

REPORT**on the annual accounts of the European Food Safety Authority for the financial year 2009, together
with the Authority's replies**

(2010/C 338/19)

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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⁽¹⁾. 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⁽²⁾.

2. The Authority's 2009 budget amounted to 71,4 million euro (including the released reserve of 2 million euro), compared with 66,4 million euro the previous year. The number of staff employed by the Authority at the end of the year was 326 as compared with 318 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⁽³⁾ of the Authority, which comprise the 'financial statements'⁽⁴⁾ and the 'reports on implementation of the budget'⁽⁵⁾ for the financial year ended 31 December 2009 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⁽⁶⁾.

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 her own responsibility and within the limits of authorised appropriations⁽⁷⁾.

⁽¹⁾ OJ L 31, 1.2.2002, p. 1.

⁽²⁾ The Table summarises the Authority's competences and activities. It is presented for information purposes.

⁽³⁾ 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.

⁽⁴⁾ 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 the description of the significant accounting policies and other explanatory information.

⁽⁵⁾ The budget implementation reports comprise the budget outturn account and its annex.

⁽⁶⁾ OJ L 248, 16.9.2002, p. 1.

⁽⁷⁾ Article 33 of Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 (OJ L 357, 31.12.2002, p. 72).

The Director is responsible for putting in place⁽⁸⁾ the organisational structure and the internal management and control systems and procedures relevant for drawing up final accounts⁽⁹⁾ 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⁽¹⁰⁾ International Auditing Standards and Codes of Ethics. Those standards require that the Court complies with ethical requirements and plans and performs the audit to obtain reasonable assurance about whether the accounts are free from material misstatement and whether the underlying transactions are legal and regular.

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

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

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

⁽⁹⁾ 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 of 9 July 2008 (OJ L 181, 10.7.2008, p. 23) and are integrated as such in the Financial Regulation of the Authority.

⁽¹⁰⁾ International Federation of Accountants (IFAC) and International Standards of Supreme Audit Institutions (ISSAI).

Opinion on the reliability of the accounts

10. In the Court's opinion, the Authority's Annual Accounts⁽¹⁾ present fairly, in all material respects, its financial position as of 31 December 2009 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 2009 are, in all material respects, legal and regular.

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

COMMENTS ON THE BUDGETARY AND FINANCIAL MANAGEMENT

13. For the 2009 budget, the Authority introduced differentiated appropriations for science grants and scientific cooperation projects totalling 7,9 million euro. At the year end, 6 million euro (75 %) of the related payment appropriations had

to be cancelled of which 3,1 million were funds allocated in excess of the needs identified by the Authority. This situation suggests that the Authority should strengthen the budget processes related to its differentiated appropriations and the planning and monitoring of their multiannual implementation.

14. Of the 9,3 million euro carried over from 2008 for Title III (operating activities) 1,8 million euro (19 %) had to be cancelled at year end, mainly due to the delayed implementation of 2007 and 2008 science grants. This situation shows that the Authority should reinforce contract management and the monitoring of the remittance of reports and cost statements.

15. The initial 2009 budget for IT of 4,2 million euro was increased by budget transfers of 2,5 million euro. These funds were mainly used to finance hardware and software consultancy projects in the 2010 work programme. This situation, like those described above, indicates difficulties in the implementation of the 2009 work programme and is at odds with the budget principles of annuality and specification.

OTHER MATTERS

16. For eight 2008 science grant agreements, the Authority paid an additional pre-financing of 383 627 euro in the absence of supporting documents proving that the first pre-financing payments had been used.

This Report was adopted by Chamber IV, headed by Mr Igors LUDBORŽS, Member of the Court of Auditors, in Luxembourg at its meeting of 14 and 16 September 2010.

