

**REPORT****on the annual accounts of the European Centre for Disease Prevention and Control for the financial year 2014, together with the Centre's reply**

(2015/C 409/14)

**INTRODUCTION**

1. The European Centre for Disease Prevention and Control (ECDC — hereinafter 'the Centre'), which is located in Stockholm, was established by Regulation (EC) No 851/2004 of the European Parliament and of the Council<sup>(1)</sup>. The Centre's 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<sup>(2)</sup>.

**INFORMATION IN SUPPORT OF THE STATEMENT OF ASSURANCE**

2. The audit approach taken by the Court comprises analytical audit procedures, direct testing of transactions and an assessment of key controls of the Centre's supervisory and control systems. This is supplemented by evidence provided by the work of other auditors and an analysis of management representations.

**STATEMENT OF ASSURANCE**

3. Pursuant to the provisions of Article 287 of the Treaty on the Functioning of the European Union (TFEU), the Court has audited:

- (a) the annual accounts of the Centre, which comprise the financial statements<sup>(3)</sup> and the reports on the implementation of the budget<sup>(4)</sup> for the financial year ended 31 December 2014, and
- (b) the legality and regularity of the transactions underlying those accounts.

***The management's responsibility***

4. The management is responsible for the preparation and fair presentation of the annual accounts of the Centre and the legality and regularity of the underlying transactions<sup>(5)</sup>:

- (a) The management's responsibilities in respect of the Centre's annual accounts include designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies on the basis of the accounting rules adopted by the Commission's accounting officer<sup>(6)</sup>; making accounting estimates that are reasonable in the circumstances. The Director approves the annual accounts of the Centre after its accounting officer has prepared them on the basis of all available information and established a note to accompany the accounts in which he declares, inter alia, that he has reasonable assurance that they present a true and fair view of the financial position of the Centre in all material respects.
- (b) The management's responsibilities in respect of the legality and regularity of the underlying transactions and compliance with the principle of sound financial management consist of designing, implementing and maintaining an effective and efficient internal control system comprising adequate supervision and appropriate measures to prevent irregularities and fraud and, if necessary, legal proceedings to recover funds wrongly paid or used.

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

<sup>(2)</sup> *Annex II* summarises the Centre's competences and activities. It is presented for information purposes.

<sup>(3)</sup> These include the balance sheet and the statement of financial performance, the cash flow table, the statement of changes in net assets and a summary of the significant accounting policies and other explanatory notes.

<sup>(4)</sup> These comprise the budgetary outturn account and the annex to the budgetary outturn account.

<sup>(5)</sup> Articles 39 and 50 of Commission Delegated Regulation (EU) No 1271/2013 (OJ L 328, 7.12.2013, p. 42).

<sup>(6)</sup> The accounting rules adopted by the Commission's accounting officer are derived from the International Public Sector Accounting Standards (IPSAS) issued by the International Federation of Accountants or, where relevant, the International Accounting Standards (IAS)/International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board.

**The auditor's responsibility**

5. The Court's responsibility is, on the basis of its audit, to provide the European Parliament and the Council <sup>(7)</sup> with a statement of assurance as to the reliability of the annual accounts and the legality and regularity of the underlying transactions. The Court conducts its audit in accordance with the IFAC International Standards on Auditing and Codes of Ethics and the INTOSAI International Standards of Supreme Audit Institutions. These standards require the Court to plan and perform the audit to obtain reasonable assurance as to whether the annual accounts of the Centre are free from material misstatement and the transactions underlying them are legal and regular.

6. The audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the accounts and the legality and regularity of the underlying transactions. The procedures selected depend on the auditor's judgement, which is based on an assessment of the risks of material misstatement of the accounts and material non-compliance by the underlying transactions with the requirements in the legal framework of the European Union, whether due to fraud or error. In assessing these risks, the auditor considers any internal controls relevant to the preparation and fair presentation of the accounts, as well as the supervisory and control systems that are implemented to ensure the legality and regularity of underlying transactions, and designs audit procedures that are appropriate in the circumstances. The audit also entails evaluating the appropriateness of accounting policies, the reasonableness of accounting estimates and the overall presentation of the accounts. In preparing this report and Statement of Assurance, the Court considered the audit work of the independent external auditor performed on the Centre's accounts as stipulated in Article 208(4) of the EU Financial Regulation <sup>(8)</sup>.

