

**FUSION FOR ENERGY**

The European Joint Undertaking for ITER and the Development of Fusion Energy

**THE GOVERNING BOARD****DECISION OF THE GOVERNING BOARD ADOPTING  
THE UPDATED ANTI-FRAUD STRATEGY 2019**

THE GOVERNING BOARD,

HAVING REGARD to the Statutes annexed to the Council Decision (Euratom) No 198/2007 of 27 March 2007 establishing the European Joint Undertaking for ITER and the Development of Fusion Energy (hereinafter "Fusion for Energy") and conferring advantages upon it<sup>1</sup>, and in particular Articles 6(3)(k) thereof;

HAVING REGARD to Council Decision N° 791/2013 of 13 December 2013 amending decision 2007/198/EURATOM establishing the European Joint Undertaking for ITER and the Development of Fusion Energy and conferring advantages upon it<sup>2+</sup>

HAVING REGARD to Council Decision N° 224/2015 of 10 February 2015 amending decision 2007/198/EURATOM establishing the European Joint Undertaking for ITER and the Development of Fusion Energy and conferring advantages upon it<sup>3</sup>

WHEREAS the Governing Board should adopt and apply measures and guidelines to combat fraud, irregularities and manage potential conflicts of interest:

HAS ADOPTED THIS DECISION:

*Article 1*

The updated F4E Anti-Fraud Strategy 2019 annexed hereto is adopted.

*Article 2*

This Decision shall have immediate effect.

Done at Barcelona, 9 December 2019

For the Governing Board

**Joaquin Sanchez**

Chair of the Governing Board

<sup>1</sup> OJ L 90, 30/03/2007, p. 58

<sup>2</sup> OJ L 349, 21/12/2013 p.100-102

<sup>3</sup> OJ L 37, 13/02/2015 p.8-14

For the GB Secretariat

A handwritten signature in black ink, appearing to read 'Romina Bemelmans', with a stylized flourish at the end.

**Romina Bemelmans**  
Secretary of the Governing Board

## **Fusion for Energy (F4E) Anti-Fraud Strategy and Action Plan Update December 2019**

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## Key Abbreviations

Abbreviation	Meaning
AFS	F4E Anti-Fraud Strategy
AC	F4E Audit Committee
AIPN	Autorité Investie du Pouvoir de Nomination (Appointing Authority)
AN	Assurance Network
BA	Broader Approach
CAFS	Commission Anti-Fraud Strategy
CM	Commercial Manager - responsible for the commercial matters of a Programme.
CMO	Commercial Management Officer, responsible for contract management, negotiation, financial project planning and controlling.
CoI	Conflict of Interest
DACC	Deviation, Amendment and Contract Changes
DEMO	DEMONstration Power Station
DG ENER (SRD1)	Directorate General Energy (Shared Resource Directorate1)
ECA	European Court of Auditors
EO	Anti-Fraud (OLAF) and Ethics Officer
F4E	Fusion for Energy
FFR	Framework Financial Regulation
FIA	Financial Initiating Agent
FR	F4E Financial Regulation
FVA	Financial Verifying Agent
GB	F4E Governing Board
HR	Human Resources Unit
IAC	Internal Audit Capacity
IAS	Commission Internal Audit Service
ICC	Internal Control Coordinator
IDOC	Commission's Investigation and Disciplinary Office
ITER	International Thermonuclear Experimental Reactor
LSU	Legal Service Unit
OIA	Operational Initiating Agent
OLAF	European Anti-Fraud Office
OVA	Operational Verifying Agent
PgM	Programme Manager (ITER Delivery Dept.)
PID	Probability and Impact Diagram
PjM	Project Manager (ITER Delivery Dept.)
PMO	Pay Master Office
PO	Procurement Officer – responsible respectively for the definition and implementation of procurement procedures, from pre-procurement until contract signature
POI	Process and Organisational Improvement Unit

## 1. New updated F4E Anti-Fraud Strategy

The F4E Anti-Fraud Strategy (F4E AFS) is intended to provide a framework for addressing the fraud risks in the Joint Undertaking. Based on F4Es operational context (point 3.b below), and in particular the results of the risk-assessment (point 4 below), the general objectives reflect the specific context of F4E. The updated Action Plan covering the following 4 years (2020 -2023) is attached in Annex I.

*“...Every euro from the EU budget should be well spent and should create added value for the EU citizens. Today’s Strategy will help us stay focused on preventing, detecting and stopping fraud. We must always remain one step ahead of fraudsters.”<sup>4</sup>*

In April 2019 the Commission adopted its new Anti-Fraud Strategy (CAFS) seeking to further improve the prevention, detection and sanctioning of fraud and supporting the ongoing efforts to bring fraud against the EU budget further down. The new Strategy pushes for more consistency and better coordination in the fight against fraud and it paves the way for more data-driven anti-fraud measures in the coming years. The 2019 CAFS in particular addresses some key recommendations to this regard issued by the European Court of Auditors in a Special Report entitled “Fighting fraud in EU spending: action needed” earlier in 2019<sup>5</sup>.

Regarding its scope, the 2019 CAFS stresses in particular to ensure the soundness of public procurement and to fight any serious breach of professional obligations by staff or members of Union bodies.<sup>6</sup>

The vision behind the new CAFS is to strengthen the corporate oversight of the Commission regarding all matters related to fraud. This is done, by giving the European Anti-Fraud Office (OLAF) a much stronger advisory and supervisory role. OLAF will conduct mandatory reviews of the anti-fraud strategies and monitor their implementation. This will strengthen the Commission's overall governance of the anti-fraud system. In addition, the Commission will strengthen its follow-up of OLAF’s recommendations in order to ensure a better implementation.

Although the CAFS is mainly addressed to the Commission Directorate Generals, the main principles reinforcing the anti-fraud system apply to all EU bodies and are being taken into account in this updated F4E AFS, for which F4E is responsible. The Commission bears a political responsibility for EU bodies like the Joint Undertakings and is represented in the respective management boards (e.g. Audit Committee, Governing Board).

