



European Food Safety Authority

EXECUTIVE OFFICE

**Management Board
18 October 2012
Parma**

Meeting :	Management Board, Open Session	
Subject :	Adaptation of EFSA's budget structure	
Document number:	mb 18 10 12 item 6 doc 4	
Confidentiality level :	X	Confidential
		For Restricted Use Only
		Public



RESOURCES AND SUPPORT

EXECUTIVE SUMMARY

The European Court of Auditors observed a high level of budget transfers during the year, in particular transfers from and to the same budget line and concluded that this is indicative of a necessity to improve the procedures to establish the annual budget and to monitor its implementation.”

With the 2011 evolution of its organisational model, EFSA has taken measure to step up its procedures and instruments to plan and monitor its activities at different level of the organisation.

Beyond these instruments, EFSA assessment is that the structure of its budget (and in particular of the Title III - regrouping operational investments-) needs to be less fragmented to become a more effective governance instrument.

This proposal recommends to the Management Board to adapt EFSA's Budget structure and reduce the fragmentation of its Title III by structuring it around a lower number of cost categories.

This would have the advantage of both increasing the readability of the Budget as a governance and control instrument and to clearly devolve day to day management of the efficient use of resources earmarked to operational managers through additional dedicated instruments .



RESOURCES AND SUPPORT

2013 BUDGET STRUCTURE

Background

The European Court of Auditor noted when auditing EFSA 2011 budget execution that “High level of budget transfers during the year, in particular transfers from and to the same budget line, and high cancellations of differentiated appropriations show the necessity to improve the procedures to establish the annual budget and to monitor its implementation.”

Beyond specific features that marked the implementation of 2011 activities, the Court remarks point to the need for EFSA to address two improve:

1. Its Planning and Monitoring.
2. Its Budget Structure

On point 1, since 2011 EFSA has invested in overhauling its practises and introduced new tools (institutional cockpit in particular) and dedicating resources at corporate and directorate levels (Planning and Monitoring teams, Corporate Strategic Planning and Monitoring Officer) to a reinforced planning and monitoring. This should lead to improvement in the capacity to forecast needs more accurately and follow them more closely.

On point 2, EFSA adapted its budget structure in 2011 but with the main aim to adapt it to its revised organisational structure. However, EFSA does not consider it as sufficient to address the Court of Auditors’ remark. The current structure has a number of shortfalls we would propose to correct:

1. The actual Budget structure is still for a significant part (even if less than in early years) ring fencing resources per organisational unit and per specific projects within. This leads to fragmentation of the budget structure (e.g. budget Articles distribute resources per Unit, rather than by institutional objective – to which one or more Unit can contribute).
2. EFSA does not yet make use of local budget lines at the moment to perform expenses monitoring on a day to day basis (local budget lines are technical sub-divisions of a “mother” budget line grouping activities having the same nature. Local budget lines serve to allocate financial resources to specific centres of cost, they are typically expenses monitoring sub-divisions and fall below the level published).

Proposal

This document is proposing to the Board to modify the structure of its budget Title III¹ (operational expenditures) in order to address the Court remark by:

1. Deploying a less fragmented structure, giving a broader overview of investments planned per major cost centres privileging the resources segmentation by objectives rather than by organisational units leading the implementation.
2. Introducing, as support to day by day management tool, local lines as monitoring instrument of the budget detailed execution.

¹ Art 30 : Insofar as it is justified by the nature of the Authority’s activities, the statement of expenditure must be set out on the basis of a nomenclature with a classification by purpose. This nomenclature shall be determined by the Authority and shall make a clear distinction between administrative appropriations and operational appropriations

In details

For Title II EFSA would propose, for coherence purpose, to group under Chapter 25 all investments made to ensure a quality governance of the organisation and in particular investments required by EFSA Management Board (as in the actual structure) but as well investments in Quality and Institutional Cooperation through dedicated Budget Lines in that Chapter. At present, these two items are considered as operational investments (Title III) while the main justification of the investments they allow (considering how they developed in recent years) is to deploy a quality governance of the agency in its overall institutional framework.

