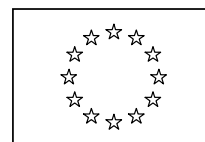




EXECUTIVE AGENCY
FOR HEALTH AND CONSUMERS



Annual Activity Report

2010

EXECUTIVE AGENCY FOR HEALTH AND CONSUMERS

Table of contents

1	PART 1: OUTCOME OF ACTIONS UNDER THE ANNUAL WORK PROGRAMME	4
1.1	Achievements by ABB activities (operational activities)	4
1.1.1	Public Health	4
1.1.2	Consumer Programme	10
1.1.3	Food Safety Training Measures	14
1.2	Administrative support.....	22
2	PART2: MANAGEMENT AND INTERNAL CONTROL SYSTEMS	23
2.1	Inherent nature and characteristics of policy environment and beneficiaries.....	23
2.1.1	The Agency in 2010.....	23
2.1.2	Major events of the reporting year having an impact on reputation.....	32
2.2	The functioning of the entire internal control system	32
2.2.1	Compliance with the requirements of the control standards.....	32
2.2.2	Effectiveness of the implementation of the prioritised Control Standards.....	32
2.2.3	Conclusion.....	33
2.3	Information to the Commissioner	33
3	PART 3: BUILDING BLOCKS TOWARDS THE DECLARATION OF ASSURANCE (AND POSSIBLE RESERVATIONS TO IT)	34
3.1	Building blocks towards reasonable assurance	34
3.1.1	Building block 1: Assessment by management.....	34
3.1.2	Building block 2: Results from audits during the reporting year	39
3.1.3	Building block 3: Follow up of reservations and action plans for audits from previous years	41
3.1.4	Building block 4: Assurance received from other Authorising Officers in cases of cross sub-delegation	42
3.2	Reservations and their impact on the declaration	42
3.3	Overall conclusions on Declaration as a whole	42
4	PART 4: DECLARATION OF ASSURANCE	43
	ANNEX 1: STATEMENT OF THE EAHC INTERNAL CONTROLLER	44
	ANNEX 2: HUMAN AND FINANCIAL RESOURCES BY ABB ACTIVITY.....	45
	ANNEX 3: DRAFT ACCOUNTS AND FINANCIAL REPORTS	46
	ANNEX 4: MATERIALITY CRITERIA	77
	ANNEX 5: INTERNAL CONTROL TEMPLATE FOR BUDGET IMPLEMENTATION.....	78

Introduction

Executive Agencies are Community bodies with legal personality established by the Commission in order to implement by delegation all or part of EU spending programmes (Council Regulation (EC) N° 58/2003). Delegating the day-to-day management of spending programmes to specialised agencies has especially two aims: improving service delivery and enabling central authorities to concentrate on 'core functions' such as policy design and supervision.

The Executive Agency was set up in 2005. It started operations in 2006 and became autonomous on 1st of January 2007 under the name Public Health Executive Agency. On 20th of June 2008, the Commission extended the scope of tasks and the lifetime of the Agency¹, until the end of 2015. Concurrently, the Agency's name was adapted to its new portfolio and changed into "Executive Agency for Health and Consumers".

The new mandate included:

1. the completion of the old programme (2003-2008) of Community action in the field of Public Health as adopted by Decision 2002/1786/EC;
2. the implementation of the new programme (2008-2013) of Community action in the field of Public Health as adopted by Decision 2007/1350/EC;
3. the implementation of the Consumer policy programme for 2007-2013 as adopted by Decision 2006/1926/EC;
4. financial and administrative tasks related to the food safety training measures (Better Training for Safer Food) on the legal basis of Regulation (EC) N° 2004/882 and Directive 2000/29/EC.

The Agency aims to provide an excellent professional service in performing the tasks and activities entrusted to it by the European Commission, and it works closely with the Health and Consumers Directorate General of the Commission. According to Article 4 of the Act of Delegation, the Agency is charged with following implementation tasks:

- Management of all the phases of the cycle of projects under the mandated programmes; regarding monitoring and dissemination purposes, to take the necessary steps to set up and/or to improve a database of projects, incorporating project descriptions and the final results;
- Monitoring of projects implemented under these programmes and measures, including the necessary steps;
- Collecting, processing and distribution of data, and in particular compiling, analysing and transmitting to the Commission of all information required to guide the implementation of the Community programmes and measures, promote coordination and synergy with other programmes of the Communities, the Member States or international organisations;
- Organising meetings, seminars, talks and training measures;
- Helping to evaluate the programme's impact, in particular the annual and/or mid-term evaluation of implementation of the programmes, and implementing the follow-up actions on evaluations decided by the Commission;
- Disseminating the results of the information of operations planned and implemented by the Commission;
- Production of overall control and supervision data;

¹ Commission Decision 2008/544/EC of 20.06.2008

1 PART 1: OUTCOME OF ACTIONS UNDER THE ANNUAL WORK PROGRAMME

1.1 Achievements by ABB activities (operational activities)

1.1.1 Public Health

In 2010 the Agency continued monitoring grants provided under the Public Health programme (PHP) 2003-2007. The negotiations for the grants under the 2009 Calls for proposals, including projects, Conferences, Operating Grants and Joint Actions were successfully finalized.

The Agency effectively managed the Calls for proposals 2010 and as an additional task for the second year now the Calls for tender and direct grant agreements.

Further, several improvements were made with the new evaluation database giving electronic access to DG SANCO staff to proposals, as well as secure electronic access to the proposals for external reviewers in order for them to review the proposals from "home" before coming to EAHC for the consensus meeting. The monitoring of the scientific quality of projects was continued by including external experts in assessing mid-term and final project reports. In addition, an external contractor was commissioned to evaluate 10 projects from an ex-post angle, given that all these projects had finished at least one year previously.

The assessment hereunder provides a detailed account of the activities of the Agency with respect to the Health Programme in 2010. Most of the work will continue throughout 2011, while further improvements and effectiveness are sought. With this the Agency will continue the implementation of the Health Programme and thus strive to ensure its impact by boosting cooperation and the pace of research and innovation in the uptake of new approaches by national decision makers.

1.1.1.1 The Public Health Action Programme (2003-2007) – Decision N° 1786/2002/EC

The first programme put into practice an integrated approach to Public Health as prescribed in the European Commission's '*Communication on Health Strategy*' (see COM (2000) 285 final) of May 2000. It replaced a series of eight EU programmes that each focused on individual health issues: cancer, AIDS and other communicable diseases, rare diseases, pollution related diseases, injury prevention, health monitoring, health promotion and drug abuse. The old "issue specific" approach led to a fragmentation of effort and could not easily be adapted to respond to emerging health threats.

The first Public Health Action Programme was divided into three 'strands' each addressing different 'horizontal' issues instead of specific diseases:

Improving health information and knowledge

The objective of the Programme was to further develop the health data already gathered at European level. Specific actions included the creation of a list of key health indicators (on which the monitoring of the health status could be based) and the creation of the network of public health institutes around the EU that would operate an integrated EU health information system.

Responding to health threats

This part of the Programme was built on the "rapid alert" systems already in place at EU level: notably, the European Network on Communicable Diseases and the EU's rapid alert system for possible bio-terrorist incidents.

The geographical and disease coverage of the former system were expanded, while measures were taken to reinforce Member States' capability to respond to possible bio-terrorism incidents. These include actions fostering the networking of

laboratories and building expertise in the field of chemical and biological pathogens.

Other key priorities addressed antimicrobial resistance / hospital acquired infection and developing strategies for responding to communicable disease threats, such as influenza epidemics.

Addressing health determinants

Health determinants are factors that influence people's health, including personal behaviour, lifestyles, social conditions, environment and working conditions. Health policy makers of the European Union and its Member States face many common challenges concerning these determinants. This part of the Programme allowed health policy makers and non-governmental organisations around the EU to pool their knowledge on various determinants by supporting EU-level networks, promoting an exchange of experience and financing innovative projects.

1.1.1.2 The Second Community Health Programme (2008-2013) - Decision N° 1350/2007/EC

On 1 January 2008, the Public Health Action Programme was replaced by a new programme with the following three objectives:

To improve citizens' health security:

The rationale of this objective is to protect citizens by developing the capacity of the European Community to respond to threats posed by communicable and non-communicable diseases and other physical, chemical and biological sources, including bio-terrorism. The possible measures comprise emergency planning and preparedness measures, among others. The second aspect is to improve citizens' safety by promoting actions related to patient safety through high quality and safe healthcare, scientific advice and risk assessment, safety and quality of organs, as well as substances of human origin and blood.

To promote health, including the reduction of health inequalities:

This objective supports actions on key health factors (nutrition and physical activity, drug consumption, sexual health), focusing on key settings such as education and the workplace. It also aims at fostering measures on the prevention of major diseases. It concentrates on Community added-value actions in areas such as gender issues, children's health or rare diseases. The objective promotes healthier ways of life and the reduction of health inequalities, thus increasing healthy life years and promoting healthy ageing. Further aims are to promote and improve physical and mental health and to address the health effects of social and environmental determinants.

Health information and knowledge:

The focus of the third objective is on knowledge exchange and propagation of best practice regarding European reference networks, collecting, analysing and disseminating health information data. It concentrates on health monitoring systems with appropriate indicators. The Programme also aims to find appropriate media for disseminating information to citizens such as the Health Portal, conferences and regular reports on the health status in the European Union.

Financing mechanisms for the second Health Programme

A wider variety of financing mechanisms is offered in order to provide the best opportunity of participation for organisations promoting a health agenda in line with the programme objectives. These include:

- Traditional service contracts and grants for actions;

- Co-financing of the operating costs of non-governmental organisations or a specialised network ('Operating Grants');
- Joint financing by the Community and one or more Member States of an action implemented by a public body or non-governmental organisation;
- Joint Actions with other Community programmes, which will generate coherence between this instrument and other Community programmes.

1.1.1.3 The implementation of the Public Health Programmes under the Agency 2010 Work Programme

1.1.1.3.1 Monitoring grants awarded under the 2005, 2006, 2007, 2008 and 2009 Calls for proposals

a.) Follow-up of the 2005 to 2008 PHP grant agreements

For grant agreements awarded under the 2005, 2006, 2007 and 2008 Public Health Programme Calls, the Agency continued in 2010 to monitor the implementation, carry-out payments and participate in pertinent grant-related events. Selected project interim reports for which external advice was judged useful in order to improve the implementation in the coming phase were submitted to expert review. Coordinators were in general open to the suggestions made and hence quality of future deliverables will be enhanced. In addition a new tool the "project coaching" had been conceived in order to support projects facing particular difficulties with an expert to "coach" them through e.g. the final or a difficult project period. This was piloted successfully with two projects and the quality of the deliverables improved.

An external contractor was tasked with an ex-post evaluation of 10 projects funded under the 2003-2008 Public Health Programme, which had been finalized (end of grant agreement) for at least one year. The draft results show that a skilful and dedicated project coordinator is an important factor in the successful implementation, that the main EU added value in these projects lies in network and identification and exchange of good practice, but that sustainability is uncertain, once the EU co-funding has ended.

b.) Follow-up of the 2009 PHP grant agreements

The negotiations of proposals awarded under the 2009 Call for proposals, were completed, with the exception of 1 Joint Action. There the negotiation procedure was abandoned upon the request of the main partner. Further to the signing of the grant agreements, Agency staff participated in kick-off meetings and other relevant project meetings.

