



**IMI2 JU Anti-Fraud Strategy
2020 / 2024
Implementing the Common Research Family
Anti-Fraud Strategy (RAFS)**

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Document history

Review No.	Approval Date	Reviewed items
Version 1.0	08/07/2015	New Anti-fraud Strategy
Version 1.1	November 2018/June 2019	Assessment and revision at FAIR Committee level of the Research Anti-Fraud Action Plan.
Version 2.0	27/04/2020	Revision of the Strategy in line with the Commission's Anti-Fraud Strategy (CAFS) of 29 April 2019 and the Common Anti-fraud Strategy for the Research Family (RAFS) of 26 June 2019

1 Background

Anti-fraud measures are an essential component of the legal and financial framework of the Innovative Medicines Initiative 2 Joint Undertaking (IMI2 JU) in line with:

- The responsibility of the Joint Undertaking to ensure that the financial interests of its Members are adequately protected (Article 14 of the Regulation establishing the IMI2 JU¹);
- The principle of sound financial management which involves reducing the risk of fraud and irregularities by building relevant preventive and protective measures in the Internal Control systems (Articles 11 and 12 of the IMI2 JU Financial Rules);
- Article 16.1 paragraph 2 of the IMI2 JU Financial Rules, which states that the Joint Undertaking shall participate in fraud prevention activities of the European Anti-Fraud Office (OLAF)².

2 Purpose

In this context, the purpose of the revision of the IMI2 JU Strategy is twofold:

- To update and align its anti-fraud actions with the Commission's Anti-Fraud Strategy (CAFS) of 29 April 2019³, as well as the Common Anti-fraud Strategy for the Research Family (2019 RAFS) set up by the Common Audit Service⁴ of the Common Implementation Centre in collaboration with the Research Family and updated on 26 June 2019⁵.
- To assess and develop additional anti-fraud actions to better cope with the specificities of the IMI2 JU as a public private partnership.

While the RAFS coordinates and harmonises the approach of the Research family in the framework of H2020 programme and in areas where it has a real added value (e.g. scientific misconduct, common training, awareness raising, proactive data analysis and harmonised treatment of fraud cases) this strategy also encompasses internal misconduct and any other fraud for which an action might be taken internally, under the responsibility of the Joint Undertaking management.

The IMI2 JU Anti-fraud strategy with the objectives described below, is designed to cover the period from 2020 to 2024. It may be revised or updated at any time, to reflect the 2019 CAFS and/or the 2019 RAFS and the actions undertaken within Directorate General for Research and Innovation.

3 Objectives

The CAFS and RAFS promote better data collection and better analysis of fraud related data, and more coordination among all Commission services and bodies (including executive agencies and Joint Undertakings).

¹ Council Regulation (EU) No 557/2014 of 6 May 2014 establishing the Innovative Medicines Initiative 2 Joint Undertaking, OJ L 169/54 of 07/06/2014.

² IMI JU Governing Board Decision of 10 October 2008 concerning the terms for internal investigations in relation to the prevention of fraud, corruption and any illegal activity detrimental to the European Community's interests.

³ Commission Anti-Fraud Strategy (COM (2019) 196 final - 29.04.2019): enhanced action to protect the EU budget.

⁴ Unit RTD.B2-CAS

⁵ Endorsed by the Executive Committee of the Common Implementation Centre on 21 March 2019 and updated on 26 June 2019.

This update of the IMI2 JU Anti-Fraud Strategy⁶ translates the relevant action points developed by the Commission and the Research Family into three main objectives accompanied with indicators.

These objectives are:

Objective / Priority implemented	Indicators of achievement
<p>1. Strengthening fraud prevention and detection, minimising the opportunities for internal and external fraud ensuring that effective counter fraud measures are in place and provide an appropriate response when fraud occurs.</p> <p>Priority: Prevention / Corrective measures</p>	Number of grants and/or beneficiaries flagged in Risk Management Module in SYGMA
	Number of Early detection flags in EDES
	Number of fraud-related audits, desk-reviews and checks (financial or technical) and their financial impact
	Fraud risk assessment included in the annual Risk Assessment Exercise
	Number of OLAF requests for cooperation and cases notified by the IMI

Objective / Priority implemented	Indicators of achievement
<p>2. Raising awareness about fraud risk across the JU and its stakeholders.</p> <p>Priority: Prevention</p>	Percentage of relevant staff involved in the grant management who followed an anti-fraud training
	Fraud risk discussed with staff during the annual Risk Assessment Exercise
	Presentation to target groups (such as governance bodies; experts, beneficiaries and other stakeholders)

Objective / Priority implemented	Indicators of achievement
<p>3. Reinforcing cooperation with OLAF.</p> <p>Priority: Prevention / Detection /Corrective measures</p>	Time-to-provide feedback to OLAF on measures taken upon OLAF's recommendations
	Number of sanctions (exclusions and/or financial penalties, with the possibility to publish the related information) launched by IMI upon recommendation from OLAF
	Number and amount of recoveries launched by IMI upon OLAF's recommendation

⁶ The Anti-fraud strategy (IMI2/INT/2015-01586) was adopted by IMI2 Governing Board on 08/07/2015.

The indicators will be reviewed in the framework of regular reporting in order to assess the robustness and effectiveness of the IMI2 JU anti-fraud strategy in preventing, detecting and timely follow-up of the suspected fraud cases.

As an effect, the IMI2 JU Programme Office intends to:

- Ensure proper use of the reinforced monitoring tool in SYGMA/COMPASS for fraud and risky cases,
- Enhance the targeted use of risk-based desk-reviews and technical checks for fraud prevention and detection,
- Promote the proper use of Early Detection flagging in EDES,
- Enhance checks on plagiarism and double funding using and promoting appropriate IT tools (such as “URKUND”, “DAISY20”, “ARIS” and “SIMBA”),
- Further improve the timely and effective implementation of OLAF recommendations.

