DECISION 23/2018

OF THE GOVERNING BOARD

OF THE EUROPEAN INSTITUTE OF INNOVATION AND TECHNOLOGY

ADOPTING THE REVISED EIT ANTI-FRAUD STRATEGY

THE GOVERNING BOARD OF THE EUROPEAN INSTITUTE OF INNOVATION AND TECHNOLOGY,

Having regard to Regulation (EC) No 294/2008 of the European Parliament and of the Council of 11 March 2008 establishing the European Institute of Innovation and Technology,[1] as amended by Regulation (EU) No 1292/2013 of the European Parliament and of the Council of 11 December 2013[2] (hereinafter referred to as the "EIT Regulation"), and in particular, Article 22;

Having regard to the Staff Regulations of Officials, laid down by Council Regulation (EEC, EURATOM, ECSC) No 259/68 (hereinafter referred to as "Staff Regulations") and to the Conditions of Employment of Other Servants of the European Union (hereinafter referred to as "CEOS"), both as latest amended by Regulation[3] (EU, EURATOM) No 1023/2013 of the European Parliament and of the Council of 22 October 2013, and in particular, Articles 11a, 12a, 12b, 16 and 22a;

Having regard to Regulation No 2988/95 of 18 December 1995 on the protection of the European Communities' financial interests[4];

Having regard to the Interinstitutional Agreement of 25 May 1999[5] between the European Parliament, the Council of the European Union and the Commission of the European Communities concerning the internal investigations by the European Anti-fraud Office (hereinafter referred to as "OLAF");

Having regard to Regulation Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002[6];

Having regard to the Decision of the Governing Board of 20 February 2009 acceding to the Interinstitutional Agreement of 25 May 1999 between the European Parliament, the Council of the European Union and the Commission of OLAF[7];

Having regard to Decision No 14/2010 of 21 May 2010 on adopting the Ethical & Organizational Code of Conduct of the European Institute of Innovation and Technology (hereinafter referred to as the EIT)[8];

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[1] OJ L97 of 09.04.2008, p. 1.
[2] OJ L347 of 20.12.2013, p. 174
[3] OJ L 56, 4.3.1968, p. 1, as last amended by Regulation (EU, Euratom) No 1023/2013 of the European Parliament and of the Council of 22 October 2013, OJ L 287, 29.10.2013, p.15.
[4] OJ L 312, 23.12.1995, p.1
[5] OJ L 136, 31.5.1999, p 15
[6] OJ L 298, 26.10.2012, p. 1.
[7] EIT (09) GB 05 06 03 – AccessionOLAFAgreement-D2388R
[8] 00016.EIT.2010/I/Dir/CN/Ado

Having regard to 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 of 24 June 2011[9];

Having regard to EIT Decision No 2/2011 of the 14 February 2011 concerning the terms and conditions for internal investigations in relation to the prevention of fraud, corruption and any illegal activity detrimental to the Communities' interests[10];

Having regard to Decision of the Governing Board of the EIT of 27 December 2013 on adopting the Financial Regulation for the EIT,[11] and in particular, to Articles 30 (2) (d), 39 (2), 48 (2), 53 and 111 (2);

Having regard to the Decision of the Governing Board of 9 November 2015 adopting the EIT Anti-Fraud Strategy;[12]

WHEREAS

(1) On 24 June 2011 the European Commission adopted its new Anti-Fraud Strategy (AFS).[13] The action plan accompanying the CAFs states that, in line with antifraud strategies at Commission and DG level, OLAF will provide a methodology and guidance for ant-fraud strategies for EU agencies for EU agencies and other entities;

(2) OLAF's Methodology and guidance for anti-fraud strategies for EU decentralised agencies[14] proposes for the management boards of new agencies to adopt an anti-fraud strategy which is proportionate to their fraud risks, having due regard to the costs and benefits of the measures to be implemented;

(3) The EIT is committed to take strong measures to address and mitigate any fraud, corruption and other illegal activity affecting the financial interests of the European Union. To that end, a number of tools and control systems have been introduced with the aim to create an EIT environment that discourages any fraudulent behaviour;

(4) The EIT adopted the AFS on November 2015 with the aim to improve prevention, detection and the conditions for investigations of fraud, and to pursue adequate deterrence and reparation, with proportionate and dissuasive sanctions. According to chapter 9 of the AFS, the latter shall be reviewed and updated every three years.

(5) The EIT wishes to continue raising awareness with regard to fraud prevention and detection among the staff members, members of the Governing Board, KICs contact points and external contractors. Consequently, the EIT is revising the Anti-fraud Strategy and an updating the Action.