The evaluation of the Calls for proposals in 2009 (available under: http://ec.europa.eu/eahc/documents/health/Evaluation_Report_2009.pdf) shows that the Call for Proposals 2009 has attracted a wide interest from various organisations in all participating countries, with submissions largely covering the all priorities of the 2009 Work Plan. The evaluation process is robust and coherent, and that the criteria developed by the EAHC to select project proposals for funding are valid and can be used reliably.

1.1.1.3.2 Support to the implementation of the 2008-2013 Health Programme

The mapping of the grants funded in 2003-2007 was supplemented by adding the last Call years up to 2010.

Data were provided to DG SANCO for the final evaluation of the 2008-2013 Health Programme, including the above mentioned mapping in addition to project documents for case studies, contacts for interviews etc.

1.1.1.3.3 Execution of the Call for proposals "Public Health – 2010"

a.) Preparation of the 2010 Call for proposals

The Call for proposals was launched on 22 December 2009 with the publication in the OJ in 22 languages as well as on the EAHC web-site, together with all other call documents. The Call for proposals was widely announced via the Agency's parent DG (SANCO) webs and newsletters, the web-sites of the European Centre for Disease Prevention and Control (ECDC) based in Stockholm (Sweden) and other agencies (e.g. OSHA, EMCDDA, EFSA²) and of national health authorities, posted by the National Focal Points.

A training workshop was held with potential applicants for project grants, selected based on non-participation or unsuccessful participation in previous Calls, nationality, Non Governmental Organisation (NGO) status etc. The workshop included presentations on project management, financing issues and evaluation, as well as peer review of project proposals. The participants were overall satisfied with the workshop, while rating as most informative the presentation by a project coordinator, sharing the experience. The presentations were made available as PowerPoint as well as video file on the EAHC web-site afterwards.

The Calls closed on 19 March 2010. 177 proposals were received. Of those 115 were applications for projects, 10 for Joint Actions, 25 for Operating Grants and 27 for Conferences.

An additional new feature of the 2010 Calls was a self-evaluation online tool for potential project proposals. This tool was made available, on the request of National Focal Points (NFPs), as they are often asked to judge the quality of proposals, but with this tool an own assessment by the applicant is possible. The partnership tool, offered for the first time in 2009, was also available during the 2010 Call.

b.) Assessment of the 2010 Call for proposals

The evaluation of the proposals received under the Calls for proposals 2010 took place in April 2010. After the opening the EAHC Project Officers and Financial Officers evaluated the proposals based on the operational and financial capacity.

Afterwards, 33 external reviewers supported the evaluation. For the first time, they not only had access to the proposals allocated to them via CIRCA, but also performed the review from home. They only came to Luxemburg for the consensus meetings. The reviewers concluded in the de-briefing that doing the evaluation work from home was a major improvement and led to better comments and more thorough reading of the proposals, but they strongly suggest that having the consensus meetings over the phone should continued to be held in person.

The evaluation committee meeting took place on 17/18 May 2010. As well as EAHC and Directorate C³ staff of the Agency's Commission parent DG, representatives from the Commission services EUROSTAT and DG RTD participated as well as an observer from DG JLS. The committee agreed on a list of 17 project proposals to be co-funded, 9 Joint Actions, 4 Operating Grants and 8 Conferences. Afterwards, all required documents were made available to the

² OSHA: European Agency for safety and Health at Work based in Bilbao (Spain); EMCDDA: European Monitoring Centre for Drugs and Drug Addiction based in Lisbon (Portugal); EFSA: European Food Safety Authority based in Parma (Italy)

³ Directorate SANCO/C is in charge of public health and risk assessment within Directorate General Health and Consumers of the Commission.

Health Programme Committee on time. A satisfaction survey was run among the Call for proposals 2010 participants, of which 109 replied. A comparison between the satisfaction surveys from 2008, 2009 and 2010 was prepared and made available online: http://ec.europa.eu/eahc/documents/health/Participant_satisfaction_survey_edited_6Oct10_final.pdf.

The results show that the applicants are very satisfied (90%) with the services the Agency provides such as the Help Desk and the "guide for applicants". Problems are reported by applicants in some of the technical and financial aspects of the forms. While the number of applicants who use the support mechanisms offered at national level (telephone support, national information days) is not very high, those who make use of these services are highly satisfied. Based on the feedback and also on specific comments received, EAHC has been improving the application tools.

The evaluation of the Calls for proposals 2010 showed that the Calls continue to attract high interest from a wide range of organizations in all participating countries. The evaluation procedure used as well as the criteria applied to project and joint action proposals are robust. However, it is suggested to revise the criteria for conference and operating grants proposals as they attain less validity.

c.) Negotiation of the PHP 2010 Call proposals

The award decision was taken on 27 October 2010. All applicants were informed in time and negotiations started with the successful ones. By the end of 2010 the negotiations were concluded for all Operating Grants and Conferences, four projects and four Joint Actions.

In addition, contracts for two presidential Conferences were signed.

1.1.1.3.4 Management of contracts with international organisations, including the running of projects transferred by DG SANCO to the Agency

In 2010 the remaining agreements under WP 2009 were signed and several of those under the WP 2010. For the technical annexes of these agreements, the templates used for project grants were adapted, which increases the quality of the description of the activities to be carried out and assures that an evaluation against pertinent indicators takes place. The last contracts are expected to be signed in the first quarter of 2011.

1.1.1.3.5 Launching and contracting of the Calls for tender in the Work Programme 2010 of the Health Programme

Nine Calls for tender were launched for DG SANCO on 31 March 2010. This included 2 framework contracts. The deadline for submission was 20 May 2010. The Calls were published on the EAHC and DG SANCO web-sites and the "Table of Content" alert service of the European Journal of Public Health. The tender alert mailing list hosted by EAHC has 415 entries, all of which received an e-mail on the day of the tender launch.

In total 31 offers were received, ranging from 1 to 7 per Call/lot.

All Calls for tender were examined for procedural correctness by the EAHC Advisory Committee on Procurement and Contracts (ACPC) and a favourable opinion was issued in all cases.

One Call could not be contracted as no offer was received and one framework contract with re-opening of competition could not be concluded as only one offer was received. One call had to be re-launched, but was then successfully concluded. Contract award notices were published in TED on time.

1.1.1.3.6 Generating and disseminating of information on the Public Health programme and the Executive Agency's activities

The EAHC website is constantly up-dated with new content (news, guides and presentations, satisfaction survey, evaluation report) to give better access to information for potential grant applicants. A new feature from 2010 is a set of 10 fact sheets about "basics" in project planning and management, including dissemination, evaluation etc.

(see: <http://ec.europa.eu/eahc/management/manage.html>) These will also be produced as a paper brochure to be distributed e.g. in kick-off meetings,

1.1.1.3.7 The abstracts of the actions co-funded under the 2009 Call for proposals and for which the contracts have been signed.

Brochures with summaries of the projects funded under the 2008 and 2009 Calls for proposal were produced as well as 3 thematic brochures, summarizing the projects on HIV/AIDS, rare diseases and generic preparedness.

The production of three thematic videos, started in 2009, was finalized and the videos on rare diseases, influenza preparedness and HIV/AIDS are available on the EAHC web-site and were shown on several occasions, such as at the European Conference on Rare Diseases, in May 2010, in Krakow (<http://ec.europa.eu/eahc/news/news34.html>).

1.1.1.3.8 Organisation of expert meetings

Two workshops were held bringing together project coordinators from one , namely "addiction", including 23 projects on tobacco, alcohol and illicit drugs (January 2010) and "health indicators" (November 2010). Such workshops are very much appreciated among beneficiaries as they facilitate collaboration and networking. A meeting with also took also place in January 2010, with an. 16 NFP participated.

EAHC organizes meeting with the National Focal Points (NFPs) network twice per year. The first provided information about Calls for tender and Joint Actions and the NFP reported about about their information activities for the Calls for proposals 2010. The second was linked to a workshop on "Increasing the impact of European programmes on public health" which also included Programme Committee members, DG SANCO, EUPHA and experts as participants. This workshop aimed to increase the impact of the European Programmes that are most frequently used to fund projects on public health. The participants analysed how best to use these sources, create synergies and discuss necessary changes and improvements to contribute to improving the health of European citizens. In addition, the participants also contributed to defining how to measure the EU added value of the Health Programme.

In the framework of the EUPHA Conference, EAHC co-hosted with DG SANCO a workshop discussing the EU-added-value of co-funded public health projects. The objective of the workshop was to disseminate key concepts/ ideas which will be integral part of the forthcoming calls for proposals.

A workshop, with the SANCO expert group on indoor air, environmental health projects and Member State representatives in collaboration with DG SANCO and the Belgian presidency, was held in early December in Brussels. The meeting aimed at taking stock of past and ongoing research projects on indoor air quality. The conclusions were that a common strategy is needed, related supporting policy decisions, setting clear targets and goals for future activities on indoor air quality, building on current achievements and linking to ongoing IAQ related policies at international, EU, national and regional level. One of the attributed results/impact was the uptake by the Environment Council conclusions of the necessity for a Second Environment and Health Action plan.

A workshop on evidence produced by EU co-funded public health projects, feeding directly into policy at EU, national, regional or local level was held in December 2010. The presentations are available online: <http://ec.europa.eu/eahc/news/news48.html>. The objective was to improve the skills of EC-funded projects to influence the policy-making process with knowledge generated by the project. A full day was devoted to strategies to transfer knowledge produced by a Health Programme project to the policy-making process. In addition, policy-makers from different policy levels including representatives from DG SANCO provided feed-back about their expectations in this process.

1.1.2 Consumer Programme

1.1.2.1 Implementing the 2007 – 2013 Consumer Programme through the management of grants and contracts

1.1.2.1.1 Monitoring the grants and contracts awarded under the 2009 Calls for proposals and for tenders

In 2010, the Agency ensured the management and the monitoring of all grants and contracts awarded within 2009 Call for proposals and tenders.

Among them, it is to highlight the Consumers Information Campaign in Bulgaria, which aimed to encourage Bulgarians to become more informed and assertive consumers. The main themes of the campaign concerned consumer rights in case of faulty products, bank services and package holidays. Key rights were promoted in TV, web and print advertising.

Other remarkable project managed by the Agency during 2010 was the Digital services contract. Based on the results of this study, the Commission will be able to identify what are the main problems for consumers when using digital services. The results may be used for complementing or developing specific rules in order to ensure better protection of consumers in the use of digital content services.

In addition to this, in 2010 the Agency carried out the assessment and executed final payment for all 2009 grants awarded under the 2008 Call for proposals, in particular as concerns the ECC-Net project.

1.1.2.1.2 Supporting the implementation of the 2010 Work Programme of the 2007-2013 Consumer Programme

Calls for proposals

In 2010, within the framework of the Consumer Programme the Agency launched 7 Calls for proposals. All Calls were launched during the first semester.

The results are summarised in the following table:

Call	Applications submitted	Agreements awarded	Agreements signed by 31/12/2010
Proposals for financial contributions for the exchange of officials in the area of consumer product safety - non food (GPSD)	15	15	15
Proposals for financial contributions for the exchange of officials between national authorities responsible for the enforcement of consumer protection laws (CPC)	7	7	7

Proposals for financial contributions for specific joint surveillance and enforcement actions in the area of consumer product safety - non food (GPSD)	2	1 1 reserve list	1
Proposals for financial contributions for common activities between national authorities responsible for the enforcement of consumer protection laws (CPC)	2	2	2
Financial support (operational grant) to European Consumer organisations	1	1	1 Partnership agreement 1 specific grant
Financial support (operational grant) to European Consumer organisations in standardisation	1	1	1 Partnership agreement 1 specific grant
Financial contribution to the European Consumer Centres Network (ECC Net)	28 in paper 1 in e-mail	28	27

Exchange of Officials (GPSD/CPC)

Within the framework of the exchange of officials Calls, the Agency co-funded 22 grants, which gave the opportunity to enforcement officials from LT, SI, FR, SK, AT, EE, DE, ES and CY to share experiences and knowledge about the implementation of Directive 2001/95 EC on General Product Safety and of Regulation 2006/2004 on consumer protection cooperation with counterparts in UK, DE, AT, CY, PT, SK, ES, IT, FR, BE and NE.

