

REPORT**on the annual accounts of the European Food Safety Authority for the
financial year 2007 together with the Authority's replies**

(2008/C 311/15)

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INTRODUCTION

1. The European Food Safety Authority (hereinafter referred to as 'the Authority') was established by Regulation (EC) No 178/2002 of the European Parliament and of the Council of 28 January 2002 ⁽¹⁾. Its main tasks are to supply the scientific information needed for Community legislation to be drawn up, to collect and analyse data that allow risks to be identified and monitored and to provide independent information on these risks.

2. Table 1 summarises the Authority's competences and activities. Key data summarised from the financial statements drawn up by the Authority for the financial year 2007 are presented in Tables 2, 3 and 4 for information purposes.

STATEMENT OF ASSURANCE

3. This Statement is addressed to the European Parliament and the Council in accordance with Article 185(2) of Council Regulation (EC, Euratom) No 1605/2002 ⁽²⁾; it was drawn up following an examination of the Authority's accounts, as required by Article 248 of the Treaty establishing the European Community.

4. The Authority's accounts for the financial year ended 31 December 2007 ⁽³⁾ were drawn up by its Executive Director, pursuant to Article 44 of Regulation (EC) No 178/2002, and sent to the Court, which is required to give a Statement of Assurance on their reliability and on the legality and regularity of the underlying transactions.

5. The Court conducted its audit in accordance with the IFAC and ISSAI ⁽⁴⁾ International Auditing Standards and Codes of Ethics, in so far as these are applicable in the European Community context. The audit was planned and performed to obtain reasonable assurance that the accounts are reliable and that the underlying transactions are legal and regular.

⁽¹⁾ OJ L 31, 1.2.2002, p. 1.

⁽²⁾ OJ L 248, 16.9.2002, p. 1.

⁽³⁾ These accounts were drawn up on 25 June 2008 and received by the Court on 1 July 2008.

⁽⁴⁾ International Federation of Accountants (IFAC) and International Standards of Supreme Audit Institutions (ISSAI).

6. The Court has thus obtained a reasonable basis for the Statement set out below:

Reliability of the accounts

The Authority's accounts for the financial year ended 31 December 2007 are, in all material respects, reliable.

Legality and regularity of the underlying transactions

The transactions underlying the Authority's annual accounts, taken as a whole, are legal and regular.

The observations which follow do not call the Court's Statement into question.

OBSERVATIONS

7. The Authority's 2007 budget amounted to 52,2 million euro as compared to 40,2 million euro for the previous year. It included contributions from the Commission to prepare the accession of Croatia and Turkey. These contributions should have been treated as assigned revenue in the budget but were instead treated as if they were part of the normal Community subsidy. This situation was in contradiction of Article 19 of the Financial Regulation.

8. Appropriations amounting to 8,6 million euro were carried over to 2008 and 4,8 million euro were cancelled. This situation was partly due to the delayed adoption and implementation of the 2007 annual work programme for grants. The appropriations carried over from the preceding year amounted to 7,9 million euro, of which 4,5 million euro were for operating activities (Title III). Over 25 % of the appropriations for operating activities carried over from last year had to be cancelled by the year end. The situations described above were at odds with the principle of annuality and showed weaknesses in the programming and the budgeting of planned activities.

9. In 2007, the Authority was able to achieve its recruitment objectives and fill 273 of the 300 posts in its establishment plan. The audit of the recruitment procedures showed that in general neither the weightings of the selection criteria to be applied nor the threshold scores for going on to the next stage of the competitions had been decided upon by the selection board before the deadline fixed in the vacancy notice.

10. According to the annual exception report for 2007, 252 exception requests with a total value of 853 154 euro were accepted. Over 85 % of the exceptions were related to mission costs of national experts. This situation shows that the Authority should improve its mission management in order to decrease the volume of exceptions.

11. With regard to procurement procedures, the following irregularities were observed: financial evaluation procedure

for framework contracts not clearly specified in the tender documents ⁽¹⁾; award of specific contracts and/or purchase orders for services not covered by the relevant framework contracts ⁽²⁾; technical evaluations based on quality criteria and weightings not clearly explained in the tender documents ⁽³⁾. These weaknesses undermined the transparency of the procedure and risked biasing the final selection.

This report was adopted by the Court of Auditors in Luxembourg at its meeting of 18 September 2008.

For the Court of Auditors
Vítor Manuel da SILVA CALDEIRA
President

⁽¹⁾ Four cases.

⁽²⁾ Two cases.

⁽³⁾ One case.