In parallel, the earlier documentation particularly addressed to agencies and bodies remain valid: The Council, Commission and Parliament had developed a *Common Approach on EU*

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<sup>4</sup> IP/19/2080, 29 April 2019. European Commissioner for Budget and Human Resources in the Press Release the day of the adoption of the new Commission Anti-Fraud Strategy (CAFS), COM(2019)196 final.

<sup>5</sup> ECA, 2019, No1: <https://www.eca.europa.eu/en/Pages/DocItem.aspx?did=48858>. E.g. create effective system preventing and detecting fraud, reform of OLAF.

<sup>6</sup> COM (2019)196 final, pages 4, 8.

*decentralised agencies*<sup>7</sup> that provides for a set of anti-fraud measures to be put in place in the agencies and bodies to combat any fraud, corruption or other illegal activity affecting the financial interests of the European Union, with the objective to improve efficiency, transparency and accountability. To assist the agencies and bodies to draft their anti-fraud strategies OLAF has developed a *Methodology and Guidance*<sup>8</sup>.

Against this background, and in consultation with its parent DG ENER/SRD, F4E has in this document continued to develop its Anti-Fraud Strategy and the related Action Plan for the following 4 years (2020 until 2023).

### **a. Completion of the former Action Plan**

The first F4E Anti-Fraud Strategy with its Action Plan (2015-2017)<sup>9</sup> has been fully implemented until 2019, under the oversight of the European Court of Auditors (ECA) and with the help of the F4E OLAF & Ethics Officer together with the respective units. A summary of the implemented actions is attached in Annex II. The implementation is documented in the same tool (RAPID) used for following up the implementation of the audit action plans. Twice per year, ECA had checked the state of play of the implementation, discussed and sometimes further developed individual actions which it considered particularly important in order to prevent fraud to happen (e.g. regarding conflict of interest of management in recruitments, or red flags indicators in procurement procedures). Particular attention was given to awareness raising and establishing functions, to the management of Conflict of Interest as well as to processes like whistleblowing. These developments have been taken into account by the European Parliament when granting the yearly discharge.

Having in mind the above mentioned improvements regarding working procedures (processes, procedures, templates etc.), a general weakness has however been noted regarding the absence of effective implementation of these in several areas and at all levels. This will be addressed (in the new Action Plan) by e.g. regularly reviewing existing instruments and raising awareness.

### **b. Scope and Approach**

The F4E AFS builds on the former one and encompasses all stages of the anti-fraud cycle, namely prevention, detection, investigation and sanctions/recovery. However, because the number of suspected fraud cases reported is extremely low and as OLAF is the main responsible for the investigation follow up (in cooperation with F4E), F4E's updated strategy concentrates on the two first stages (prevention and detection) in order to in particular reinforce the effective implementation of existing rules, processes and resources.

F4E experts in the various activity areas (legal, procurement, personnel, finance, etc.; cf. Annex III) performed a fraud risk assessment with the establishment of a proposed Action

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<sup>7</sup> Joint Statement of the European Parliament, the Council of the EU and the European Commission of 19.7.2012, on decentralised agencies, available at: [http://europa.eu/agencies/documents/joint\\_statement\\_and\\_common\\_approach\\_2012\\_en.pdf](http://europa.eu/agencies/documents/joint_statement_and_common_approach_2012_en.pdf).

<sup>8</sup> European Anti-Fraud Office (OLAF), Methodology and guidance for anti-fraud strategies for EU decentralized agencies, Ref. Ares(2013)3560341, 25.11.2013.

<sup>9</sup> F4E(15)-GB32-15.

Plan. Finally the Senior Management of F4E reviewed and endorsed this analysis, before its submission to the Audit Committee (AC) and its final adoption by the Governing Board (GB). The Commission has been involved along the process, in particular being a member of the AC and the GB.

Communication between the parent Directorate General (DG ENER/SRD) and F4E will continue on a regular basis. The results of the F4E AFS are also being reported in the F4E Consolidated Annual Activity Report. In line with the above mentioned OLAF guidance<sup>10</sup>, the Strategy should be proportionate to F4E's fraud risks, having due regard to the costs and benefits of the measures to be implemented to protect the EU financial interests.

The core and the objectives identified in the original F4E AFS (2015-2017) remain valid. In order to have one consolidated single text, they have been integrated into this new F4E AFS and are being adapted to the current operational environment.

The Strategy will be reviewed whenever changes in the context of F4E's work would require so.

## 2. Concept of Fraud

Fighting fraud is enshrined in the EU founding Treaties.<sup>11</sup>

The concept of fraud and irregularity infringing the financial interests of the EU dates from the Council Act of 1995 and encompasses both internal and external misbehaviour. Fraud can potentially be committed by any actor, i.e. by a staff member or by a beneficiary, contractor, expert etc. It takes into account that the reputational impact of a misbehaviour might be equally or more important than the financial damage itself.

Fraud is "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 Communities or budgets managed by, or on behalf of, the European Communities;

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<sup>10</sup> Fn.5.

<sup>11</sup> The applicable EU Treaty on the Functioning of the European Union, TFEU (Lisbon Treaty), JO 30.3.2010, C 83 p. 47- 200, states in

Art. 310

*(6) The Union and the Member States, in accordance with Article 325, shall counter fraud and any other illegal activities affecting the financial interests of the Union.*

Article 325:

*(1) The Union and the Member States shall counter fraud and any other illegal activities affecting the financial interests of the Union through measures to be taken in accordance with this Article, which shall act as a deterrent and be such as to afford effective protection in the Member States, and in all the Union's institutions, bodies, offices and agencies. ....*

*(4) The European Parliament and the Council ... shall adopt the necessary measures in the fields of the prevention of and fight against fraud affecting the financial interests of the Union with a view to affording effective and equivalent protection in the Member States and in all the Union's institutions, bodies, offices and agencies."*

- 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.”<sup>12</sup>

Irregularity is:

“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”<sup>13</sup>

Fraud includes:

- corruption and misappropriation affecting the EU's financial interests<sup>14</sup>;
- 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<sup>15</sup>;
- misbehavior, 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), concealment of material facts, breaches of IT systems, cyber fraud and conflicts of interests<sup>16</sup>;
- Favouritism and collusion.