For Title III EFSA would propose the following structure:

- Chapters 31, 32 and 33 (where the three scientific Directorates respectively allocate resources for scientific meetings and scientific cooperation activities) are maintained as such, but sub-divided in two budget lines only (instead of having two budget lines per Unit composing each Directorate): a budget line covering the costs for all scientific meetings, and a budget line covering the expenses for all Scientific Cooperation activities through Grant & Procurement.
The distribution of resources between Panels/Units being an operational management responsibility monitored through local lines.
- Chapter 35 for horizontal Operations (i.e. investment of transversal nature serving more operational areas of activity) is reorganised as follows:
 - Investments in ‘Information Technologies’ are de-fragmented within a single specific investment centre (one budget line only instead of the five presently in use) to allow a more dynamic management of the Information Technologies initiatives now more precisely planned through the current mid-term IT investment plan. The introduction of local lines will allow a day to day monitoring of the expenses coherence with this investment plan;
 - Investments in ‘Translation, Interpretation & Linguistic Proofreading’ (presently reported in a dedicated Budget Article) are proposed to be included within the broader Article 351 (which aim to regroup all Operational Support investments) as one Budget Line.
 - All investments aiming to broaden the outreach of EFSA’s operational outputs are regrouped in one specific Budget Article (352 for ‘Conferences & Outreach’) instead of being fragmented between the current Article 353 (‘Conferences & Events’ and ‘Web and audio casting’) and the budget line 3516 (‘Video/Teleconferencing’). The maintenance of a specific Article for that kind of investment aims to maintain higher visibility to these activities which are critical for the realisation of EFSA’s objectives in term of openness and transparency;

Benefits of the proposed budget structure

- In line with the principles of EFSA’s financial delegation, it simplifies and gives more flexibility to the budget management over the year, as each Directorate is empowered to manage the distribution of credits affected to a global objective within the local lines segmenting each Budget line, while presently it requires a decision from EFSA’s Executive Director;
- EFSA’s Management Board and Auditing bodies are provided with a more strategic vision on the repartition of resource, focusing attention to critical objectives and not to lower level operational management;
- It shortens the validation process for budget adaptations, therefore improving reactivity.

The comparison between the current budget structure and the “proposed” budget structure is evidenced in the following tables.

The Management Board is kindly asked to adopt the new structure for Title III of EFSA's Budget. Should the Management Board agree with this adaptation, the new structure will be used for drafting EFSA's Draft Budget 2013, which the Board will be called to adopt at the meeting in December 2012.

Submitted for adoption in Parma, Italy
on 18 October 2012

For the EFSA Management Board

Chair of the Management Board

Chapter 25

2012 budget structure			Proposed revised budget structure		
BL	Heading		BL	Heading	
2	Buildings, equipment and miscellaneous operating expenditure linked to the Authority		2	Buildings, equipment and miscellaneous operating expenditure linked to the Authority	
25	Expenditure on formal and other meetings		25	Governance expenditure	
250	Management Board meetings		250	Governance expenditure	
2500	<i>Management Board meetings</i>	150,000	2500	<i>Management Board meetings</i>	150,000
	<i>Article 250 — Total</i>	150,000	2501	<i>Quality management & strategy</i>	85.000
	CHAPTER 25 — TOTAL	150,000	2502	<i>Institutional Cooperation</i>	17.000
				<i>Article 250 — Total</i>	252,000
				CHAPTER 25 — TOTAL	252,000

Chapter 30

2012 budget structure		Proposed revised budget structure	
BL	Heading	BL	Heading
3	OPERATING EXPENDITURE LINKED TO THE AUTHORITY	3	OPERATING EXPENDITURE LINKED TO THE AUTHORITY
3 0	SCIENTIFIC EVALUATION of REGULATED PRODUCTS	3 0	SCIENTIFIC EVALUATION of REGULATED PRODUCTS (REPRO)
3 0 0	Applications Desk	3 0 1	REPRO Grants & Procurement
3 0 0 1	APDESK: Grant & Procurement for studies and evaluations	3 0 1 0	REPRO Grants & Procurement
3 0 0 2	APDESK: Experts meetings		<i>Article 3 0 1 — Total</i>
			2,747,000
	<i>Article 3 0 0 — Total</i>		<i>Article 3 0 1 — Total</i>
	260,000		2,747,000
3 0 1	Food ingredients & packaging	3 0 2	REPRO Experts meetings
3 0 1 1	FIP: Grant & Procurement for studies and evaluations	3 0 2 0	REPRO Experts meetings
3 0 1 2	FIP: Experts meetings		<i>Article 3 0 2 — Total</i>
			4,864,000
	<i>Article 3 0 1 — Total</i>		<i>Article 3 0 2 — Total</i>
	1,910,000		4,864,000
3 0 2	FEED		CHAPTER 3 0 — TOTAL
3 0 2 1	FEED: Grant & Procurement for studies and evaluations		7,611,000
3 0 2 2	FEED: Experts meetings		
	<i>Article 3 0 2 — Total</i>		
	1,265,000		
3 0 3	Nutrition		
3 0 3 1	NUTRI: Grant & Procurement for studies and evaluations		
3 0 3 2	NUTRI: Experts meetings		
	<i>Article 3 0 3 — Total</i>		
	848,000		
3 0 4	Pesticides		
3 0 4 1	PRAS: Grant & Procurement for studies and evaluations		
3 0 4 2	PRAS: Experts meetings		
	<i>Article 3 0 4 — Total</i>		
	1,928,000		
3 0 5	Genetically modified organism		
3 0 5 1	GMO: Grant & Procurement for studies and evaluations		
3 0 5 2	GMO: Experts meetings		
	<i>Article 3 0 5 — Total</i>		
	1,400,000		
	CHAPTER 3 0 — TOTAL		
	7,611,000		

