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Committee on Budgetary Control

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DRAFT REPORT

on discharge in respect of the implementation of the budget of the European Food Safety Authority for the financial year 2013
(2014/2108(DEC))

Committee on Budgetary Control

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1. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

on discharge in respect of the implementation of the budget of the European Food Safety Authority for the financial year 2013 (2014/2108(DEC))

The European Parliament,

- having regard to the final annual accounts of the European Food Safety Authority for the financial year 2013,
- having regard to the Court of Auditors' report on the annual accounts of the European Food Safety Authority for the financial year 2013, together with the Authority's replies¹,
- having regard to the statement of assurance² as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2013, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendation of ... on discharge to be given to the Authority in respect of the implementation of the budget for the financial year 2013 (00000/2015 – C8-0000/2015),
- having regard to Article 319 of the Treaty on the Functioning of the European Union,
- having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities³,
- having regard to Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002⁴, and in particular Article 208 thereof,
- having regard to Regulation (EC) No 178/2002 of the European Parliament and of the Council of 28 January 2002 laying down the general principles and requirements of food law, establishing a European Food Safety Authority and laying down procedures in matters of food safety⁵, and in particular Article 44 thereof,
- having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 on the Financial

¹ OJ C 442, 10.12.2014, p. 160.

² OJ C 442, 10.12.2014, p. 160.

³ OJ L 248, 16.9.2002, p. 1.

⁴ OJ L 298, 26.10.2012, p. 1.

⁵ OJ L 31, 1.2.2002, p. 1.

Regulation applicable to the general budget of the European Communities¹,

- having regard to Commission Delegated Regulation (EU) No 1271/2013 of 30 September 2013 on the framework financial regulation for the bodies referred to in Article 208 of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council², and in particular Article 108 thereof,
 - having regard to Rule 94 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on the Environment, Public Health and Food Safety (A8-0000/2015),
1. Grants the Executive Director of the European Food Safety Authority discharge in respect of the implementation of the Authority's budget for the financial year 2013 / Postpones its decision on granting the Executive Director of the European Food Safety Authority discharge in respect of the implementation of the Authority's budget for the financial year 2013;
 2. Sets out its observations in the resolution below;
 3. Instructs its President to forward this decision, and the resolution forming an integral part of it, to the Executive Director of the European Food Safety Authority, the Council, the Commission and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).

¹ OJ L 357, 31.12.2002, p. 72.

² OJ L 328, 7.12.2013, p. 42.

2. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

on the closure of the accounts of the European Food Safety Authority for the financial year 2013 (2014/2108(DEC))

The European Parliament,

- having regard to the final annual accounts of the European Food Safety Authority for the financial year 2013,
- having regard to the Court of Auditors' report on the annual accounts of the European Food Safety Authority for the financial year 2013, together with the Authority's replies¹,
- having regard to the statement of assurance² as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2013, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendation of ... on discharge to be given to the Authority in respect of the implementation of the budget for the financial year 2013 (00000/2015 – C8-0000/2015),
- having regard to Article 319 of the Treaty on the Functioning of the European Union,
- having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities³,
- having regard to Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002⁴, and in particular Article 208 thereof,
- having regard to Regulation (EC) No 178/2002 of the European Parliament and of the Council of 28 January 2002 laying down the general principles and requirements of food law, establishing a European Food Safety Authority and laying down procedures in matters of food safety⁵ and in particular Article 44 thereof,
- having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 on the Financial

¹ OJ C 442, 10.12.2014, p. 160.

² OJ C 442, 10.12.2014, p. 160.

³ OJ L 248, 16.9.2002, p. 1.

⁴ OJ L 298, 26.10.2012, p. 1.

⁵ OJ L 31, 1.2.2002, p. 1.

