT system.

3.3 Weighting of residual risks and risk response

For 9 out of 11 total types of fraud risks identified, the level of residual risk was assessed as *low*. Thus, considering the principles of cost-effectiveness and proportionality that should guide the selection of the risk response, these low-level risks are accepted and no action is required for them.

Fake expenditure, mainly personnel and subcontracting costs, involving falsification and misrepresentation of supporting documents, and intentional overcharging personnel costs are the two highest risk areas in R&I grants. Considering the mitigating measures in place, their level of residual risk was assessed as *medium*. The response to these two risks is included in the action plan in section 5.

The risks identified in the R&I FRA 2022, will be periodically reassessed every 3 years or when appropriate, based on the regular analysis of cases closed by OLAF.

4. Objectives

Based on the results of the fraud risk assessment, the following two objectives have been identified for the 2023 RAFS and its action plan:

1. Awareness-raising for fraud prevention and detection.

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[25] Refer to footnote 15
[26] Refer to footnote 16

2.   A common approach, where relevant, to minimise fraud risks.

In addition, *better control rather than more control* remains the overarching principle of this strategy, in line with the risk-based approach of the Horizon Europe Control Strategy.

To achieve those objectives, the corresponding action plan has been designed following the principles of cost-effectiveness, efficiency and proportionality. The objectives of the Commission's Anti-Fraud Strategy and its revised Action Plan of 2023 were also a point of reference to identify the objectives and actions to fulfil them.

Objective 1 – Awareness-raising for fraud prevention and detection

The R&I family still considers that the best "line of defence" against fraudulent activities lies in the awareness of the staff members who are in day-to-day contact with grant beneficiaries. Thus, a core objective of the RAFS is to assist and enable staff to determine (in accordance with the other policy and programme objectives) what level of risk-based control to apply to each individual case. Staff will make this assessment on a case-by-case basis, based on available guidance and training.

This objective is mainly linked to theme number 7 of the revised Commission Anti-Fraud Strategy Action Plan that reflects one of the Commission's priorities in the fight against fraud, strengthening the culture of ethics and anti-fraud in the Commission.

In particular, raising awareness of anti-fraud matters among staff members and beneficiaries is key to minimise the two medium-level risks identified in the fraud risk assessment, which are targeted by the action plan. (Actions 1.1 and 1.2 contribute to achieving this objective.) Training sessions based on a common and specific material for staff members are one of the main prevention measures. Therefore, three actions focus on exploring the need to update the common anti-fraud material which was prepared as part of the 2019 Action Plan, and on developing special materials or guidelines for specific risks. (Actions 1.3, 1.4 and 1.5)

This first objective is also ensured by providing staff members with the appropriate information and support to prevent, detect and timely report any suspicion of fraud or irregularities. This is achieved through the regular update of the above-mentioned RTD intranet page on anti-fraud for the entire R&I family (Action 1.6) and through individual actions by each R&I family member (Action 1.7). Both actions contribute to fulfilling the functions of OLAF correspondents for all activities related to reporting fraud, supporting OLAF in investigative matters, following up OLAF recommendations and cooperating in fraud prevention.

Objective 2 – A common approach, where relevant, to minimise fraud risks

While some actions and decisions are always taken locally, under the responsibility of each AOD, this strategy aims to continue promoting a common approach in the areas where it has a real added value.

The role of the FAIR Committee will be strengthened by increasing the frequency of its meetings and encouraging a more active participation of its members with additional exchange of information on fraud patterns and measures taken (action 2.1). This pro-active exchange of information also forms the basis for continuous analysis of R&I fraud cases and regular feedback to ex-ante and ex-post controls (action 2.2). The R&I family will be available to support the implementation of the revised CAFS Action Plan to

strengthen digital control over plagiarism to make the fight against fraud more efficient and effective (action 2.3). The coordination role of the CAS (and CLSS) in OLAF cases impacting more than one R&I service also ensures this coherent approach (action 2.4).

