2005 discharge: European Food Safety Authority

2006/2166(DEC) - 19/12/2006

This report from the Court of Auditors concerns the annual accounts of the European Food Safety Authority for the financial year ended 31 December 2005.

The Court states that the Authority's accounts for the financial year ended 31 December 2005 are, in all material respects, reliable. Except for the situation of the award and conclusion of contracts, the transactions underlying the Authority's annual accounts, taken as a whole, are legal and regular.

The report shows that the appropriations entered in the final budget amount to **EUR 36 857 000** with EUR 29 462 000 committed and EUR 23 154 000 paid. EUR 6 308 000 were carried over to 2006 and EUR 7 395 000 were cancelled. The outstanding commitments carried over from the previous year amount to EUR 5 684 000.

The Court made the following observations:

- the financial year 2005 was marked by a significant under-implementation of the budget: only 80 % of commitment and payment appropriations were used. This shows that the Authority should make a serious effort to improve the use it makes of the appropriations with which it is entrusted to achieve its objectives;

- the Budgetary Authority had amended the establishment plan attached to the Authority's draft 2005 budget, as adopted by its Management Board, in particular by significantly amending the distribution of available posts between each grade. These amendments should have resulted in a reduction of the appropriations earmarked for expenditure on salaries and even for operating expenditure. This reduction was not made and enabled the Authority to restore the grades initially provided for in the draft budget in respect of 19 posts without informing the Budgetary Authority, by the expedient of drawing up a supplementary and amending budget;

- the Court noted the failure to introduce activity-based management although this is laid down by the Authority's financial regulation, along the lines of what was applied to the general budget with a view to improving performance monitoring;

- the Authority did not carry out a risk analysis or formally lay down the internal control systems and procedures it follows. The Court also noted shortcomings in expenditure control (supporting documents missing, unjustified requests for additional services);

- with regard to recruitment, the Authority rejected candidates on the basis of criteria other than those provided for in the vacancy notices and, in addition, did not observe the regulatory provisions concerning the grades of selection board members in relation to the posts to be filled;

- a **considerable number of anomalies were revealed during the audits carried out on the award and conclusion of contracts**. In a great many of the cases examined, the Court was unable to check that the statutory minimum number of tenderers had been invited to take part in the contracts procedure. The Court noted that the application of the selection criteria was not systematically documented;

- the buildings intended to house the Authority permanently are still not available. The Authority was thus obliged to rent and fit out temporary premises (cost in 2005: approximately EUR 3.5 million). When the Authority takes possession of its new premises, it will again have to bear installation costs. The Authority, together with the Commission, should clarify this situation with the national authorities, in particular with

a view to any financial compensation. Pending a solution, this should be taken into account when drawing up the budgetary estimates.

The Authority responds point by point to the Court's observations:

- in 2006, EFSA reinforced its budget monitoring by organising regular reviews, a mid-year budget execution analysis and forecasts and will continue to strengthen the planning of its activities aiming at reaching a full budget execution;

- considering that by amending EFSA 2005 Establishment Plan, the Budgetary Authority reduced a certain number of posts which were already occupied in 2004, the Authority had to meet its legal obligation towards those agents and maintain their posts in conformity with its Financial Regulation and modify this Plan;

- Activity Based Management will be progressively implemented by EFSA as it is an essential tool to perform its activities efficiently;

- EFSA has adopted internal control standards in July 2005 and continues its efforts in order to fully implement them. In addition, the Authority plans to perform a risk analysis for 2007;

- as a priority in 2006, the Authority has taken measures in order to strengthen the controls around recruitment procedures and reinforce their transparency and will continue its efforts to guarantee observance of the rules in force;

- the Authority will ensure that internal control systems of the procurement procedures are strengthened in order to fully comply with the rules in force. In 2006, specific trainings on tendering procedures will be organised and better systems implemented to reinforce the controls on such procedures have been set-up;

- the Authority has brought to the attention of the Budgetary Authorities and the Commission the cost of EFSA premises and will keep them informed on the progress of its final seat project.