(6) The revised Anti-Fraud Strategy is based on the lessons learnt, actions implemented and experience acquired in this field. The latter will allow the EIT to pro-actively continue to reinforce a strong anti-fraud culture and actively encourage fraud prevention with dedicated actions designed to the specifics of the EIT's activities.

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[9] COM (2011)376 Final

[10] 00135.EIT.2011.I.RdB

[11] 01364.EIT.2014.I. - Decision of the Governing Board of the European Institute of Innovation (EIT) and Technology of 27 December 2013 on adopting the financial regulation for the EIT

[12] 02114.EIT.2015.I.GB.WP - Decision 28/2015 of the Governing Board adopting the EIT Anti-Fraud Strategy

[13] 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, 24.6.2011, available at http://ec.europa.eu/anti_fraud/documents/preventing-fraud-documents/ec_antifraud_strategy_en.pdf

[14] European Anti-Fraud Office, Methodology and guidance for anti-fraud strategies for EU decentralised agencies, Ref. Ares(2013)3560341, 25.11.2013, as well as the last update of the same Methodology dated 23.02.2016, ref. Ares(2016)931345

HAS DECIDED AS FOLLOWS:

Article 1

To adopt the revised Anti-Fraud Strategy for the period of 2018-2020 and its annex (Action Plan), as annexed to this Decision.

Article 2

This decision shall enter into force on the day of its signature.

Done in Budapest on 12 July 2018[15]

Dirk Jan van den Berg

Chairman of the EIT Governing Board

Annex: Revised EIT Anti-fraud Strategy

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[15] *Approved by the EIT Governing Board via written procedure*

EIT Anti-fraud Strategy

Revised June 2018

(2018-2020)

The EIT – Making Innovation Happen

www.eit.europa.eu

Contents

1. General Background

On 24 June 2011, the European Commission adopted its Anti-Fraud Strategy, aiming at improving the prevention and detection of fraud, the conditions for investigations of fraud, and at achieving adequate reparation and deterrence [1]. The European Commission has developed a Common Approach on EU decentralised agencies[2] which requires a set of Anti-Fraud measures to be put in place, with the declared aim of improving their efficiency, transparency and accountability.

As a body of the European Union, the European Institute of Innovation & Technology (EIT) "contributes to sustainable European economic growth and competitiveness by reinforcing the innovation capacity of the Member States and the Union in order to address major challenges faced by European society. It shall do this by promoting synergies and cooperation among, and integrating, higher education, research and innovation of the highest standards, including by fostering entrepreneurship". As all other EU agencies, the EIT as per the EIT Regulation is "responsible for taking the necessary measures to provide reasonable assurance of achieving prevention and detection of fraud and irregularities."

Taking into consideration the priorities set by the European Commission within the framework of the Common Approach on EU decentralised agencies, the need to pursue the European Commission's main objectives for its implementation ("more balanced governance, improved efficiency and accountability and greater coherence") and the helpful guidance provided by the European Anti-Fraud Office (OLAF)[3], the Governing Board of the EIT adopted its Anti-Fraud Strategy and the related Action Plan in 2015, which is now updated according to the future obligations and target points for the years 2018-2020.

The overall objective of the EIT's Anti-Fraud Strategy adopted in 2015 was to improve prevention, detection and the conditions for investigations of fraud, and to pursue adequate deterrence and reparation, with proportionate and dissuasive sanctions.

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[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, 24.6.2011, available at http://ec.europa.eu/anti_fraud/documents/preventing-fraud-documents/ec_antifraud_strategy_en.pdf

[2] Joint Statement of the European Parliament, the Council of the EU and the European Commission on decentralised agencies, available at: http://europa.eu/agencies/documents/joint_statement_and_common_approach_2012_en.pdf

[3] European Anti-Fraud Office, Methodology and guidance for anti-fraud strategies for EU decentralised agencies, Ref. Ares(2013)3560341, 25.11.2013, as well as the last update of the same Methodology dated 23.02.2016, ref. Ares(2016)931345

Moreover, the Anti-Fraud Strategy and Action Plan were in line with the provision of Article 22 of Regulation EC No 294/2008 establishing the European Institute of Innovation and Technology, as amended by Regulation (EU) No 1292/2013 of the European Parliament and of the Council of 11 December 2013 ('EIT Regulation'). This provision calls upon the EIT to combat fraud, corruption and other unlawful activities.

The Anti-Fraud Strategy is part of the legal framework of the Agency and meets the requirements of Article 32 of the Framework Financial Regulations of the European Commission [4] which refer *inter alia* to the need for preventing and detecting irregularities[5] and fraud[6].