5. Action Plan

Action no	Action	Actor(s)	Indicator (baseline)	Deadline/target	Link to CAFS objective and action
Objective 1. Awareness-raising for fraud prevention and detection					
Action 1.1	Develop continuous anti-fraud awareness-raising actions for staff and management, such as training, surveys, specific (half-day) workshops, etc.	Each R&I family member (individually and / or jointly)	Number of awareness-raising actions: training, surveys, specific (half-day) workshops, etc.	At least 1 per year	Theme 7. (Strengthen the culture of ethics and anti-fraud in the Commission). Action 42
Action 1.2	CIC Outreach events in Horizon Implementation Days and L&F National Contact Points (NCP) meetings on fraud prevention and detection.	CAS	Number of presentations per year given at Horizon Implementation Days and L&F NCP meetings.	2 presentations per year at least: 1 at the Horizon Implementation Days and 1 at the NCP meetings	Theme 7. (Strengthen the culture of ethics and anti-fraud in the Commission) Action 42 (For beneficiaries)
Action 1.3	Explore the need to update the common anti-fraud training material to include new types of fraud as well as (more) practical exercises.	CAS with R&I family members	Set up a FAIR working group to explore this need.	Continuous	Theme 7. (Strengthen the culture of ethics and anti-fraud in the Commission) Actions 40 & 43
Action 1.4	Explore the need to develop specific training material to tackle specific risks, e.g. public procurement, plagiarism etc.	CAS with R&I family members (particularly those with specificities)	Set up a FAIR working group to explore this need.	Continuous	Theme 7. (Strengthen the culture of ethics and anti-fraud in the Commission) Actions 40 & 43
Action 1.5	Explore the need to develop specific guidelines for beneficiaries as regards grants for financial support to third parties (cascading grants).	CNECT with the support of R&I family members and CAS	Set up a working group to develop these guidelines.	December 2024	Theme 7. (Strengthen the culture of ethics and anti-fraud in the Commission) Actions 40 & 43
Action 1.6	Regularly update the RTD intranet page as common repository of readily available anti-fraud information.	CAS	Update on a regular basis	Continuous, at least once per year	Theme 7 (Strengthen the culture of ethics and anti-fraud in the Commission Action 40 Theme 5 (Reinforce the EU anti-fraud architecture) Action 31 (applicable not only to JUs but also to all R&I services)

Action 1.7	Access to information and support for staff members to prevent, detect and report any suspicion of fraud in a timely manner throughout the R&I family.	All R&I family members and CAS	Quality support to staff members when needed thus fulfilling the functions of OLAF correspondent for fraud prevention and supporting OLAF in its investigations.	Continuous	Theme 7. (Strengthen the culture of ethics and anti-fraud in the Commission) Action 40
Objective 2. A common approach where relevant to minimise fraud risks					
Action 2.1	Revise the Rules of Procedure of the FAIR Committee to encourage a more active participation of its members and increase the exchange of experience.	CAS with the R&I family members	- Revise the Rules of Procedure of the FAIR Committee - Number of Committee meetings per year	- June 2024 - 4 FAIR Committee meetings per year	Theme 6. (Coordination and cooperation among services) Action 34 (FAIR Committee)
Action 2.2	Continuous analysis of R&I fraud cases and regular feedback to FAIR for ex-ante and ex-post controls.	CAS with R&I family members	- FAIR members to continue sharing information on OLAF cases with CAS - Include a point on the FAIR Committee agenda to ensure its implementation, at least once a year.	- Continuous - At least 1 FAIR Committee meeting with this point on the agenda per year	Theme 7. (Strengthen the culture of ethics and anti-fraud in the Commission) Action 43
Action 2.3	Availability of the R&I family to support the implementation of the CAFS Action Plan in relation to plagiarism checks using open sources.	R&I family members	Participation in the working group that OLAF would organise to implement this action of the CAFS Action Plan	When necessary	Theme 1 (Foster digitalisation and the use of IT tools to fight fraud) Action 8
Action 2.4	CAS to continue its coordination role on OLAF cases impacting more than one R&I granting authority, as per CAS working arrangements.	CAS	Provide coordination support upon request	Continuous, upon request by R&I stakeholder and/or OLAF	Theme 6. (Coordination and cooperation among services) Action 34