7. The Court considers that the audit evidence obtained is sufficient and appropriate to provide a basis for its statement of assurance.

**Opinion on the reliability of the accounts**

8. In the Court's opinion, the Centre's annual accounts present fairly, in all material respects, its financial position as at 31 December 2014 and the results of its operations and its cash flows for the year then ended, in accordance with the provisions of its Financial Regulation and the accounting rules adopted by the Commission's accounting officer.

**Opinion on the legality and regularity of the transactions underlying the accounts**

9. In the Court's opinion, the transactions underlying the annual accounts for the year ended 31 December 2014 are legal and regular in all material respects.

10. The comments which follow do not call the Court's opinions into question.

**COMMENTS ON BUDGETARY MANAGEMENT**

11. The overall budget execution rate was high at 99 % (92 % in 2013). However, carry-overs of committed appropriations were also relatively high, at 1,6 million euro, i.e. 25 % for title II — administrative expenditure (2013: 1,7 million euro, i.e. 26 %) and 8,1 million euro, i.e. 49 % for title III — operational expenditure (2013: 7,9 million euro, i.e. 44 %). Carry-overs for title II mainly related to the planned procurement of IT hardware and software (1 million euro) in the second half of 2014, for which payment is not due until 2015. For title III, carry-overs concerned multiannual projects (4,7 million euro), ICT to support operational activities (1,6 million euro) for which activities were implemented and payments were made according to operational needs, and expert consultation (1,2 million euro) for the organisation of meetings held in 2014 and not yet invoiced at year-end and meetings taking place in the first quarter of 2015.

**FOLLOW-UP OF PREVIOUS YEARS' COMMENTS**

12. An overview of the corrective actions taken in response to the Court's comments from previous years is provided in *Annex I*.

<sup>(7)</sup> Article 107 of Regulation (EU) No 1271/2013.

<sup>(8)</sup> Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council (OJ L 298, 26.10.2012, p. 1).

This Report was adopted by Chamber IV, headed by Mr Milan Martin CVIKL, Member of the Court of Auditors, in Luxembourg at its meeting of 8 September 2015.

*For the Court of Auditors*  
Vitor Manuel da SILVA CALDEIRA  
*President*

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## ANNEX I

**Follow-up of previous years' comments**

Year	Court's comment	Status of corrective action (Completed/Ongoing/Outstanding/N/A)
2012	In 2012, the Centre awarded grants to research institutions and individuals. Total grant expenditure amounted to 752 000 euro, representing 1,4 % of 2012 operating expenditure. The Centre's ex ante verifications before reimbursement of costs claimed by beneficiaries consist of a desk analysis of cost claims and, partly, of audit certificates issued by independent audit firms contracted by the beneficiaries. The Centre does not usually obtain any documents from beneficiaries to substantiate the eligibility and accuracy of the costs claimed. In order to strengthen controls, the Centre has adopted an ex post verification strategy and planned for its implementation in 2012. However, it experienced a 10-month delay in gaining access to an interinstitutional audit contract and, at the time of the audit, no ex post verifications of 2012 grant expenditure had yet taken place. Supporting documentation obtained by the Centre on the Court's behalf provided reasonable assurance as to the legality and regularity of the transactions audited by the Court.	Ongoing
2013	Although the Centre has improved its management of procurement procedures, for one procedure launched in 2013 there was conflicting information between the contract notice and the tender specifications which may have affected the competitive process and the outcome of the procedure. Payments made in 2013 under the framework contract and the two specific contracts concerned amounted to 108 000 euro. Following the Court's audit, the Centre took immediate corrective action and the framework contract was cancelled.	Completed
2013	The overall budget execution rate was relatively low (92 %). Cancellations of 2013 appropriations appeared in all budget titles.	N/A
2013	Carry-overs of committed appropriations were relatively high, with 1 714 484 euro (26 %) for title II (administrative expenditure) and 7 907 139 euro (44 %) for title III (operational expenditure).	N/A
2013	For title II, this mainly related to procurement of IT hardware and software (1 086 203 euro) and the ongoing external evaluation of the Centre (210 000 euro).	N/A