Chapter 31

2012 budget structure			Proposed revised budget structure		
3 1	RISK ASSESSMENT & SCIENTIFIC ASSISTANCE		3 1	RISK ASSESSMENT & SCIENTIFIC ASSISTANCE (RASA)	
3 1 0	<i>Animal health & welfare</i>		3 1 1	<i>RASA Grants & Procurement</i>	
3 1 0 1	AHAW: Grant & Procurement for studies and evaluations	332,000	3 1 1 0	RASA Grants & Procurement	
3 1 0 2	AHAW: Experts meetings	771,000		<i>Article 3 1 1 — Total</i>	5,072,000
		1,103,000			
3 1 1	<i>Dietary & chemical monitoring</i>		3 1 2	<i>RASA Experts meetings</i>	
3 1 1 1	DCM: Grant & Procurement for studies and evaluations	1,859,000	3 1 2 0	RASA: Experts meetings	
3 1 1 2	DCM: Experts meetings	177,000		<i>Article 3 1 2 — Total</i>	3,594,000
		2,036,000			
3 1 2	<i>Plant Health</i>				CHAPTER 3 1 — TOTAL
3 1 2 1	PLH: Grant & Procurement for studies and evaluations	493,000			8,666,000
3 1 2 2	PLH: Experts meetings	650,000			
		1,143,000			
3 1 3	<i>Scientific assessment support</i>				
3 1 3 1	SAS: Grant & Procurement for studies and evaluations	551,000			
3 1 3 2	SAS: Experts meetings	112,000			
		663,000			
3 1 4	<i>Contaminants</i>				
3 1 4 1	CONTAM: Grant & Procurement for studies and evaluations	493,000			
3 1 4 2	CONTAM: Experts meetings	724,000			
		1,217,000			
3 1 5	<i>Biological Monitoring</i>				
3 1 5 1	BIOMO: Grant & Procurement for studies and evaluations	983,000			
3 1 5 2	BIOMO: Experts meetings	349,000			
		1,332,000			
3 1 6	<i>Biological hazards</i>				
3 1 6 1	BIOHAZ: Grant & Procurement for studies and evaluations	361,000			
3 1 6 2	BIOHAZ: Experts meetings	811,000			
		1,172,000			
	CHAPTER 3 1 — TOTAL	8,666,000			

Chapter 32

2012 budget structure			Proposed revised budget structure		
3 2	SCIENTIFIC STRATEGY & COORDINATION		3 2	SCIENTIFIC STRATEGY & COORDINATION (SCISTRAT)	
3 2 0	<i>Cooperation with Member States</i>		3 2 0	<i>Cooperation with Member States</i>	
3 2 0 0	Advisory Forum Plenary and Working Group's meeting	270,000	3 2 0 0	Advisory Forum Plenary and Working Group's meeting	270,000
3 2 0 1	Focal Points: Agreements	978,000	3 2 0 1	Focal Points: Agreements	978,000
3 2 0 2	Focal Points: Working groups meetings	227,000	3 2 0 2	Focal Points: Working groups meetings	227,000
	<i>Article 3 2 0 — Total</i>	1,475,000		<i>Article 3 2 0 — Total</i>	1,475,000
3 2 2	<i>Stakeholders & International Cooperation</i>		3 2 1	<i>Stakeholders & International Cooperation</i>	
3 2 2 0	Institutional Cooperation	17,000	3 2 1 0	Stakeholder relationships	50,000
3 2 2 1	Stakeholder relationships	50,000	3 2 1 1	International Cooperation	17,000
3 2 2 2	International Cooperation	17,000	3 2 1 2	Pre-accession programme	477,910
3 2 2 3	Pre-accession programme	477,910	3 2 1 3	ENP (European Neighbourhood programme)	0
3 2 2 4	ENP (European Neighbourhood programme)	0		<i>Article 3 2 1 — Total</i>	544,910
	<i>Article 3 2 1 — Total</i>	561,910	3 2 2	<i>Emerging risks</i>	
3 2 3	<i>Scientific Committee</i>		3 2 2 0	Crisis support	20,000
3 2 3 1	SCOM: Grant & Procurement for studies and evaluations	0		<i>Article 3 2 2 — Total</i>	20,000
3 2 3 2	SCOM: Experts meetings	732,000	3 2 1	<i>SCISTRAT Grants & Procurement</i>	
	<i>Article 3 2 3 — Total</i>	732,000	3 2 1 0	SCISTRAT Grants & Procurement	
3 2 4	<i>Emerging risks</i>			<i>Article 3 2 1 — Total</i>	425,000
3 2 4 1	EMRISK: Grant & Procurement for studies and evaluations	425,000	3 2 2	<i>SCISTRAT Experts meetings</i>	
3 2 4 2	EMRISK: Experts meetings	130,000	3 2 2 0	SCISTRAT Experts meetings	
3 2 4 3	Crisis support	20,000		<i>Article 3 2 2 — Total</i>	862,000
	<i>Article 3 2 3 — Total</i>	575,000		CHAPTER 3 2 — TOTAL	3,326,910
	CHAPTER 3 2 — TOTAL	3,343,910			