The updated OLAF's Methodology and guidance for anti-fraud strategies for EU decentralised agencies points out that "the anti-fraud strategy is part of risk management, but given the importance and complexity of the issue, fraud should be addressed in a dedicated process, which runs on top of the annul risk management exercise, though closely interlinked with it"[7]. Therefore, despite it being part of the internal control system, the EIT Anti-Fraud Strategy must be deemed as a separate, additional tool to further strengthen the internal control systems.

Since its inception, the EIT has already developed a number of procedures and policies designed to mitigate identified risks, namely:

- Code of Conduct for EIT staff, Governing Board members and experts;
- Declaration of Interests for GB members, EIT staff and experts;
- Completed IAC consultancy on conflict of interest risk;

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[4] Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002, OJ L 298, 26.10.2012, p. 1.

[5] Article 1(2) of Regulation No 2988/95 of 18 December 1995 on the protection of the European Communities' financial interests (OJ L 312, 23.12.1995, p.1) defines 'irregularity' as "any infringement of a provision of Community law resulting from an act or omission by an economic operator, which has, or would have, the effect of prejudicing the general budget of the Communities or budgets managed by them, either by reducing or losing revenue accruing from own resources collected directly on behalf of the Communities, or by an unjustified item of expenditure."

[6] Article 1(1) of the Convention on the protection of the European Communities' financial interests (OJ C 316, 27.11.1995, p.48) defines 'fraud' as

"(a) in respect of expenditure, any intentional act or omission relating to:
- the use or presentation of false, incorrect or incomplete statements or documents, which has as its effect the misappropriation or wrongful retention of funds from the general budget of the European Union or budgets managed by, or on behalf of, the European Union;
- non-disclosure of information in violation of a specific obligation, with the same effect;
- the misapplication of such funds for purposes other than those for which they were originally granted;
(b) in respect of revenue, any intentional act or omission relation to:
- the use or presentation of false, incorrect or incomplete statements or documents, which has as its effect the illegal diminution of the resources of the general budget of the European Communities or budgets managed by, or on behalf of, the European Communities,
- non-disclosure of information in violation of a specific obligation, with the same effect,
- misapplication of a legally obtained benefit, with the same effect."

[7] European Anti-Fraud Office, Methodology and guidance for anti-fraud strategies for EU decentralised agencies, Ref. Ares(2016)931345, dated 23.02.2016, p. 5

- A transparency policy, whereby the CVs and Declarations of Interests for GB members, EIT Director and management are published to enable public scrutiny;
- Nomination of an anti-fraud coordinator;
- Policy and risk assessment on sensitive functions;
- Completed IAC consultancy on the management of sensitive functions;
- Auditing system: the Agency is subject to regular audits performed by different independent audit bodies: European Court of Auditors, external auditors auditing the Agency's annual accounts, internal audit service of the European Commission, and the internal audit capability;
- Independent Audit Committee;
- A whistleblowing policy for staff.

2. The EIT context

The European Institute of Innovation and Technology contributes to Europe's sustainable growth and competitiveness by enhancing the Union's ability to innovate and as an integral part of Horizon 2020, the EU Framework Programme for Research and Innovation. It does so through the integration of higher education, research and innovation of the highest standards.

The EIT represents a change in the European innovation landscape via its Knowledge and Innovation Communities (KICs). KICs are highly autonomous and integrated partnerships which bring together leading organisations from higher education, research and business to collaborate in new ways, transcending the borders of disciplines, backgrounds, sectors and countries.

The concept and model of the EIT and its KICs are designed in a way that facilitates and actively encourages synergies and complementarities with EU, national and regional initiatives of research and innovation, entrepreneurship and higher education. The EIT acts as unique catalyst by building and integrating existing strengths and capabilities of organisations and regions that are active in the different areas of the knowledge triangle of higher education, research and innovation.

The EIT KICs bring a European dimension and integrated strategic approach to regional initiatives via their Co-location Centres. These centres offer strong local players the opportunity to closely connect and interact with other excellent partners across

borders in the strategic and integrated framework of the EIT KICs. The EIT KIC themes are strategically aligned with the societal challenges of Horizon 2020 and EU policy priorities.

The EIT is financed through a contribution from the general budget of the European Union within the financial envelope from Horizon 2020 during the period from 1 January 2014 to 31 December 2020 and other private and public sources. In particular, the EIT is financed from contributions from partner organisations, forming a substantial source of funding, voluntary contributions from Member States, third countries or public authorities within them, contributions from international bodies or institutions, revenue generated by the KICs' own assets and activities and royalties from intellectual property rights, capital endowments, including those managed by the EIT Foundation, bequests, donations and contributions from individuals, institutions, foundations or any other national bodies, the contribution from the EIT and financial instruments, including those funded from the general budget of the Union.

The EIT contribution to the KICs may cover up to 100% of the total eligible costs of KIC added-value activities.