Year	Court's comment	Status of corrective action (Completed/Ongoing/Outstanding/N/A)
2013	For title III, committed appropriations carried over mainly concerned multiannual projects (4 620 605 euro), and IT items to support operational activities (1 962 443 euro) for which activities were implemented and payments were made according to operational needs. However, weaknesses were noted in respect of budgetary planning and execution for operational meetings, mainly due to over-estimated attendance levels and hotel and flight costs. For the respective budget line, 29 % of 2013 appropriations (655 142 euro) and 59 % of carry-overs from 2012 (455 820 euro) were cancelled. In addition, 38 % of committed 2013 appropriations for operational meetings (amounting to 594 758 euro) were carried over to 2014.	N/A

## ANNEX II

**European Centre for Disease Prevention and Control (Stockholm)****Competences and activities**

<p><b>Areas of Union competence deriving from the Treaty</b></p> <p><i>(Article 168 of the Treaty on the Functioning of the European Union)</i></p>	<ul style="list-style-type: none"> <li>— A high level of human health protection shall be ensured in the definition and implementation of all Union policies and activities.</li> <li>— Union action, which shall complement national policies, shall be directed towards improving public health, preventing physical and mental illness and diseases, and obviating sources of danger to physical and mental 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, and monitoring, early warning of and combating serious cross-border threats to health.</li> </ul>
<p><b>Competences of the Centre</b></p> <p><i>(Regulation (EC) No 851/2004 of the European Parliament and of the Council)</i></p>	<p><b>Objectives</b></p> <ul style="list-style-type: none"> <li>— To strengthen Europe's defences against infectious diseases; specifically, to identify, assess and communicate current and emerging threats to human health from communicable diseases.</li> <li>— To this end, the Centre operates dedicated surveillance networks, provides scientific opinions, operates the early warning and response system (EWRS) and provides scientific and technical assistance and training.</li> </ul> <p><b>Tasks</b></p> <ul style="list-style-type: none"> <li>— To operate dedicated disease surveillance networks and enhance networking activities. The Centre has a specific role in data collection, validation, analysis and dissemination.</li> <li>— To provide authoritative expert advice and scientific opinions and studies on communicable diseases.</li> <li>— To operate the EWRS and develop procedures for identifying emerging health threats.</li> <li>— To strengthen Member States' capacity in preparedness planning and in training.</li> <li>— To inform the general public and interested parties about its work.</li> </ul>
<p><b>Governance</b></p>	<p><b>Management Board</b></p> <p><i>Composition</i></p> <p>One member designated by each Member State, two members designated by the European Parliament and three representatives of the Commission.</p> <p><i>Tasks</i></p> <p>The Board adopts the Centre's annual programme and budget and monitors their implementation.</p> <p><b>Director</b></p> <p>Appointed by the Management Board on the basis of a list of candidates proposed by the Commission.</p> <p><b>Advisory Forum</b></p> <p><i>Composition</i></p> <p>A representative of each Member State and three non-voting representatives of the Commission.</p>