Joint Actions (GPSD/CPC)

Within the framework of the GPSD Call, the Agency co-funded a project that aims at exchanging and implementing best practices between the Member States, thereby improving cross-border cooperation and increasing consumer product safety. The product specific activities involved market surveillance on: food imitation child appealing products, children's fancy dresses, laser pointers, ladders and visibility clothing & accessories.

As concerns Joint Actions in the framework of the CPC, the Agency co-funded two projects. A first project aims at improving the cooperation of CPC authorities in relation to on-line breaches of consumer rights. A second project has the purpose of increasing the visibility of the CPC network thus enhancing enforcement of consumer protection laws.

Operating Grants for European Consumer Organisations

Within the frame of the Call concerning Operating Grants for European consumer organisations and consumer organisations in the standardisation process, the Agency signed partnership grant agreements with BEUC (Bureau Européen des Unions de Consommateurs) and ANEC. (European Association for the Coordination of Consumer Representation in Standardisation), respectively.

Following this, specific grants were signed with both bodies for co-funding their functioning during 2011.

The financing of BEUC will contribute to further promote the interests of European consumers as purchasers or users of goods and services in the EU policy process. BEUC's 2011 Work Programme foresees activities as regards, among others, the

following topics: consumer redress, consumer contracts, digital consumer rights, consumer safety, sustainable consumption and production.

On the other side, the financial support to ANEC ensures the representation and defence of consumer interests in the process of standardisation and certification. ANEC's 2011 work programme covers a broad spectrum of activities with a clear input to standardisation bodies on key consumer's issues and include among others, the following priorities: child safety domestic appliances, environment, information society, and traffic.

ECC-Net

The Agency launched a Call for proposals concerning the financial contribution to the European Consumer Centres. As a result of it, the Agency signed 28 grant agreements. ECC Greece grant is expected to be signed by beginning 2011. The delay in the signature of this grant was due to a late submission of a proposal by the Greek applicant.

The ECC network works together to provide consumers with information on cross-border shopping and assist in the resolution of cross-border complaints and disputes.

In view of the revision of the ECC-Net assessment methodology, the Agency organised in June a one day meeting with all ECC-Net's representatives and DG SANCO to discuss a new proposal for assessment criteria. This assessment methodology introduces new quality elements and aims at evaluating the ECC performance in a more consistent and objective way. It will be first implemented for 2011 grant agreements.

Calls for tender

Within the framework of the Consumer Programme in 2010 the Agency launched 2 Calls for tender and 4 requests for specific services.

The results are summarised in the following table:

Call	Tenders submitted	Contracts awarded	Contracts signed by 31/12/2010
Call for tender n° EAHC/2010/CP/01 concerning concluding a Framework Contract for the development, editing, translation, adaptation, design, layout, printing and distribution of a European School Diary aimed at 15-18 year old secondary school users and a corresponding teacher's kit.	5	1 Framework contract	1 Framework contract 3 specific contracts
Call for tender EAHC/2010/CP/02 concerning the conclusion of a Framework contract for the management and enhancement of the DOLCETA consumer education website, dissemination activities and development of new education modules	1	0	0
Request for Specific Services 2010 86 06 for the implementation of Framework Contract SANCO/2009/B1/09 for the provision of Market Monitoring	1	1	1
Request for Specific Services No EAHC/FWC/2010 86 01 for the implementation of the Framework Contract No SANCO/2009/B1/010 for the provision of a Consumer Market Study on the functioning of	4	1	1

Call	Tenders submitted	Contracts awarded	Contracts signed by 31/12/2010
e-commerce and internet marketing and selling techniques in the retail of goods			
Request for Specific Services No EAHC/FWC/2010 86 02 for the implementation of the Framework Contract No SANCO/2009/B1/010 for the provision of a Consumer Market Study on Advice within the Area of Retail Investment Services	2	1	1
Request for Specific Services N° EAHC/FWC/2010 86 03 for the implementation of Framework Contract N° SANCO/2009/B1/010 for the provision of a "Consumer Market Study on the implementation of the Common Principles on Bank Account Switching"	3	1	1

European School Diary

The Europa Diary is a school Diary, for students in secondary school, aimed as a tool for homework and other school related notes. Several Commission General Directorates and other EU institution contribute with content and funding.

During 2010, a Framework contract was awarded and signed with contractor Generation Europe Foundation for the development, printing and distribution of the 2011/2012 edition of the Europa Diary and Teacher's guide.

As manager of the Framework contract, the Agency coordinated and monitored the implementation of this project: it approved 21 contracts from different Commission Directorates General and the Economic and Social Committee.

With respect to the past edition, the new edition, and in particular all its linguistic versions, is being subject to a more rigorous scrutiny, which aims to ensure that this education tool satisfies the highest possible quality standards.

DOLCETA

Dolceta is an on-line consumer education tool for the citizens in the 27 Member States. It is targeted at trainers, teachers and other multipliers in consumer education, as well as at the informed consumer. The Agency launched during 2010 a Call for tender for this service.

Only one offer was submitted from the contractor implementing the current Framework contract. While the tender fulfilled the exclusion and selection criteria, it did not reach the threshold for the quality award criteria and the Framework contract was not awarded.

As a consequence, it was decided to launch a new Call for tender.

The Agency has contributed actively to the definition of new terms of reference, which strength the requirements for the IT maintenance and management of the website. The description of the services requested has been improved and more details about the technical aspects of the service are provided. The Agency has also foreseen in the new specifications the possibility for transferring the website from the current contractor to a new contractor, if necessary.

The contract notice for this new procedure was published in December. The deadline for submission of offers is set for March 2011.

Consumer Market Studies

- o The Agency signed during 2010 three specific contracts, within the context of the consumer market studies framework contract. These contracts aimed at providing consumer market studies on: the functioning of e-commerce and internet marketing and selling techniques in the retail of goods; Advice within the Area of Retail Investment Services and on the implementation of the Common Principles on Bank Account Switching”
- o Also with the aim of developing data to help the Commission better understand, monitor and take account of the consumer interest in the internal market, the Agency signed a contract to carry out a survey market monitoring of 51 consumer markets.

1.1.2.2 Generating and disseminating of information about projects financed by the Consumer Programme and related Agency activities

The main communication and dissemination tool used by the Agency to spread information on its Consumer Programme actions was the Agency’s website. The section related to the Consumer Programme was mainly dedicated to providing potential tenderers and applicants with detailed information on the ongoing Calls.

In order to provide tenderers and applicants with further assistance the Agency set up an active Help Desk service for all Calls for proposals and for tender, this was available throughout the procedure life cycle.

One specific contract was signed in December by the Agency with the purpose of enhancing the section devoted to the ECC-Net project in SANCO and EAHC websites.

1.1.3 Food Safety Training Measures

1.1.3.1 Monitoring of the contracts transferred by DG SANCO related to projects awarded under the 2007 and 2008 Calls for tender

Following an agreement with DG SANCO, concluded in November 2009, a block of six contracts signed under the Better Training for Safer Food Initiative (BTSF) was transferred to the Agency.

Contract	Subject	End Year
SANCO/2008/E2/SI2.514848	Food Hygiene and Controls	2010
SANCO/2008/E2/SI.514853	Controls on Microbiological criteria and control of Zoonoses	2010
SANCO/2008/E2/SI2.514854	Organization of training courses on BIPs	2010
SANCO/2008/E2/SI2. 514849	Animal welfare and disease control	2010
SANCO/2008/E2/SI2.514850	Plant Protection Products	2010
SANCO/2008/E2/SI2. 514852	Feed Law	2010

All the contracts were successfully concluded with outstanding participant evaluation scores. The evaluations shows great urge for the continuation of the Initiative as most of the participants, actually more than 95%, considered knowledge, gained throughout the training courses, as major contribution to their day to day work performance. They all consider that these training courses

allowed them to understand comprehensive EU legislation better. It is due to be noted that also social networking activities, induced by fact that officials from different part of EU and different background meet and discuss issue and problematic areas of the legalisation in guided manner throughout experienced tutors, increased the understanding and in, most cases, reveal sometimes hidden purpose of the legislation concerned to the officials who execute it. This is not valid only for the concluded contract, but is evident also from the ongoing ones, however for these ones a complete evaluation is still pending.

During 2010, the smooth transition was secured, which had, as a final result, no effect on the contractual obligations or execution of the adopted programs of trainings. With this, the Agency gained adequate information for the gradual adoption of the designed training scheme and sufficient knowledge about particular training. This was very helpful in order to run adequately and efficiently in terms of budget execution, as well as content-wise programme obligations, the projects coming from the Calls launched in 2009. Newly added programmes in 2009- 2010 increased the pool of the officials benefiting from the Initiative and with this also introduce very powerful tool for testing the proposed legislative solutions of the emerging actions and initiatives which are mostly coming from current and constantly evolving situations in the World. It is evident that this Initiative, with a wider range of training opportunities, not only introduces the possibilities for more adequate and balanced execution of EU legislation in various fields of food security all over the EU but, at the same time, produce back paying results with pan - EU views and solutions proposed forward in order to tackle the issue from the right angle. Outputs from 2010 food safety training activities clearly show how this Initiative gives to participants the possibilities to test that also newly introduced legislation is easy to understand and execute in all parts of EU.

Beside the transfer of the programme and the contract obligations from DG SANCO to the Agency at the beginning of 2010, the Agency also took over the complete management of certain projects that became wholly the property of the Agency. To this end, Agency took over the payment obligations, final check of the closed programmes, viability control of the issued invoices and all other necessary and requested checks in order to manage the contract successfully. Beside this Agency also took the initiative to produce material which can help further to spread the knowledge gained throughout the training courses and gives substantial possibility to create the net of trainers who will be able to pass the knowledge gained from the Initiative in to the local businesses or help officials, with ready to use booklets and other training and on the training material.

The complete transition of BTSF files is not finalised yet. During 2010, some of the actions (i.e. BSE/TSE, Food Contact Materials, HPAI, EU Food Standards and Import Controls on non animal origin products) and related contracts were managed by DG SANCO (in line with Note SANCO/E/2 LP 2009/D/520749). From 2011 the complete take-over of the BTSF Initiative will be done and all BTSF programmes will be entirely managed by the Agency.

1.1.3.2 Monitoring of the contracts awarded from the tender 2009

The Agency monitored programmes defined within 7 new contracts awarded from the Calls for tender launched in 2009. In 2010, the understanding of the Agency's role and the impact of work has been gradually accepted and understood among all stakeholders of the BTSF programmes, which resulted in timely and accurate execution of the managing projects. The Agency was able to absorb higher amounts of work with improved efficiency in the administrative procedures and production of the clear guidelines for tender participants and in their execution.