For the Court of Auditors
Vitor Manuel da SILVA CALDEIRA
President

⁽¹⁾ The Final Annual Accounts were drawn up on 17 June 2010 and received by the Court on 24 June 2010. The Final Annual Accounts, consolidated with those of the Commission, are published in the *Official Journal of the European Union* by 15 November of the following year. These can be found on the following website <http://eca.europa.eu> or <http://www.efsa.europa.eu/en/funding/accounts.htm>

Table

European Food Safety Authority (Parma)

Areas of Union 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 2009 (Data for 2008)	Products and services in 2009 (Data for 2008)
<p>Free movement of goods</p> <p>(Article 28 of the Treaty on the Functioning of the European Union)</p> <p>In order to promote the interests of consumers and to ensure a high level of consumer protection, the Union shall contribute to protecting the health, safety and economic interests of consumers, as well as to promoting their right to information, education and to organise themselves in order to safeguard their interests.</p> <p>(Article 169(1) of the Treaty on the Functioning of the European Union)</p> <p>Common trade policy</p> <p>(Article 206 of the Treaty on the Functioning of the European Union)</p>	<p>Objectives</p> <ul style="list-style-type: none"> — To provide scientific opinions and scientific and technical support for legislation and policies which have a direct or indirect impact on food and food 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 1 representative of the Commission.</p> <p><i>Task</i></p> <p>To adopt the work programme and the budget and ensure that they are implemented.</p> <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>Task</i></p> <p>To advise the Executive Director.</p> <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 from the Council.</p>	<p>Budget</p> <p>71,4 (66,4) million euro, 100 % of which is a Union subvention (100 %)</p> <p>Staff at 31 December 2009</p> <p>355 (335) posts foreseen in the establishment plan, of which occupied: 326 (318)</p> <p>+ 81 (77) other staff (contractual, SNE)</p> <p>Total staff: 407 (395), of which for:</p> <p>Allocated for</p> <ul style="list-style-type: none"> — Operational duties: 324 (298) — Administrative duties: 83 (97) 	<p>Risk assessment and scientific cooperation outputs (*)</p> <ul style="list-style-type: none"> — Application opinions of the SC/Panels: 331 (227) — Conclusions on Pesticides Peer Review: 28 (new) — Reasoned opinions: 76 (new) <p><i>Subtotal 1: 435 (227)</i></p> <ul style="list-style-type: none"> — Generic opinions of the SC/Panels: 81 (84) — Statements of the SC/Panels: 44 (10) — Guidance documents SC/Panels: 9 (23) — Statements of the Authority: 8 (2) — Guidance of the Authority: 5 (6) — Scientific or technical reports: 54 (116) — Data collection reports: n/a (21) <p><i>Subtotal 2: 201 (262)</i></p> <p><i>Total (1+2): 636 (489)</i></p> <p>(*) Please note that, for the sake of comparability, the (2008) data have been adapted in order to reflect the new classification of the Authority outputs. The total number of outputs is unchanged.</p>

Areas of Union 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 2009 (Data for 2008)	Products and services in 2009 (Data for 2008)
					<p>Communicate scientific advice and facilitate dialogue with interested parties</p> <ul style="list-style-type: none"> — Scientific opinions supported by communication activities: 34 % (20 %) — Public consultations: 66 (38) — Web visits: 2,4 million (2,1) — Highlights subscribers: 25 690 (21 140) — Media coverage: 9 038 (11 652) — Media queries: 694 (676) — Press releases: 21 (30) — Web News stories: 50 (39) — Interviews: 72 (123)

Source: Information supplied by the Authority.

THE AUTHORITY'S REPLIES

13. The Authority has made contact with the Commission to improve its budgetary processes and to avoid the repetition, in 2010, of the situation described by the Court. The Authority wants to underline that, in 2009, it implemented for the first time the concept of differentiated appropriations for Scientific Cooperation Projects and, on the basis of this experience, has taken measures to improve the planning and the monitoring of the use of its differentiated appropriations.

14. Over the 2007-2008 period, the issuance of science grants was a new process for the Authority. Experience showed in particular that the time required for delivery of scientific reports fulfilling the Authority's quality standards by the beneficiaries, was underestimated.

After consulting all actors, measures were taken in April 2010 to improve the project planning and monitoring as well as the evaluation of the financial offers.

Furthermore, the Authority confirms the closure of all 2007/2008 grants.

15. The Authority acknowledges the necessity to further strengthen its planning and monitoring of IT projects and has introduced additional controls during 2010.

16. The Authority acknowledges the Court's finding and will take measures to better pre-define and document the conditions triggering payment of possible additional pre-financing.
