

**REPORT****on the annual accounts of the European Centre for Disease Prevention  
and Control for the financial year 2006 together with the Centre's replies**

(2007/C 309/17)

**CONTENTS**

	<i>Paragraph</i>	<i>Page</i>
INTRODUCTION .....	1-2	100
STATEMENT OF ASSURANCE .....	3-6	100
OBSERVATIONS .....	7-11	100
Tables 1 to 4 .....		102
<b>The Centre's replies</b> .....		104

## INTRODUCTION

1. The European Centre for Disease Prevention and Control (hereinafter referred to as 'the Centre') was set up by Regulation (EC) No 851/2004 of the European Parliament and of the Council of 21 April 2004 <sup>(1)</sup>. Its main tasks are to collect and disseminate data on the prevention and control of human diseases and to provide scientific opinions on this subject. It is also required to coordinate the European network of bodies operating in this field.

2. *Table 1* summarises the Centre's competences and activities. Key data summarised from the financial statements drawn up by the Centre for the financial year 2006 is presented in *Tables 2, 3 and 4* for information purposes.

## STATEMENT OF ASSURANCE

3. This Statement is addressed to the European Parliament and the Council in accordance with Article 185(2) of Council Regulation (EC, Euratom) No 1605/2002 <sup>(2)</sup>; it was drawn up following an examination of the Centre's accounts, as required by Article 248 of the Treaty establishing the European Community.

4. The Centre's accounts for the financial year ended 31 December 2006 <sup>(3)</sup> were drawn up by its Director, pursuant to Article 23 of Regulation (EC) No 851/2004, and sent to the Court, which is required to give a Statement of Assurance on their reliability and on the legality and regularity of the underlying transactions.

5. The Court conducted its audit in accordance with the IFAC and INTOSAI International Auditing Standards and Codes of Ethics, insofar as these are applicable in the European Community context. The audit was planned and performed to obtain reasonable assurance that the accounts are reliable and that the underlying transactions are legal and regular.

6. The Court has thus obtained a reasonable basis for the Statement set out below.

### **Reliability of the accounts**

The Centre's accounts for the financial year ended 31 December 2006 are, in all material respects, reliable.

### **Legality and regularity of the underlying transactions**

The transactions underlying the Centre's annual accounts, taken as a whole, are legal and regular.

The observations which follow do not call the Court's Statement into question.

## OBSERVATIONS

7. Nearly 45 % of the commitments entered into during the year were carried over. Moreover, during the second half of 2006, numerous transfers were made, due mainly to imprecise estimates of staffing needs <sup>(4)</sup>. These transfers were made without the Centre's Governing Board having been informed in due time. Thus, the budgetary principles of annuality and specification were not strictly observed.

8. Legal commitments <sup>(5)</sup> were entered into in the absence of prior budgetary commitments, in breach of the financial regulation.

9. During the year, pre-financing items were booked as budget expenditure, and not as advance payments. No procedure existed to highlight these items. At the year-end, during the closure-of-accounts procedure, the accounting officer searched manually for any outstanding pre-financing items. This led to an increased risk of errors <sup>(6)</sup> in the derivation of the amount.

<sup>(1)</sup> OJ L 142, 30.4.2004, p. 1.

<sup>(2)</sup> OJ L 248, 16.9.2002, p. 1.

<sup>(3)</sup> These accounts were drawn up on 12 June 2007 and received by the Court on 2 July 2007.

<sup>(4)</sup> Appropriations under Title I reduced by 1,6 million euro.

<sup>(5)</sup> Three cases of an approximate total value 320 000 euro.

<sup>(6)</sup> One 40 000 euro error was detected and corrected during the audit.

10. Rights of access to the computerised budget management system were not always consistent with the authorisations granted by the Director. The accounting officer has not yet validated the main commitment and payment procedures.

selection criteria, incorrect choice of the procedure, non respect of the procedure described in the tender notice and insufficient documentation of the procedure.

11. The rules on procurement procedures are not strictly enforced. The following anomalies <sup>(1)</sup> were observed: lack of clear

This report was adopted by the Court of Auditors in Luxembourg at its meeting of 27 September 2007.