1.1.3.3 Launching and contracting 2010 Calls for tender

The financial decision, defining the Work Programme, was published in OJ L 104/60⁴. Budget available for the training programmes rose to 13.320.000 €. It was

⁴ Commission Decision of 23. April 2010 *on Financing the 2010 work program on training in the field of food and feed safety, animal health and animal welfare in the framework of the "Better training for safer food"*

Call	Tenders submitted	Contracts awarded
Call for tender n° EAHC/2010/BTSF/01: Organisation and implementation of training activities concerning veterinary legislation to be held mainly for EU Member States		
Lot 1 Microbiological criteria and control of zoonoses	0	n.a.
Lot 2 Veterinary and food safety control checks in Border Inspection Posts (BIPs)	1	1
Lot 3 Prevention, control and eradication of Transmissible Spongiform Encephalopathies	3	1
Lot 4 Trade Control and Expert System (TRACES) in Member States	0	n.a.
Call for tender n° EAHC/2010/BTSF/02: Organization and implementation of training activities concerning Official Controls on Food to be held mainly for EU Member States		
Lot 1 Quality schemes (organic farming and geographical indications)	2	1
Lot 2 Best practices on the increased level of official controls on certain feed and food of non-animal origin	1	1
Lot 3 Audit systems and internal auditing	3	1
Lot 4 Support to Union controls in Member States and third countries	3	1
Lot 5 Evaluation and registration of Plant Protection Products and control of their proper use and marketing	0	n.a.
Call for tender n° EAHC/2010/BTSF/03: Organisation and implementation of training activities to be held mainly for third countries		
Lot 1 EU food rules and food import requirements	3	1
Lot 2 Diagnosis and Control of Highly Pathogenic Avian Influenza and other animal diseases	2	1
Call for tender n° EAHC/2010/BTSF/04 concerning modules for E-learning training courses	Running	n.a.
Invitation to tender n° EAHC/2010/BTSF/05 under a negotiated procedure concerning: The organization and implementation of training activities concerning Feed Law to be held mainly for EU Member States	1	1
Invitation to tender n° EAHC/2010/BTSF/06 under a negotiated procedure concerning: The organization and implementation of training activities on animal welfare in farms, Animal Welfare at the time of killing of animals in slaughterhouses and in disease control situation and animal welfare during transport to be held mainly for EU Member States	1	1

foreseen in this program that under the scheme of BTSF the Agency will launch new sets of Calls covering similar subjects and adding some new ones. Within the framework of the BTSF programme, the Agency launched 10 Calls for tender or invitation to tender.

Three main Calls were launched in July, enveloping 11 lots. The time line for submitting the tenders expired in September and the evaluation process was held in two steps. The evaluation of exclusion and selection criteria was made by a specific selection panel in September, while the evaluation of Award Criteria, which took place during two weeks in October, was done by different experts from the Agency, DG SANCO and other Commission Services.

For some of the Calls/lots above, the Agency did not receive any offer or offers which were not adequate. Therefore some other Calls were launched during the second half of the year while for some contracts existing contractors were invited to the negotiation of a tender. Some of these processes are still on-going.

The Call for e-learning services was postponed until the results of the related feasibility study are available. The Call was launched by the end of the year. The deadline for submission of offers is set for March 2011.

1.1.3.3.1 **Generating and disseminating of information about projects financed by the BTSF programme and related Agency activities**

BTSF Data base

During 2010 the Agency, with the assistance of external IT experts, provided additional efforts toward the set up of the Database structure for the collection and management of relevant data resulting from BTSF activities. The Database is currently being tested by DG DIGIT in order to check the resistance and structure under a so-called "stress test". Once the test is completed, the Data-base will become definitely operational. It will secure the system with an online communication with the contractors and create a pool of data which can be extrapolated for different purposes and different stakeholders of the Initiative. Data base will allow structured access to the relevant information about execution of the certain programme and participation from different regions or countries in real time. With this tool also future simulation in regard of design of new projects will be possible which will give possibility to plan actions very

Invitation to tender n°EAHC/2010/BTSF/08 under a negotiated procedure concerning: The organization and implementation of training activities concerning the evaluation and registration of Plant Protection Products and control of their proper use and marketing	running	n.a.
Call for tender n°EAHC/2010/BTSF/09 The organisation and implementation of further training activities concerning veterinary legislation to be held mainly for EU Member States Lot 1: Microbiological criteria and control of Zoonoses Lot 2: Trade control and Expert system (TRACES) in Member States	running	n.a.
Invitations to tender n° EAHC/2010/BTSF/07 and n° EAHC/2010/BTSF/10 under a negotiated procedure concerning: The organization and implementation of training activities, to be mainly held in third countries on RASFF/TRACES.	running	n.a.

Programme.

accurately according to the needs and requests coming from emerging situations in the field of food security

BTSF Communication Plan

According to the Agency's action plan to strengthen Communication activities in support of BTSF activities, several initiatives to promote the BTSF programmes were taken. This started with external professional help with the preparation of introductory Booklets. The aim of this material is to present the actual situation and content of each training module and to disseminate information about the possibilities offered throughout the programme. These booklets also give the participants the opportunity to benefit from this in advance prepared information or to use them as workbooks at the training, which can be further used after the training in practical situations. These Booklets can also become technical tools for further spread of the knowledge gained at these trainings for the Officials coming from the Member States.

In line with the promotional activities from the Action Plan of the BTSF programme, 12 specific videos were produced by professional journalists who visited different seminars, interviewed participants and had a close look at the training sessions. Two of them are being used at a general level as a welcome speech of the Director General of DG SANCO and the Introduction to the BTSF Initiative and remaining ten are thematic, dedicated to the specific training module (Food Hygiene Control, HACCP, Animal Health, Plant Health Controls, Feed Law, RASFF, Zoonoses, BIP's). With this a solid presentation of the BTSF programme is available for different occasions; the last one was the High level Conference on Africa held in November 2010. These videos are also available on the WEB site of the Agency for review.

In June 2010, the Agency also organised an InfoDay for potential contractors, NCPs, and those who had professional interest in the Initiative.

Within the frame of the promotional activities, the Agency was also present at a Food Fair held in Paris in October 2010 (SIAL) with its own stand and promotional material.

Finally, it is worth to mention the already reached maturity of the Initiative and the responsive role of the Agency in two suddenly emerged situations which were handled with great care of the participants and secure smooth travel of all the participants back home. One was the emergency with the volcanic ash clouds which grounded more than two third of the flights in the EU and the second one was the unexpected strike of the flight controllers in Spain. Both events passed without major disturbance for the participants even though in both cases active training were in place.

Targets	Output
HEALTH PROGRAMME	
Objective 1: Monitor the grants awarded under the 2005, 2006, 2007 and 2008 Calls for proposals	
All agreements signed within 9 months after the award decision	45 Agreements (75%) signed within 9 months, remaining agreements (15 or 25%) delayed mainly due to change of main partner, problems with financial viability/bank guarantees, large consortium set-ups causing delays at contractor's side.
100% of pre-financing payments executed within 30 days of signature	Achieved.
100% of reports and cost statements assessed, payments made and feedback provided to beneficiary/contractor by deadline set in the grant agreement/contract	93% of the objective achieved. 16 payments were made over the time limit, a limit set generally at 45 days upon receipt and approval of a technical progress and implementation report. Of the late payments, 12 were made within 2 weeks after the time limit, 2 within 4 weeks whilst the remaining 2 payments were made within 6 weeks of the time limit.
All evaluation procedures in place and run in compliance with the Agency's Handbook of Procedures	Achieved.
Objective 2: Support the implementation of the 2008-2013 Health Programme	
Mapping available by the end of November 2010	Achieved.
Organise one information event organised in Luxembourg and at least 5 in Member States, to follow the publication of the Call.	One workshop of prospective applicants for projects was organized and 11 national information days. EAHC staff participated in 8 of them.
All applicants will receive information on the results of the Call within the deadlines set by the Agency's Handbook of Procedures	Achieved.
Invited experts who have provided all necessary documents are paid at the latest 3 months after the event.	Achieved.
Objective 3: Manage contracts with international organisations, including running projects transferred by SANCO	
All contracts signed within 9 months after agreement of SANCO and the international organisation on the content of the action.	Achieved.
Objective 4: Launch and contract the Calls for tender planned in the WP 2010 of the HP	
All contracts signed within 9 months after publication	Achieved.
Objective 5: Generate and disseminate information about projects financed by the HP and related Agency activities	

20% more hits in 2010 compared to 2009	In 2010 the number of visits of the website was more or less comparable to 2009. Individual parts of the site, though, were visited differently. For example significantly more visits of tenders and workshop information (+40%), parts of the site dealing with projects and grants (including infoday) were less accessed compared to 2009.
CONSUMERS PROGRAMME	
Objective 1: Monitor the grants and contracts awarded under the 2008 and 2009 Calls for proposals and for tender	
100% of costs statements assessed and payments made to beneficiary/contractor by deadline set in the grant agreement/contract	96% of the objective achieved. 4 payments were made over the time limit.
100% of reports assessed and feedback provided to beneficiary/contractor by deadline set in the grant agreement/contract	Target met. All reports were assessed by the deadline set in the grant agreement/contract.
Objective 2: Support the implementation of the 2007-2013 Consumer Programme	
All Call for proposals launched according to the timeframe	Target complied with. All Calls for proposals were launched according to the timeframe.
All applicants receive information on the main results of the Call within the deadlines set by the relevant regulations	All applicants received the information on the results within the deadlines foreseen.
All grant agreements signed within 9 months after the award decision according to the detailed timetable	Target complied with. All grants were signed within 9 months after the award decision.
All Calls for tender launched according to the timeframe	Target complied with. All Calls for tender were launched according to the timeframe.
All contracts signed within 3 months after the award decision	Target complied with. All grants were signed within 3 months after the award decision.
Objective 3: Generate and disseminate information about projects financed by the Consumer programme and related Agency activities	
20% more website hits in 2010 compared to 2009	The total number of visits of the site during 2010 was comparable to 2009, except for the month of February 2009, the month in which the Agency activities were launched and hence the site was consulted accordingly.
FOOD SAFETY TRAINING MEASURES	
Objective 1: Monitor the contracts awarded under the 2008 and 2009 Calls for tender	
100% of payments to contractor made in respect of the deadlines	Objective achieved, except for one payment which was made over the time limit.
100% of reports assessed and feedback provided to contractor by deadline set in the contract	Target met. All reports were assessed by the deadline set in contract.
Objective 2: Support the implementation of the 2010 Work Programme of the BTSF initiative	
All Calls launched according to the timeframe	Target complied with. All Calls for tender were launched according to the timeframe convened with SANCO.
All contracts signed within 3 months after the award decision	All award decisions sent out and signature of the contracts will follow within the deadline foreseen.

Objective 3: Generate and disseminate information about projects financed by BTSF programme and related Agency activities	
20% more hits in 2009 compared to 2008	Over 2010, the site was more intensively and more frequently consulted than over 2009; many activities for the BTSF within the Agency were only launched as from July 2009. For the second part of 2010, the consultation rate increased by 40%.
Objective 4: Draft guidelines about BTSF management coordination between SANCO and EAHC	
Completion of the manual – first version by mid 2010, final version by end of 2010	Management coordination issues were regularly discussed between EAHC and SANCO during 2010. Before to proceed with the drafting of coordination guidelines it was convened to complete one year of execution experience to better identify the appropriate operational cooperation arrangements. Action to be finalised first semester of 2011.

1.2 Administrative support

The Agency's achievements of its horizontal Work Programme objectives are presented in the second Part of this Report. It concerns tasks related to budget and human resource management, communication and overall management.

2 PART2: MANAGEMENT AND INTERNAL CONTROL SYSTEMS

2.1 Inherent nature and characteristics of policy environment and beneficiaries

2.1.1 The Agency in 2010

2.1.1.1 Indirect centralised management of grants

As an Executive Agency, EAHC implements the programmes funds through "indirect centralised management" of grants for cost-shared projects and public procurement contracts. This method implies Community financial contributions and expenditure via the Agency as intermediary awarding co-financing agreements and public procurement contracts signed with external parties (E.g. public organisations, academic institutions, private companies).