The EU budget is public money that must be used only for implementing the policies which the EU legislature has approved. Fraud involving EU funds furthermore has a particularly negative impact on the reputation of the EU institutions and the implementation of the EU policies.

### **3. F4E's organisational & operational background**

#### **a. F4E's organisational (compliance) context**

This F4E AFS is part of the F4E's Integrated Management System and Control framework (see Figure 1 below) and meets the requirements of sound financial management laid down and strengthened in the new Framework Financial Regulation (FFR) as well as of the respective Articles in F4Es Financial Regulation (FR)<sup>17</sup>.

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<sup>12</sup> Council Act, drawing up on the basis of Article K.3. of the Treaty on European Union, the Convention “on the protection of the European Communities' financial interests”. OJ 27.11.1995, C 316/49.

<sup>13</sup> Council Regulation on the protection of the European Communities' financial interests (EC, Euratom) 2988/95, OJ 23.12.1995, L 312 p.1-4.

<sup>14</sup> Art. 3 and 4 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.

<sup>15</sup> CAFS, COM (2019)196 final, p. 8

<sup>16</sup> According to the OLAF guidance for anti-fraud strategies, (p. 7), see above Fn.5.

<sup>17</sup> See for Articles 5, 28, 30, 36, 39, 45, 48, 73, 75, 76, 78 of both FFR and F4E FR.



Pursuant to the principle of sound financial management, the budget of the Union body shall be implemented in compliance with effective and efficient internal control. According to Art. 30 F4E FR Internal Control shall be applied at all levels of management and shall be designed to provide reasonable assurance of achieving the following objectives:

- a) effectiveness, efficiency and economy of operations;
- b) reliability of reporting;
- c) safeguarding of assets and information;
- d) prevention, detection, correction and follow-up of fraud and irregularities;**
- e) adequate management of the risks relating to the legality and regularity of the underlying transactions, taking into account the multi-annual character of programmes as well as the nature of the payments concerned.

The F4E Integrated Management System and control framework, which takes into account F4E's environment (external stakeholders, governance model and internal organisation), integrates the principles of the European Commission's Internal Control Framework and ISO Quality Standards. It is structured around the three lines of defense model of the IIA<sup>18</sup>.

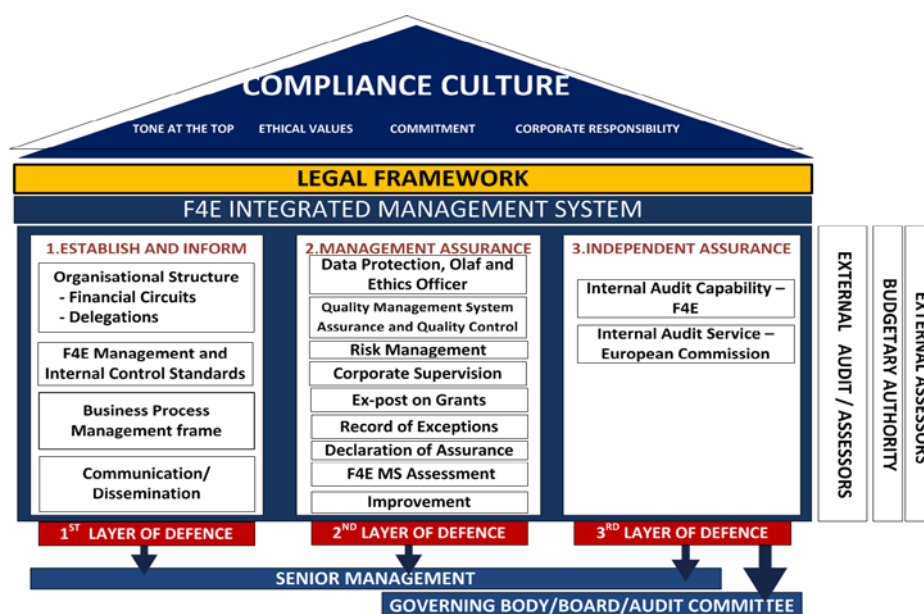


Fig 1 F4E Integrated Management and Internal Control System

- 1st LAYER (or 1st LINE OF DEFENCE) ESTABLISH AND INFORM: Establish: Own and manage risks effectively and efficiently by adopting the internal control measures of which the F4E Anti-Fraud Strategy is one, as defined by F4E Management, that every single member of F4E Staff has to apply. Inform: is about raising awareness of these control measures, so that everyone is aware of what needs to be applied;
- 2nd LAYER (or 2nd LINE OF DEFENCE) MANAGEMENT ASSURANCE: The Management (in its role of 1st line of defence) puts in place the 2nd layer of defence by establishing risk management and compliance functions to help build and/or monitor the first line-of-defence controls. These are specialised functions including,

<sup>18</sup> [The Three Lines of Defense in Effective Risk Management and Control.pdf](#) .

of particular relevance to this Strategy, the OLAF and Ethics Officer, who provides oversight and expertise in their areas of responsibility, providing assurance that controls work as intended;

- 3rd LAYER (or 3rd LINE OF DEFENCE) INDEPENDENT ASSURANCE Internal auditors (IAS/IAC) who provide the governing body and senior management with comprehensive assurance based on the highest level of independence and objectivity.

This is complemented with the F4E external assurance providers (ECA, external assessors) and the budgetary authority that defends the interests of the EU taxpayer. Internal and external assurance providers contribute annually to the overall procedure on the Director's Declaration of Assurance <sup>19</sup> in the framework of the F4E Integrated Management System and there is a section in the F4E Annual Consolidated Annual Activity Report which covers Fraud Prevention<sup>20</sup>.

F4E adopted its Management and Internal Control Standards in December 2018, in line with the EC Internal Control Framework which focuses more on risk and includes fraud prevention as an integral part. Standard 2 "Ethics and Integrity" sets out three requirements (2.1 Tone at the top, 2.2 Standards of Conduct and 2.3 Alignment with Standards). Standard 9 "Fraud Prevention" sets out that "F4E considers the potential of fraud in assessing risks to the achievement of objectives". Requirement 9.1 relates to the risk identification and assessment procedures and 9.2, the Anti-Fraud Strategy.