The EIT implements its budget in accordance with the principles of sound financial management (Article 317 TFEU) and with the provision of Article 325 TFEU, which stipulates that the EU, and the Member States, shall counter fraud and any other illegal activities affecting the financial interests of the Union. These articles provide an explicit legal basis for operations by the EU and its bodies and agencies to combat fraud and other unlawful activities. In this light, the EIT is committed to ensuring that the framework, the policies, the rules and the procedures in place enable the effective prevention and detection of fraud.

3. Principles guiding the EIT Anti-Fraud Strategy

Ethics and transparency are key concerns for the EIT's activities. The EIT is fully committed to ensure that these principles are properly applied. EIT´s staff, members of the Governing Board, external experts and consultants working for the EIT and staff working within the KICs must pursue the highest standards of honesty, propriety and

integrity in the exercise of their duties. This also needs to be visible to the whole EIT community and our external stakeholders.

The EIT will not tolerate fraud, irregularities, impropriety or dishonesty and will report, without delay, any instance of suspected fraud to OLAF, which is exclusively competent to investigate those cases[8].

The EIT will take all actions and adopt all measures as appropriate against anyone defrauding or attempting to defraud the EIT and/or stakeholders' assets and resources, or otherwise damaging EIT's reputation. In all such cases, the EIT will continue to cooperate fully with OLAF, all other EU authorities and Institutions and if applicable, with competent national authorities.

4. The implementation of EIT´s Anti-Fraud Strategy (2015-2017) and its revision

According to the action plan annexed to the Anti-Fraud Strategy approved in 2015, thirteen actions were to be performed during the years 2015-2016. One additional was added in the course of 2017 and 2018 about how to prevent and detect fraud within the KICs by the establishment of anti-fraud EIT-KICs contact points.

As a result, the majority of the actions[9] have been implemented within the assigned deadlines[10]. The EIT intends to maintain a fraud-proof environment for the fulfilment of the EIT´s strategic objectives as laid down in its Single Programing document 2020[11].

The actions scheduled for 2015-2016 have contributed to ensure the Agency's approach to managing the risk of fraud kept the pace with anti-fraud related developments, best

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[8] See Commission Decision of 28 April 1999 establishing the European Anti-Fraud office (OLAF), OJ No L 136 of 31.5.1999, p.20, available at: http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:31999D0352&from=EN
[9] Eight actions of a total of thirteen actions.
[10] The following actions from the previous Anti-fraud Strategy remain to be completed: to insert anti-fraud clauses in standard contracts agreements at the EIT, to perform an annual fraud risk assessment, to assess if procurement procedures at the EIT and KIC level demonstrate sufficient fraud resistance.
[11] Decision 34/2017 of the EIT Governing Board on the adoption of the Final Single Programming Document (2018-2020) of the EIT.

practices, and legislative requirements. The actions scheduled for 2015-2016 were mainly focused on fraud prevention and on setting the fraud-proof environment within the Agency.

This was pursued mainly through raising anti-fraud awareness among staff, for example through compulsory annual training on 'Ethics & integrity, and fraud prevention & detection', through tailor-made presentations based on anti-fraud surveys, induction session to newcomers and newly appointed Governing Board members at the EIT Governing Board as well as briefings/presentations on fraud prevention and detection to KICs through both EIT KIC forums and EIT-KICs' anti-fraud network.

The Anti-fraud Coordinator, appointed on 15 October 2015 as one of the actions plan for 2015-2016, ensured the coordination and follow-up of the action plan and OLAF recommendations. The EIT also devoted efforts to enhance cooperation with the KICs in the field of fraud prevention and detection. Further efforts have also been put on the development of instruments for fraud prevention, such as the whistleblowing guidelines.

A key feature of the Agency's approach to anti-fraud matters is the close cooperation with the European Anti-Fraud Office (OLAF), which is mandated by law[12] to carry out internal investigations into the Agencies. The cooperation and information exchange with the Anti-Fraud Office is enshrined both in Regulation (EU, Euratom) No 883/2013 and Article 22 of the EIT Regulation. Over the past three years, the EIT had reported to OLAF two suspected fraud behaviours. In both cases, OLAF decided to dismiss the case during the preliminary selection phase. In three occasions, the Agency was requested by OLAF to provide information in relation to three ongoing OLAF cases.

In addition to the cooperation with OLAF, the EIT has also exchanged best practices with the other EU Agencies on anti-fraud matters, for example through the Anti-Fraud Working Group within the Inter Agency Legal Network, the aim of which is to enhance harmonised and standardised approaches to anti-fraud strategies among the EU decentralised Agencies. The establishment of this working group has been praised by the Committee on Budgetary Control of the European Parliament in March 2017[13] . This is a recognition of the efforts taken by different Agencies in the fight against fraud.

