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SECOND REPORT

on discharge in respect of the implementation of the budget of the European Food Safety Authority for the financial year 2010
(C7-0286/2011 – 2011/2226(DEC))

Committee on Budgetary Control

Rapporteur: Monica Luisa Macovei

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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 2010
(C7-0286/2011 – 2011/2226(DEC))**

The European Parliament,

- having regard to the final annual accounts of the European Food Safety Authority for the financial year 2010,
- having regard to the Court of Auditors' report on the annual accounts of the European Food Safety Authority for the financial year 2010, together with the Authority's replies¹,
- having regard to the Council's recommendation of 21 February 2012 (06083/2012 – C7-0051/2012),
- having regard to its Decision of 10 May 2012² postponing the discharge decision for the financial year 2010, its accompanying Resolution and the replies by the Executive Director of the European Food Safety Authority,
- 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, and in particular Article 185 thereof,
- having regard to Regulation (EC) No 178/2002 of the European Parliament and of the Council of 28 January 2002 establishing a European Food Safety Authority⁴, 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 Regulation applicable to the general budget of the European Communities⁵, and in particular Article 94 thereof,
- having regard to the Joint Statement and Common Approach adopted in June 2012 by the European Parliament, the Council and the Commission, resulting from the work of the Interinstitutional Working Group on decentralised agencies, and in particular the sections on governance, operations, programming, accountability and transparency;
- having regard to Rule 77 of, and Annex VI to, its Rules of Procedure,

¹ OJ C 366, 15.12.2011, p. 106.

² Texts adopted, P7_TA(2012)0173.

³ OJ L 248, 16.9.2002, p. 1.

⁴ OJ L 31, 1.2.2002, p. 1.

⁵ OJ L 357, 31.12.2002, p. 72.

- having regard to the second report of the Committee on Budgetary Control and the opinion of the Committee on the Environment, Public Health and Food Safety (A7-0299/2012),
- 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 2010;
- 2. Sets out its observations in the resolution below;
- 3. Instructs its President to forward this Decision and the resolution that forms 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).

2. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

**on the closure of the accounts of the European Food Safety Authority for the financial year 2010
(C7-0286/2011 – 2011/2226(DEC))**

The European Parliament,

- having regard to the final annual accounts of the European Food Safety Authority for the financial year 2010,
- having regard to the Court of Auditors' report on the annual accounts of the European Food Safety Authority for the financial year 2010, together with the Authority's replies¹,
- having regard to the Council's recommendation of 21 February 2012 (06083/2012 – C7-0051/2012),
- having regard to its Decision of 10 May 2012² postponing the discharge decision for the financial year 2010, its accompanying Resolution and the replies by the Executive Director of the European Food Safety Authority,
- 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, and in particular Article 185 thereof,
- having regard to Regulation (EC) No 178/2002 of the European Parliament and of the Council 28 January 2002 establishing a European Food Safety Authority⁴, 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 Regulation applicable to the general budget of the European Communities⁵, and in particular Article 94 thereof,
- having regard to the Joint Statement and Common Approach adopted in June 2012 by the European Parliament, the Council and the Commission, resulting from the work of the Interinstitutional Working Group on decentralised agencies, and in particular the sections on governance, operations, programming, accountability and transparency;
- having regard to Rule 77 of, and Annex VI to, its Rules of Procedure,

¹ OJ C 366, 15.12.2011, p. 106.

² Texts adopted, P7_TA(2012)0173.

³ OJ L 248, 16.9.2002, p. 1.

⁴ OJ L 31, 1.2.2002, p. 1.

⁵ OJ L 357, 31.12.2002, p. 72.

- having regard to the second report of the Committee on Budgetary Control and the opinion of the Committee on the Environment, Public Health and Food Safety (A7-0299/2012),
- 1. Approves the closure of the accounts of the European Food Safety Authority for the financial year 2010;
- 2. 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).

3. MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

with observations forming an integral part of its Decision on discharge in respect of the implementation of the budget of the European Food Safety Authority for the financial year 2010

(C7-0286/2011 – 2011/2226(DEC))

The European Parliament,

- having regard to the final annual accounts of the European Food Safety Authority for the financial year 2010,
- having regard to the Court of Auditors' report on the annual accounts of the European Food Safety Authority for the financial year 2010, together with the Authority's replies¹,
- having regard to the Council's recommendation of 21 February 2012 (06083/2012 – C7-0051/2012),
- having regard to its Decision of 10 May 2012² postponing the discharge decision for the financial year 2010, its accompanying Resolution and the replies by the Executive Director of the European Food Safety Authority,
- 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, and in particular Article 185 thereof,
- having regard to Regulation (EC) No 178/2002 of the European Parliament and of the Council 28 January 2002 establishing a European Food Safety Authority⁴, 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 Regulation applicable to the general budget of the European Communities⁵, and in particular Article 94 thereof,
- having regard to the Joint Statement and Common Approach adopted in June 2012 by the European Parliament, the Council and the Commission, resulting from the work of the Interinstitutional Working Group on decentralised agencies, and in particular the sections on governance, operations, programming, accountability and transparency;
- having regard to Rule 77 of, and Annex VI to, its Rules of Procedure,

¹ OJ C 366, 15.12.2011, p. 106.