This approach puts forward the existing operational and contractual measures already in place to mitigate the risk of fraud in the framework of Horizon 2020 programme and the legacy of FP7 programme while raising awareness remains the main preventive measure.

4 Roles and responsibilities

The implementation of the IMI Anti-fraud strategy is the responsibility of all Members, partners, beneficiaries and Joint Undertaking’s staff. However, members of the Governing Board and IMI management team have a particular responsibility to establish mechanisms to prevent fraud and to ensure that any suspected fraudulent activity is immediately reported and followed-up as appropriate.

Each manager and member of the staff in charge of a given operational process, a project, or activity must be aware of the risks that may affect that process. A systematic fraud risk assessment should allow them to take preventive measures and suitable steps to ensure that those measures, in particular the controls introduced, are effective.

Within this context, at IMI fraud detection is typically within the remit of the operational unit while the anti-fraud function offers horizontal support and liaising with the Commission Services (i.e. CSC-CAS OLAF)

5 IMI2 JU Anti-fraud cycle

In line with the 2019 CAFS the IMI2 JU has in place an anti-fraud approach which aims at protecting the EU’s financial interests from fraud, corruption and other intentional irregularities and on the risk of serious wrongdoing inside the EU’s institutions and bodies. As a result, the IMI2 JU Anti-Fraud Strategy covers:

- Fraud – including VAT fraud –, corruption and misappropriation affecting the EU’s financial interests, as defined in Articles 3 and 4 of the PIF Directive;
- Other criminal offences affecting the Union’s financial interests (e.g., offences linked to an abuse of procurement procedures where they affect the EU budget);

- Irregularities as defined in Article 1(2) of Regulation (EC, Euratom) No 2988/95⁷ (insofar as they are intentional but not already captured by the criminal offences referred to above);
- Serious breaches of professional obligations by staff or Members of the Union's institutions and bodies, as referred to in Article 1(4) of the OLAF Regulation and in the second subparagraph of Article 2(1) of Commission Decision (EC, ECSC, Euratom) No 352/1999/25.

Within the remit of this definition, the IMI2 JU approach aims at covering all the phases of the anti-fraud cycle, namely:

- **Risk assessment:** Regular risk analysis are performed (through the annual risk assessment exercise and as part of the grant management cycle) taking into account the result of the fraud risk assessment exercise carried out by the Research family and the experience gained by the IMI2 JU Programme Office. This assessment puts forward the existing measures to mitigate the most common risks and the remaining residual risks, with a special focus on grant management;
- **Prevention:** Raising awareness among staff members and stakeholders remains the best fraud prevention measure implemented by the IMI2 JU. They have to be fully aware of the existing operational and contractual measures put in place for fraud prevention and detection, while the staff has also to be trained on fraud risks, including fraud indicators and detection tools;
- **Detection:** The IMI2 JU has to put in place systems to give reasonable assurance that major irregularities and fraud are detected. All IMI staff and particularly the financial and scientific officers dealing with funded projects have a responsibility for detecting potential fraud. This implies that during the programme implementation, they have to be capable to:
 - Recognise fraud indicators,
 - Identify control weaknesses that could allow fraud to occur.
- **Assessment:** As soon as there are indications that fraud may have occurred, quick action is essential: OLAF should be informed without delay⁸, precautionary measures at grant agreement level may have to be taken, and recovery should begin as soon as possible upon confirmation of the allegations.
- **Sanction and recovery:** These measures contribute to an effective control environment by providing mechanisms for correction upon detection of errors and provide a dissuasive effect against overcharging by beneficiaries or other types of irregular/fraudulent behaviour.

Both FP7 and Horizon 2020 grant agreements provide for contractual corrective measures. These include rejection of ineligible costs; recovery of undue amounts; liquidated damages; reduction of the grant, suspension of payments or projects, possibility to terminate the participation of a beneficiary or the grant agreement.

Based on findings from ex-ante controls or checks, reviews, audits or OLAF investigations, the Authorising Officer can ask for the recovery of funds from the beneficiary and apply further sanctions under the Financial Regulation, such as registration in EDES and financial penalties. For suspected systemic issues an audit may be considered to confirm an extrapolation of the potential impact to other grants concerned.

⁷ 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.

⁸ The Anti-fraud contact person in collaboration with the concerned operational services manages this phase of the process centrally.

- Monitoring and reporting: IMI2 JU Authorising Officer by Delegation is responsible for the transmission of all potential fraud cases to OLAF of which he becomes aware in the performance of his activities. The IMI2 JU as a 'service in the lead' for the entire OLAF case cycle informs the CAS about the formal transmission of the case to OLAF and any subsequent relevant step (dismissal, investigation, closure). The other OLAF correspondents of the services concerned are informed of these cases⁹.
- In addition, risky cases subject to reporting are documented and followed-up at project level when applicable via the Risk management Module in SYGMA. Internal control system provides that the Risk Management and Internal Control manager (RMIC) reports regularly to the Executive Director and the management team on the undertaken control measures and ongoing procedures.

6 Conclusion

IMI2 JU is committed to prevent and identify potential fraud, wherever it occurs, through awareness raising and training; implementing the necessary internal controls; and responding to indications of suspected fraud promptly and effectively. When fraud has occurred, the Joint Undertaking will take the appropriate administrative, disciplinary and/or legal respective action.

In this framework IMI2 JU Members, beneficiaries and stakeholders play a key role, together with the staff, in the prevention and detection of fraud and have the responsibility to report suspicions of fraud in good faith.

⁹ Common Audit Service, Working Arrangements for H2020 Processes, Ares(2016)6690057 - 29/11/2016