The overarching principles of ethics and transparency are key concerns for F4E, which is fully committed to ensure that these principles are properly applied. F4E staff, members of Committees and all external contractors must pursue the highest standards of honesty, propriety and integrity in the exercise of their duties. This also needs to be visible to F4E stakeholders. F4E applies the principles and values laid down in the "Staff Ethics and Conduct"<sup>21</sup> from the EU Commission and the "Public Service Principles for the EU civil service"<sup>22</sup> from the European Ombudsman.

F4E will take all appropriate actions against anyone defrauding or attempting to defraud F4E and EU assets or resources. F4E will not tolerate fraud, impropriety or dishonesty and will report, without delay, any instance of suspected fraud to OLAF, which is exclusively competent to investigate those cases.

F4E will closely cooperate with OLAF, and when applicable with the European Public Prosecutor's Office (EPPO), in case of e.g. irregular relations between F4E staff and contractors/candidates, professional misconduct, conflict of interest, tender manipulations and irregularities in the tender procedure and when implementing the contracts, disclosing of confidential information, e.g. with regard to selection test of candidates, etc.

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<sup>19</sup> (SOP-21.1).

<sup>20</sup> (2.6.5 of the 2018 AAR).

<sup>21</sup> Staff Ethics and Conduct: <https://myintracomm.ec.testa.eu/staff/Documents/staff-conduct/practical-guide-to-staff-ethics-and-conduct.pdf>

<sup>22</sup> Public Service Principles for the EU civil service: <https://www.ombudsman.europa.eu/en/publication/en/11650>.

The overall objective is to improve prevention, detection and the conditions for investigations of fraud, and, if necessary, to pursue adequate deterrence and reparation, with proportionate and dissuasive sanctions. The F4E Anti-Fraud Strategy with its Action Plan reinforces the adopted measures preventing and managing conflicts of interests within F4E and is integrated into the broader legal framework of F4E protecting the financial interests of the EU and combating fraud, as stipulated in Articles 5a and 5aa of the Council Decision 2007/198/Euratom establishing F4E<sup>23</sup>.

See main existing measures and tools in Annex IV.

## **b. F4E's operational context**

F4E is the European Union's Joint Undertaking for ITER and the Development of Fusion Energy. The organisation was created under the Euratom Treaty by the above mentioned Decision of the Council of the European Union in order to meet three objectives:

- F4E is responsible for providing Europe's contribution to ITER and the world's largest scientific partnership that aims to demonstrate fusion as a viable and sustainable source of energy. ITER brings together seven parties: the EU, Russia, Japan, China, India, South Korea and the United States.
- F4E also supports fusion research and development initiatives through the Broader Approach (BA) Agreement, signed with Japan.
- Ultimately, F4E will contribute towards the construction of demonstration fusion reactors.

ITER is a complicated big science project implying that a very large proportion of the components that F4E has to provide have non-standard specifications, or are one-of-a kind. ITER is also a nuclear fusion facility, which imposes further quality constraints on all components. F4E is established for a period of 35 years from 19 April 2007. To achieve its objectives towards the ITER International Organization:

- F4E, as the European Domestic Agency for ITER, manages the "in kind" procurement of components, equipment and materials according to specifications provided by the ITER International Organization.
- F4E also provides Europe's share of the direct financial contributions to the running costs of the ITER International Organization and for the procurements under its responsibility.

To achieve its objectives towards Japan in the framework of the BA Agreement:

- F4E, as the designated Implementing Agency, acts as an interface between Japan and the European Voluntary Contributors including EUROfusion who are responsible for managing the procurement of components and equipment

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<sup>23</sup> Council Decision 2007/198 establishing the Joint Undertaking for ITER, OJ L90/58, 30.3.2007; as amended by Council Decision 2013/791, 17th December 2013, OJ L349/101, 21.12.2013 and last amended by Council Decision 2015/224 of 10th February 2015, OJ L 37/8, 13.2.2015.

- F4E also provides a minor contribution both in procurement of components and as a direct financial contribution.

Within the current financial perspective (2014-2020), F4E directly manages a budget of 4237 million EUR of which about 83% is funded by the European Union, The majority of this budget is implemented through complex industrial contracts, for the design, manufacturing, supply and installation of technological system and components or nuclear buildings. Most of these contracts are multi-annual, with average duration of 2 to 3 years but in certain cases covering up to 10 years with renewals and extensions.

Value of contracts signed during past years is distributed over a very wide range, with the 2 largest contracts reaching an individual value of more than 500 million EUR<sup>24</sup> but the majority of contracts (72%) with individual value equal or less to 1 million EUR. About 20% of the past contracts were in the range between 1 and 10 million EUR, and only 8% were exceeding 10 million EUR. This value distribution is not expected to change in the near and medium term.

In average F4E awarded around 80 new contracts each year so far, a slight progressive increase in this number is expected during the next few years. About 30% to 40% of the new contracts were awarded through low-value negotiated procedures, sometimes with a sole bidder: this fraction is stable and is expected to be maintained in the same range in the near future.

F4E has between 250 and 350 contracts with industry running at any given moment, the contract implementation tasks are absorbing since many years the largest fraction of the F4E's human resources. The implementation of these contracts generates payments which are (at the moment) in the range of 500 to 600 million EUR per year.

In addition, F4E coordinates a contribution of 400 million EUR made by Member States for BA, and has entered in an agreement with EUROfusion to further collaborate on BA phase II projects and on Test Blanket Modules (for ITER and DEMO).

Since the adoption of its Anti-Fraud Strategy in 2015 and with the time the project is advancing, F4E is working in an operational, legal and political environment in which the Council is urging F4E to continue to respect the budget and schedule and adopt further cost containment and risk reduction measures.

#### **4. Fraud risk assessment**

F4E has conducted a fraud risk assessment of its main activities based on the estimated likelihood and possible impact of fraud. The scores represent the current risks taking into account the existing controls, as it is common practice. The format of the risk assessment provided by OLAF has been adapted to reflect the current practice in F4E's routine risks assessments of its projects.