Overall, projects have a lifetime of one up to three years. They are carried out by public and academic organisations, NGO's and private entities, located in different countries within Europe (even outside the EU), and involve relative considerable sums of co-financing contributions. Service contracts are mostly, but not exclusively, executed by one contractor and, overall, have a shorter life time (one to two years).

To mitigate the risks inherent to the evaluation processes of Call for proposals and Call for tenders, the Agency developed procedures to ensure that the best proposals and tenders are chosen in a competent, objective, impartial and transparent manner. These measures are approved by the Agency's parent European Commission DG(SANCO), and implemented under the Commission's supervision. The system ensures that only projects which are relevant for the European Union Programme's success are selected. Contracts are awarded in compliance with the principle of sound financial management.

During the lifetime of the grant agreements, activities are pre-financed following a contractual payment scheme, implying that the entirety of the advanced funds remains the property of the European Community until the acceptance of the final cost claim. At the end of the project, pre-financing is set off against the final payment.

The requirement to calculate and reimburse 'actual' eligible costs under complex rules (e.g. no profit, no double financing, no retro-activity, cost shared co-financing) potentially results in errors in cost claims. This situation leads to the occurrence of errors made by beneficiaries under the given legal and financial framework governing the programmes.

The Agency verifies the eligibility of costs in view of this actual cost concept. Its means, however, are limited to mainly controls via desk checks of supporting documents accompanying cost claims. Moreover, the large number of beneficiaries hampers the reliance on the assurance from the beneficiaries' control system. To mitigate the risk on errors in cost claims, the Agency gradually increased over the years the number of on-the-spot audits made at the beneficiaries' premises. Concerning operational risks, controls are essentially based on declarations from the beneficiaries via technical deliverables and reporting.

Public procurement contracts following Call for tenders entail payments against invoices. Pre-financing for public procurement contracts are offset against interim⁵

⁵ Depending duration and amount of the service contract, contracts may foresee for an advance payment and a final payment only.

and final payment, accepting the contracted deliverables. Expenditure is implemented on the basis of contractual deliverables accompanied by invoices. The acceptance of technical deliverables implies that the invoice becomes payable and is executed in full respect of the contractual terms.

2.1.1.2 The Agency's management of its responsibilities

2.1.1.2.1 Overall management throughout the reporting year

The Public Health Programme's budget

Actions under the Public Health Programme (PHP) are carried out via project grants and public procurement contracts.

In 2010, seven Calls for tender were published and evaluated. One of the Calls was republished as no successful tender was received. 21 contracts were signed of which 9 frame work contracts with reopening of competition and 12 service contracts (representing a contracted value of 2,5 million €). 51 grants under Call 2009 and 25 grants under Call 2010⁶ were successfully negotiated and signed⁷, in 2010. At the end of 2010, 100% of the Public Health Programme budget was committed.

For the share of PHP credits managed by the Agency in 2010 (40,7 million €), grants accounted for 94% and service contracts for 6% of the total commitment amount.

By the end of the reporting year 2010 the Agency managed a portfolio of 416 cost shared PHP projects⁸ of which 307⁹ signed agreements, representing a total EC contribution of around 179 million €: Call 2005 (16), 2006 (68), 2007 (70), 2008 (62), 2009 (66) and 2010 (25).

The grants represented a total EC funding of 178.758.406,61 € (European Community's co-financed contribution).

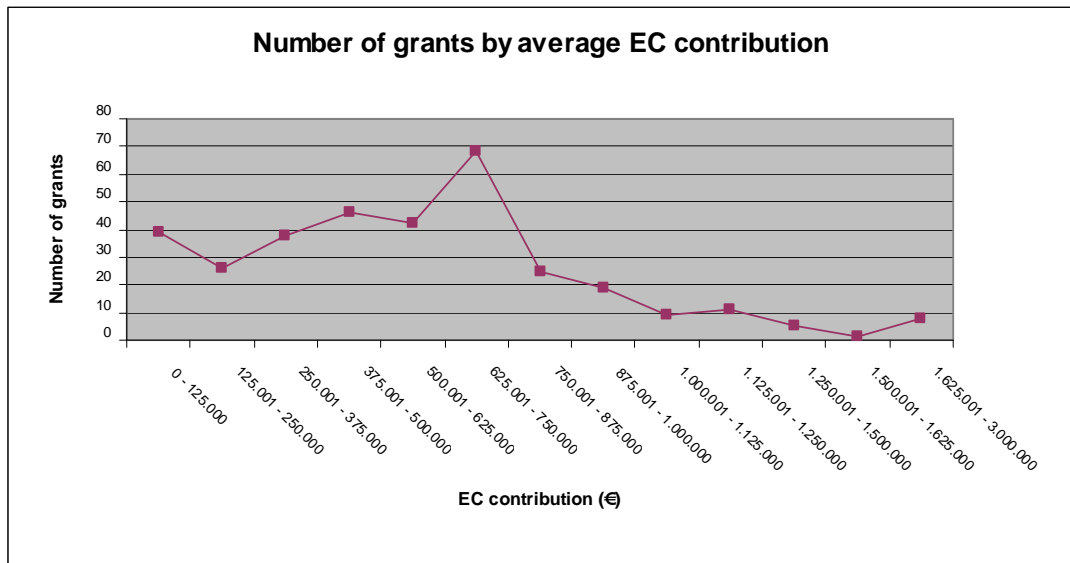
Number of signed (or under negotiation) agreements in portfolio					
Date	Total number of agreements at the end of each year (including those under negotiation)	Number of active signed agreements	Number of beneficiaries in active agreements	Average EC contribution per active grant (€)	Total EC contribution (€) for active agreements
31.12.2007	189	121	1,364	592,291.92 €	71,667,322.30 €
31.12.2008	256	215	2,065	553,587.86 €	119,021,390.65 €
31.12.2009	361	287	2,508	543,452.56 €	155,970,885.98 €
31.12.2010	416	307	2,678	582,274.94 €	178,758,406.61 €

⁶ Including 1 grant attributed to the Belgian presidential Conference of the second semester of 2010

⁷ 15 PHP Call 2009 grant agreements were successfully negotiated and signed in 2009, including 2 presidential Conferences

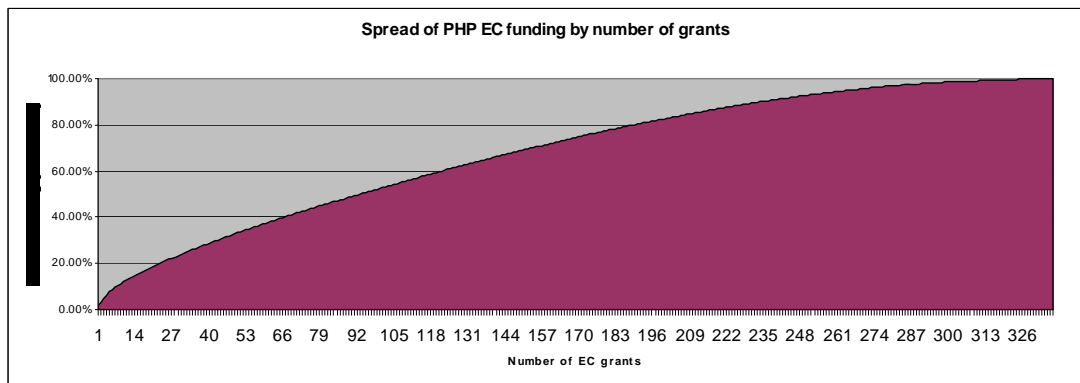
⁸ The figure of 461 refers to signed agreements (Calls 2005 up to 2010) and selected projects (shortlist and reserve list) under negotiation during the reporting year, 2010.

⁹ As a reference, at 31.12.2009, the Agency's portfolio of grants contained 287 signed PHP grants representing a total EC funding of 155.970.885,98 €.



The average EC contribution per grant agreement is 582.274,94 € (with a range of EC funding spread from 20.845 € to 3.316.326 €); 90,55% of the grants are under 1 million €.

The 66 largest grants (19,58 % of all grants) account for 40 percent of the total EC funding¹⁰. The 216 smallest grants (64,09% of all grants) account for a similar share of 40 percent of the total EC funding.



In 2010, out of 287 grant agreements at 01.01.2010 final payments were due and carried-out for 56 grants, in especially 2005 (11), 2006 (21), 2007 (2), 2008 (18) and 2009 (2). For all PHP activities, an amount of 14.014.687 € was paid under the first PHP for the implementation. In addition, 23.529.211 € was paid under the second Programme; mostly pre-financing. Thus, 100% of the available payment appropriations for both programmes were implemented in 2010.

The Consumer Programme's budget

¹⁰ In 2008 and 2009 respectively 21,14% and 20,56% of all grants accounted for 40% percent of the total EC funding.

Activities under the Consumers Programme are carried out via grants and public procurement contracts.

In 2010, 7 public procurement contracts were concluded, totalling a contracted value of 4,9 million €. Out of the 7 contracts, 3 were concluded following 1 Call for tender procedure launched by the Agency. The remaining 4 service contracts were signed on the basis of Framework contracts concluded by DG SANCO. Also 53 grant agreements were signed respectively Joint Actions (3), Operating Grants (1), Grants to the European Consumer Centres network (ECC) (27) and financial contributions towards travel and subsistence expenses in the form of grants for the exchange of officials of competent authorities (22). At the end of 2010, 100% of the Consumer Programme budget for commitments was executed.

For the share of credits managed by the Agency in 2010 (13,8 million €), grants accounted for 64% and service contracts for 36% of the total commitment amount.

By the end of the reporting year, the Agency managed a portfolio of 112 contracts (96 grant agreements and 16 service contracts), mostly mono-beneficiary for a cumulative amount of 25 million €.

Instrument	Number of agreements	Number of beneficiaries	Average EC contribution per grant (€)	Total EC contribution (€)
Joint Actions	10	132	303.888,01 €	3.038.880,16 €
Operating Grants	3	3	1.323.244,00 €	3.969.732,00 €
ECC Net	58	58	156.841,26 €	9.096.793,35 €
Exchange of officials	25	25	2.932,57 €	73.314,32 €
Total	96	218		16.178.719,83 €

The portfolio represented a total EC funding of 16.178.720 € (European Community's co-financed contribution), and an amount of 8.647.009 € for public procurement contracts.

For all Consumer Programme activities, an amount of 9.399.888 € was paid. Henceforth, 100% of the payment appropriations were used at 31.12.2010.

The Better Training for Safer Food Initiative's budget

Regarding the Better Training for Safer Food Initiative, the Agency portfolio represented a total EC funding of 24.492.386 € (to know 11.292.386 € (running contracts from 2008 and 2009) and 13.200.000 € (Calls 2010)).

Service contracts concluded in	Number of ongoing contracts	Number of beneficiaries	Total EC contribution (€)
2008	6	6	3.189.859,36 €
2009	7	7	8.102.527,00 €
2010	17 ¹¹	17	13.200.000,00 €
Total	30	30	24.492.386,36 €

¹¹ As a result of the various Calls for BTSF published and evaluated in 2010, 17 Service contracts are drafted, for finalisation and signature early 2011.

At the end of 2010, 100% of the Better Training for Safer Food initiative budget was committed. Five Calls for tender were published, grouping various lots per Call from one up to five. After opening and evaluation of the submitted tenders, lots for which no successful tender was received were re-opened.