According to chapter 9 of the EIT Anti-Fraud Strategy ('Review and monitoring'), the latter shall be reviewed and updated every three years. This revision takes into account

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[12] Regulation (EU, Euratom) No 883/2013 concerning investigations conducted by the European Anti-Fraud Office (OLAF) OJ, L 248, 18.09.2013, p.1.

[13] Committee on Budgetary Control, European Parliament, "Report on discharge in respect of the implementation of the budget of the European Union agencies for the financial year 2015: performance, financial management and control", dated 31.03.2017, doc. ref. 2016/2206(DEC), page 11, point 46, available at the address http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//NONSGML+REPORT+A8-2017-0149+0+DOC+PDF+V0//EN

the lessons learnt in the course of the implementation of the Anti-Fraud Strategy over the past three years, the latest fraud trends, the developments in the legislative framework and guidance received from the European Anti-Fraud Office[14], as well as the Agency's new needs with regard to fraud-related matters.

With the current revision of the Anti-Fraud Strategy, the EIT wishes to continue raising awareness with regard to fraud prevention and detection among the staff members, members of the Governing Board, KICs and external contractors, facilitating detection of possible fraudulent behaviours and acting rapidly in close cooperation with OLAF. The EIT Interim Director has set the new objectives for the further 3-year period, together with an updated action plan.

As in the previous action plan, the actions planned to reach the revised objectives for the years 2018-2020 are linked to key performance indicators and will be implemented by a set due date.

5. Definitions

In December 2015 it was decided that for the purposes of the Anti-Fraud Strategy, the concept of fraud encompasses both internal and external misbehaviour (i.e. misbehaviour committed by staff members or persons anyhow linked to the Agency or by external parties) and relies on the assumption that the reputational impact of a misbehaviour might be equally important to, or even more important, than the financial damage itself.

It covers in particular, but not only, any infringement of the financial interests of the EU as defined by the Convention on the protection of the European Communities' financial interests ('PIF Convention')[15]. It also covers misbehaviour that may not have a direct effect on the EU's financial interests, but has anyhow a reputational impact, such as some cases of forgery (in CVs for example), plagiarism, concealment of material facts, breaches of IT systems, cyber fraud, transmission of confidential information and

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[14] European Anti-Fraud Office, Methodology and guidance for anti-fraud strategies for EU decentralised agencies, Ref. Ares (2016) 93145, dated 23.02.2016.

[15] Council Act of 26 July 1995 drawing up the Convention for the protection of the European Communities' financial interests, OJ No C 316 of 27.11.95, p.48.

conflicts of interests that have not been declared intentionally. Favouritism and collusion are also included in the definition of fraud for the purposes of this Anti-Fraud Strategy.

The Agency deems appropriate to maintain this wide definition of fraud for the purpose of the application of this document. This wide definition is shared with the other EU Agencies and serves the purpose of preventing and detecting the highest possible number of illegal behaviours and keeping high the attention of staff members also on instances likely to create a reputational damage.

6. Fraud risk assessment

In order to further focus on the risk of fraud and in line with the OLAF's Guidance and Methodology, the EIT carries out a risk assessment (risk logs) including a detailed EIT Unit level risk register to be reviewed twice per year. This risk assessment exercise contains a dedicated part 'EIT Anti-fraud Risk' which is mainly focused on the risk of fraud in the different processes taking place within the Agency.

The fraud risk assessment will be conducted once a year. It will combine fraud risks identified in the different processes in place within all Units and fraud risks in those functions categorised as sensitive. The fraud risk assessment will be mainly focused on the following areas of risk:

- Use of EIT funds by KICs (grants);
- Conflict of interest and impartiality of assessment;
- Data security (IT tools/systems);
- Recruitment;
- Whistleblowing and overall strengthening of fraud detection measures.

7. Objectives and actions

The strategic objectives of the Anti-Fraud Strategy are driven by the EIT's priorities and values. The vast majority of EIT funds are implemented by KICs whose budget is growing whereas the EIT's operational budget is largely stable. The EIT's Governing Board has a significant decision-making power as part of the designation of KICs and annual grant

allocation process. For this reason, the EIT needs to set certain objectives to counter fraud at all levels, i.e., the levels of KICs, the Governing Board, the EIT staff and external contractors and thus reinforce the public trust in our activities.

These objectives aim at encompassing all stages of the anti-fraud cycle: prevention, detection, investigation, recovery and sanction. Whilst prevention should remain one of the most important objectives of the revised Anti-Fraud Strategy, it is deemed appropriate to focus the efforts also on detection, in particular by encouraging internal reporting of any possible case of fraud as well as proactive random verifications in some areas.