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<sup>24</sup> In current euros.

In this assessment F4E applicable policies such as Risk and Opportunity Management Policy<sup>25</sup> and the F4E Risk Tolerance Policy<sup>26</sup> have been considered for the setup of the risk register. It is important to remark that F4E has no tolerance to fraud.

For the assessment a methodology with qualitative assessment has been used, due to the source of risk identified and the impact is challenging to quantify. Likelihood and impact are assessed in a scale of Low, Medium and High, with the following Probability and Impact Diagram (PID).

Fraud prevention PID		Probability		
		Low (1)	Medium (2)	High (3)
Impact	High (3)	3	6	9
	Medium (2)	2	4	6
	Low (1)	1	2	3

The risk assessment considered the risks identified in 2015 that were updated during a set of interviews with the process experts.

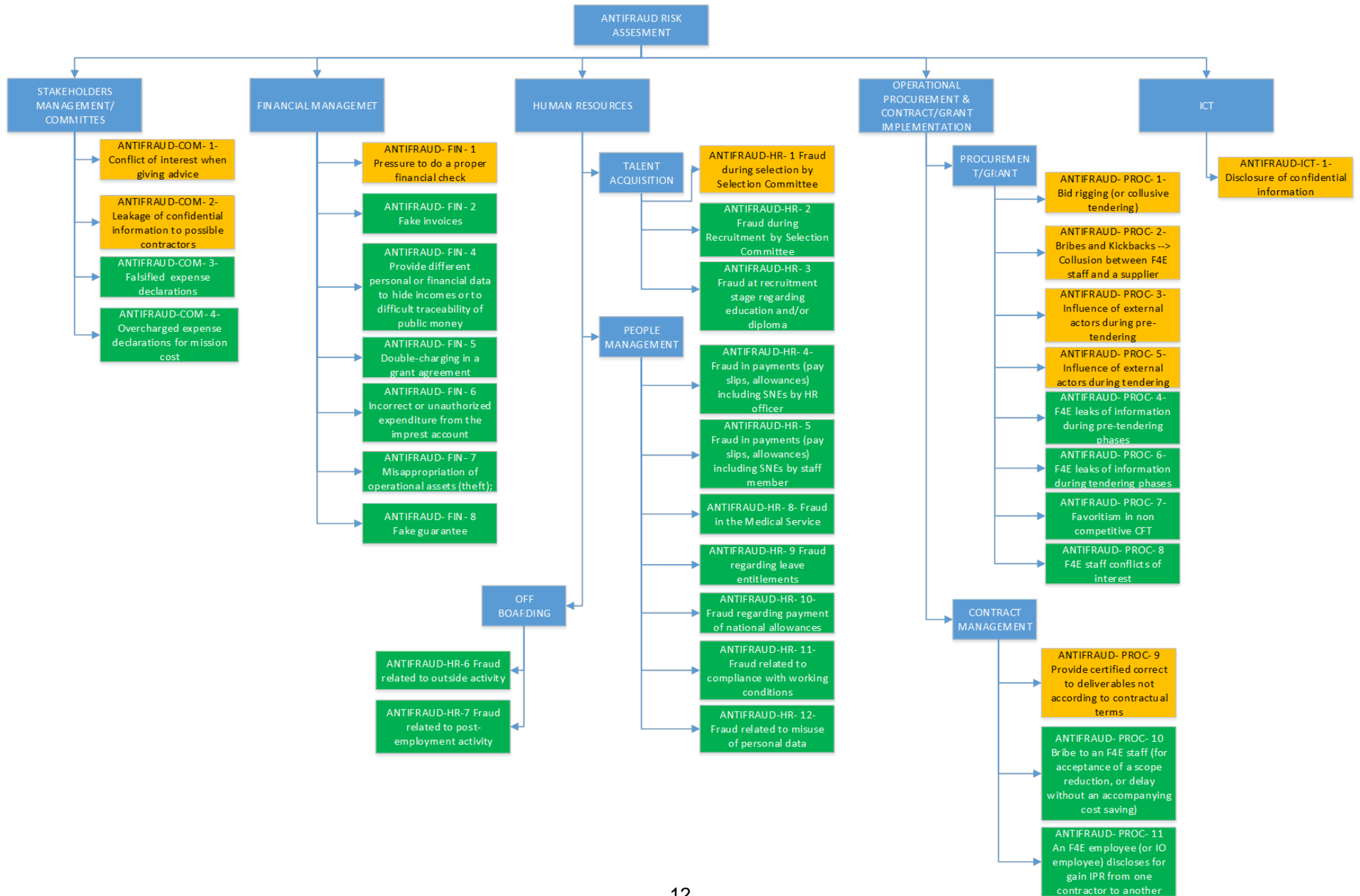
From that assessment 5 risks on the financial management process have been closed, as not relevant due to the probability or replicated in other areas, and one risk related to ICT activities has been included on the register.

The summary map structured by process map is the following, being the colour of the cell the risk scoring as per PID result of the product of the probability and the impact. This consists of 35 risks, where 10 are medium and 25 low risks.

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<sup>25</sup> F4E\_D\_29A34J.

<sup>26</sup> F4E\_D\_279G5Y.



## Conclusion regarding main risks

As shown above, no risks are in the red zone of assessment, and the main risks in the medium (yellow) scoring are related to Finance, Procurement & Contract Management, to Selections and Recruitments of staff, to IT as well as to Stakeholders/Committees.

The comprehensive risk assessment is provided in the F4E Risk Table<sup>27</sup>.

The Action Plan (in Annex I) considers all the actions identified during the risk assessment. It covers the 4 years of the Anti-Fraud Strategy (01/2020-12/2023) and the actions will be monitored during that period. It is relevant to note the controls already existing in F4E that support the situation of not being exposed to a High risk in any of the areas analysed.

The main root causes or drivers for the Medium risks identified are the narrow market both for specialised staff and companies that can provide the services required, this fact increases the possible conflicts of interest and favouritism during procurement and contract implementation, the latter becoming the principal activity of F4E. Those two main risks need to be continuously addressed, also in relation to the selection and recruitment of F4E staff as this process is decentralised and the fusion community by its nature is very narrow. F4E is aware of this and controls are in place and planned in order to reduce the possible cases as described in the controls ongoing for each of the risks identified.

