

2011 discharge: European Centre for Disease Prevention and Control (ECDC)

2012/2195(DEC) - 11/09/2012 - Court of Auditors: opinion, report

PURPOSE: presentation of the EU Court of Auditors' report on the annual accounts of the European Centre for Disease Prevention and Control for the financial year 2011, together with the Centre's replies.

CONTENT: in accordance with the tasks conferred on the Court of Auditors by the Treaty on the Functioning of the European Union, the Court presents to the European Parliament and to the Council, in the context of the discharge procedure, a Statement of Assurance as to the reliability of the annual accounts of each institution, body or agency of the EU, and the legality and regularity of the transactions underlying them, on the basis of an independent external audit.

This audit concerned, amongst others, the annual accounts of the European Centre for Disease Prevention and Control (ECDC).

In the Court's opinion, the **Centre's Annual Accounts fairly present, in all material respects, its financial position as of 31 December 2011** and the results of its operations and its cash flows for the year then ended, in accordance with the provisions of its Financial Regulation.

It considers that the **transactions underlying the annual accounts** of the Centre for the financial year ended 31 December 2011 are, in all material respects, **partially legal and regular**.

The basis for this **qualified opinion** on the legality and the regularity of the transactions underlying the accounts concerns the conclusion of a framework contract in 2009 for a maximum amount of EUR 9 million, allowing it to sign specific contracts with selected suppliers up to this amount. Under this framework contract, the Centre signed specific contracts with original values amounting to EUR 8.4 million. Subsequent amendments increased these contracts' values to EUR 14.9 million. By the end of 2011 payments made totalled EUR 12.2 million, of which EUR 3.2 million in 2011. According to the Court, **commitments and payments above the EUR 9 million ceiling set in the framework contract are irregular**.

The report confirms that the Centre's 2011 budget amounted to EUR 56.6 million and that the number of staff employed at the end of the year was 265.

The report also makes a series of observations on the budgetary and financial management of the Centre, accompanied by the latter's response. The main observations may be summarised as follows:

Court's comments:

- carry-overs: as in the previous year, a high level of carryover is reported for 2011. This high level of carryover, coupled with a low level of accrued expenditure (EUR 5.4 million), is at odds with the budgetary principle of annuality;
- irregular framework contract: as described above, irregularities in the management of one framework contract, leading to a **qualified opinion on the legality and the regularity of the transactions underlying the accounts**. The Court found additional cases in which the Centre's controls did not prevent **poor management of contracts**: in one case, under a multiple framework contract, a specific contract was amended by the Centre in 2010 and again in 2011. The amendments were covered by the conditions of the framework contract, but did not comply with the

Centre's Implementing Rules to its Financial Regulation. The amendments related to the contract's duration and increases in both the services and contract amounts. Payments in excess of the original contract value amounted to EUR 200 000; for another framework contract concluded for a maximum amount of EUR 1.7 million, the four specific contracts signed in 2011 implementing it made no reference to the volume or value of services to be supplied;

- recruitment: as in the previous year, the Court identified weaknesses regarding staff recruitment procedures.

Centre's replies:

- as regards carry-overs, the Centre successfully reduced the carry-over of its operational expenditure in 2011 by 10 % compared to 2010, representing a second successive year of improvement;
- on the framework contract, the Centre became aware of this case in September 2011 and brought it to the attention of the Court of Auditors during their audit in October 2011. The Centre exercised full transparency on this matter with the Court of Auditors. Following the discussions at that time, the Centre had put all necessary measures in place: immediate launch of a new tender procedure to establish a new Framework Contract (FWC) and a recording of the case in the register of exceptions. In December 2011, the Centre communicated detailed information to the Court related to the contract volumes that would still be signed under the current FWC in order to insure its business continuity, a schedule with the timeline for the new FWC and the measures put in place to avoid this in the future like managing the new FWC by one Authorising Officer and its consumption by one Resource Officer. Other measures, which are currently under pursuit, are the creation of a separate ICT Unit, the implementation of a contract management tool, to provide external training to staff to become internal trainers to the Centre and the revision of the internal procedure on procurement. **The Centre emphasises that no funds were lost and no parties have been disadvantaged.** The Centre is reviewing its internal procedures in relation to procurement and is currently assessing which contract management application most suits its needs in order to strengthen the Centre's management of contracts;
- on recruitment, the Centre notes the Court's comment, which largely relates to practices ECDC has already changed in the course of 2011 and with the introduction of the revised Internal Procedure on recruitment in January 2012. Since mid 2011 it is practice that the Selection Committee agrees on written tests and interview questions before receiving applications.

Lastly, the Court of Auditors' report contains a summary of the **Centre's activities in 2011**. This is focused on the following:

- threats monitored using the threat tracking tool (TTT) and weekly threat reports on communicable diseases;
- provision of support to epidemic intelligence for large mass-gathering events;
- simulation exercises for testing and improving preparedness and response to communicable diseases;
- implementation of European Programmes for Intervention Epidemiology Training (EPIET) and European Public Health Microbiology Training (EUPHEM);
- publication of 122 scientific publications;
- the fourth European Antibiotic Awareness Day organised, with the participation of 37 countries.