In order to address the five major risks identified in the preceding section, the following strategic objectives were agreed and endorsed by the EIT Interim Director:

1. Maintain and enhance an anti-fraud culture underpinned by high level of awareness, integrity, impartiality and transparency within the EIT community (GB members, KICs, experts and external contractors);
2. Maintain an effective system for internal reporting of suspected fraud or irregularities;
3. Strengthen measures for detection of suspicious behaviours and deterrence;
4. Strengthen measures for detection of favouritism in recruitment procedures at the EIT;
5. Focus effort on fraud risk mitigation in identified areas of the organisation.

Objective no. 1

Maintain and enhance an anti-fraud culture underpinned by high level of awareness, integrity, impartiality and transparency within the EIT community (also among non-staff members: KICs, experts and external contractors)

In the EIT's view, fraud deterrence is facilitated by wide-spread common understanding and sharing of the ethical values and relevant rules underlining any activity of the EIT.

This objective is inspired by the need to constantly communicate the rules and ethical values of the EU Public service from the highest level to each member of staff, including staff employed by the KICs.

The development of a compulsory 'Ethics & integrity, and fraud prevention & detection' training course for all staff members served the purpose of promoting the values of ethics and integrity amongst staff members. The survey launched to the staff members

on anti-fraud facilitated tailor-made presentations delivered by the Anti-fraud coordinator to the different EIT's Units, newcomers, and members of the Governing Board. The presentations delivered to both EIT KIC forum and EIT-KIC anti-fraud network will be updated in light of the most recent OLAF trends and indications.

Maintaining the employees' and KIC beneficiaries' awareness in this regard continues to be of paramount importance to assess the level of implementation of the provisions of anti-fraud foreseen under Framework Partnership Agreement and Specific Agreement and for the successful implementation of the revised Anti-Fraud Strategy. KICs staff need to have in place good governance principles and implement reporting mechanisms within the context of a culture of fraud awareness and prevention.

Actions to reach objective no. 1[16]

- Maintain regular communication to EIT staff, Governing Board members and anti-fraud KICs contact points on anti-fraud related matters through the Annual activity report;
- Update the compulsory in-house training to the EIT Staff and newly appointed members of the Governing Board with the most recent developments in the field of fraud;
- Conduct the regular anti-fraud survey every year if it deemed appropriate;
- Develop specific trainings for anti-fraud KIC's contact points;
- Establishment of an EIT-KIC anti-fraud network by the appointment of KICs contact points.

Objective no. 2

Maintain an efficient system for internal reporting of suspected fraud or irregularities

This objective aims at providing effective systems and guidance in tackling improprieties and reinforcing fraud prevention across the organisation. The purpose of having these systems and controls in-house is to tighten potential gaps in managing financial and operational processes, and to help staff members to handle improprieties without any fear of a retaliation. Communication on past and on-going handling of reported suspicions of fraud will be enhanced to the extent feasible due to the need to protect OLAF's investigations and the personal data of the individuals concerned. The Agency will also cooperate with, and learn from the experience of other organisations, such as

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[16] For detailed actions, please refer to the Annex: Action Plan.

OLAF, the European Commission and other Agencies in countering internal and/or external fraud.

Actions to reach objective no. 2

- Implement the whistleblowing policy adopted by the EIT for EIT staff by putting in place internal reporting and whistleblowing procedures;
- Raise the staff's awareness of internal reporting and whistleblowing procedures;
- Update the section dedicated to fraud on the EIT staff intranet and make the anti-fraud tools (e.g. reporting template, anti-fraud procedures, anti-fraud activities performed by the KICs etc.) more visible on the intranet.

Objective no. 3

Strengthen measures for prevention and detection of favouritism in recruitment and procurement procedures at the level of EIT and KICs

This objective aims at ensuring that only the best candidates (in staff recruitment procedure) and contractors (in procurement procedures) will be selected to work for the EIT and KICs and that merit based (recruitment) and value for money (procurement) based selections for staff and contracts prevail. Recommendations and decisions in procedures, involving comparative evaluations, should be based only on merit, in the name of the objectivity and impartiality that the EIT applies in performing its mission.

This objective is of paramount importance, in the light of the other objectives mentioned. It is argued that only staff selected based solely on merit could ensure the level of commitment to the EIT that is essential to meet objectives 1. Staff plays a key role in implementing and fostering a 'zero tolerance' culture towards fraud and corruption.

Actions to reach objective no. 3[17]

- Review and adjust the selection procedures at the EIT and KIC level (through the update of the EIT recruitment guidelines and revising the measures in place within the KICs, in particular, the Human Resources policy of KICs in relation to recruitment procedures, promotion and remuneration);

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[17] For detailed actions, please refer to the Annex: Action Plan.

