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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 2016
(2017/2159(DEC))

Committee on Budgetary Control

Rapporteur: Indrek Tarand

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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 2016 (2017/2159(DEC))

The European Parliament,

- having regard to the final annual accounts of the European Food Safety Authority for the financial year 2016,
- having regard to the Court of Auditors' report on the annual accounts of the European Food Safety Authority for the financial year 2016, together with the Authority's reply¹,
- 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 2016, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendation of ... February 2018 on discharge to be given to the Authority in respect of the implementation of the budget for the financial year 2016 (00000/2018 – C8-0000/2018),
- having regard to Article 319 of the Treaty on the Functioning of the European Union,
- 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 1605/2002³, 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 the European Food Safety Authority and laying down procedures in matters of food safety⁴, and in particular Article 44 thereof,
- 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 Council⁵, and in particular Article 108 thereof,
- having regard to Rule 94 of and Annex IV 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 (A8-0000/2018),

¹ OJ C 417, 6.12.2017, p. 115.

² OJ C 417, 6.12.2017, p. 115.

³ OJ L 298, 26.10.2012, p. 1.

⁴ OJ L 31, 1.2.2002, p. 1.

⁵ OJ L 328, 7.12.2013, p. 42.

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 2016 / 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 2016;
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).

2. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

on the closure of the accounts of the European Food Safety Authority for the financial year 2016 (2017/2159(DEC))

The European Parliament,

- having regard to the final annual accounts of the European Food Safety Authority for the financial year 2016,
- having regard to the Court of Auditors' report on the annual accounts of the European Food Safety Authority for the financial year 2016, together with the Authority's reply¹,
- 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 2016, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendation of ... February 2018 on discharge to be given to the Authority in respect of the implementation of the budget for the financial year 2016 (00000/2018 – C8-0000/2018),
- having regard to Article 319 of the Treaty on the Functioning of the European Union,
- 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 1605/2002³, 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 the European Food Safety Authority and laying down procedures in matters of food safety⁴, and in particular Article 44 thereof,
- 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 Council⁵, and in particular Article 108 thereof,
- having regard to Rule 94 of and Annex IV 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 (A8-0000/2018),

¹ OJ C 417, 6.12.2017, p. 115.

² OJ C 417, 6.12.2017, p. 115.

³ OJ L 298, 26.10.2012, p. 1.

⁴ OJ L 31, 1.2.2002, p. 1.

⁵ OJ L 328, 7.12.2013, p. 42.

1. Approves the closure of the accounts of the European Food Safety Authority for the financial year 2016 / Postpones the closure of the accounts of the European Food Safety Authority for the financial year 2016;
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 the decision on discharge in respect of the implementation of the budget of the European Food Safety Authority for the financial year 2016
(2017/2159(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 2016,
 - having regard to Rule 94 of and Annex IV 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 (A8-0000/2018),
- A. whereas in the context of the discharge procedure, the discharge authority stresses the particular importance of further strengthening the democratic legitimacy of the Union institutions by improving transparency and accountability, and implementing the concept of performance-based budgeting and good governance of human resources;
- B. whereas, according to its statement of revenue and expenditure¹, the final budget of the European Food Safety Authority (“the Authority”) for the financial year 2016 was EUR 79 492 944, representing a decrease of 1,10 %; 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 2016 (“the Court of Auditors’ 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;

Budget and financial management

1. Notes with satisfaction that the budget monitoring efforts during the financial year 2016 resulted in a budget implementation rate of 100 %, representing an increase of 0,19 % compared to 2015; notes, furthermore, that the payment appropriations execution rate was at 89,66 %, representing a decrease of 0,45 % compared to 2015;

Commitments and carry-overs

2. Notes that the carry-overs from 2016 to 2017 were at EUR 8 200 000 predominantly related to infrastructure and operations;
3. Notes that carry-overs may often be partly or fully justified by the multiannual nature of the agencies’ operational programmes, do not necessarily indicate weaknesses in budget planning and implementation and are not always at odds with the budgetary principle of annuality, in particular if they are planned in advance and communicated to the Court of

¹ OJ C 443, 29/11/2016, p.15

Auditors;