For the share of credits managed by the Agency in 2010 (13.2 million €), grants accounted for 0% and service contracts for 100% of the total commitment amount.

Out of 5.349.958 € allocated payment appropriations, 4.164.455 € were paid (77,84%). All received and due open payment files were executed. The remaining amount of 1.185.503 € could not be used by lack of payment requests.

Payment delays

In 2010, 381 payment requests were implemented. Of these payments, 21 payments were made over the time limit, a limit set generally at 45 days upon receipt and approval of a technical progress and implementation report. Of the late payments, 14 were made within 2 weeks after the time limit, 4 payments within 6 weeks after the time limit, whilst 3 payments were made after 6 weeks of the time limit.

Overall, requests for payments were handled and paid with an average payment delay of 22,04 days¹², in 2010. Thus, 360 payments (94,49% of all payments) were made within the contracted payment delay.

9,8 million € new payment credits for the Public Health programmes were received on 19 November (5 million for the first PHP and 4,8 million for the second PHP). The amount represented 25% of the total 2010 payment appropriations for PHP. These credits were expected much earlier, and intended to be consumed over a longer period of time. Lacking payment credits until the middle of November, payments needed to be suspended what inevitable triggered payment requests of late payment interest and increased the average payment delay. Also, from the late arrival of these credits, the Agency disposed of only one and a half month to execute payments for this sum.

The Agency's administrative budget

For its administrative expenditure, mainly human resources, office rent, IT and expenditure linked to the Agency's operational expenditures¹³, the Agency received a subsidy of 6,774.500 € from the Commission, in 2010.

The breakdown by type of expenditure shows that 'Staff expenditure' represented approximately 55% percent¹⁴ of the Agency's grant. Salaries of staff are calculated by the Commission's Office for Administration and Payment of Individual Entitlements (PMO) further to the Service Level Agreement concluded in 2006 to this extent.

¹² The maximum payment delay for PHP projects – defined in the grant agreement - is 45 days. In 2010, 0,77% payments were made outside the contractual payment delay.

¹³ e.g. costs related to the organisation of technical meetings, IT support for projects, publication and dissemination of results costs

¹⁴ In 2008 and 2009, staff expenditure represented respectively 60% and 54% of the Agency's grant

EAHC Adm Budget – 2010 by Title	Commitment appropriations authorised (1)	Commitments made (2)	Execution % (2) / (1)
1. Staff expenditure	3.711.000 €	3.630.774 €	97,84%
2. Overheads	1.076.700 €	1.065.639 €	98,97%
3. Expenditure linked to the Agency's operations	1.986.800 €	1.953.523 €	98,33%
Total	6.774.500 €	6.649.936 €	98,16%

New commitments were made for an amount of 6.649.936 €, in 2010, or 98,16% of the total authorised 2010 budget appropriations¹⁵. The outstanding amount of ongoing commitments (called RAL) at 31.12.2010 carried forward from 2010 to 2011 was 1.384.109 €¹⁶. As a consequence, compared to 2009¹⁷, the commitments carried forward at year end 2010 decreased from 23,86% to 20,81% of total committed funds compared to 2009.

The observed decrease results from - in line with the observations made in previous Annual Activity Reports - a closer monitoring of outstanding commitments for carry-over to the next budgetary year also maintained in 2010. Budget commitments not justified by legal commitments were de-committed at the end of 2010¹⁸.

In addition, and as recommended by the Court of Auditors, the Agency further improved its planning and monitoring of its annual budget striving to reduce the levels of carried forward appropriations by advancing implementation of the actions foreseen in the Work Programme as much as possible in the year.

EAHC Adm Budget – 2010 by Title	Payments made in 2010 on commitments of		
	2009 (1)	2010 (2)	Total (1) + (2)
1. Staff expenditure	96.332 €	3.525.525 €	3.621.857 €
2. Overheads	231.892 €	941.111 €	1.173.003 €
3. Expenditure linked to the Agency's operations	922.596 €	799.192 €	1.721.788 €
Total	1.250.820 €	5.265.828 €	6.516.648 €

¹⁵ In 2009, new commitments were made for 6.211.563 €, representing 97,59% of the authorised commitment appropriations for the year.

¹⁶ Total amount of commitments made in 2010 minus the total amount of payments made in the same year, or 6.649.936 € - 5.265.827 € = 1.384.109 €.

¹⁷ The total amount of outstanding commitments carried forward from 2008 to 2009 was 1.481.940 €. This amount is to be related to 6.211.563 € (= the total amount committed in 2009). 1.481.940 € is 23,86% of the latter amount.

¹⁸ The amount of 6.649.936 € refers to the total amount of commitments made in 2010 reduced by the amount of cancelled budget commitments at 31.12.2010.

During 2010, 842 payments were executed for the Agency's administrative budget. The average payment delay in 2010 was 15,52 days¹⁹, compared to 20,66 days in 2009.

Despite mutual efforts by the Agency and the contractor, the final payment for one 2009 contract could not be made before the end of 31.12.2010. It concerns the production of five booklets for the Better Training for Safer Food Initiative, contracted on 14.12.2009; based on a framework contract concluded on the joint initiative of DG SANCO and the Agency earlier in 2009. As a result, the budget commitment was carried forward for an amount of 46.489,75 € to 2010.

EAHC management observed that an increasing proportion of Agency resources had to be dedicated to compliancy tasks rather than operational activities. Being expected to fulfil diverse administrative and organisational requirements imposed on Executive Agencies in general, regardless of the role and size of the agency, EAHC management is concerned that a relatively disproportionate share of strategic resources are drained from the EAHC core tasks to horizontal support activities. This evolution – if maintained – could potentially jeopardize the efficiency and effectiveness of the Agency in the service of the Commission and its stakeholders.

2.1.1.2.2 Human Resources management

With the extension of the mandate of the Agency, the maximum number of full time staff increased to 50, in 2009. Concurrently, the Agency's establishment plan lists 12 temporary agent²⁰ and 38 contractual agent positions.

On 31 December 2010, the Agency employed 11 temporary agents and 34 contractual staff agents. Compared to 2009, the vacancy rate²¹ at the end of 2010 increased from 4% to 10 %. For 60% of these vacancies employment offers were sent (and accepted by successful candidates of specific selection procedures) before 31.12.2010. Doing so, the Agency ensured to maintain the 2009 vacancy rate of 4% at 31.12.2010.

In the course of 2010, 7 project officers and 6 (administrative or financial) support staff members changed position and left the Agency. Nine of the hence freed posts were filled before the end of the reporting year. For the remaining posts selection procedures were finalised still during the reporting year providing shortlists of suitable candidates to recruit in the first quarter of 2011. Consequently, the Agency is in a position to reach full staffing for the positions having become vacant in the course of 2010.

As a conclusion, 2010 showed a high rate of turnover of Agency staff. Most of the concerned staffers changed for a position as EC official (38%), a temporary agent (8%) or contract agent in another Agency or Office (31%). Three staffers did not join any EU Institution or Agency.

2.1.1.2.3 Data protection

In 2010, in line with "Regulation (EC) 45/2001 of the European Parliament and of the Council of 18 December 2000 on the protection of individuals with regard to the

¹⁹ In 2010, 27 payments (=3,21 % of the payments) were made outside the contractual payment delay. In 2009, this percentage was at 3,95%.

²⁰ of which 5 seconded officials by the Commission.

²¹ The vacancy rate refers to the Establishment Plan at year end. In 2009, the Establishment Plan included 50 positions of which 48 were filled. In 2010, 45 positions are filled.

processing of personal data by the Community institutions and bodies and on the free movement of such data”, the Agency made considerable efforts to have several areas of personal data processing operations prior checked by the European Data Protection Supervisor (EDPS).

The following 3 requests for prior check were sent to the EDPS:

Personnel Selection and recruitment;

Assessment of probationary staff and Career Development Review;

Leave management, missions and flexitime.

In addition, the EAHC data controllers made 2 internal notifications to the Data Protection Officer of EAHC.

The data protection page of the Agency’s website^[1] was launched in 2010. It contains general and specific information (by ways of privacy statements) for the data subjects in the area of recruitment, Calls for proposals and Calls for tenders. The data protection section of the Agency’s intranet site was also considerably revised in order to provide the staff with updated and complete set of information in the area of data protection.

The first EAHC Data Protection Day was organised on 10 March 2010.

2.1.1.2.4 Public access to documents

The Agency ensures that requests for public access to documents are treated according to Regulation (EC) 1049/2001²² and the Implementing rules adopted by the Steering Committee²³. In the course of 2010, the Agency received 2 such requests: 1 in the area of Public Health and 1 in the Consumer field. Out of the 2 requests, 1 was refused based on Article 4(1)(b) and 4(2). The Agency received no confirmatory applications.

2.1.1.2.5 Infrastructure, IT and facilities

The IT application for the evaluation of the Call for proposals for the Health Programme, developed over the past years, was further improved in 2010. In particular access rights for users were enhanced. To optimise the use of the available Call budget, an analysis module has been added. The online review module of the Call Evaluation Tool was reworked to provide access to DG SANCO Policy Officers and to external peer reviewers. Naturally, to this aim, access modes were secured accordingly. Finally, the performance of the application was improved by integrating new programming technologies. In especially, the application now contains all data related to programme data for the period 2008-2013: multi-annual reports are available.

^[1] http://ec.europa.eu/eahc/about/data_protection.html

²² Regulation (EC) No 1049/2003 of the European Parliament and of the Council of 30 May 2001 regarding public access to European Parliament, Council and Commission documents

²³ Decision of the Steering Committee of the Public Health Executive Agency concerning the Implementing rules for the application of Regulation (EC) No 1049/2001 of the European Parliament and of the Council regarding public access to documents

The project database (containing information on financed projects accessible to the public) was updated encompassing: control lists, data updates, upload of physical files.

For the Better Training for Safer Food Programme, a specific IT application to store and to make data on training courses readily available was developed, in 2010.

The preparation for the migration from Adonis to the new document management system ARES was done. Key users were trained for the new environment.

In close collaboration with the Agency parent DG (SANCO) the planning and reporting system VISION (owned by DG SANCO) for budget and finance monitoring is under review. Additional modules and improvements have been identified in 2010 and are part of a phased development strategy and implementation plan, to be tested and going live in 2011. The application VISION is accessible to the Agency and DG SANCO staff.

The re-organisation of the Agency's common IT drive was finalised: the structure is compliant with the standard NOMCOM2 structure of the Commission. Data protection was added with the access limitation to areas.

For the data security and Disaster Recovery, two main improvements have been implemented: the installation of a replication server and the Commission's standard WiFi network service, in order to prevent guests to have access to the internal network.

The organisation of the IT Cell is now supported by a software tool (JIRA) for tracking new software development.

2.1.1.2.6 Financial circuits

The Agency applies fully centralised financial circuit model as defined by the Commission. Accordingly, the responsibilities, delegations and roles of staff within the Agency are embedded in a single validation circuit, based on strict segregation of duties compliant with Financial Regulations and its Implementing Rules.

All expenditure are initiated by a project (or a desk) officer assisted by a financial agent. The Heads of Unit (operational verification), the Agency ex-ante Financial Verifying Officer (financial verification) and the Director (Authorising Officer) verify and authorise expenditure. All key administrative and financial procedures are documented and published on the Agency's intranet, accessible to all staff members.

Management exercises supervision via the operational, information and reporting procedures in place.

2.1.1.2.7 Financial resources management

A Service Level Agreement covering the implementation of the Commission ABAC system and SAP was concluded with DG BUDG in 2006. The Agency disposes of the various ABAC modules specifically created by the Commission for budget and accounting purposes of its services. The modules are: Abac Workflow, Abac Contract, Abac Invoice and Abac Assets (module to manage the assets cycle, most importantly for EAHC furniture and IT equipment).