Regulation applicable to the general budget of the European Communities¹,

- having regard to Commission Delegated Regulation (EU) No 1271/2013 of 30 September 2013 on the framework financial regulation for the bodies referred to in Article 208 of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council², and in particular Article 108 thereof,
 - having regard to Rule 94 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on the Environment, Public Health and Food Safety (A8-0000/2015),
1. Notes that the final annual accounts of the European Food Safety Authority are as annexed to the Court of Auditors' report;
 2. Approves the closure of the accounts of the European Food Safety Authority for the financial year 2013 / Postpones the closure of the accounts of the European Food Safety Authority for the financial year 2013;
 3. Instructs its President to forward this decision to the Executive Director of the European Food Safety Authority, the Council, the Commission and the Court of Auditors, and to arrange for its publication in the *Official Journal of the European Union* (L series).

¹ OJ L 357, 31.12.2002, p. 72.

² OJ L 328, 7.12.2013, p. 42.

3. MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

**with observations forming an integral part of the decision on discharge in respect of the implementation of the budget of the European Food Safety Authority for the financial year 2013
(2014/2108(DEC))**

The European Parliament,

- having regard to its decision on discharge in respect of the implementation of the budget of the European Food Safety Authority for the financial year 2013,
 - having regard to Rule 94 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on the Environment, Public Health and Food Safety (A8-0000/2015),
- A. whereas, according to its financial statements, the final budget of the European Food Safety Authority (“the Authority”) for the financial year 2013 was EUR 78 051 000, representing a decrease of 0,31 % compared to 2012,
- B. whereas the entire budget of the Authority derives from the Union budget,
- C. whereas the Court of Auditors, in its report on the annual accounts of the European Food Safety Authority for the financial year 2013 (“the Court’s report”), has stated that it has obtained reasonable assurances that the Authority’s annual accounts are reliable and that the underlying transactions are legal and regular,

Follow-up of 2012 discharge

1. Notes from the Court’s report that regarding three comments made in the Court’s 2011 report and marked as “Ongoing” in the Court’s 2012 report, corrective actions were taken and two are now marked in the Court’s report as “Completed” and one as "Not Applicable"; notes, furthermore, that for the three comments made in the Court’s 2012 report, corrective actions were taken and one comment is now marked as 'Completed', one as "Not Applicable" and one as "Ongoing";
2. Acknowledges from the Authority that:
 - the local systems validation has been incorporated, where applicable, in the validation of the accounting systems of the Accounting Officer, along with the central ABAC and SAP Systems;
 - the monitoring of the budget execution level and of the overall level of carryovers continues to be improved in order to keep the carryovers in line with the budget execution objectives set for the operational activities;
 - the election of the Chair and the Vice-Chair of the Management Board is to be conducted in the audio streamed Open Session by secret ballot, as provided for in its Rules of Procedure, adopted in June 2013;

- periodical dialogue with the Authority's stakeholders is a regular practice; notes the actions taken towards transparency, such as public consultation on the transformation to an "Open EFSA" initiative or the EFSA specialist groups;
- in the areas of data management, business continuity and IT security, the recommendations of the external consultant are being implemented; calls on the Authority to inform the discharge authority of the further results regarding corrective actions implementation;
- the Authority has optimised its webpage in order to make it more user friendly and to facilitate consultation about important aspects of scientific work, such as scientific expertise, data collection, risk assessment methodologies, risk assessment opinions and how they may impact on Union citizens through quick access to scientific advice, journal outputs or latest news;

Budget and financial management

3. Notes that budget monitoring efforts during the financial year 2013 resulted in a budget implementation rate of 98,80 %, which represents a minor decrease in comparison to the previous year (99,30 %), and that the payment appropriations execution rate was high at 90,80 %; takes note from the Authority's annual report (AAR) that under Title I (Staff) and Title II (Infrastructure) the budget was fully executed, while under Title III (Operations) the execution rate reached 96,99 %;
4. Ascertains from the AAR that the level of budget implementation stands at 1 % below the initial target and that as the global payment level stands 2 % below the initial target; acknowledges, however, that budget monitoring efforts during the financial year 2013 continue to contribute to the consistently high budget implementation rate;