- Review and adjust procurement procedures at the EIT and KIC level by putting in place effective proportionate anti-fraud measures taking into account the risks identified -fraud risk assessment tool).

Objective no. 4[18]

Focus effort on fraud-risk mitigation in identified areas of the organisation

This objective aims at substantiating the remaining level of risks after the current mitigating measures have been applied. The EIT would like to focus its effort on these areas to ensure the levels of risks were correctly assessed and then strengthen prevention measures where the risks scores turned out higher[19].

Action to reach objective no. 4[20]

- Carry out annual fraud risk assessment as part of the annual risk assessment (mainly focused on processes and sensitive functions);
- Develop a Document Classification policy and ensure its proper implementation; to adopt other technical measures as appropriate to enhance data security, in particular, a secure mail system;
- Continuous monitoring of the effectiveness of the measures in place, in particular, those related to IT systems to ensure data security through quarterly reports on IT security risks to management.

8. Roles and Responsibility

The risk of fraud cannot be dealt with in isolation. Addressing and mitigating properly the risk of fraud is a key aspect of sound management. Whilst it is essential that all EIT staff members should have a clear understanding of the Agency's Anti-Fraud Strategy and of its action plan, some individuals and Agency's entities have specific leadership roles or responsibilities and these are identified below.

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[18] For details actions, please refer to the Annex: Action Plan.
[19] For example, recommendations from audit reports conducted during the time period that the revised Anti-fraud strategy is in place.
[20] For detailed actions, please refer to the Annex: Action Plan.

8.1. The Governing Board

The Governing Board is responsible for the adoption of this Anti-Fraud Strategy.

8.2. EIT Director

The EIT Director, with his 'tone from the top', promotes anti-fraud culture across the EIT, sets anti-fraud objectives, monitors the implementation of the strategy and action plan and puts in place effective arrangements for combating fraud.

The EIT Director will report once a year the Chairman of the Governing Board on the ongoing and closed OLAF cases via the Annual Activity Report. More serious cases with significant financial or reputational risk are in addition reported upon in closed sessions.

8.3. Heads of Unit

Heads of Units are responsible for promoting the anti-fraud culture within their Units, checking staff awareness and ensuring that all suspected or reported cases of potential fraud are immediately reported to the EIT Director/Anti-fraud Coordinator without delay, cooperating with all other functions involved in the implementation of the Anti-Fraud Strategy.

8.4. Heads of sections

The 'first line controls' for the prevention and detection of fraud rests with heads of sections throughout the organisation. They have the responsibility to manage the risk of fraud and will be supported and trained so that this task is fulfilled effectively.

8.5. Anti-Fraud Coordinator

The Anti-Fraud Coordinator is responsible for identifying and preventing the risks of breach of legal provisions and ethical behaviour rules which may entail liabilities or reputational loss for the EIT. The Anti-Fraud Coordinator coordinates the implementation of the Anti-Fraud Strategy and follow-up actions, reports to the Director on such implementation, acts as a contact point for OLAF for the strategy-related issues and for the anti-fraud KICs contact points and coordinates the implementation of agreed actions of the annual anti-fraud risk assessment.

The Anti-Fraud Coordinator provides guidance on managing fraud risk and design of additional controls, it develops training for all staff and communications with the anti-fraud KICs contact points and other stakeholders, in close collaboration with competent experts within and outside the EIT.

8.6. Head of Services and Finance (SAF)

The Head of SF is responsible for ensuring that financial systems incorporate strong measures to reduce the risk of fraud and detect potential fraud cases at an early stage. He also contributes to promoting staff awareness about the anti-fraud principles and Strategy; where necessary proposes sanctions commensurate to the breach by the relevant staff member, as decided by the Director in accordance with the reports and recommendations drawn up following the OLAF investigation.[21]

The Head of SF as Internal Control Coordinator will supervise the overall implementation of the agreed actions of the annual anti-fraud risk assessment.

8.7. Internal Audit Capability (IAC)

The IAC shall be responsible to inform the EIT Anti-fraud Coordinator as well as the Executive Director, whenever it gets any information relating to possible cases of fraud, corruption or other irregularities that could affect the Communities' financial interests.

8.8. Staff members

Staff members are subject to certain obligations laid down in the Staff Regulations (such as conflicts of interest, gifts, external activities, spouse's employment, or publications or speeches on EU-related matters)[22]. They are obliged to report facts pointing to a possible illegal activity, including fraud or corruption, or to a serious failure to comply with the professional obligations as staff[23].