² Texts adopted, P7_TA(2012)0173.

³ OJ L 248, 16.9.2002, p. 1.

⁴ OJ L 31, 1.2.2002, p. 1.

⁵ OJ L 357, 31.12.2002, p. 72.

- having regard to the second report of the Committee on Budgetary Control and the opinion of the Committee on the Environment, Public Health and Food Safety (A7-0299/2012),
- A. whereas on 10 May 2012, the European Parliament postponed its decision on the discharge and closure of the accounts of the European Food Safety Authority (the Authority) for the financial year 2010,
- B. whereas the Authority provided extensive replies to the discharge authority by letters of 29 June 2012 and 20 August 2012,
- C. whereas the discharge is a valid instrument of the European Parliament in this respect, which requires a decision based on factual and substantive arguments; recalling, in this context, the existing rules, i.e. the Staff Regulations for Officials and Conditions of Employment of Other Servants of the European Community, the Financial Regulation applicable to the European Communities, Authority's founding regulation and specific policies and procedures set up by the Authority,

Budget and Financial Management

1. Notes the Authority's statement that measures now adequate have been undertaken to improve financial management and that execution rate in terms of commitment appropriations was close to 100 % in 2011;
2. Welcomes information received on the significant reductions in the Management Board meeting costs, which amounted EUR 6 175 per member in 2010; commends in particular the reduction of expenditures by 66% compared to 2010 realised through switching to audio streaming on demand, using English as the only language for Board meetings and holding all meetings at the premises in Parma;

Contract management process

3. Takes note that the Authority developed a 'Grants and Procurement Tool' to improve the monitoring of tendering process, the contracts management and the payment forecast capacity; notes that the new Database on Procurements and Grants was launched on 28 June 2012;

Conflict of interest and transparency

4. Notes that the main task of the Authority is to provide independent scientific and transparent advice on matters with a direct or indirect impact on food and feed safety;
5. Draws attention to the need to implement measures to safeguard the Authority's credibility;
6. Welcomes the organisation of a mandatory session on ethics and integrity for all members of the Management Board in October 2012 but calls on the Board to enforce effectively its Code of Conduct and adopt provisions preventing and sanctioning revolving door cases in order to avoid similar situations to the one of its former Chairperson in the future;

7. Has addressed already in the past certain shortcomings in connection with Conflict of Interest, Declaration of Interest and transparency; would like to specify that the former Chair of the Management Board failed, in 2010, to declare her membership of the board of the International Life Sciences Institute (ILSI), even though the ILSI is financed by undertakings in the food, chemicals and pharmaceuticals sectors; notes that the members of the Authority's Management Board are not appointed by the Executive Director and hence cannot be dismissed by the Executive Director;
8. Welcomes the Authority's commitment to propose its Management Board to elect its Chairperson by open ballot; believes that a transparent procedure will reinforce the Management Board's accountability;
9. Takes careful note of all new policies, rules, implementing measures and actions which have been set up since 2007 to avoid Conflict of Interest amongst scientific experts and staff; welcomes in this regard the code of conduct of the Authority's Management Board and their active approach in reviewing their declarations of interest, and the new rules for screening for conflicts of interest in force since July 2012, which were proactively used in the renewal of the scientific panels; is determined to monitor the effect of these actions; will continue to invite the Executive Director for an exchange of views on a regular basis, to foster the exchange of information also through the appointed contact person from amongst its members and by visiting the Authority every two years; recalls that the last visit took place in May 2012;
10. Takes note that the Authority's new policy on "independence and scientific decision-making processes" together with its implementing rules entered into force in July 2012 and that the Authority's new definition of conflicts of interests is compatible with the OECD guidelines; notes from the Authority that its practical approach concerning an expert breaching the independence policy rules is an exclusion for a 5-year period; suggests to insert a conclusive set of proportionate sanctions to be part of the implementing rules of the independence policy;
11. Notes that the Authority scheduled an evaluation of its independence policy by the end of 2013 and committed to consider, inter alia, the possibility to publish the outcomes of the breach of trust procedures, including the outcomes of the procedure verifying the integrity of the scientific review and to broaden and reinforce the mandate of its Committee on Conflict of Interests, for instance with a similar mandate to the Committee for Ethical Standards and Prevention of Conflict of Interest of the French Agency for Food, Environmental and Occupational Health & Safety (ANSES); expects the Authority to inform the discharge authority on this matter by the start of the next discharge procedure;
12. Encourages the Authority to further strengthen its independence policy and consider adopting rules among others including sanctions and publishing the curriculum vitae and declarations of interest of the in-house experts and scientists;
13. Is firmly convinced that necessary steps have to be taken should cases of non-compliance with existing rules occur; believes that, in such cases, the Authority has to draw up an action plan, accompanied by a precise timetable, aiming to remedy the shortcomings, that its implementation should be monitored by the European Parliament, and that either the