Staff policy

4. Takes note of the 2 % reduction in the Authority's establishment plan in 2016, corresponding to seven posts, which resulted in the Authority increasing its efforts in establishing more efficient and effective procedures; notes that on 31 December 2016, 450 of the available 470 posts were occupied, including officials, temporary agents, contract agents and seconded national experts;
5. Observes from the establishment plan that 320 posts (out of 330 authorised under the Union budget) were occupied on 31 December 2016, compared to 327 in 2015;
6. Notes with concern that by the number of all posts occupied on 1 August 2017 gender balance ratio is 60,7 % female to 39,3 % male; notes also that senior posts' (senior manager and management board) gender balance ratio is 75 % male and 25 % female; calls on the Authority to do everything in its power to establish a more gender-balanced staff composition especially at the senior posts level;
7. Notes with satisfaction that the Authority has implemented activities aiming at optimising work processes to use fewer resources; acknowledges however that the estimated resources gap is estimated to increase to around 20 full time equivalents per year in the coming three years, determined by a further reduction of the establishment plan (-2 % in 2017 and -1 % in 2018) on the one hand, and the expected further increase of workload due to new tasks in certain core activities such as novel foods, pesticides and plant pest categorisation and surveillance;
8. Notes that on average the Authority's staff was on sick leave 7,4 days in 2016; welcomes the fact that the Authority organised a staff-away day, health and safety matters' days and well-being activities; calls on the Authority to invite the staff to participate in even greater number;
9. Notes with satisfaction that the Authority adopted in June 2016 a policy on protecting the dignity of the person and preventing psychological and sexual harassment, provided mandatory courses for staff, a yearly info-session for staff to ask questions and get familiar with concrete case-studies and scenarios;
10. Notes with satisfaction that no harassment cases were reported, investigated or taken before the court in 2016;
11. Notes that the Authority does not have any official vehicles;

Prevention and management of conflicts of interest, transparency and democracy

12. Observes that on 21 June 2017, the management board of the Authority adopted a new policy on independence to ensure the independence of all professionals involved in its scientific operations; notes that the new policy includes a new definition of what constitutes a conflict of interest, a comprehensive set of "cooling-off" rules, a requirement that experts declare the proportion of their annual earnings received from any organisation, body or company whose activities fall within the Authority's areas of

work; notes moreover that the Authority adopted unconditional restrictions to financial investments into business operators directly or indirectly concerned by the Authority's outputs: notes that such interests are considered incompatible with any involvement as a member of the Authority's scientific committee, scientific panels, working groups or peer review meetings;

13. Notes with satisfaction that the function ensuring the centralised handling of competing interest management within Authority's legal and regulatory affairs unit became fully operational in 2016; notes moreover that the adoption of new implementing rules on competing interest management is planned for the end of 2017; calls on the Authority to report to the discharge authority on the implementation of these rules;
14. Notes that of the 17 statutory staff members that left the Authority in 2016, in two cases restrictions were applied in order to prevent the individuals from becoming contact points between the Authority and their new employer, exercising lobbying activities, and performing activities related to on-going the Authority's files;
15. Acknowledges that the Authority keeps implementing its 2014 rules on declarations of interests, processing 7 000 to 8 000 declarations of interest in line with the previous years; notes with satisfaction that the Authority publishes the outcome of its compliance and veracity checks as part of its annual activity report;
16. Notes that the Authority in January 2016 adopted the standard operating procedures on "Handling complaints submitted by whistleblowers";
17. Acknowledges from the Authority that model rules for Union agencies on whistleblowing guidelines are under preparation, and that as soon as the agreement of the Commission (which were due by the end of 2017) is formally given to Union agencies, the Authority will proceed with the formal adoption; calls on the Authority to report to the discharge authority on the adoption and implementation of these guidelines;
18. Notes that in 2016 the Authority received 99 new requests for access to documents (and handled 118 requests) to which the Authority granted a full access in 23 cases while in 76 cases the Authority decided to grant only partial access to the documents and refused access in 19 cases;
19. Notes that, out of the 118 initial applications handled in 2016, in 26 cases the access to documents was refused or partially granted due to protection of privacy and the integrity of the individual, in 40 cases due to protection of commercial interests, in 18 cases due to the fact that no decision were yet taken and in one case due to protection of court proceedings and legal advice; expects that the Authority, when deciding on limiting the access to documents due to protection of commercial interests, also considers with utmost seriousness the citizens' interest in maintaining the high standards on food safety and health;
20. Notes that a group of Members of the European Parliament filed a lawsuit against the Authority on grounds of limiting of access to documents in the "glyphosate" case; calls on the Authority to fully implement the court's ruling immediately once it is known;

