2008 discharge: European Food Safety Authority EFSA

2009/2123(DEC) - 08/10/2009

PURPOSE: to present the report by the Court of Auditors on the 2008 annual accounts of the European Food Safety Authority (EFSA).

CONTENT: in the Court's opinion, the Authority's Annual Accounts present fairly, in all material respects, its financial position as of 31 December 2008 and the results of its operations and its cash flows for the year then ended. The transactions underlying the annual accounts of the Authority for the financial year ended are, in all material respects, legal and regular.

The Court of Auditor's report includes a detailed section on the European Food Safety Authority's expenditure and an analysis of the expenditure, as well as the Authority's replies.

- **The Court's analysis of the accounts**: in its report, the Court makes a number of observations, particularly with regard to budgetary and financial management. The Court notes that more than EUR 15.5 million of 2008 commitments (23% of 2008 budget) were carried forward to 2009, compared to 16% of the 2007 budget. The high level of commitments carried forward was mainly due to delays in either the implementation or commencement of certain actions. According to the Court, this situation is at odds with the annuality principle. The Court also notes that at the year end about EUR 2.1 million (37%) of commitments for operational activities carried over from 2007 had to be cancelled. The high cancellation rate was mainly caused by significant delays regarding the implementation of 2007 grant agreements during 2008. This situation indicates a need to better control the contractual deadlines of grant agreements. The Authority should set and monitor appropriate performance indicators for its grant agreements. In addition, for the provision of a very complex software, the Authority launched an open procedure in July 2008 with rather tight deadline for submission of offers (67 days). The Authority received only one offer from the company which had previously been contracted for the provision of the same services. Lastly, the Court states that the Authority's 2008 work programme did not establish clear links between objectives and indicators. Objectives and indicators are neither result-oriented nor measurable which makes it difficult to identify shortfalls and to assess achievements. The Authority should define precise and measurable objectives together with relevant performance indicators and promote the achieving of results.
- **The Authority's replies**: the Authority is committed to further improve its budget management in particular by reducing the carry-over of commitments and by implementing differentiated appropriations for grants in its 2009 budget. It underlines that since January 2009, the Authority integrated specific progress indicators for grants into its monthly reporting in order to improve the monitoring of their implementation. Although the Authority strictly followed the relevant provisions of its financial implementing rules, it will, for future procedures, give more importance to the complexity of the service when defining the period for tender preparation. The activity based management was first introduced in the management plan in 2008. Since January 2009, the introduction of the Risk Assessment Workflow (RAW) reinforces and allows close monitoring of the Authority's science and administrative activities.