



EUROPEAN COURT OF AUDITORS

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“Selected EU agencies did not adequately manage conflict of interest situations” - EU Auditors

In recent years a number of alleged cases pertaining to conflict of interest involving certain EU Agencies have been reported in the press and have raised concerns within the European Parliament. In 2011 the European Parliament requested the Court to “undertake a comprehensive analysis of the agencies’ approach to the management of situations where there are potential conflicts of interest”.

The audit evaluated policies and procedures for the management of conflict of interest situations for four selected Agencies making vital decisions affecting the safety and health of consumers, namely the European Aviation Safety Agency (EASA), European Chemicals Agency (ECHA), European Food Safety Agency (EFSA) and the European Medicines Agency (EMA).

The European Court of Auditors concluded that none of the audited Agencies adequately managed the conflict of interest situations. A number of shortcomings of varying degrees have been identified in Agency-specific policies and procedures as well as their implementation.

“After examining the situation at these agencies, we have drawn up a list of general and specific recommendations which, if properly implemented, might bring significant improvements in the management of conflict of interest situations not only in the selected Agencies but in all EU Institutions and decentralised bodies,” said **Igors Ludboržs**, the ECA Member responsible for the report.

The purpose of this press release is to give the main messages of the special report adopted by the European Court of Auditors. The full report is on www.eca.europa.eu.

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Notes to the editors:

European Court of Auditors (ECA) special reports are published throughout the year, presenting the results of selected audits of specific EU budgetary areas or management topics. This special report 15/2012 "Management of conflict of interest in selected EU Agencies" assessed and evaluated policies and procedures for the management of conflict of interest situations for four selected Agencies making vital decisions affecting the safety and health of consumers.

A conflict of interest is considered to be a conflict between the public duty and private interests of a public official, in which the public official has private-capacity interests which could improperly influence the performance of his official duties and responsibilities. Certain conflict of interest risks are embedded in the selected Agencies' structure (e.g. the same organisation is both a management representative and a supplier of services) and in the dependence on the research performed by the industry. Against this background it is paramount that selected Agencies have robust systems to manage a high inherent risk of conflict of interest.

There is no comprehensive EU regulatory framework dedicated to conflict of interest which would ensure comparable minimum requirements on independence and transparency applicable to all EU Agencies and all key players that influence strategy, operations and decision-making. In the absence of such a regulatory framework, the OECD Guidelines in this respect, which set an international benchmark for designing a comprehensive conflict of interest policy, have been considered as part of a reference framework for this audit.

The Court concluded that none of the selected Agencies adequately managed the conflict of interest situations. The shortcomings identified were, however, of varying degrees. Out of the selected Agencies, EMA and EFSA have developed the most advanced policies and procedures for declaring, assessing and managing the conflict of interest. Though ECHA has developed Agency-specific policy and procedures for management of conflict of interest, the policy and procedures for ECHA's staff and Board of Appeal have significant shortcomings. The Court found that EASA did not have an Agency-specific conflict of interest policy and procedures. EASA does not obtain or assess the declarations of interest for staff, Management Board, Board of Appeal and experts.

The Court **recommends** that the selected Agencies improve their conflict of interest policies and procedures by:

- (i) screening candidates for conflict of interest before their appointment;
- (ii) establishing conflict of interest policies and procedures which would ensure that conflict of interest situations are managed to a comparable standard by national authorities performing outsourced tasks (EASA and EMA);
- (iii) establishing clear and objective criteria for assessment of declarations of interest and applying them consistently;
- (iv) introducing gifts and invitations policies and procedures for the entire Agency (EASA, ECHA and EFSA);
- (v) developing clear, transparent and consistent breach of trust policies and procedures for the entire Agency;
- (vi) improving the transparency of the declared interests during the meetings and in the context of scientific decision-making processes;
- (vii) ensuring comprehensive and compulsory training on conflict of interest;
- (viii) addressing post-employment issues in coordination with all the appointing bodies involved;

The European Court of Auditors also recommends that the EU legislator, possibly in consultation with other EU Institutions, consider further developing the EU regulatory framework dedicated to management of conflict of interest situations, using the OECD Guidelines and existing best practices as a reference.

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