



**Report on budget and financial management of the
European Centre for Disease Prevention and Control**

Fifth Financial Year – 2009
Stockholm, January 28th, 2010

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1. Developments in the Organisation during the year

ECDC is organized in five Units and a Director's Cabinet. The Heads of Units are responsible for the activities in their Unit. During 2009 a new level of middle management was introduced in all Units (Head of Sections). The Management structure was updated in the end of the year, giving more emphasis to the horizontal Disease Specific Programmes.

ECDC has an Executive Committee (EXC), consisting of the Director and all the Heads of Units, which plays an important role in the management of ECDC.

The Annual work programme 2009 that was prepared along the lines of the strategic workprogramme for 2007-2013 was approved by the Management Board in November 2008. The programme includes specific objectives and indicators. The implementation was followed up on a regular basis. In 2009, the Management Information System (MIS) was implemented with the view to facilitate the management and monitoring of the activities in the work programme. Furthermore, a limited set of indicators, in the form of a dashboard, are being developed and should be in place the first quarter of 2010.

The monthly reporting to the EXC of key data, such as commitments, payments and recruitments was continued in 2009 and intensified towards the end of the year with the issue of weekly budget bulletins in order to facilitate the decision making.

In the field of data protection, further implementation of data protection requirements was carried out in particular with the submission of "ex-post" prior checking notifications in accordance with the procedure set up by the EDPS (European Data Protection Supervisor).

In the field of business continuity, the methodology was developed internally and submitted to the management team with the aim to have a BCP (Business Continuity Plan) in place by mid 2010.

In 2009, the Director of ECDC, as Authorizing Officer (AO), delegated financial responsibility to the five Heads of Unit (Authorizing Officers by Delegation (AOD)). These in turn delegated, but only in their absence, to the Deputy Heads of Unit. Should the Deputy Head of Unit be unavailable the authority returns to the Director. Thereby, a very limited number of persons act as AO/AODs in ECDC. The AODs can enter into budgetary and legal commitments and authorize payments. However, all contracts over 60.000€ need to be countersigned by the Director.

For the expenditure of 2009, the AODs (Heads of Units) signed a declaration of assurance to the AO (Director), similar to the one signed by the AO herself, for the area for which they have been delegated responsibility.

2. Budget Implementation & Finance

In May 2009 the Centre implemented ABAC (the EC integrated budgetary and accounting system). This new system reinforces compliance with the accrual accounting rules and ensures that ECDC financial systems will be updated with future changes in the financial regulation. The first review of the Internal Procedures for payments and commitments was concluded and the updated procedures reflect both the changes in the organisation and in the financial systems.

The core budget of the Centre increased from EUR 40.2 million in 2008 to EUR 50.7 million in 2009. In addition the cooperation with the European Commission on gradual integration of the

Candidate and Potential candidate Countries for EU accession to ECDC programs led to the signature of a second grant agreement with duration of 2 years with DG Enlargement and a subsequent budget increase of EUR 0.4 million over 2009 and 2010. Budget execution at year end reached 95% in terms of commitment appropriations. The Finance section verified more than 750 commitments throughout the year, an increase of 63% compared to 2008 (460 commitments). The payment orders issued by the Director and the authorising officers by delegation during 2009 exceeded 5 700 (compared to approx 4 600 in 2008) while the total amount of payments executed increased by 32% and reached EUR 43.9 million (EUR 33.2 million in 2008).

An overview of the budget implementation (execution on commitments and payments) by fund source is provided below:

Fund Source	Commitment/ Payment Appropriations	Executed Commitment	% Commit- ted	Executed Payment	% Paid	Carried Over	Cancelled
C1 - Current Year Appropriations	49.254.400,00	46.645.076,52	95%	29.197.498,37	59%	17.447.578,15	2.609.323,48
C4 - Assigned Revenue (reuses 2008)	1.595.489,18	1.491.840,81	94%	874.855,99	55%	616.984,82	103.648,37
C5 - Assigned Revenue Carried Over	38.965,57	33.401,65	86%	26.759,53	69%	6.642,12	5.563,92
C8 - Carry Over of 2008 appropriations	16.075.835,20	16.075.835,20	100%	13.833.164,08	86%	0,00	2.242.671,12
R0 - Assigned Revenue DG ELARG Grant 1	113.335,64	113.335,64	100%	113.335,64	100%	0,00	0,00
R0 - Assigned Revenue DG ELARG Grant 2	192.817,00	135.890,30	70%	16.925,28	12%	175.891,72	0,00

1- Actions with Candidate Countries

2 -Actions with Candidate & Potential Candidate Countries

In June 2009, following a confirmation by the Commission on the amount of the EFTA subsidy, the Management Board decided to allocate the additional € 154.400 thousand to Operational Budget Line C1/3005 – ICT developments. In addition the 'reuses of 2008' (Fund Source C4) were adjusted from the initial € 1.600.000 to € 1.595.489,18. The negative impact of € 4,5 thousand affected the budget line C4/3005– ICT developments. Finally the Signature of a second Grant agreement with DG Enlargement for actions with Candidate and Potential Candidate Countries lead to a budget increase of € 192.817 (Fund Source R0).

