

## REPORT

**on the annual accounts of the European Food Safety Authority for the financial year 2010, together with the Authority's replies**

(2011/C 366/19)

## INTRODUCTION

1. The European Food Safety Authority (hereinafter referred to as 'the Authority'), which is located in Parma, was established by Regulation (EC) No 178/2002 of the European Parliament and of the Council of 28 January 2002 <sup>(1)</sup>. Its main tasks are to supply the scientific information needed for Union 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 <sup>(2)</sup>.

2. The Authority's 2010 budget amounted to 74,7 million euro, compared with 71,4 million euro the previous year. The number of staff employed by the Authority at the end of the year was 433 as compared with 407 the previous year.

## STATEMENT OF ASSURANCE

3. Pursuant to the provisions of Article 287(1), second subparagraph, of the Treaty on the Functioning of the European Union, the Court has audited the annual accounts <sup>(3)</sup> of the Authority, which comprise the 'financial statements' <sup>(4)</sup> and the 'reports on the implementation of the budget' <sup>(5)</sup> for the financial year ended 31 December 2010, and the legality and regularity of the transactions underlying those accounts.

4. This Statement of Assurance is addressed to the European Parliament and the Council in accordance with Article 185(2) of Council Regulation (EC, Euratom) No 1605/2002 <sup>(6)</sup>.

## The Director's responsibility

5. As authorising officer, the Director implements the revenue and expenditure of the budget in accordance with

the financial rules of the Authority, under his own responsibility and within the limits of the authorised appropriations <sup>(7)</sup>. The Director is responsible for putting in place <sup>(8)</sup> the organisational structure and the internal management and control systems and procedures relevant for drawing up final accounts <sup>(9)</sup> that are free from material misstatement, whether due to fraud or error, and for ensuring that the transactions underlying those accounts are legal and regular.

## The Court's responsibility

6. The Court's responsibility is to provide, on the basis of its audit, a statement of assurance as to the reliability of the annual accounts of the Authority and the legality and regularity of the transactions underlying them.

7. The Court conducted its audit in accordance with the IFAC and ISSAI <sup>(10)</sup> International Auditing Standards and Codes of Ethics. Those standards require the Court to comply with ethical requirements and to plan and perform the audit so as to obtain reasonable assurance as to whether the accounts are free of material misstatement and whether the underlying transactions are legal and regular.

8. The Court's audit involves performing procedures to obtain audit evidence of the amounts and disclosures in the accounts and of the legality and regularity of the transactions underlying them. The procedures selected, including its assessment of the risks of material misstatement of the accounts or of illegal or irregular transactions, whether due to fraud or error, depend on its audit judgement. In making those risk assessments, internal controls relevant to the entity's preparation and presentation of accounts are considered in order to design audit procedures that are appropriate in the circumstances. The Court's audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the accounts.

<sup>(1)</sup> OJ L 31, 1.2.2002, p. 1.

<sup>(2)</sup> The Annex summarises the Authority's competences and activities. It is presented for information purposes.

<sup>(3)</sup> These accounts are accompanied by a report on the budgetary and financial management during the year which gives inter alia an account of the rate of implementation of the appropriations, with summary information on the transfers of appropriations among the various budget items.

<sup>(4)</sup> The financial statements include the balance sheet and the economic outturn account, the cash-flow table, the statement of changes in capital and the annex to the financial statements, which includes a description of the main accounting policies and other explanatory information.

<sup>(5)</sup> The budget implementation reports comprise the budget outturn account and its annex.

<sup>(6)</sup> OJ L 248, 16.9.2002, p. 1.

<sup>(7)</sup> Article 33 of Commission Regulation (EC, Euratom) No 2343/2002 (OJ L 357, 31.12.2002, p. 72).

<sup>(8)</sup> Article 38 of Regulation (EC, Euratom) No 2343/2002.

<sup>(9)</sup> The rules concerning the presentation of the accounts and accounting by the Agencies are laid down in Chapter 1 of Title VII of Regulation (EC, Euratom) No 2343/2002 as last amended by Regulation (EC, Euratom) No 652/2008 (OJ L 181, 10.7.2008, p. 23) and are integrated as such in the Financial Regulation of the Authority.

<sup>(10)</sup> International Federation of Accountants (IFAC) and International Standards of Supreme Audit Institutions (ISSAI).