The Agency has a bank account in euro at the 'Banque et Caisse d'Epargne de Luxembourg' to cash its Operating Grant and to effectuate payments. The Agency enjoys the same framework conditions as the European Commission. All transactions via this account are systematically made through the Commission managed ABAC, SAP and SWIFT financial systems.

2.1.2 Major events of the reporting year having an impact on reputation

There were no events having an impact on reputation in 2010.

2.2 The functioning of the entire internal control system

2.2.1 Compliance with the requirements of the control standards

The Agency has implemented all baseline requirements in 2010, with the exception of three (see table hereunder). These requirements were only partially implemented. Specific actions were identified and are ongoing at the time of finalising this Report.

Control components and Internal Control Standards		Most important actions taken	Ongoing actions
8	Processes and Procedures	The Agency's main operational and financial processes and procedures are documented and published on the Agency's intranet; procedures comply with Financial Regulations and the Commission's guidelines. Overriding of controls from procedures are documented in exception notes, logged centrally and approved before action is taken.	The extended Agency mandate brought new financial instruments to the Agency. Concurrently, the Agency is continuously revising and extending its manual of processes and procedures. This task is ongoing; timeline 30.06.2011.
10	Business Continuity	Adequate measures in place to ensure continuity of service; business continuity plan established; backup plans for information systems maintained.	Considering the extended mandate of the Agency, the Agency Business Continuity Plan describing step by step actions to be taken in case of major disruption has been revised in 2010. The Plan shall be tested in the first half of 2011.
11	Document Management	The Agency uses Adonis to register incoming and outgoing documents; procedures and filing plan defined; the Agency's Legal Advisor has been appointed as data protection officer; provisions on security and protection of personal data available for staff via the Agency's intranet.	The Agency has revised its filing plan in preparation of the move from the EC document management system ADONIS to ARES (roll out of ARES on 20.01.2011). At this occasion, all archives of the Agency have been restructured and adapted accordingly. In addition, archives are locked by key.

2.2.2 Effectiveness of the implementation of the prioritised Control Standards

In its 2010 Work Programme, EAHC had prioritised 2 ICS for which targeted actions to improve the effectiveness of their implementation would be elaborated during 2010: i.e. 'Processes and Procedures' and 'Information and communication'.

Risk categories applicable to the Agency were identified followed by a risk assessment exercise performed through strategic interviews and a final workshop in order to prioritise the so identified risks. The output of the assessment – Final Report issued early 2010 - allowed the Agency to prioritise the risks henceforth focussing those risks with a high exposure, applicable to the Agency.

As the Agency was the 4th year of the Agency's autonomy, mandatory staff mobility in relation to sensitive functions will not become relevant for the Agency before 2012.

On 'Processes and procedures', the Agency further elaborated specific procedures for the preparation, publication, evaluation and management of Call for tenders. The procedures are documented on the Agency intranet. Also in 2011, the Agency shall continue its revision and consolidation of handbook of procedures.

Regarding 'Information and Communication', the EAHC continued to give account of its actions under the Health Programme, and to attract more and better applications for funding. Under the Better Training for Safer Food initiative, special efforts were made to promote and create awareness. New videos promoting training offers, booklets and key reports on various subjects were developed. The Agency participated in the promotional campaign for the EEC net in close collaboration with DG SANCO, enhancing the content devoted to the ECC net hosted by the Europa Portal. At the same occasion a link is ensured with the Agency website.

Regarding internal communication, intranet was kept updated and served as a primary tool after face-to-face communication in the agency.

2.2.3 Conclusion

The Agency has put in place monitoring measures which ensure that the internal control systems are effective. EAHC has also considered the risks and focuses the control resources on those areas where risks are the greatest, while ensuring adequate control over all activities. Based on all information and the above analysis, it can be stated that the Agency has an effective, robust and reliable control system at its disposal.

The weaknesses identified and reported do not significantly affect operational management results or jeopardised legality and regularity of the Agency's activities and objectives.

No critical observations were made affecting the Director's assurance declaration.

2.3 Information to the Commissioner

The main elements of this report and assurance declaration have been brought to the attention of the agency's Steering Committee and to the parent DG Director General, who has taken these into consideration in her reporting to Commissioner Dalli.

The Steering Committee of the Agency gathered 4 times in 2010, to know on 26.02.2010, 21.06.2010, 18.10.2010 and 20.12.2010. The draft of this report was discussed at the Steering Committee of 01.03.2011.

3 PART 3: BUILDING BLOCKS TOWARDS THE DECLARATION OF ASSURANCE (AND POSSIBLE RESERVATIONS TO IT)

3.1 Building blocks towards reasonable assurance

3.1.1 Building block 1: Assessment by management

The overall assurance that the resources assigned to the activities described in this report have been used for their intended purpose and in accordance with the principles of sound financial management is based on the following elements:

Internal control standards

As detailed in Part 2 of this Report, the Agency has put in place monitoring measures which ensure management that the internal control systems are effective. No critical observations were made affecting the assurance declaration.

Ex-ante desk controls of financial transactions

In accordance with the Agency financial circuits, all financial transactions are prior to authorisation verified by the Agency ex-ante verifying officer. By transactions is meant budget and legal commitments, payments and contract signatures. Henceforth legality, regularity and compliance with relevant financial regulation are ensured and corrective action is taken before authorisation of the transaction. No critical observations were brought to the attention of management affecting the assurance of the declaration.

Advisory Committee for Procurement and Contracts

The Advisory Committee for Procurement and Contracts (ACPC) examines if the calls for tenders followed the public procurement rules, the terms laid down in the tender specifications and in the proposed contract. The Committee is composed of the Head of the Administration of the Agency, the Programme Co-ordinators, the Agency Legal Advisor, the Head of the Agency Financial Cell and the Agency ex-ante Financial Verifying Officer. The Committee verifies the correct application of procedures for contracts equal to or above 125.000 €.

The ACPC of the Agency held 9 meetings in 2010 and discussed the files of all together 28 lots (organised in 18 public procurement procedures). Out of these, 11 lots were launched in the area Public Health, 2 in the Consumers field and 15 in the area of the BTSF Initiative. The ACPC issued 23 favourable opinions and 1 unfavourable opinion. In case of 4 lots, the Agency has not received any offer and therefore the ACPC did not issue any opinion.

	HEALTH UNIT	CONSUMERS AND FOOD SAFETY UNIT		TOTAL
		CONSUMERS	BTSF	
Favourable opinions (lot)	10	1	12	23
Unfavourable opinions (lot)	-	1	-	1
Took note of no offer received (lot)	1	-	3	4

In case of the procurement procedure where the ACPC issued an unfavourable opinion, the decision was based on a split position of the ACPC members where the unfavourable votes were only one more than the favourable votes. Following this decision, the responsible unit provided a thorough and detailed assessment and

justification why the underlying statements of the final unfavourable ACPC opinion cannot be considered correct. Based on this, an overrule took place and the contract was awarded by the Authorising Officer.

On-the-spot controls

The aim of the on-the-spot controls is to provide the Authorizing Officer with a reasonable assurance concerning the legality and regularity of the underlying transactions and that payments are exempt from ineligible expenditure under the grant. During an on-the-spot control, auditors go to the premises of the contractor to verify the costs declared. Contractual required supporting documents are verified and the accounts are checked to this purpose. On-the-spot-controls can be either ex-ante the final payment of the grant or ex post.

The Agency's on-the-spot-control cell is administratively attached to the Director's office and operates independently from the Agency units.

The on-the spot controls strategy implemented by the EAHC's audit team or with the support of external contractors (outsourced audits), focused on the following objectives:

- Maximise the impact of corrective and recovery mechanisms by targeting audit efforts on those beneficiaries which:
 - Receive significant contributions from the programme budget managed by the Agency;
 - Have a higher a priori risk profile (in terms of the type of the received grant, the structure of the multi-beneficiary consortium, the duration of the action/programme of the grant, beneficiaries which have received more than one grant)
 - Have been identified at risk (in terms of possible overcharging, fraud and/or irregularities).
- Assess the regularity and legality of financial transactions and provide input to the Annual Declaration of Assurance by providing estimates on the residual error rate in the population on the basis of
 - Qualitative analysis of the population assessing the inherent risks of the spent budget.

The audit strategy recognises the multi-annual nature of the budget spent under the Programmes. Grants cover actions of several years with significant initial pre-financing (maximum 80%) followed by subsequent balance payment to reimburse incurred costs.

The purpose of the ex-post strategy is to enable EAHC, by the end of the programmes, to declare the budget managed under its control below the materiality level specified in Annex 4. During the period 2011-2015 the share of final payments in the total annual budget spending will increase gradually. In parallel, the EAHC will dispose of an increasing number of finalised audits, thereby providing information to estimate the residual error rate in the populations with increasing statistical precision as input for the expression of reasonable assurance.

In 2010, the Agency aimed to detect the most significant errors and as a consequence to minimise the residual risk. At the same occasion, control resources were used strategically to impact most efficiently and effectively their purpose. However, since the audited projects were not selected randomly, but by using risk-based criteria, the audit sample results cannot be extrapolated to the whole population of the projects financed by the Agency.

Examination of the control findings reveals that the observed errors stems mainly from, wrongly calculated salary costs (for example daily rates wrongly calculated or insufficiently documented) or different exchange rates. Amounts paid in excess of the accepted costs after control are deducted from the balance payment or recovered if the final payment was already executed. In view of these observations, the Agency has taken mitigating action intensifying and focussing communication with beneficiaries on financial aspects of the grants.

Analysis of the 2010 payment populations

Public Health programme

The population of payment transactions concern following instruments and respective amounts:

Financial Instrument	Pre-financing	Payments made based on Cost Statements or Invoices	Amount controlled during on-the-spot audit controls
Project Grant	24.500.000	2.600.000	8.731.000
Conference Grant	800.000	100.000	
Joint Action Grant	3.800.000	0	
Operating Grant	2.200.000	480.000	
Direct Grant Agreement	400.000	1.030.000	0
Service Contract		730.000 ²⁴	0
Total	32.700.000	4.940.000	8.731.000

1. The beneficiaries which were controlled were selected on risk based criteria and not randomly.
2. In the sample of 13 finalised on-the-spot controls, the average total rate of corrections was 1,92 %.

Type of control	Number of on-the-spot controls	Amount controlled	Amount of declared costs refused by the control	Amount for correction as % of amount controlled
PHP	13	7.377.324 €	141.559 €	1,92 %

3. In addition to the sample, 3 extra beneficiaries were audited on-the-spot concerning in total 4 projects. These beneficiaries were prior to the audit specifically identified by desk officers during their ex-ante desk control²⁵ as having exceptionally high error rates.

²⁴ Payments based on invoices rather than cost declarations

²⁵ As part of the internal control system of the Agency, it is to be reminded that 100% of financial transactions (including payments) are subject to a desk control before validation of the expenditure by the Agency Authorising Officer.

Adding the 3 targeted beneficiaries to the sample of 13, shows an overall average error rate of 4,04% for 17 controls. However, the hence obtained aggregated error rate resulting from these added targeted on-the-spot controls cannot be considered as representative for the population. The total amount controlled on the spot ex-post was 8.730.687,24 (of which 1.353.363 € for the 3 targeted beneficiaries).