## 5. Objectives

The continuous and specific actions which are reflected in the Action Plan (Annex I) can be summarized according to the following objectives:

### **Objective 1: Maintain and develop an anti-fraud culture** (Integrity & Compliance)

As in the previous AFS, awareness raising continues to be an important objective maintaining and developing a culture of ethics & integrity which is the basis to prevent fraud. General awareness sessions will be organised including information on (disciplinary) consequences, as well as on importance of the role model of managers, reporting channels and the protection of whistleblowers. Targeted awareness raising sessions (e.g. in the area of Finance, Procurement & Contracts as well as Human Resources) are important so that staff realises how to prevent fraud in a particular area during his/her daily tasks. In addition, the constantly updated communication through the intranet page "Ethics Point" with the staff supports to convey zero tolerance policy regarding misconduct and fraudulent behaviour. In this context, the local anti-fraud correspondents will play an important role as well.

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<sup>27</sup> [F4E D 2HJD4K](#).

**Objective 2: Strengthen the effective implementation** (clarify roles, procedures and improve cooperation)

F4E has already elaborated many mitigating measures to prevent and detect fraud (see in measures and tools in place in Annex IV and in the Risk Table mentioned above). In order that those tools become more and more effective, continuous reviews will be done in the respective areas having in mind internal and external actors in view of any necessary improvement. Finally a “risk & fraud vulnerability assessment” will be done after two years (midterm review).

**Objective 3 (supporting objectives 1 and 2): Coordination, cooperation with OLAF and the Commission as well as with other Institutions and Bodies**

This objective comprises actions related to the close cooperation with OLAF (given its reinforced role in the CAFS), as well as cooperation with F4E’s partner DG (ENER/SRD) and other institutions and bodies on fraud and ethics related matters.



## ANNEX I – ACTION PLAN 2020 - 2023

This Action Plan, designed to implement F4E’s Anti-Fraud Strategy, covers the period from January 2020 until December 2023. The actions will mainly relate to the first two stages of the anti-fraud cycle: prevention, detection.

The Action Plan will be loaded into the same database used for following up the implementation of the audit action plans, and its implementation will be regularly followed up by the internal control function.

<b>Objective 1: Maintain and develop an anti-fraud culture (Integrity &amp; Compliance)</b>	<b>Action</b>	<b>Lead Dep./Unit</b>	<b>Target group</b>	<b>Timing</b>
<b>Actions for awareness raising – General training sessions</b>				
<b>1.1</b> Raising staff awareness on fraud risks: training	<b>1.</b> Plan and organise awareness raising events, including (disciplinary) consequences and reporting channels (Art.22a SR).	EO, POI, HR, IAC etc. (with COM/IDOC)	All staff	Yearly
<b>Actions for awareness raising - Targeted awareness sessions (HR, Commercial Dept., Procurement Finance, Technical, etc.)</b> <i>focusing on questions most relevant to each these target groups, including (disciplinary) consequences and reporting channels.</i>				
<b>1.2</b> Awareness raising on fraud risks and prevention in <u>procurement &amp; contract implementation</u>	<b>1.</b> Recurrent trainings about “Red flags indicators” and “Anti-Fraud Checklists” in Procurement and Contract implementation.	Commercial Dept. (with EO)	PPO, TPO, LSU,... (key staff during procurement/c ontract cycle)	Twice per year
	<b>2.</b> Evaluation Committee: Improve awareness raising on favoritism / Col and (disciplinary) consequences, etc. E.g. in Procurement trainings, and the kick-off meeting will insist on Col aspects.	Commercial Dept. (with EO)	Evaluation Committee members	Continuous / every evaluation
	<b>3.</b> Refresh sessions to managers about purpose and use of Col declarations for themselves and their staff.	<u>EO (with respective Depts.)</u>	Managers in all Depts.	yearly
	<b>4.</b> Check/Include an anti-fraud risk log in the risk assessment	Commercial Dept.(with		Dec.2020 and

<b>Objective 1: Maintain and develop an anti-fraud culture</b> (Integrity& Compliance)	<b>Action</b>	<b>Lead Dep./Unit</b>	<b>Target group</b>	<b>Timing</b>
	of Call for tenders.	Risk Officer)		continuous
	<b>5.</b> Recurrent internal trainings about the “ <u>Market Survey Policy</u> ”. In particular sensitive part on direct contacts with companies during pre-tendering phase.	Commercial Dept.	CM, CMO, PPO,TPO, PgM, PM (key staff during procurement/ contract cycle)	Twice per year
	<b>6.</b> Include information/session about integrity and contract relevant fraud prevention during info days and kick off meetings, to increase awareness also among suppliers.	Commercial Dept.	Suppliers	Depending on dates of info days and kick-off meetings (several times per year)
	<b>7.</b> Training sessions to technical and procurement staff about IP protection aspects, identification and prevention of leakage/ infringement/espionage.	Commercial Dept.	CM, CMO, PPO,TPO, (key staff during procurement/ contract cycle)	Twice per year
<b>1.3</b> Awareness raising on fraud risks and prevention in <u>financial matters</u>	<b>1.</b> to share information within the Finance Unit on fake invoices detected and any new aspect related to cybercrime;	Commercial Dept./Finance Unit	Finance Unit	Continuous action
	<b>2.</b> to continue raising awareness through regular trainings on the responsibility to give the “Certified correct” and “Sound Financial Management” as OVA and OIA.	Commercial Dept.	Technical responsables in ITER Departments and staff from Commercial Dept.	Continuous action
	<b>3.</b> Strengthen awareness on operational assets monitoring through advise and regular trainings	Commercial Dept./Finance Unit with Accounting	Operational Units ( ITER Departments)	June 2020 and continuous
	<b>4.</b> Providing best practices and guidelines in any financial matter as “Guidelines for payments”. Information is shared through trainings and regular updating of the intranet	Commercial Dept./Finance Unit	All staff	1st Quarter 2020 and continuous

