

REPORT**on the annual accounts of the European Food Safety Authority for the 2003 financial year together with the Authority's replies**

(2004/C 324/06)

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INTRODUCTION

1. The European Food Safety Authority (hereinafter called the Authority) was established by Regulation (EC) No 178/2002 of the European Parliament and of the Council of 28 January 2002 ⁽¹⁾. The Commission handled the Authority's financial management in 2002 and it had no separate accounts of its own. The financial year 2003 was thus the first in which the Authority was fully responsible for its financial management. Its main responsibilities are to supply the necessary scientific information needed for Community legislation to be drawn up, to collect and analyse data that allow risks to be characterised and controlled and to provide independent information on these risks. The Authority's responsibilities and activities are summarised in *Table 1* on the basis of information supplied by it.

THE COURT'S OPINION

2. This opinion is addressed to the European Parliament and the Council, in accordance with Article 185(2) of Council Regulation (EC, Euratom) No 1605/2002 ⁽²⁾.

3. The Court of Auditors has examined the Authority's annual accounts for the financial year ended 31 December 2003. In accordance with Article 44(1) of Regulation (EC) No 178/2002 ⁽¹⁾, the budget was implemented on the responsibility of the Executive Director. This responsibility includes the drawing-up and presentation of the accounts ⁽³⁾, in accordance with the internal financial provisions adopted pursuant to Article 44(3) of Regulation (EC) No 178/2002. The Court is required under Article 248 of the Treaty establishing the European Community to examine these accounts.

4. The Court carried out its audit in accordance with its auditing policies and standards, which have been adapted from generally accepted international auditing standards to reflect the specific nature of the Community context. It examined the accounting documents and applied the audit procedures it considered necessary in that context.

5. The Court has thus obtained reasonable assurance that the annual accounts for the year ended 31 December 2003 are reliable and that the underlying transactions, taken as a whole, are legal and regular. The content of the following observations does not call the audit opinion expressed by the Court in this report into question.

OBSERVATIONS

6. The implementation of the appropriations for the financial year 2003 and of the appropriations carried over from the previous financial year is set out in *Table 2*. The Authority's revenue and expenditure account and balance sheet for the financial year 2003 are summarised in *Tables 3 and 4*.

7. Article 43(1)(e) of the Authority's financial regulation provides that the Accounting Officer is to validate the systems laid down by the Authorising Officer to supply or justify accounting information. No such validation has taken place.

8. The Personnel Department did not carry out systematic checks on the determination of the remuneration (particularly salaries) and on the financial entitlements of newly recruited staff.

9. Examination of the IT system control environment showed that it needed to be strengthened in view of the planned increase in the Authority's activities.

This Report was adopted by the Court of Auditors in Luxembourg at its meeting of 29 and 30 September 2004.

For the Court of Auditors
Juan Manuel FABRA VALLÉS
President

⁽¹⁾ OJ L 31, 1.2.2002, p. 1.

⁽²⁾ OJ L 248, 16.9.2002, p. 1.

⁽³⁾ As required under Article 83(3) of the Authority's financial regulation, the final accounts for the financial year 2003 were drawn up on 14 September 2004 and forwarded to the Court of Auditors. These accounts were received by the Court on 17 September 2004. A summarised version of these accounts is presented in the tables annexed to this report.

Table 1
European Food Safety Authority (temporary headquarters: Brussels, due to be transferred to Parma)

Areas of Community competence deriving from the Treaty	Competence of the Authority (Regulation (EC) No 178/2002 of the European Parliament and of the Council of 28 January 2002)	Governance	Resources made available to the Authority in 2003	Products and services supplied in 2003	
Free movement of foodstuffs (Article 37 of the Treaty) A high level of protection of health, safety and protection of the environment and of consumers, taking account of any new developments based on scientific facts (Article 95 of the Treaty) Common trade policy (Article 133 of the Treaty) Public health (Article 152(4)(b) of the Treaty)	Objectives — To provide scientific opinions and scientific and technical support for the Community's legislation and policies which have a direct or indirect impact on food and feed safety — To provide independent information on risks relating to food safety — To contribute to the achievement of a high level of protection of human life and health — To collect and analyse data needed to allow characterisation and monitoring of risks	Tasks — To issue scientific opinions and studies — To promote uniform risk assessment methodologies — To assist the Commission — To search for, analyse and summarise the requisite scientific and technical data — To identify and characterise emerging risks — To establish a network of organisations operating in similar fields — To provide scientific and technical assistance in crisis management — To improve international cooperation — To provide the public and interested parties with reliable, objective and easily comprehensible information — To take part in the Commission's rapid alert system.	1. Management Board <i>Composition</i> 14 members appointed by the Council (in cooperation with the European Parliament and the Commission) and one representative of the Commission <i>Duties</i> To adopt the work programme and ensure that it is implemented 2. Executive Director Appointed by the Management Board on the basis of a list of candidates proposed by the Commission, following a hearing before the European Parliament 3. Advisory Forum <i>Composition</i> One representative per Member State <i>Duties</i> To advise the Executive Director 4. Scientific Committee and Scientific Panels: To draw up the Authority's scientific opinions 5. External audit Court of Auditors 6. Discharge authority Parliament, on the Council's recommendation	Final budget 12,6 million euro Community contribution: 99,7 % Staff numbers as at 31 December 2003 Number of posts in establishment plan: 49 Posts occupied: 27 + 36 other staff (auxiliary contracts, seconded national experts, local staff, temporary staff) <i>Total staff:</i> 63 Assigned to the following duties: operational: 33 administrative: 30	The Authority set up its Scientific Committee and all the Scientific Panels in June 2003. It issued 23 public opinions during the remainder of the year. In October the Authority held a conference in Ostende (Belgium) with its interested parties, the purpose of which was to determine how to carry out its mandate in the future. The Advisory Forum met six times with a view to setting up the network linking the national authorities. This led to increased exchanges of information with the Authority and between the national departments concerned.

