

2006 discharge: European Network and Information Security Agency ENISA

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PURPOSE: presentation of the report by the Court of Auditors on the 2006 annual accounts of the European Network and Information Security Agency (ENISA).

CONTENT: the report indicates that the appropriations entered in the Agency's budget for the financial year in question are **EUR 6.952 million**, EUR 6.31 million was committed and EUR 5.37 million paid. Of this overall amount, EUR 917 000 was carried over to 2007 and EUR 665 000 was cancelled.

The Court notes that the annual accounts are reliable in all material respects and that the underlying transactions of the Agency's accounts, taken as a whole, are legal and regular.

Analysis of the accounts by the Court: the Court indicates that the implementation of the Agency's budget for the financial year 2006 shows a utilisation rate of 90% of commitment appropriations and 76% of payment appropriations. There was a concentration of transactions in the last quarter of the year. Furthermore, the weaknesses of the procedures for establishing the budget led to a high number of transfers. Thus, the budgetary principles of **annuality** and **specification** were not strictly observed, according to the Court.

The Court also indicates that the general accounting software used by the Agency made it possible to amend entries without leaving an audit trail. Furthermore, a system for recording invoices that ensures the accuracy of the financial information in the final accounts has not been established.

Finally, the internal control procedures required by the Financial Regulation to ensure transparency and sound financial management, have not yet all been documented. The Agency's Management Board did not formally adopt standards for internal control and the code of professional ethics. The Court also noted the absence of written instructions for archiving supporting documentation of transactions as well as the non-existence of a financial irregularities panel.

The Agency's replies: the Agency replies to all of the criticisms one by one and indicates, firstly, that 2006 was the Agency's first full year of operation, and also that it intensified its activity in the second half of the year, resulting in many transactions in the last quarter. Also, in 2006, the position of budget officer remained vacant for more than five months, which affected the ability of the Agency to optimise planning and minimise the number of transfers for the year.

In addition, the Agency indicates that it has applied for ABAC, the Commission's accounting software since 2005. Based on the schedule of the Commission, the project will be launched early in 2008. The system for recording invoices was revised before the preparation of the final accounts and has been applied since.

Lastly, ENISA indicates that it will present standards for internal control as well as a code of ethics to its Management Board for adoption. The executive director will put in place the organisational structure and all the procedures and controls necessary to their implementation.