	<p><i>Tasks</i></p> <p>The Forum is to ensure the scientific excellence of the Centre's work and the independence of its activities and opinions.</p> <p><b>External audit</b></p> <p>European Court of Auditors.</p> <p><b>Internal audit</b></p> <p>European Commission's Internal Audit Service (IAS).</p> <p><b>Discharge authority</b></p> <p>European Parliament acting on a recommendation from the Council.</p>
<p><b>Resources made available to the Centre in 2014 (2013)</b></p>	<p><b>Final budget</b></p> <p>60,4 (58,3) million euro</p> <p><b>Staff as at 31 December 2014</b></p> <p>Authorised posts: 194 (198)</p> <p>Posts occupied: 183 (190)</p> <p>Other posts: 92 (95)</p> <p>Total: 275 (285), assigned to the following duties:</p> <ul style="list-style-type: none"> <li>— operational tasks: 213 (186)</li> <li>— administrative and support tasks: 63 (99)</li> </ul>
<p><b>Products and services in 2014 (2013)</b></p>	<p>44 (42) health threats identified and monitored using the Threat Tracking Tool (TTT). This figure refers to new threats in 2014, which are in addition to threats that are monitored on a bi-weekly, monthly and seasonal basis.</p> <p>52 (52) weekly threat reports on communicable diseases sent to 614 (400) recipients. The reports are also made available on the ECDC website every week and logged more than 15 000 visits in 2014 (8 000 visits in 2013).</p> <p>Provision of support to epidemic intelligence for 2 (2) large mass-gathering events.</p> <p>Preparation of 3 (3) risk assessments, 26 (12) new rapid risk assessments and 13 (9) rapid risk assessment updates.</p> <p>One (<i>one</i>) simulation exercise conducted for testing and improving preparedness and response to communicable diseases.</p> <p>115 (117) fellows coached in the European Programme for Intervention Epidemiology Training (EPIET) and the European Programme for Public Health Microbiology Training (EUPHEM).</p> <p>102 (112) public health experts from 26 EU-EEA countries, 3 EU enlargement countries (Albania, Bosnia &amp; Herzegovina and the former Yugoslav Republic of Macedonia) and 7 third countries (Canada, Egypt, Jordan, Lebanon, Palestine, Switzerland and Ukraine) participated in the Centre's short training modules.</p> <p>1 200 000 (945 000) visitors to the Centre's web portal.</p> <p>209 (216) scientific articles published. Five-year impact factor: 5,09 (5,46).</p> <p>Seventh European Antibiotic Awareness Day organised 18 November, with the participation of over 40 countries. The ECDC cooperated with its partners in other regions of the world, and campaigned during this week on prudent antibiotic use in the United States, Canada, Australia and New Zealand.</p>

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	<p>17,4 (16,3) million unique records in the TESSy databases; 1 676 (1 492) active users from 58 (57) countries.</p> <p>Annual Epidemiological Report published. The ECDC launched the Surveillance Atlas of Infectious Diseases, a web-based tool that makes EU-level surveillance data available in an interactive format. By the end of 2014, the ECDC was publishing EU-level data, and some international data, for four diseases via the Atlas.</p> <p>16 (18) surveillance reports published, including tuberculosis, HIV/AIDS and anti-microbioresistance annual reports.</p> <p>41 (41) weekly influenza bulletins/weekly influenza surveillance overviews for 2014.</p> <p>88 (89) scientific opinions produced, based on stakeholder requests.</p> <p>Organisation of the eighth European Scientific Conference on Applied Infectious Disease Epidemiology (ESCAIDE) on 5—7 November 2014 in Stockholm, with 608 (550) participants.</p> <p>Weekly publication of the Eurosurveillance scientific journal, which obtained an impact factor of 4,65 (5,49) for 2014, allowing Eurosurveillance to remain among the top 10 journals in the infectious diseases category.</p> <p>Final report of the second independent external evaluation of the ECDC.</p> <p>The ECDC played an important role in supporting the EU and international response to Ebola, including deployment of ECDC staff to Guinea.</p> <p>First annual stakeholder survey conducted.</p>
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Source: Annex supplied by the Centre.

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**THE CENTRE'S REPLY**

11. The Centre welcomes the Court of Auditor's comment about the high budget execution rate (99 %) and that they also identified the fact that the high carry-overs are justified for operational needs.

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