Source: Information supplied by the Authority.

Source: Information supplied by the Authority.

Table 2
European Food Safety Authority — Implementation of the budget for the 2003 financial year

(million euro)

Revenue			Expenditure													
Origin of revenue	Revenue entered in the final budget for the financial year	Revenue collected	Allocation of expenditure	Final budget appropriations					Appropriations carried over from the previous financial year (1)			Available appropriations (2003 budget and carry-over from financial year 2002)				
				entered	com-mitted	paid	carried over	can-celled	entered	paid	can-celled	entered	com-mitted	paid	carried over	cancelled
Community sub-sidies	12,6	10,0	Title I Staff	4,1	3,7	3,6	0,1	0,4	0,0	0,0	0,0	4,1	3,7	3,6	0,1	0,4
Other subsidies	0,0	0,0	Title II Administration	2,8	2,2	1,0	1,2	0,6	0,3	0,1	0,2	3,1	2,2	1,1	1,2	0,8
Other revenue	p.m.	0,0	Title III Operating expenditure	5,7	4,0	1,1	2,9	1,7	0,1	0,1	0,0	5,8	4,0	1,2	2,9	1,7
Total	12,6	10,0	Total	12,6	9,9	5,7	4,2	2,7	0,4	0,2	0,2	13,0	9,9	5,9	4,2	2,9

(¹) The Authority has not included automatic carry-overs and the use made of them in its accounts on the ground that the Commission was its Authorising Officer by delegation for the financial year 2002. Only appropriations for the financial year 2002 that were not carried over automatically were managed and entered in the accounts by the Authority.

NB: The totals may include differences due to rounding.

Source: information supplied by the Authority. These tables summarise the data provided by the Authority in its own accounts.

Table 3

European Food Safety Authority — Revenue and expenditure account for the 2003 financial year

(1 000 euro)

	2003
Revenue	
Commission subsidies	10 284
Other revenue	33
Total revenue (a)	10 317
Expenditure	
<i>Staff — Title I of the budget</i>	
Payments	3 567
Appropriations carried over	149
<i>Administration — Title II of the budget</i>	
Payments	1 092
Appropriations carried over	1 189
<i>Operating expenditure — Title III of the budget</i>	
Payments	1 278
Appropriations carried over	2 895
Total expenditure (b)	10 171
Outturn for the financial year (a – b)	146
Exchange-rate difference	0
Balance for the financial year	146

NB: The totals may include differences due to rounding.

Source: information supplied by the Authority.

Table 4

European Food Safety Authority — Balance sheet at 31 December 2003

		(1 000 euro)	
Assets	2003	Liabilities	2003
Fixed assets		Fixed capital	
Intangible assets	362	Own capital	769
Equipment and furniture	106	Balance for the financial year	146
Computer equipment	701	<i>Subtotal</i>	915
Depreciation	– 401	Current liabilities	
<i>Subtotal</i>	769	Automatic carry-overs of appropriations	4 233
Current assets		Salary deductions	8
Recovery orders	1	<i>Subtotal</i>	4 241
Sundry accounts receivable	2	Suspense accounts	
<i>Subtotal</i>	3	Sums to be re-used	6
Cash accounts		<i>Subtotal</i>	6
Bank accounts	4 342		
Imprest account	15		
<i>Subtotal</i>	4 357		
<i>Suspense accounts</i>	33		
Total	5 162	Total	5 162

NB: The totals may include differences due to rounding.

Source: information supplied by the Authority.

THE AUTHORITY'S REPLIES

7. The description and validation of the accounting systems will be carried out in the course of the 2004 financial year.

8. As a result of the observations made, checks on the determination of the grades and steps attributed to newly recruited staff were validated and dated by the head of Human Resources. The data relating to the individual rights of staff were also validated.

9. A start was made on strengthening the IT system in March 2004. The principle aims are:

1. to ensure the reliability of the IT infrastructure;
2. to create, document and introduce operational procedures;
3. to rationalise the IT software systems, work processes and the flow of information.

These activities are intended to give the Authority an effective IT system to match the increases in its activities.