During the year, and in order to maximise the budget implementation and improve the efficiency of the funds allocated to ECDC, the Director exercised her right to amend the budget (art. 23.2 of the Financial Regulation). Two additional shifts were authorised by the Management Board, one via written procedure in August and one in its November meeting. The main reason for those adjustments was the mobilisation of funds in order to address the increased needs of the Preparedness Unit and of the Influenza Programme after the declaration of the H1N1 pandemic by the World Health Organisation and the subsequent activation of the Public Health Event measures at ECDC.

An overview of the impact of the budget transfers in fund source 'C1 –Current Year Appropriations' is provided below:

Budget 2009 Fund Source C1 Current Year Appropriations	Initial Budget	EFTA Increase	MB Amendments	Director Adjustments	FINAL BUDGET
Title 1 – Staff related Expenditure	22.625.000,00		-965.000,00	-1.100.000,00	20.560.000,00
Title 2 – Administrative Expenditure	6.535.000,00		-83.000,00	423.000,00	6.875.000,00
Title 3 - Operations	19.940.000,00	154.400,00	1.048.000,00	677.000,00	21.819.400,00
Total Budget	49.100.000,00	154.400,00	0,00	0,00	49.254.400,00

The MB, in its June meeting issued a positive opinion on the Annual Accounts of the Centre for 2008. The European Court of Auditors concluded two visits during the year: The first one in March 2009 focused on the Certification on the Annual Accounts 2008 and resulted in a positive opinion for both the presentation of the accounts and the legality and regularity of the underlying transactions. Their second visit in October 2009 focused on specific transactions and review of recruitment and procurement files for the year 2009. The issues identified are part of the action plan of the Centre that will be discussed by the Audit committee in its March 2010 meeting.

The Inter institutional discussions of the Budget 2010 were closely monitored. The Section contributed with detailed budget calculations and clarifications to the discussions held by the Institutions. The Budget for 2010 was approved by the MB in November and finally adopted by the European Parliament in December 2009.

In 2009 the procurement office supported 50 open procedures and 18 negotiated procedures as well as 8 calls for proposals. Most of the procurement procedures are reviewed by a consultative committee, the CPCG (Committee on Procurement, Grants and Contracts) which gives advice to ensure compliance with relevant rules and regulations.

3. Audit issues and internal control

In early 2009, a new role of Internal Control Coordinator (ICC) was established in the Administration Unit. The objective being to better assist the organisation in the design, implementation and assessment of internal control systems and other related matters. In this the first year, the ICC focussed on assessing and revising the Internal Control Standards, performing two ex-post verification missions to grant beneficiaries, organising management's risk self-assessment work, coordinating the relations with the Audit Committee and the Internal Audit Service, and giving advice on internal control related matters such as new internal procedures.

Internal Control Standards

ECDC has a set of 24 internal control standards in place. They specify the necessary requirements, actions and expectations in order to build an effective system of internal control

that could provide a reasonable assurance on the achievement of objectives. These control standards have been developed along the lines of the European Commission's internal control standards, which are based on the international COSO standards. The standards cover the areas of control environment, performance and risk management, information and communication, control activities and audit and evaluation.

A review of the implementation of the ICS was performed at the end of 2009. The results were discussed and validated by ECDC management. Two of the standards have not been implemented, regarding identifying sensitive posts and introducing an internal procedure for reporting improprieties, and some others have not been fully implemented. Appropriate actions have been identified and improvements will be put in place.

ECDC is also following the example of the European Commission and will be introducing the revised set of 16 internal control standards. These ICS are more detailed in the requirements and increase the internal control especially in the areas of staff allocation and mobility, business continuity, external communication and accounting and financial reporting.

Each ICS is made up of a number of requirements to be met. For each such requirement ECDC has identified what is in place already, the actions to take, the person responsible and the deadline for when it should be in place.