Table 1
European Food Safety Authority (Parma)

Areas of Community competence deriving from the Treaty	Competences of the Authority (Regulation (EC) No 178/2002 of the European Parliament and of the Council)		Governance	Resources made available to the Authority in 2007 (Data for 2006)	Products and services supplied
<p>Free movement of goods (Article 37 of the Treaty)</p> <p>Contribution to a high level of protection of health, safety and protection of the environment and of consumers, taking account of any new development based on scientific facts. (Article 95 of the Treaty)</p> <p>Common trade policy (Article 133 of the Treaty)</p> <p>Public health (Article 152(4)(b) of the Treaty)</p>	<p>Objectives</p> <ul style="list-style-type: none"> — To provide scientific opinions and scientific and technical support for the 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. 	<p>Tasks</p> <ul style="list-style-type: none"> — To issue scientific opinions and studies. — To promote uniform risk-assessment methodologies. — To assist the Commission. — To search 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. 	<p>1. Management board</p> <p><i>Composition</i></p> <p>14 members appointed by the Council (in cooperation with the European Parliament and the Commission) and one representative of the Commission.</p> <p><i>Duties</i></p> <ul style="list-style-type: none"> — To adopt the work programme and the budget and ensure that they are implemented. <p>2. Executive director</p> <p>Appointed by the Management Board on the basis of a list of candidates proposed by the Commission, following a hearing before the European Parliament.</p> <p>3. Advisory forum</p> <p><i>Composition</i></p> <p>One representative per Member State.</p> <p><i>Duties</i></p> <ul style="list-style-type: none"> — To advise the Executive Director. <p>4. Scientific Committee and scientific panels</p> <p>To draw up the Authority's scientific opinions.</p> <p>5. External audit</p> <p>Court of Auditors.</p> <p>6. Discharge authority</p> <p>Parliament acting on recommendation of the Council.</p>	<p>Budget</p> <p>52,2 (40) million euro of which Community subvention 100 % (100 %)</p> <p>Staff at 31 December 2007</p> <p>300 (250) posts foreseen in the establishment plan</p> <p>of which occupied: 273 (173)</p> <p>+ 37 (55) other staff (auxiliary, contractuals, END)</p> <p><i>Total staff: 310 (228)</i></p> <p><i>of which for:</i></p> <ul style="list-style-type: none"> — Operational duties: 218 (149) — Administrative duties: 92 (79) 	<p>1. EFSA, as Europe's risk assessment body, provides the scientific advice on which risk managers in the European Union can base their decisions to protect consumers in the EU. In this regard, following the 205 requests for scientific opinions made to EFSA in 2007, 203 opinions and 80 reports were adopted and published. An example of the impact of the EFSA's scientific work is the opinion issued in July 2007, concluding that the colouring Red 2G raised safety concerns. This led to the immediate suspension of its use in food.</p> <p>2. The overall objective of EFSA's communication efforts is to provide its target audiences and ultimately European consumers with clear, consistent, coherent and timely messages about food-related issue. The communication main tools used and the results obtained in 2007 were:</p> <ul style="list-style-type: none"> — the new website with 1,5 million visits, over 17 500 subscribers to the EFSA's electronic newsletter and 1 500 viewing sessions per event regarding the webstreaming of management Boards meetings; — the EFSA's press office with 7 press conferences organised, 24 press releases and statements, 39 web news stories and 37 news alerts were published; — the celebration of EFSA's Five-year Anniversary and the 50th Anniversary of the Treaty of Rome provided EFSA with the opportunity to use new communication platforms resulting in scientific forums, food safety summit and joint events with Member States. <p>Cooperation between Member States and EFSA is key to the overall success of the European food safety system and to increasing consumer confidence. The Advisory Forum connects EFSA with the national food safety authorities in all Member States. The Advisory Forum met quarterly in 2007. As a part of the cooperation strategy, a network of national 'Focal Points' serves as a relay contact between EFSA and national authorities. At the end of 2007, 18 Member States had already signed a national Focal Point agreement with EFSA.</p> <p>To make sure that EFSA is prepared to react and support the European Community, in particular the EC, during emergencies or other urgent situations, a crisis exercises programme has started on October 2007 and the first Crisis Exercise has been performed in January 2008 (with the Advisory Forum) in order to finalise the crisis manual.</p>

Source: Information supplied by the Authority.

