

2005 discharge: European Centre for Disease prevention and control ECDC

2006/2167(DEC) - 19/12/2006

This report from the Court of Auditors concerns the annual accounts of the European Centre for Disease Prevention and Control for the financial year ended 31 December 2005.

The Court is of the opinion that the Centre's accounts for the financial year ended 31 December 2005 are, in all material respects, reliable and the transactions underlying the Centre's annual accounts, taken as a whole, are legal and regular.

The report shows that the appropriations entered in the final budget amount to **EUR 4 852 000** with EUR 4 066 000 committed and EUR 2 603 000 paid. EUR 1 438 000 was carried over to 2006 and EUR 811 000 was cancelled. The outstanding commitments carried over from the previous year amount to EUR 1 754 000 with EUR 1 670 000 being paid.

The Court observes that the implementation of the budget for the financial year 2005 was marked by a low rate of commitment (84 %) and a substantial rate of carry-over (35 % overall and almost 90 % for operating expenditure). This situation was in part due to problems inherent in the Centre's start-up period. In future, the Centre should be vigilant concerning the risk of mobilising resources unnecessarily, in particular by ensuring strict programming of its activities.

The Court noted that no activity-based management had been brought in, despite the Centre's financial regulation making provision for its introduction, on the lines of that applied to the general budget, with a view to improving the monitoring of performance.

Moreover, the Court also noted requests to the Commission for the payment of subsidies should be justified by a forecast of cash needs. The Centre's financial regulation stipulates that the authorising officer should make a budgetary commitment before entering into a legal commitment vis-à-vis third parties. However, no budgetary commitments were made for the Centre's expenditure in 2005 prior to the legal commitment. During the same period, all the Centre's payments were made by the accounting

officer without the authorising officer having issued any payment orders.

Contrary to the provisions of the regulations, the Centre's accounts were not kept by the double-entry method during 2005, thus creating risks of errors. There were shortcomings in the documentation of the

Centre's staff selection procedures (lack of formalisation of decisions on the appointment and composition of selection boards, lack of final report by selection boards on their work).

The Centre responds point by point to the Court's observations and states that the main causes of the relatively low budget execution and the high percentage of the carry-over appropriations were related to the start-up phase of the Centre. ECDC is rapidly progressing and is focusing on its planning for the best possible use of the funds allocated to it during 2006.

The basis for an activity based planning has been established in the second half of 2005. During 2006, the Centre is gradually putting in place the necessary reporting systems and processes to assure reliable and transparent activity based reporting.

The Centre did not have an adequate system for monitoring cash needs during 2005 for reasons relating to its start up phase. As of February 2006, basic projections on cash needs were introduced, and as the Centre further develops its reporting systems the cash flow projections will be further refined.

The situation described by the Court was initially caused by an absence of relevant ICT tools at the disposal of the Centre. The setting up of a financial system was prepared for in 2005 and it became fully operational in early 2006. No automated payment orders could be produced in 2005 due to the absence of ICT budget system. Nevertheless payments were only processed after the assurance that relevant information, authorisations and signatures were in place. From 2006 onwards, payment orders are systematically processed and approved for to all payments.

In the start up period of 2005, ECDC did not dispose of a computerised accounting system. During 2006 the Centre installed all the necessary software and is now operating a fully computerised accounting system.

Following the Court's remark, the recruitment processes are now more extensively documented and consistently formalised. A strong Human Resources recruitment capacity has been prioritised as to assure that, in the build up phase of the Centre, the recruitment process is transparent and rigorous.