Performance-based-budgeting

21. Welcomes the three main achievements identified by the Authority in 2016, namely:
- the delivery of the Strategy 2020 focusing on key results and underpinned by a comprehensive performance framework, together with the detailed planning and programming documents;
 - the implementation of the transparency and engagement measures such as the Transparency and Engagement in Risk Assessment (TERA) project, launching a new stakeholder engagement approach and publishing the EFSA Journal, which ensures effective dissemination of scientific outputs and provides access to the Authority's risk assessments;
 - the launching of open data and evidence tools opened up to the wider risk assessment community;

Internal controls

22. Notes that the Authority's Internal Audit Capability (IAC) carried out the assurance engagements and other special tasks as foreseen in the annual audit plan approved by the Authority's audit committee; Notes that the audit engagements included the corporate governance audit on the role of the experts in the scientific decision-making processes, the validation of ABAC user access rights, two follow-up reports on outstanding audit, recommendations by the IAC, the Internal Audit Service (IAS) and the Court of Auditors;
23. Observes that according to the IAC, the Authority's internal control system in place provides reasonable assurance regarding the achievement of the business objectives set up for the processes audited; notes that one 'very important' recommendation on the disclosure and transparency of the scientific decision-making processes was issued;
24. Notes from the Court of Auditors' report that the Authority has not yet put in place a clear and comprehensive financial ex-post control strategy covering all areas of operations and specifying the frequency and scope of such controls; acknowledges from the Authority that it is in the process of developing an improved assurance governance and is fine tuning its internal control framework; calls on the Authority to report to the discharge authority on the actions taken in order to tackle the deficiencies of its internal control system;

Internal audit

25. Notes from the Court of Auditors' report that, in its audit report of November 2016, the IAS concluded that the controls in place for IT project management are adequate, but referred to significant weaknesses in relation to IT governance; notes that it recommended updating the Authority's IT governance policy, to introduce an organisation-wide IT risk management framework and risk register and to separate the information security function from the IT unit; notes with satisfaction that the Authority agreed with the IAS on a plan to take corrective actions; notes from the Authority's reply that the majority of actions related to IT governance have been implemented and the

remaining actions are planned to be implemented by the end of 2017; calls on the Authority to report to the discharge authority on the implementation of the action plan;

Performance

26. Acknowledges that the Authority established or renewed joint scientific activities and cooperation initiatives with a number of partner organisations at the European level including the European Chemicals Agency (ECHA), the European Medicine Agency (EMA) and the European Centre for Disease Prevention and Control (ECDC); notes in addition that the Authority conducted additional cooperation exchanges with a number of international partner agencies; notes with satisfaction that this cooperation aims at sharing methods and approaches to improve food safety, including methods for better risk assessment, rapid identification of emerging risks and data sharing on subjects of common interest;
27. Notes that in 2016, the Authority adopted its Strategy 2020, including a multi-annual implementation plan; observes that the Authority developed a performance framework that: (1) links the strategic objectives to its portfolio of projects and processes as well as to its resources; and (2) includes a set of key performance indicators (KPIs) to monitor progress and performance at input, output, outcome and impact levels;
28. Acknowledges that the Authority has carried out a number of initiatives to limit the travelling time for experts, including promoting the use of IT tools, in order to improve efficiency;

Other comments

29. Notes with satisfaction that the Authority has implemented an eco-management system mapping the Authority's processes to improve resource efficiency, reduce waste and costs and obtained the ISO 14001:2004 certification; notes that the Authority also obtained the Eco-Management and Audit Scheme (EMAS) Registration in February 2017;
30. Notes with satisfaction that the Authority joined the Interinstitutional Group on Environmental Management (GIME) with the objective of developing a common plan on measures to effectively reduce CO₂ emissions and in order to collect common data allowing the comparison of CO₂ emissions among Union bodies;
31. Notes that a close cooperation with DG SANTE is well on track towards its preparation relating to the United Kingdom's decision to leave the Union; notes however that a critical uncertainty remains on the future availability of resources hampering thereby the thorough preparation of the Authority for its programming post 2020;
32. Notes that the Authority is well aware of the financial risks due to the United Kingdom's decision to leave the Union, such as a restricted budget availability, contractual issues for ongoing and new contracts and related payments, and unemployment allowances, and the operational risks such as access to United Kingdom citizens as staff members or as experts, access to United Kingdom entities for services and information/data, change in the volumes of work and access rights to documents;

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33. Refers, for other observations of a cross-cutting nature accompanying its decision on discharge, to its resolution of ... 2018¹ on the performance, financial management and control of the agencies.

¹ Texts adopted, P8_TA-PROV(2018)0000.