All staff members comply with the EIT's Anti-Fraud principles and strategy; forward any reasonable concerns with regard to fraud to their head of section, reporting officer

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[21] See article 11 of Regulation No 883/2013, in particular par. 4: "Reports and recommendations drawn up following an internal investigation and any relevant related document shall be sent to the institution, body, office or agency concerned. That institution, body, office, or agency shall take such action, in particular of a disciplinary or legal nature, as the results of the internal investigation warrant, and shall report thereon to the Office, within a time-limit laid down in the recommendations accompanying the report, and, in addition, at the request of the Office".

[22] See Articles 11, 11a, 12, 12b,13, 15, 16 17, 17a and 19 of the Staff Regulations.

[23] See Article 22a of the Staff Regulations.

and/or senior management, in accordance with the existing guidelines, for example, on internal whistleblowing.

8.9. KIC CEOs, KIC management, KIC LE staff, KIC partners, EIT suppliers, contractors, experts and consultants

All the above comply with the EIT's Anti-Fraud principles and strategy.

9. Review and Monitoring

The Anti-Fraud Coordinator will ensure that the EIT's approach to managing the risk of fraud is kept up to date with developments in best practice and legislative requirements. The Anti-Fraud Strategy and its Action Plan will be reviewed every three years.

The implementation of the EIT's Anti-Fraud Strategy, policy and procedures will be subject to periodic review on the basis of an evaluation of the impact of the Strategy, measured using the key performance indicators developed, among which for example the number of cases notified to OLAF for investigation, number of notified cases dismissed by OLAF, number of internal reporting about suspicious behaviours received.

10. Annex

Action Plan for the years 2018-2020

Action	Responsible	Due Time
Maintain regular communication to staff, members of the Governing Board of the EIT and KICs on anti-fraud related matters through: - **Annual Activity Report** - **compulsory in-house training** to staff - **awareness session** to the newly appointed members of the Governing Board of the EIT - **awareness session** to the anti-fraud KICs contact points. Perform **surveys on anti-fraud and ethic knowledge** and organise further trainings according to the results	Anti-Fraud Coordinator in cooperation with the Directorate	Permanent action (by 31.12. each year)
Carry out an **annual fraud risk assessment.**as part of the annual risk assessment (mainly focused on processes and sensitive functions)	Internal Control Compliance and Anti-fraud coordinator	Permanent action (by end 31.12.each year)
Develop a **Document Classification policy** and ensure its proper implementation;	Anti-fraud coordinator	31.12.2018
To adopt other technical measures as appropriate to enhance data security, in particular, **a secure mail system**	IT Section	05.30.2019

Implementation of the whistleblowing guidelines: - adoption of **internal reporting** - and **whistleblowing procedures**	Anti-fraud coordinator in cooperation with the Directorate	02.03.2019
Maintaining **regular communication/cooperation** with **OLAF** and **reporting the Chairman of the EIT Governing Board** on ongoing and closed OLAF cases/investigations via the Annual Activity Report. More serious cases with significant financial or reputational risk to be reported to the EIT Governing Board upon in closed sessions	Anti-fraud Coordinator and EIT Director	Permanent action (communication/cooperation with OLAF). Report on an annual basis to Chairman of the EIT on OLAF cases GB via the Annual Activity Report and in closed sessions to the EIT Governing Board when required.
Make **the EIT staff intranet on anti-fraud more visible**, in particular, the anti-fraud tools	Anti-fraud Coordinator	31.12.2018
Administrative inquires where required or appropriate	Enquires to be nominated on ad hoc basis by the EIT Director	As need
Establishment of **the EIT-KICs' anti-fraud network** and Develop an **action plan** on anti-fraud related matters	Anti-fraud Coordinator and Directorate	31.12.2018 30.04.2019
Additional actions possible needed based on the continuous monitoring of ethical behaviours	Anti-fraud Coordinator in cooperation with the EIT Director	Permanent action
Prepare **an Activity report** on the activities implemented during the previous Anti-fraud Strategy	Anti-fraud coordinator in cooperation with the Directorate	31.12.2018
Risk of fraud in <u>selection procedures</u>: <u>EIT:</u> **revision of the EIT recruitment guidelines**	Anti-fraud Coordinator in cooperation with HR Section and the anti-fraud KICs contact points	20.09.2018 (EIT recruitment procedures)

KICs: Support to the KICs in **revising and adjusting**, when applicable, **the mechanisms and tools in place.** Risk of fraud in <u>procurement procedures:</u> <u>EIT:</u> revision of existing anti-fraud measures through a fraud risk assessment tool. <u>KICs:</u> revision of existing anti-fraud measures and when necessary, adoption of new ones by putting in place a fraud risk assessment tool.	Anti-fraud Coordinator in cooperation with Procurement and Grant Assurance Sections and the anti-fraud KICs contact points	04.09.2019 (KICs recruitment procedures revision) 31.12.2019