Commitments and carryovers

5. Acknowledges from the AAR that the committed appropriations carried forward to 2014 amount to EUR 6 431 431, showing a decrease compared to the previous year; notes that the reduction is mostly related to the centralisation of expert payments leading to higher efficiency in payment processing, as well as the IT operational budget not having been increased by transfers from other areas at the end of 2013;

Transfers

6. Notes that the level of transfers remained within the limits of the financial rules, as the transfer made from Title I (Staff) to Title II (Infrastructure) amounted to EUR 418 965, representing 4,7 % of Title II; acknowledges that this transfer mainly resulted from the rejection by the Court of Justice of the Commission proposal related to the 2011 salary indexation, which enabled the Authority to anticipate payments related to the building acquisition and to reduce interest payments;

Procurement and recruitment procedures

7. Notes from the Authority's annual accounts that 93,45 % of planned posts were

occupied at the end of 2013;

Prevention and management of conflicts of interests and transparency

8. Notes from the Authority that following the consultation with key partners in 2014 it has reviewed its implementing rules regarding the Policy on Independence concerning declarations of interests; observes that the revised procedure for screening of annual, special and oral declarations of interests of the members of the Authority's Scientific Committee, Scientific Panels and Working Groups introduced the criteria on which the screening is based, as well as the role of the screening officer, who has to immediately report any possible conflict of interests to his or her reporting officer;
9. Acknowledges the clarification of the scope of conflicts of interests with new definitions, regarding inter alia the obligation to declare even the smallest amount of economic interests or the practice to allow the experts' interests to be anonymised only on an exceptional basis, solely to ensure compliance with rules on data protection;
10. Takes note that the reviewed rules concerning declarations of interest explicitly exclude experts from food safety organisations designated by Member States which receive more than 50 % of their funding from private sources;
11. Notes from the Authority that for employment it applies a two-year cooling-off period on a risk based approach; calls on the Authority to inform the discharge authority of the results of the ongoing impact assessment on the introduction of further cooling-off periods, which will take place in the framework of the forthcoming policy review starting in 2015;

Internal controls

12. Acknowledges from the Court's report that most of the Internal Control Standards (ICS) were met according to the Authority's self-assessment carried out in 2012 and 2013; notes with concern that ICS 4 ("Staff appraisal and development") and ICS 11 ("Document management") were not met at the time of the audit by the Court, and calls on the Authority to inform the discharge authority of the implementation of ICS 4 and ICS 11;
13. Notes with concern that the Authority's annual work programme does not contain sufficient details on planned procurements and grants to support financing decision in the sense of Article 64 of its Financial Regulation's Implementing Rules; calls on the Authority to remedy this deficiency, as including such details would allow a more effective monitoring of procurements and grants;

Internal audit

14. Notes that the Commission's Internal Audit Service (IAS) carried out a full risk assessment in 2013, resulting in the Strategic Internal Audit plan for the Authority which lists the proposed audit topics for 2014-2016, and followed up the implementation of its earlier recommendations;

15. Notes with concern that in the course of that risk assessment, certain processes of high inherent risks were identified by the IAS, with assessed controls qualified as absent or insufficient; acknowledges that the Authority prepared an action plan aimed at addressing those deficiencies, which will be followed up by the IAS during the next in-depth risk assessment; calls on the Authority to inform the discharge authority about the implementation of corrective actions;
16. Notes with concern that the implementation of five earlier IAS recommendations marked as “Very Important” was delayed with respect to the deadlines defined by the Authority in its original action plans; is particularly concerned that the implementation of recommendations on information security management is delayed for over 36 months, resulting in a possibility to access confidential information in an unauthorised manner or to release information without prior approval; calls on the Authority to inform the discharge authority of the reasons behind the delay and to implement corrective actions as a matter of urgency;
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17. Refers, for other observations of a cross-cutting nature accompanying its decision on discharge, to its resolution of ... 2015¹ on the performance, financial management and control of the agencies.

¹ Texts adopted of that date, P7_TA-PROV(2015)0000.