*For the Court of Auditors*  
Hubert WEBER  
*President*

---

<sup>(1)</sup> Three cases of an approximate total value of 230 000 euro.

Table 1

## European Centre for Disease Prevention and Control (Stockholm)

Area of Community competence deriving from the Treaty	Competences of the Centre as specified in Council Regulation (EC) No 851/2004		Governance	Resources available to the Centre	Products and services supplied in 2006
<p>A high level of human health protection shall be ensured in the definition and implementation of all Community policies and activities. Community action, which shall complement national policies, shall be directed towards improving public health, preventing human illness and diseases, and obviating sources of danger to human health. Such action shall cover the fight against the major health scourges, by promoting research into their causes, their transmission and their prevention, as well as health information and education.</p> <p>(Article 152 of the Treaty)</p>	<p><b>Objectives</b></p> <p>Strengthen Europe's defences against infectious diseases; specifically, to identify, assess and communicate current and emerging threats to human health from communicable diseases.</p> <p>Therefore the Centre shall operate dedicated surveillance networks, provide scientific opinions, operate the early warning and response system (EWRS) and provide scientific and technical assistance and training.</p>	<p><b>Tasks</b></p> <ul style="list-style-type: none"> <li>— Operate dedicated disease surveillance networks and enhance networking activities. The Centre has a specific role in data collection, validation, analysis and dissemination.</li> <li>— Provide authoritative expert advice and scientific opinions and studies on communicable diseases.</li> <li>— Operate the EWRS. Develop procedures for identifying emerging health threats.</li> <li>— Strengthen Member States' capacity in preparedness planning and in training.</li> <li>— Inform the general public and interested parties of its work.</li> </ul>	<p><b>1. Management Board</b></p> <p>One member designated by each Member State, two members designated by the European Parliament and three representatives of the Commission.</p> <p>The Board adopts the Centre's annual programme and budget and monitors their implementation.</p> <p><b>2. Director</b></p> <p>Appointed by the Management Board on the basis of a list of candidates proposed by the Commission.</p> <p><b>3. Advisory Forum</b></p> <p>A representative of each Member State and three non-voting representatives of the Commission.</p> <p>The Forum is to assure the scientific excellence of the work and the independence of the activities and opinions of the Centre.</p> <p><b>4. External Audit</b></p> <p>Court of Auditors.</p> <p><b>5. Discharge authority</b></p> <p>Parliament on a recommendation from the Council.</p>	<p><b>2006 final budget</b></p> <p>17,146 million euro, including a Community subsidy of 98 %</p> <p><b>Staff numbers</b></p> <p>Posts in the establishment plan: 50 posts occupied: 48 + 36 other posts</p> <p>Total staff: 84 assigned to the following duties:</p> <ul style="list-style-type: none"> <li>— operational: 49</li> <li>— administrative: 35</li> </ul>	<ul style="list-style-type: none"> <li>— Several guidelines, recommendations and risk assessments were produced, many focusing on influenza.</li> <li>— Evaluation and assessment of some surveillance networks.</li> <li>— Development of the database for routine surveillance with a core set of variables for all diseases set out for surveillance at European level (Commission Decisions 2002/253/EC and 2003/534/EC).</li> <li>— Epidemiological information from ECDC published in weekly electronic journal.</li> <li>— In application of EC Regulation No 851/2004 and following an agreement between the ECDC and DG SANCO, the takeover of the EWRS by ECDC was organised.</li> <li>— The EPIET field epidemiological training programme, initiated by the Commission, has been taken over by ECDC.</li> </ul>

Source: Information supplied by the Centre.