The revised ICS were discussed in the Audit Committee in November 2009 and will be proposed for adoption by the Management Board in March 2010.

European Court of Auditors

ECDC is audited every year by the European Court of Auditors (ECA). The audit provides a statement of assurance as to the reliability of the accounts of the Centre and the legality and regularity of the transactions underlying them.

ECDC has received an unqualified opinion every year, indicating that the accounts are reliable and the transactions underlying the accounts are legal and regular.

The ECA audit of the 2009 annual accounts is on-going. The draft report will be available in June 2010. The first part of the audit was performed in October 2009.

The two remaining open observations regarding the audit of the 2008 annual accounts, covering the carry-forwards and the seat agreement/personal identification numbers, are being followed up and are expected to be resolved in 2010.

Internal Audit Service

The ECDC is also audited by its Internal Auditor (the Internal Audit Service of the European Commission). The audit work to be performed is defined in the risk based annual IAS Strategic Audit Plan. All observations and recommendations are taken into account and appropriate action plans are developed. The implementation of these actions is being followed up regularly.

In 2009, the IAS performed an audit on Financial Management, which resulted in five (1 very important and 4 important) observations. It also performed a follow-up audit of previous findings.

At the end of 2009 there were no critical findings, one very important finding and 6 important findings still open. 5 of those originate from the report on Financial Management received in September 2009, and are all expected to be closed in Q1 2010. The two other important findings involve introducing new computer systems, which are expected to be in place in Q3 2010.

4. Human Resources and Staffing

The principal tasks in the area of human resources are to ensure the recruitment of staff (temporary agents, contract agents, seconded national experts, interims and trainees), to ensure personnel administration, to organise and support learning and development activities, and to provide information to staff on these matters and related fields. This work is carried out in close cooperation with the management team of the Centre. The human resources section also is drafting procedures to ensure transparency and a harmonised approach to carrying out all these tasks as well as drafting implementing rules – most of these based on the Commission “model decisions” – for the Centre under the supervision of the legal advisor. This work will continue in 2010.

During 2009 the SAP personnel administration system improved. However the SAP time management system is still challenging to work with.

Due to the fact that the Centre operated in a Public Health Event emergency mode a significant part of the year, further actions were taken on staff wellbeing, such as availability of an in-house doctor, counselling, training on working in a crisis situation and stress management. Vaccination for the pandemic influenza A/H1N1 and for seasonal influenza, were provided in house.

Staff development was further improved with targeted trainings in areas such as performance management, procurement and project management. The aim is to provide project management training for all staff, to conclude in an ECDC way of working in projects under common methodology and common framework.

In autumn a staff satisfaction survey was carried out, and it is foreseen to be repeated annually. The results of the staff survey were presented to all staff, and separately to all units. In December the management drafted steps to be taken by all ECDC to act on findings of the staff survey. The three main areas for development were then identified to be career development, communication and ECDC values.

Furthermore an e-recruiting tool (SAP) was developed and the application will be launched in early 2010. This process suffered from some delays which were discussed several times with the service provider.

In 2009 a total of 46 staff (temporary agents, contract agents and seconded national experts) and 6 trainees started working in the Centre. In addition to this 41 new staff will commence their employment in the first quarter 2010. A monthly plan for recruitments of the establishment table as well as turnover was drafted by the recruitment team. The plan was welcomed by the management and will be implemented as from January 2010.

Table 1: Number of staff and selection procedures

	2007	2008	2009
Total staff	131	154	199
Selection procedures*	76	97	119

* The number of selection procedures is higher than that of new staff as it includes replacements as well as republications.

Table 2: Staff (TA, CA, SNE's) by Unit

	Scientific Advise	Surveillance	Preparedness	HCU	ADMIN	DIR	TOTAL STAFF
TA	23	25	26	15	28	12	129
CA	9	7	9	12	21	4	62
SNE	3	1	1	1	0	2	8*
TOTAL	35	33	36	28	49	18	199

* Including 1 official seconded from the Commission as liaison officer

Table 3: Breakdown by nationality (temporary agents and contract agents)

Nationality	Number	Nationality	Number	Nationality	Number
Austrian	2	French	17	Maltese	2
Belgian	4	German	16	Polish	4
British	11	Greek	5	Portuguese	5
Bulgarian	6	Hungarian	5	Romanian	10
Czech	2	Irish	2	Slovakian	1
Danish	2	Italian	17	Slovenian	1
Dutch	8	Latvian	4	Spanish	9
Estonian	1	Lithuanian	3	Swedish	42
Finnish	11	Luxembourgian	1		
				Total	191