European Parliament or the European legislator has to address these problems by changing the existing rules and regulations to eliminate possible loopholes;

14. Notes the Authority's statement that it adopted a policy on gifts and hospitality on 4 July 2012; commends this initiative and invites the Authority to make the policy available on its website;
15. Acknowledges that from 1 October 2012 the Authority will launch its first evaluation of a random sample of declarations of interest to verify their coherence with its newly adopted independence policy and implementing rules; expects the Authority to share the outcomes of the evaluation of all declarations with the discharge authority by 1 March 2013 in order to reflect them in the amendments to the next discharge report;
16. Acknowledges the Authority's commitment to work with the Commission in order to define the modalities of full public access to unpublished raw data;
17. Observes that eight of the Authority's Panels and its Scientific Committee have been renewed in June 2012; welcomes the publication of the declarations of interest of the newly appointed experts on the Authority's website but observes that some of the curriculum vitae are not yet available; invites the Authority to publish all of them by 1 January 2013;
18. Notes that 37 experts of two Panels have been appointed in 2011, prior to the adoption of the Authority's new policy on independence and scientific decision-making processes; agrees therefore with the Authority's initiative to screen by 31 October 2012 their declarations of interest against the newly adopted policy and implementing rules; invites the Authority to inform the discharge authority of the outcomes of the screening process by the start of the next discharge procedure;
19. Calls on the Authority to introduce in its annual activity reports a special section describing the actions taken to prevent and manage conflict of interest, which shall include inter alia:
 - the number of conflict-of-interest cases verified,
 - the number of revolving door cases,
 - the measures taken in each category of cases,
 - the number of breach of trust procedures launched and their outcomes;
 - the sanctions applied;
20. Encourages the Authority to improve the openness and transparency of the risk assessment process, to better take into account independent peer-reviewed scientific literature and to provide detailed justification when it rejects diverging views; encourages the Authority to increase dialogue and cooperation with external experts and national agencies, especially when they hold diverging views on a specific risk assessment process
21. Welcomes, in general, the agreement on the Joint Statement and the Common Approach

of the European Parliament, the Council and the Commission on decentralised agencies; recalls that certain elements of importance to the discharge have been addressed and taken up; believes that the roadmap on the follow-up to the Common Approach will take due account of those issues;

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22. Refers, in respect of the other observations accompanying its Decision on discharge, which are of a horizontal nature, to its resolution of 10 May 2012 on the performance, financial management and control of the agencies.

20.9.2012

OPINION OF THE COMMITTEE ON THE ENVIRONMENT, PUBLIC HEALTH AND FOOD SAFETY

for the Committee on Budgetary Control

on discharge in respect of the implementation of the budget of the European Food Safety
Authority for the financial year 2010
(C7-0286/2011 - 2011/2226(DEC))

Rapporteur: Jutta Haug

SUGGESTIONS

The Committee on the Environment, Public Health and Food Safety calls on the Committee on Budgetary Control, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

1. Notes that the main task of the European Food Safety Authority (EFSA) is to provide independent scientific and transparent advice on matters with a direct or indirect impact on food and feed safety;
2. Has addressed already in the past certain shortcomings in connection with Conflict of Interest, Declaration of Interest and transparency; would like to specify that the former Chair of the Management Board failed, in 2010, to declare her membership of the board of the International Life Sciences Institute (ILSI), even though the ILSI is financed by undertakings in the food, chemicals and pharmaceuticals sectors; notes that the members of the EFSA Management Board are not appointed by the Executive Director and hence cannot be dismissed by the Executive Director;
3. Draws attention to the need to implement measures to safeguard the EFSA's credibility;
4. Considers the discharge a valid instrument of the European Parliament in this respect, which requires a decision based on factual and substantive arguments; recalls, in this context, the existing rules, i.e. the Staff Regulations for Officials and Conditions of Employment of Other Servants of the European Community, the Financial Regulation applicable to the European Communities, the respective Authority's founding regulation and specific policies and procedures set up in the EFSA;