Table 2

## European Centre for Disease Prevention and Control (Stockholm) — Implementation of the budget for the financial year 2006

(1 000 euro)

Revenue			Expenditure									
Source of revenue	Revenue entered in the final budget for the financial year	Revenue received	Allocation of expenditure	Final budget appropriations					Appropriations carried over from previous financial year(s)			
				entered	committed	paid	carried over	cancelled	entered	committed	paid	cancelled
Community subsidies <sup>(1)</sup>	17 146	17 018	Title I Staff	6 084	6 068	5 664	404	16	362	362	312	50
			Title II Administration	3 731	3 588	1 968	1 620	143	535	535	402	133
			Title III Operating activities	7 331	7 216	2 143	5 073	115	541	541	408	133
<b>Total</b>	<b>17 146</b>	<b>17 018</b>	<b>Total</b>	<b>17 146</b>	<b>16 872</b>	<b>9 775</b>	<b>7 097</b>	<b>274</b>	<b>1 438</b>	<b>1 438</b>	<b>1 122</b>	<b>316</b>

<sup>(1)</sup> Including the appropriations managed by the Commission.

NB: Variations in totals are due to the effects of rounding.

Source: Data supplied by the Centre. This table summarises the data supplied by the Centre in its own financial statements. Revenue collected and payments are estimated on a cash basis.

Table 3

## European centre for disease prevention and control (Stockholm) — Economic outturn account for the financial years 2006 and 2005

(1 000 euro)

	2006	2005
<b>Operating revenue</b>		
Community subsidies	15 806	2 646
<b>Total (a)</b>	<b>15 806</b>	<b>2 646</b>
<b>Operating expenditure</b>		
Staff expenditure	4 536	170
Fixed asset-related expenditure	305	107
Other administrative expenditure	2 893	1 079
Operational expenditure	2 623	326
<b>Total (b)</b>	<b>10 357</b>	<b>1 682</b>
<b>Surplus/(deficit) from operating activities (c = a - b)</b>	<b>5 449</b>	<b>964</b>
Financial operations revenue (e)		0
Financial operations expenditure (f)	64	11
<b>Surplus/(deficit) from non-operating activities (g = e - f)</b>	<b>- 64</b>	<b>- 11</b>
<b>Economic result for the year (h = c + g)</b>	<b>5 385</b>	<b>954</b>

Source: Data supplied by the Centre — This table summarises the data provided by the Centre in its annual accounts: these accounts are drawn up on an accrual basis.

Table 4

## European centre for disease prevention and control (Stockholm) — Balance sheet at 31 December 2006 and 2005

(1 000 euro)

	2006	2005
Non-current assets		
Intangible assets	111	37
Tangible fixed assets	936	207
Current assets		
Short-term prefinancing	400	
Stocks	7	
Short-term receivables	387	320
Cash and cash equivalents	7 223	2 059
<b>Total assets</b>	<b>9 064</b>	<b>2 624</b>
Current liabilities		
Provision for risks and charges	70	
Accounts payable	2 655	1 671
<b>Total liabilities</b>	<b>2 725</b>	<b>1 671</b>
Net assets		
Accumulated surplus/deficit	954	
Economic result for the year	5 385	954
<b>Total net assets</b>	<b>6 339</b>	<b>954</b>
<b>Total liabilities and net assets</b>	<b>9 064</b>	<b>2 624</b>

**THE CENTRE'S REPLIES**

7. The year 2006 was the first full year of operation of the Centre. The unpredictability of certain developments, especially in recruitment, resulted in required budget transfers. Planning and monitoring of workplans and budgets is getting strong management attention in 2007 to limit the appropriations that are carried over.

The Management Board was informed on the transfers executed by the Director at its meeting of 12-13 December 2006. It will be kept up to date on a continuous basis through an extranet.

8. Internal capacities have been established and measures were taken as to address the identified weaknesses as well as to improve the internal control systems (e.g. internal procedures, new workflows, training of staff).

9. The Centre agrees with the observation of the Court and that the manual detection of prefinancing increases the

possibility of errors. Since the beginning of 2007, all prefinancing are directly booked as advance payment.

10. The Centre has appointed a financial systems (SI2) security officer. In early 2007 the Centre has reassessed its financial circuits and new workflows were approved by the Director in May 2007. Following this consolidation phase the accountant will proceed with the evaluation and subsequent validation of the systems as required by the Financial Regulation.

11. The referred anomalies relate to the first full year of operation and since then substantial progress has been made in strengthening the financial/procurement area (e.g. financial officers in the operational units, internal audit capability being set up, financial circuits reassessed, financial procedures adopted, training of staff, review contracts).