<b>Objective 1: Maintain and develop an anti-fraud culture</b> (Integrity& Compliance)	<b>Action</b>	<b>Lead Dep./Unit</b>	<b>Target group</b>	<b>Timing</b>
<b>1.4</b> Awareness raising on fraud risks and prevention in <u>HR matters</u>	<b>1.</b> Induction for Newcomers: strengthen session on SR+FR fraud prevention aspects (Col, outside activity, sound financial management etc.)	HR (with LSU and EO)	Newcomers	Continuous action
	<b>2.</b> Selections of staff: Improve awareness raising on favoritism/Col, HR involvement, (disciplinary) consequences etc. The kick-off meeting will insist on Col aspects.	HR (with EO)	Selection Committee members	Continuous action / every selection
	<b>3.</b> False information on allowances (Col Declarations, leave entitlements etc.) and on outside activities: awareness raising on fraud relevance and disciplinary measures.	HR, COM (with EO)	All staff	Continuous action
<b>Actions for awareness raising – Further actions</b>				
<b>1.5</b> Further Communication on fraud prevention	<b>1.</b> Ensure the visibility, of a Dep/Unit level contact point ("local antifraud correspondents").	EO	Unit/Depts (Bottom-up)	Continuous action
	<b>2.</b> Communication to the staff via a dedicated intranet page ("Ethics Point").	EO	All staff	Continuous action
	<b>3.</b> Ensure that staff receives the support and information when querying about fraud related matters, e.g. in HR, Procurement&Contracts, Finance.  Maintain the internal network with fraud correspondents to disseminate information on fraud prevention and cases.	EO with the "local correspondents"	All staff	Continuous action
	<b>4.</b> Update of the Welcome packages for <b>a)</b> staff newcomers and	HR,	Newcomers Staff	March 2020

<b>Objective 1:</b> <b>Maintain and develop an anti-fraud culture</b> (Integrity & Compliance)	<b>Action</b>	<b>Lead Dep./Unit</b>	<b>Target group</b>	<b>Timing</b>
	<b>b)</b> new Committee members	Committee Secretary Coordinator (with EO)	Committee members	

<b>Objective 2: Strengthen the effective implementation</b> (clarify roles, procedures and improve cooperation)	<b>Action</b>	<b>Lead Dep./Unit</b>	<b>Target group of the action</b>	<b>Timing</b>
<b>Actions for fraud prevention and detection</b>				
<b>2.1</b> Avoid long term (commercial) relationships from pre- tender to contract implementation phase	<b>1.</b> a) Rotation of staff in sensitive areas b) Review segregation of duties (e.g.: Separation of duties between those who draft technical specifications and those who evaluate the tenders.)  Perform risk analysis and evaluation (programs, functions, etc) identified as exposed to risk (taking into account cost-effectiveness), and make appropriate changes regarding a) and b).	Commercial Dept./Risk Officer	All staff	1x per year in high value, high impact areas.  Every 2 <sup>nd</sup> year for other areas.
<b>2.2</b> Fraud prevention and detection: regularly advising on ex-ante and ex-post controls	<b>1.</b> At the request of e.g. the AO(D) or of risk manager, Internal Control Coordinator or IAC, or based on identification of areas that would appear exposed to fraud as a result of an audit finding, provide advice to re-assess controls, procedures and contract templates or ex-ante measures for preventive financial and technical anti-fraud controls and their environment (fraud proofing in procedures daily work)	POI (ICC), EO, LSU	Operational unit / project team implementing the expenditure	Upon request / when necessary
<b>2.3</b> Prevention of fraud during <u>tender phase</u>	<b>1.</b> Develop Tender Evaluation Guidelines ("Evaluation Policy" 22E9D9) regarding in particular nationality of members (mix) and on Conflict of Interest management/ Favoritism	Commercial Dept. (with EO)	Staff from Commercial and ITER Depts.	June 2020

<b>Objective 2: Strengthen the effective implementation</b> (clarify roles, procedures and improve cooperation)	<b>Action</b>	<b>Lead Dep./Unit</b>	<b>Target group of the action</b>	<b>Timing</b>
	<b>2.</b> Extend use of e-Procurement tools to increase transparency and competition, access to public tenders.	Commercial Dept.	Staff from Commercial (and ITER? Depts.)	March 2020
	<b>3.</b> Create a single data base for tenderers "complaints".	Commercial Dept.	Staff from Commercial (and ITER?) Depts.	March 2020
	<b>4.</b> Allow for competition also in the low value range of tenders (less than 144k EUR), where single tender award is possible.  Maximise competition in all value ranges.  Modify relevant policies, processes and templates	Commercial Dept.	All staff involved in procurement phase	December 2019
	<b>5.</b> Involve independent expertise (internal or external) in the preparation of significant (high value or high impact) calls for tender.  Modify relevant policies, processes and templates	Commercial Dept.		December 2019
	<b>6.</b> Review instruments in place: check whether responsibilities are clear and how choices - during tender phase - are well documented and justified (e.g. criteria, kind of procedure)	Commercial Dept./POI	All staff involved in procurement phase	December 2020 and continuous action
<b>2.4</b> Prevention of fraud during <u>Contract Implementation</u> (including Financial	<b>1.</b> Collaboration of all actors (Finance, CM, CPO, etc) to improve instruments (processes, templates, DACC...) in view of improving the	Commercial Dept./POI	All staff involved in contract implementation	Continuous action

<b>Objective 2: Strengthen the effective implementation</b> (clarify roles, procedures and improve cooperation)	<b>Action</b>	<b>Lead Dep./Unit</b>	<b>Target group of the action</b>	<b>Timing</b>
Verification)	contract implementation (e.g. regarding payments, amendments,..): It is implementing through regular review of model contracts, templates and processes, as PM-63 "Acceptance of deliverables".			
	<b>2.</b> Mission statements (document drafted by the TPO to reimburse mission cost in contracts) should be improved to provide all the necessary details to confirm the sum claimed Template to be proposed	Commercial Dept./Finance Unit	Operational Units	March 2020
	<b>3.</b> Revise processes regarding accountability and responsibility of the different actors and guaranty their independent control function and access to info needed, including enough time to properly perform their tasks.	Commercial Dept.	All staff involved in contract implementation	June/October 2020 and continuous
	<b>4.</b> Review instruments in place: check whether responsibilities are clear and how choices - during contract implementation - are well documented and justified (e.g. on liquidated damages, performance guarantees)	Commercial Dept./POI	All staff involved in contract implementation	December 2020 and continuous
	<b>5.</b> Contract implementation regarding <u>externals</u> : Check/establish procedure to well document the need of externals	Commercial Dept. with PgMs	ITER Departments	June 2020 and continuous