Chapter 34 (no change)

2012 budget structure			Proposed revised budget structure		
3 4	COMMUNICATIONS		3 4	COMMUNICATIONS	
3 4 0	Digital		3 4 0	Digital	
3 4 0 0	Audiovisual Materials and Web development	161,000	3 4 0 0	Audiovisual Materials and Web development	161,000
	<i>Article 3 4 0 — Total</i>	161,000		<i>Article 3 4 0 — Total</i>	161,000
3 4 1	Offline		3 4 1	Offline	
3 4 1 0	Offline communications activities and materials	381,000	3 4 1 0	Offline communications activities and materials	381,000
	<i>Article 3 4 1 — Total</i>	381,000		<i>Article 3 4 1 — Total</i>	381,000
3 4 2	Cooperation, evaluation & research		3 4 2	Cooperation, evaluation & research	
3 4 2 0	Advisory Forum Working group, Advisory Group on Risk Communications, Evaluation and Media Monitoring	458,000	3 4 2 0	Advisory Forum Working group, Advisory Group on Risk Communications, Evaluation and Media Monitoring	458,000
	<i>Article 3 4 2 — Total</i>	458,000		<i>Article 3 4 2 — Total</i>	458,000
	CHAPTER 3 4 — TOTAL	1,000,000		CHAPTER 3 4 — TOTAL	1,000,000

Chapter 35

2012 budget structure		
BL	Heading	
3 5	HORIZONTAL OPERATIONS	
3 5 0	<i>Operational IT Systems</i>	
3 5 0 1	IT tools for Data Collection	1,904,000
3 5 0 2	IT tools to support Networking of organisations	328,000
3 5 0 3	Dedicated IT development and systems to support the scientific operations	1,295,000
3 5 0 4	Dedicated IT development and systems to support Applicants	1,528,000
3 5 0 5	Dedicated IT development and systems to support web development, communications and outreach	458,000
	<i>Article 3 5 0 — Total</i>	5,513,000
3 5 1	<i>Operational support</i>	
3 5 1 1	Quality Management and Strategy	85,000
3 5 1 2	Library: access to databases / documents	250,000
3 5 1 3	Mission of staff related to operational duties	890,000
3 5 1 4	Shuttles for experts and staff related to operational duties	790,000
3 5 1 5	Archives and scanning	15,000
3 5 1 6	Video/Teleconferencing	60,000
	<i>Article 3 5 1 — Total</i>	2,090,000
3 5 2	<i>Translation, Interpretation & Linguistic Proofreading expenses</i>	
3 5 2 1	Translation and Interpretation	185,000
3 5 2 2	Linguistic Proofreading and Editing	15,000
	<i>Article 3 5 2 — Total</i>	200,000
3 5 3	<i>Events</i>	
3 5 3 0	Conferences & Events	572,000
3 5 3 1	Web and audio casting	180,000
	<i>Article 3 5 2 — Total</i>	752,000
	CHAPTER 3 5 — TOTAL	8,555,000

Proposed revised budget structure		
BL	Heading	
3 5	HORIZONTAL OPERATIONS	
3 5 0	<i>Operational IT Systems</i>	
3 5 0 0	<i>Operational IT Systems</i>	5,528,000
	<i>Article 3 5 0 — Total</i>	5,528,000
3 5 1	<i>Operational support</i>	
3 5 1 1	Library	250,000
3 5 1 2	Mission of staff related to operational duties	890,000
3 5 1 3	Shuttles related to operational duties	790,000
3 5 1 4	Translation, Interpretation, Linguistic Proofreading and editing	200,000
	<i>Article 3 5 1 — Total</i>	2,130,000
3 5 2	<i>Conferences & Outreach</i>	
3 5 2 0	Conferences & Outreach	812,000
	<i>Article 3 5 2 — Total</i>	812,000
	CHAPTER 3 5 — TOTAL	8,470,000