9. The Court believes that the audit evidence obtained is sufficient and appropriate to provide a basis for the opinions set out below.

***Opinion on the reliability of the accounts***

10. In the Court's opinion, the Authority's Annual Accounts <sup>(1)</sup> fairly present, in all material respects, its financial position as of 31 December 2010 and the results of its operations and its cash flows for the year then ended, in accordance with the provisions of its Financial Regulation.

***Opinion on the legality and the regularity of the transactions underlying the accounts***

11. In the Court's opinion, the transactions underlying the annual accounts of the Authority for the financial year ended 31 December 2010 are, in all material respects, legal and regular.

12. The comments which follow do not call the Court's opinions into question.

**OTHER MATTERS**

13. A review of the Declarations of Interest of the Members of the Management Board is carried out by the Chairperson with the assistance of Vice Chairpersons. This review process is insufficiently rigorous and insufficiently detailed. Different approaches to the management of conflict of interest issues are adopted for similar situations. There is scope to improve the completeness and transparency of this procedure.

14. Weaknesses were noted in some recruitment procedures: the anonymity of the written tests was not respected, scores for passing to the various stages of the selection process were decided upon after the evaluation process had started and vague criteria were used. These matters put at risk the transparency of the recruitment process.

This Report was adopted by Chamber IV, headed by Mr Igors LUDBORŽS, Member of the Court of Auditors, in Luxembourg at its meeting of 6 September 2011.

*For the Court of Auditors*

Vítor Manuel da SILVA CALDEIRA

*President*

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<sup>(1)</sup> The Final Annual Accounts were drawn up on 16 June 2011 and received by the Court on 1 July 2011. The Final Annual Accounts can be found on the following website <http://eca.europa.eu> or [http://www.efsa.europa.eu/EFSA/AboutEfsa/HowWeWork/Funding/efsa\\_locale-1178620753812\\_Accounts.htm](http://www.efsa.europa.eu/EFSA/AboutEfsa/HowWeWork/Funding/efsa_locale-1178620753812_Accounts.htm)

## ANNEX

**European Food Safety Authority (Parma)****Competences and activities**

<b>Areas of Union competence deriving from the Treaty</b>	<b>Collection of information</b> <ul style="list-style-type: none"> <li>— Free movement of goods (<i>Article 37 of the Treaty</i>).</li> <li>— 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 (<i>Article 95 of the Treaty</i>).</li> <li>— Common trade policy (<i>Article 133 of the Treaty</i>).</li> </ul>
<b>Competences of the Authority</b>  <i>(Regulation (EC) No 178/2002 of the European Parliament and of the Council)</i>	<b>Objectives</b> <ul style="list-style-type: none"> <li>— 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.</li> <li>— To provide independent information on risks relating to food safety.</li> <li>— To contribute to the achievement of a high level of protection of human life and health.</li> <li>— To collect and analyse data needed to allow characterisation and monitoring of risks.</li> </ul> <b>Tasks</b> <ul style="list-style-type: none"> <li>— To issue scientific opinions and studies.</li> <li>— To promote uniform risk-assessment methodologies.</li> <li>— To assist the Commission.</li> <li>— To search, analyse and summarise the requisite scientific and technical data.</li> <li>— To identify and characterise emerging risks.</li> <li>— To establish a network of organisations operating in similar fields.</li> <li>— To provide scientific and technical assistance in crisis management.</li> <li>— To improve international cooperation.</li> <li>— To provide the public and interested parties with reliable, objective and easily comprehensible information.</li> <li>— To take part in the Commission's rapid alert system.</li> </ul>
<b>Governance</b>	<b>1 — Management Board</b>  <i>Composition</i>  Fourteen members appointed by the Council (in cooperation with the European Parliament and the Commission) and one representative of the Commission.  <i>Task</i>  To adopt the work programme and the budget and ensure that they are implemented.

