

2006 discharge: European Food Safety Authority EFSA

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PURPOSE: presentation of the report by the Court of Auditors on the 2006 annual accounts of the European Food Safety Authority.

CONTENT: the report indicates that the appropriations entered in the Agency's budget for the financial year in question are **EUR 40.249 million**, EUR36.408 million was committed and EUR 28.519 million paid. Of this overall amount, EUR 7.889 million was carried over to 2007 and EUR 3.841 million was cancelled.

The Court notes that the annual accounts are reliable in all material respects and that the underlying transactions of the Authority's accounts, taken as a whole, are legal and regular.

Analysis of the accounts by the Court: the Court indicates that, in 2006, 56% of appropriations for administrative expenditure (Title II) and 50% of those for operational activities (Title III) resulted in payment. At the end of 2006, 20% of appropriations carried over from 2005 were cancelled. A large number of transfers were made with a high concentration of them at the year-end. Thus, the budgetary principles of **annuality** and **specification** were not strictly observed, according to the Court.

The Court indicates that final payments, of a total amount of EUR 500 000, were made in spite of insufficient supporting documentation. Moreover, it was difficult to assess the adequacy of the checks carried out to verify the correctness and completeness of the financial information submitted by the supplier.

The Court also pointed out that the Authority had neither set realistic recruitment objectives, nor defined priorities with regard to vacancies. The Authority had also not fixed deadlines for each **recruitment** procedure. At the end of the year, only two-thirds of the 250 posts available under the Authority's 2006 establishment plan had been filled.

With regard to **procurement procedures**, the following irregularities were observed:

- the selection criteria were either not stated, or not applied;
- the price evaluation method was not defined until the evaluation procedure was underway;
- the description of the quality criteria was too vague;
- the composition of the evaluation committee did not comply with the principle of hierarchical independence of its members.

The Authority's replies: the Authority replies to all of the criticisms one by one and indicates that the payment rate in 2006 (Title III) reflects the increased multi-annual nature of the operations. It states that, in 2007, it will improve its budget forecasting and monitoring to reduce transfers in number and volume. It will also increase control on carryovers by the 2007 closing of accounts.

Regarding internal control, the Authority indicates that an action plan was implemented in order to increase awareness. Moreover, internal control self-assessment as well as high-level corporate risk assessment are part of the 2007 work plan.

Concerning the payments audited by the Court, the Authority indicates that it reinforced the financial verification team by hiring two additional staff members during the first quarter of 2007 and implemented checklists during the second quarter of 2007. Furthermore, a recruitment plan defined for 2007 was adopted by the Authority's management, in order to enable the Authority to recruit the number of staff members as foreseen in its establishment plan.

Finally, concerning procurement procedures, the Authority indicates that these are not recent as some were launched in 2004 and that other contracts were awarded in 2005 and 2006. The Authority continues, however, to improve compliance with applicable procurement rules, in particular through a reinforced central support unit, update of guidance documents and, since 2007, by the recruitment of a new staff member responsible for the support of tendering procedures. Moreover, the Authority made an important effort to train its staff in procurement matters (various training sessions were organised in 2006 and 2007 - over 100 staff members participated).