Table 2
European Food Safety Authority (Parma) — Implementation of the budget for the financial year 2007

(1 000 euro)

Revenue			Expenditure								
Source of revenue	Revenue entered in the final budget for the financial year	Revenue collected	Allocation of expenditure	Final budget appropriations					Appropriations carried over from previous financial year(s)		
				entered	committed	paid	carried over	cancelled	entered	paid	cancelled
Community subsidies	52 207	48 193	Title I Staff	24 060	22 975	22 297	678	1 085	483	315	168
Other revenue	p.m.	28	Title II Administration	9 347	9 147	6 759	2 388	200	2 894	2 732	162
			Title III Operating activities	18 800	15 265	9 735	5 530	3 535	4 512	3 353	1 159
Assigned revenue ⁽¹⁾	p.m.	129	Assigned revenue	—	129	129	—	0	—	—	—
Total	52 207	48 350	Total	52 207	47 517	38 920	8 596	4 820	7 889	6 400	1 489

⁽¹⁾ Reimbursement from the European Translation Centre. The amount reimbursed has been used for translation-related expenses.

N.B.: Variations in totals are due to the effects of rounding.

Source: Data supplied by the Authority. This table summarises the data provided by the Authority in its annual accounts. Revenue collected and payments are estimated on a cash basis.

Table 3

European Food Safety Authority (Parma) — Economic outturn account for the financial years 2007 and 2006

	(1 000 euro)	
	2007	2006
Operating revenue		
Community subsidies	46 202	35 117
Other revenue	27	23
Total (a)	46 229	35 140
Operating expenditure		
Staff expenditure	20 475	16 014
Fixed asset related expenditure	1 005	771
Other administrative expenditure	9 690	8 303
Operational expenditure	13 144	8 950
Total (b)	44 314	34 038
Surplus/(Deficit) from operating activities (c = a – b)	1 915	1 102
Financial operations revenue (e)	1	3
Financial operations expenditure (f)	3	4
Surplus/(Deficit) from non-operating activities (g = e – f)	– 2	– 1
Economic result for the year (h = c + g)	1 913	1 101

Source: Data supplied by the Authority. This table summarises the data provided by the Authority in its annual accounts: these accounts are drawn up on an accrual basis.

Table 4

European Food Safety Authority (Parma) — Balance sheet at 31 December 2007 and 2006

	(1 000 euro)	
	2007	2006
Non-current assets		
Intangible fixed assets	962	687
Tangible fixed assets	1 789	950
Current assets		
Short-term pre-financing	354	224
Short-term receivables	97	43
Other receivables	478	112
Cash and cash equivalents	11 308	10 607
Total assets	14 988	12 624
Current liabilities		
Provision for risks and charges	523	388
Accounts payable	7 767	7 451
Total liabilities	8 290	7 839
Net assets	6 698	4 785
Reserve		
Accumulated surplus/deficit	4 785	3 684
Economic result for the year	1 913	1 101
Net capital	6 698	4 785

Source: Data supplied by the Authority. This table summarises the data provided by the Authority in its annual accounts: these accounts are drawn up on an accrual basis.

THE AUTHORITY'S REPLIES

7. Since 2008, all new projects for which the Authority receives specific contributions from the Commission, are registered and monitored on assigned revenue budget lines (C4).

8. The year 2007 was the first year in which scientific grants were launched. Several measures were taken, in 2008 such as: early planning of the calls, templates, vademecum and additional administrative support to accelerate the launch of grant calls. At the same time the planning of 2009 grant calls is on the way, with the view to launch some of them already in the autumn 2008. With the new procedures relating to the processing of carry-forward and in compliance with the principle of annuality, the 2007 carry-forward rate (17 % of final budget) decreased by comparison to 2006 rate (22 %) but efforts will continue to be given to this area in 2008.

9. Weightings for all selection criteria and threshold scores for passing to the next evaluation step and/or to be put on the reserve list are decided upon by the Selection Board in a pre-evaluation meeting which takes place after the deadline for application for the vacancy. However, no access is granted to the application data base before the weightings are decided. The high fluctuation of number of applications received makes it difficult to define in advance the number of candidates to be put on the reserve list.

10. Exception requests are closely monitored and reported.

The high value of exception requests (705 169 euro i.e. 83 % of the total value) is due to 'a posteriori commitments' mostly related to scientific contracts for one specific unit where organisational changes have been implemented since then.

11.

1. The observations regarding the financial evaluation procedure for framework contracts are related to three tender procedures launched in 2005 and 2006 and to a framework contract signed in 2007. In the future, the evaluation of financial offers for fixed price contracts will be based on a comparable basis. So far only 500 000 euro have been committed for this type of services.
 2. The specific orders for the relevant services were not explicitly mentioned in the framework contract but related to its field (events organisation). For future framework contracts efforts will be made to have a complete description of possible services.
 3. The weightings and quality criteria were explained in the tender document but not the sub-weightings of the sub-criteria. Therefore, even if the call was considered as transparent enough, the procedures will be strengthened in the future in order to address these comments.
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