	<p><b>2 — Executive Director</b></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><b>3 — Advisory Forum</b></p> <p><i>Composition</i></p> <p>One representative per Member State.</p> <p><i>Task</i></p> <p>To advise the Executive Director.</p> <p><b>4 — Scientific Committee and scientific panels</b></p> <p>To draw up the Authority's scientific opinions.</p> <p><b>5 — External audit</b></p> <p>Court of Auditors.</p> <p><b>6 — Internal audit</b></p> <p>Internal Audit Capability of EFSA.</p> <p>Internal Audit Service of the European Commission.</p> <p><b>7 — Discharge authority</b></p> <p>Parliament, acting on recommendation by the Council.</p>
<p><b>Resources made available to the Authority in 2010 (2009)</b></p>	<p><b>Budget</b></p> <p>74,7 (71,4) million euro of which 100 % (100 %) is an European Union subvention.</p> <p><b>Staff as at 31 December 2010</b></p> <p>355 (355) posts foreseen in the establishment plan, of which occupied:</p> <p>330 (326) staff (temporary agent and officials)</p> <p><i>Other staff</i> 103 (81) (contractual, seconded national experts)</p> <p><i>Total staff</i> 433 (407) of which for:</p> <p>Operational duties: 323 (324).</p> <p>Administrative duties: 110 (83)</p> <p>Please note that 21 offer letters were sent as per 31.12.2010 amounting to 454 total staff.</p>
<p><b>Products and services 2010 (2009)</b></p>	<p><b>Scientific Outputs and Supporting Publications 2010 (2009) <sup>(1)</sup></b></p> <p><i>Activity 1: Provision of scientific opinions and advice and risk assessment approaches</i></p> <p>— Guidance of the Scientific Committee/Scientific Panel 2 (6)</p> <p>— Opinion of the Scientific Committee/Scientific Panel 48 (72)</p> <p>— Scientific Report of EFSA 5 (3)</p> <p>— Statement of EFSA 4 (4)</p>

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<p>— Statement of the Scientific Committee/Scientific Panel 7 (6)</p> <p><i>Total scientific outputs activity 1 = 66 (91)</i></p> <p><i>Activity 2: Evaluation of products, substances and claims subject to authorisation</i></p> <p>— Conclusion on Pesticides Peer Review 73 (28)</p> <p>— Guidance of EFSA 1 (3)</p> <p>— Guidance of the Scientific Committee/Scientific Panel 6 (2)</p> <p>— Opinion of the Scientific Committee/Scientific Panel 244 (341)</p> <p>— Scientific Report of EFSA 2 (0)</p> <p>— Statement of the Scientific Committee/Scientific Panel 5 (38)</p> <p><i>Total scientific outputs activity 2 = 331 (412)</i></p> <p><i>Activity 3: Data Collection, scientific cooperation and networking</i></p> <p>— Guidance of EFSA 3 (2)</p> <p>— Statement of EFSA 2 (2)</p> <p>— Reasoned Opinion 68 (76)</p> <p>— Scientific Report of EFSA 38 (40)</p> <p><i>Total scientific outputs activity 3 = 111 (120)</i></p> <p><b>Supporting Publications</b></p> <p>— Event report 7 (2)</p> <p>— External Scientific Report 33 (1)</p> <p>— Technical report 17 (10)</p> <p><i>Total Supporting Publications = 57 (13)</i></p> <p><i>Total outputs = 565 (636)</i></p> <p>— Scientific outputs supported by communication activities: 34 % (24 %).</p> <p>— Public consultations: 78 (66)</p> <p>— Web visits: 3 million (2,4)</p> <p>— Highlights subscribers: 26 934 (25 690)</p> <p>— Media coverage: 8 330 (9 038)</p> <p>— Media queries: 857 (694)</p> <p>— Press releases: 16 (21)</p> <p>— Web News stories: 59 (50)</p> <p>— Interviews: 116 (72)</p>
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Source: Information supplied by the Authority.

(1) Please note that for the sake of comparability, the (2009) data have been adapted in order to reflect the new classification of the Authority outputs. The total number of outputs is unchanged.

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### THE AUTHORITY'S REPLIES

13. In order to reinforce the self assessment of its Members Declarations of Interest the Management Board adopted in June 2011 a code of conduct. In addition, the Management Board adopted for public consultation a draft policy on Independence and Scientific Decision-Making processes. This new draft policy foresees that for any matters linked to the independence of members of the Board, the Authority might consult the EU institutions that contributed to the appointment process (Council, Parliament, Commission). It is expected to be adopted by end of 2011.

14. Even if the former guidelines respected the requirements of the implementing rules on recruitment validated by the Commission in application of Article 110 of the Staff Regulations, in December 2010 the Authority adapted its guidelines to adhere to the ECA best practices recommendations.

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