5. Is firmly convinced that necessary steps have to be taken should cases of non-compliance with existing rules occur; believes that, in such cases, the EFSA has to draw up an action plan, accompanied by a precise timetable, aiming to remedy the shortcomings, that its implementation should be monitored by the European Parliament, and that either the European Parliament or the European legislator has to address these problems by changing the existing rules and regulations to eliminate possible loopholes;
6. Takes careful note of all new policies, rules, implementing measures and actions which have been set up since 2007 to avoid Conflict of Interest amongst scientific experts and staff; welcomes in this regard the code of conduct of the EFSA Management Board and their active approach in reviewing their declarations of interest, and the new rules for screening for conflicts of interest in force since July 2012, which were proactively used in the renewal of the scientific panels; is determined to monitor the effect of these actions; will continue to invite the Executive Director for an exchange of views on a regular basis, to foster the exchange of information also through the appointed contact person from amongst its members and by visiting the EFSA every two years; recalls that the last visit took place in May 2012;
7. Is informed about the detailed correspondence between the administration level of the EFSA and the CONT rapporteur before and after the plenary decision of postponing the granting of the discharge;
8. Reiterates, that the Court of Auditors commented in its special report on the review of the Declarations of Interests of the Members of the Management Board and the recruitment procedures but considered at the same time the EFSA's accounts of 2010 reliable, legal and regular;
9. Welcomes, in general, the agreement on the Joint Statement and the Common Approach of the European Parliament, the Council and the Commission on decentralised agencies; recalls that certain elements of importance to the discharge have been addressed and taken up; believes that the roadmap on the follow-up to the Common Approach will take due account of those issues;
10. Believes, however, that the discharge decision for the EFSA cannot be based upon additional requirements, e.g. OECD guidelines, when the implementation of those requirements have neither been officially called for by the EU legislator nor by specific arrangements within the Agencies during the respective discharge procedure; invites the European institutions to examine if it is advisable to incorporate and to commit to additional guidelines in a possible common framework for all European institutions and bodies;
11. Is therefore of the opinion, on the basis of the data available, that discharge can be granted to the Executive Director of the European Food Safety Authority in respect of the implementation of the EFSA's budget for the financial year 2010.

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	19.9.2012
Result of final vote	+: 44 -: 4 0: 8
Members present for the final vote	Martina Anderson, Sophie Auconie, Pilar Ayuso, Paolo Bartolozzi, Sergio Berlato, Lajos Bokros, Nessa Childers, Esther de Lange, Bas Eickhout, Edite Estrela, Karl-Heinz Florenz, Elisabetta Gardini, Gerben-Jan Gerbrandy, Matthias Groote, Cristina Gutiérrez-Cortines, Satu Hassi, Jolanta Emilia Hibner, Dan Jørgensen, Karin Kadenbach, Christa Klaß, Eija-Riitta Korhola, Holger Krahmer, Corinne Lepage, Peter Liese, Zofija Mazej Kukovič, Linda McAvan, Radvilė Morkūnaitė-Mikulėnienė, Vladko Todorov Panayotov, Antonia Parvanova, Andres Perello Rodriguez, Mario Pirillo, Frédérique Ries, Anna Rosbach, Oreste Rossi, Dagmar Roth-Behrendt, Kārlis Šadurskis, Carl Schlyter, Horst Schnellhardt, Richard Seeber, Theodoros Skylakakis, Claudiu Ciprian Tănăsescu, Salvatore Tatarella, Thomas Ulmer, Anja Weisgerber, Åsa Westlund, Marina Yannakoudakis
Substitute(s) present for the final vote	Nikos Chrysogelos, José Manuel Fernandes, Christofer Fjellner, Jacqueline Foster, Jutta Haug, Judith A. Merkies, Vittorio Prodi, Michèle Rivasi, Marita Ulvskog, Andrea Zanoni

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	26.9.2012
Result of final vote	+: 24 -: 1 0: 2
Members present for the final vote	Marta Andreasen, Jean-Pierre Audy, Inés Ayala Sender, Zigmantas Balčytis, Zuzana Brzobohatá, Andrea Češková, Martin Ehrenhauser, Jens Geier, Gerben-Jan Gerbrandy, Ingeborg Gräble, Cătălin Sorin Ivan, Iliana Ivanova, Monica Luisa Macovei, Eva Ortiz Vilella, Aldo Patriciello, Crescenzo Rivellini, Theodoros Skylakakis, Bogusław Sonik, Bart Staes
Substitute(s) present for the final vote	Amelia Andersdotter, Jorgo Chatzimarkakis, Cornelis de Jong, Edit Herczog, Markus Pieper, Olle Schmidt
Substitute(s) under Rule 187(2) present for the final vote	Elena Băsescu, Karl-Heinz Florenz, Jutta Haug, Iosif Matula, Cristian Dan Preda, Janusz Władysław Zemke