<b>Objective 2: Strengthen the effective implementation</b> (clarify roles, procedures and improve cooperation)	<b>Action</b>	<b>Lead Dep./Unit</b>	<b>Target group of the action</b>	<b>Timing</b>
<b>2.5</b> Prevention and detection of fraud during <u>financial verification</u>	<b>1.</b> Minimize the occurrence of urgent requests and pressure on financial actors:  <b>a)</b> To improve Finance involvement/information on payment forecast and contracts/amendments planned by CMs.  <b>b)</b> In case of urgent files: Actors involved will be systematically contacted to justify and document the urgency.	Commercial Dept./Finance Unit	All staff involved in contract implementation	June 2020 and continuous
	<b>2.</b> Monitoring Assets: A verification programme to check the inventory is being done on annual basis (for operational assets) and on a two-year basis (for administrative assets) through the Physical Inventory Report.	Commercial Dept./Finance Unit with the Accounting Officer	Operational Units ( ITER Departments) and Corporate Services.	Annual (operational) and every two-years (administrative)
<b>2.6</b> Prevention and detection of fraud in <u>HR matters</u>	<b>1.</b> Selection and Recruitment: Reinforce in particular a) kick-off meeting content, b) guidelines on e.g. the composition of the Selection Committee, the content and assessment of the Col declarations, c) the procedure on the EO involvement (EO receives the Col Declarations in time so that mitigating measures can be taken).	HR Unit (with EO)	Selection Committee members	Sept. 2020
	<b>2.</b> Strengthen the justification to the AIPN for	HR Unit	Managers involved in the	1 <sup>st</sup> quarter 2020



<b>Objective 2: Strengthen the effective implementation</b> (clarify roles, procedures and improve cooperation)	<b>Action</b>	<b>Lead Dep./Unit</b>	<b>Target group of the action</b>	<b>Timing</b>
	recruitment		recruitment	
	3. Payments (of allowances, career steps etc.): Reinforce tools (transparency, controls, actors) to justify payments.	HR (with EO)	Concerned staff	June 2020
	4. Circulate IDOC Annual Report.	HR (with EO)	All staff	Yearly
<b>2.7</b> Fraud prevention and detection regarding Committees	1. Include Col Declarations in the Col Register and complete assessment procedure	EO / ADMIN Dep.Assistant (with Committee Secretaries)	Committee members	Dec. 2020
	2. Review process to inform Committee members to declare any possible Col before and during the Committee meetings (implementing respective Rules of Procedures)	Committee Secretaries	Committee members	Continuous action
	3. AC: Update Charter in order to include the Col and obtain signed declarations by all the members	AC Secretary		June 2020
	4. Info on correct declaration of mission costs given to Committee members.	Committee Secretaries		March 2020
<b>2.8</b> Fraud prevention and detection regarding IT	1. Data base encryption	ICT	F4E	December 2021
	2. Encryption Keys to be stored outside ICT	ICT	ICT	2022
	3. Monitoring of massive data transfer	ICT	F4E	December 2021
<b>2.9</b> <u>Fraud Risk</u>	1. Perform a "fraud risk & fraud vulnerability	EO with Risk Officer(with		After two years (midterm review).

<b>Objective 2: Strengthen the effective implementation</b> (clarify roles, procedures and improve cooperation)	<b>Action</b>	<b>Lead Dep./Unit</b>	<b>Target group of the action</b>	<b>Timing</b>
<u>Assessment</u>	assessment” (potential system weaknesses) <sup>28</sup> . Ensure that this analysis is taken into account in the framework of the general F4E risk assessment.	respective Depts)		December 2021
	<b>2.</b> Provide support to Nuclear Safety Risk Assessment as far as fraud prevention is concerned (counterfeiting, forgery risks)	EO with Risk Officer	Nuclear Safety Unit (with Risk Officer)	Upon request / when necessary

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<sup>28</sup> See Fn. 1, Commission Anti-Fraud Strategy (CAFS) 2019, and its Risk Assessment SWD(2019)171 final, 29.4.2019.

<b>Objective 3: Coordination, cooperation with OLAF and the Commission, as well as other Institutions and Bodies</b>	<b>Action</b>	<b>Lead Dep./Unit</b>	<b>Target group</b>	<b>Timing</b>
<b>3.1</b> Maintain close cooperation with and ensure a high level of transparency towards OLAF	<b>1.</b> Ensure that OLAF requests are dealt with in accordance with the applicable GB decision (2007), regulating the cooperation between F4E and OLAF to prevent fraud.	EO	All staff members have the obligation to report suspected fraud cases	Continuous action
	<b>2.</b> Ensuring that the F4E's document information flows and procedures for reporting fraud cases to OLAF are clear and up-to-date.	EO	All staff members have the obligation to report suspected fraud cases	Continuous action
<b>3.2</b> Data collection and analysis	<b>1.</b> Taking part in exchange of fraud related info between OLAF & other EU Bodies <sup>29</sup>	EO	F4E	2020 onwards
<b>3.3</b> Participating to the relevant Commission anti- fraud networks and disseminate the information stemming from these networks	<b>1.</b> Participation in the networks with parent DG ENER/SRD.1 and other institutions and bodies on fraud and ethics related matters.	EO  EO (with LSU/HR), IAC	All staff members will receive the information through the intranet	Continuous action

<sup>29</sup> Complementing the Action Plan of the COM 2019 AFS, (see above Fn.2), Action Plan: SWD (2019) 170 final, Action I.1., depending on OLAF's future role.