4. 95% of costs accepted for Operating Grants were warranted by an external audit certificate issued by a certified auditor. This brings an additional level of assurance on the legality and regularity of the declared costs.
5. 100% of payments for Direct Grant Agreements concern International Organisations as the WHO, the OECD, the Council of Europe, etcetera. Part of these payments an amount of 1.000.000 € was paid as a lump sum further to a Commission Decision.
6. Service contracts payments were made on the basis of a duly invoice and checked against the contractual terms indicating fixed priced on acceptance of the service. Paying a fixed price agreed in a contract involves a much lower risk of error than reimbursing actual costs based on third party declarations. Therefore, the 100% ex-ante desk controls are considered sufficient to ensure an error rate of 0%.
7. All errors detected are subject to correction prior to the payment (ex-ante controls) or a recovery order (ex-post controls).
8. On the basis of the results obtained from the on-the-spot audit controls and considering the qualitative elements specified, a reservation on payments related to the ABB activity Public Health as a whole is therefore not warranted.

Consumer programme

The population of payment transactions concern following instruments and respective amounts:

Financial Instrument	Pre-financing	Payments based on Cost Statements or Invoices	Amount controlled during on-the-spot audit controls
ECC-net Grant	2.440.000	900.000	5.787.034
Operating Grant	1.590.000	480.000	
Project Grant	470.000	200.000	
Lump Sum Grant	0	50.000	
Service Contract		3.270.000	0
Total	4.500.000	4.900.000	5.787.034

1. The beneficiaries which were controlled were selected on risk based criteria and not randomly.
2. Two ECC Net projects out of 29 were selected for on-the-spot control. There are no finalised error rates available yet. However, the average preliminary error rate (before contradictory procedure) is 2,10%. This rate cannot be extrapolated to the full population as the sample was selected using risk based criteria and the audit procedure is not yet final.
3. All the Operating Grants referred to in the table were subject to an ex-ante on-the-spot control before payment of the accepted costs. The detected errors

were deducted from the final payment. The residual error rate was henceforth 0%.

4. Payment for service contracts are made according to the price fixed in the contract on the basis of acceptance of the deliveries. Paying a fixed price agreed in a contract involves a much lower risk of error than reimbursing actual costs based on third party declarations. Therefore, the 100% ex-ante desk controls are considered sufficient to ensure an error rate of 0%.
5. On the basis of the preliminary overall error rate for the audited ECC-net grants, the 0% residual error rate for Operating grants and the qualitative elements specified a reservation on payments related to the ABB activity Consumers Programme as a whole is therefore not warranted.

Better Training for safer Food Initiative

The population of payment transactions concern following instruments and respective amounts:

Financial Instrument	Pre-financing	Payments based on Cost Statements or Invoices	Amount controlled during on-the-spot audit controls
Service Contracts	0	4.160.000	0
Total	0	4.160.000	0

1. The award of service contracts are subject (all contracts equal or above 125.000 €) to validation by the Agency Committee on Public Procurement. In addition, (independently of the programme or budget line) 100% of contracts and payment transactions are subject to ex-ante financial verification. Payment for service contracts are made according to the price fixed in the contract on the basis of acceptance of the deliveries. Paying a fixed price agreed in a contract involves a much lower risk of error than reimbursing actual costs based on third party declarations. Therefore, the 100% ex-ante desk controls are considered sufficient to ensure an error rate of 0%.
2. A reservation on payments related to the ABB activity Better Training for Safer Food Initiative is therefore not warranted.

Analysis of overall audit coverage (for the three programmes)

It is to be noted that the amount of the financial transactions affected by the on-the-spot control (population of year 2010) represents a total of 14.518.034 € equalling 28,35 % of total amount of payments executed in 2010.

The Public Health Evaluation Process

The following indicators were used for the 2010 Public Health Evaluation process, implemented under the supervision and responsibility of the Agency's parent DG (SANCO):

Type	Indicator
Input	12 staff members (3 scientific and 3 financial officers, 3 assistants, 2 interim agents, 1 data managing officer) for screening and opening phases

	3 external reviewers + 1 scientific officer of the Agency (panel moderator) per submitted proposal for selection and technical review phases
	3 IT staff (proposals' database development; business object reporting)
	Evaluation Committee: 9 (EAHC (4) + EC officials (5))
Output	100% of submitted proposals registered and opened
	100% of eligible proposals assessed by 3 external reviewers under supervision of 1 scientific officer of the Agency (3 individual review forms)
	100% of proposals at technical review phase were subject to a consensus meeting
	statistical evaluation of whole assessment phase, covering all proposals
	communication of results to applicants
	100% response rate to invitation for negotiations
	application of negotiation calendar with selected for funding beneficiaries
Result	no significant bias detected of the assessment process (incl. marks awarded)
	reallocation of funds between programme's strands, in accordance with budget
	optimization of available funding through review of proposal's budget
Impact	successful completion of full cycle of assessment phase, prior to contracting
	at the end of 2010 the Agency managed 416 Public Health projects, versus respectively 361 and 256 at the end of 2009 and 2008

3.1.2 Building block 2: Results from audits during the reporting year

3.1.2.1 Internal auditor (IAC) of the EAHC

There were no new reports issued by the EAHC Internal auditor in 2010.

3.1.2.2 Internal Audit Capacity (IAC) of DG SANCO

The internal Audit Capability of the Agency's parent DG finalised an audit on contract management in the field of public health and grant management with international organisations. In view of the tasks delegated to the Agency and the relevance of the auditor's recommendations for the hence transferred transactions, the Agency should be involved in the implementation of these IAC recommendations.

3.1.2.3 The Internal Audit Service (IAS) of the European Commission

The Internal Audit Service of the Commission carried out an audit on the Operational budget of the Agency. The final Report was transmitted on 25 January 2010. The auditors concluded that based on the results of the audit the internal control system in place provides reasonable assurance regarding the achievement of the business objectives set up for grants managed by the EAHC, except for some domain.

The audit referred in particular to the Agency's resource strategy where it could have an adverse impact on the achievement of the Agency's objectives and on a proper implementation of the programmes managed by the Agency. Also, guidelines on mutual cooperation, reporting and supervision modalities between DG SANCO and the EAHC were referred at.

All recommendations, have been accepted and an action plan for implementation is made. There were no recommendations qualified as "Critical".

3.1.2.4 The European Court of Auditors

Similar to previous years, the European Court of Auditors audited the Agency's annual accounts of the previous year. This time the audit concerned the financial year 2009. The audit scope includes amongst others the (level of) implementation of the Agency's operating budget, its human resources files, the applied procurement procedures and accounts.

In the Court's opinion, *"the Agency's annual accounts of 2009 present fairly, in all material respects, its financial position as of 31 December 2009 and the results of its operation and its cash flows for the year then ended, in accordance with the provisions of its Financial Regulation"*.

The Court also found that the transactions underlying the annual accounts of the Agency are in all material respects legal and regular.

The Court recommended the Agency to revise its execution planning of the Agency's administrative budget. The Court judged that the Agency should improve its planning of the administrative expenditure and throughout the year apply more strictly the principle of annuality.

The Agency took note of the Court's observation and recommendation and improved its planning procedures for the administrative budget accordingly

3.1.2.5 Assurance gained from building block 2

Further to the audit findings, results and the identified recommendations for improvement, the Agency Internal Auditor issued her positive Auditor Opinion (Satisfactory Opinion).

The Opinion qualifies that the internal control system provides reasonable assurance regarding the achievement of the Agency business objectives set up for the processes audited, with exception of the audit recommendations defined in the reports (recommendations qualified as "Very important" are listed under point 3.1.2.3).

None of the issues raised by the auditors met the materiality criteria set out in Annex 4. No critical recommendations were made. No significant repetitive error or material deficiency in the internal control system of the Agency was flagged. No significant quantifiable error(s) were reported, neither were elements identified that could seriously damage the reputation of the Agency. As a conclusion the identified weaknesses are not likely to have a bearing on the content of the annual declaration of the Agency Director.

3.1.3 Building block 3: Follow up of reservations and action plans for audits from previous years

3.1.3.1 Internal auditor (IAC) of the EAHC

All recommendations of previous audits of the IAC have been implemented and the audits were closed by the IAC.

The Agency Internal Auditor monitored the status of implementation of the Commission Internal Audit Service (IAS) recommendations issued in January 2010; 5 recommendations (out of 15) were fully implemented in 2010 and sent for review. It concerned 4 recommendations qualified 'important' and one 'very important'. For more details on this IAS audit see point 3.1.2.3 of this Report.

The status of implementation of the actions foreseen in the risk management plan of the Executive Agency for Health and Consumers was also reviewed by the Agency Internal Auditor.

The audit covering the process of planning the budget and scope for the meetings organized by the EAHC Health Unit is delayed. The Audit results will be finalised in 2011.

3.1.3.2 Internal Audit Capacity (IAC) of DG SANCO

There are no open recommendations from audits of the Agency made by the Internal Audit Capacity (IAC) of DG SANCO.

3.1.3.3 The Internal Audit Service (IAS) of the European Commission

The implementation of the recommendations (3 qualified by IAS as 'Very Important' and 12 'Important') is ongoing. Out of the 15 recommendations, 5 have been fully implemented and were sent to IAS for review and validation. The 5 finalised recommendations concerned 4 qualified by IAS as 'Important' and 1 'Very Important'. Regarding the remaining recommendations, EAHC is working towards full implementation of these recommendations, this is to say 5 are scheduled for finalisation at 31.03.2011 and the remaining not later than 30.06.2011.

3.1.3.4 The European Court of Auditors

Further to its audit activity on the Agency 2009 administrative accounts, the Court recommended the Agency to revise its execution planning of the Agency's administrative budget. The Court judged that the Agency should improve its planning of the administrative expenditure and throughout the year apply more strictly the principle of annuality.

The Agency took note of the Court's observation and recommendation and improved its planning procedures for the administrative budget accordingly. Transactions were advanced in time, ensuring an earlier execution of the Agency operating budget. Doing so, the Agency improved its compliance with the annuality principle of the budget.

3.1.3.5 Reservations from previous years

Internal Audit Service of the Commission (IAS)

There were no reservations made over the previous years.

Previous year's Annual Activity Report reservations

There were no reservations made over the previous years.

3.1.3.6 Assurance gained from building block 3

The Agency's implementation of audit recommendations is assessed overall as positive. There are no weaknesses having an impact on the assurance declaration brought to the attention of management by the auditors. This contributes to the assurance that a reservation to the declaration is not warranted.

3.1.4 Building block 4: Assurance received from other Authorising Officers in cases of cross sub-delegation

There are no other Authorising Officers or cross sub-delegation made relevant and intended for reporting under this chapter.

3.2 Reservations and their impact on the declaration

In its respective legal framework, the Agency implements certain tasks concerning Community aid under the Public Health programmes, the Consumer policy programme and the Better Training for Safer Food initiative. These tasks do not include programme evaluation, monitoring of legislation and strategic studies, or any other action which comes under the exclusive competence of the Commission.

The internal control arrangements in place in the Agency provide reasonable assurance regarding the risks and concerns associated with the Agency's mission, business objectives and tools and allow to state the absence of any systematic weakness in view of the defined quantitative or qualitative materiality criteria, or reputation risks for the tasks performed by the Agency. The materiality thresholds defined were not passed.

Based on the audit results from risk-based samples and the qualitative elements analysed, a reservation on payments is not warranted. Notwithstanding this conclusion, the sample results indicate that continued controls are required. Analysis of the control findings reveals that the observed errors stem mainly from wrongly calculated salary costs (for example daily rates erroneously calculated or insufficiently documented) or different exchange rates used when costs were declared.

In the Court of Auditor's opinion, "*the Agency's annual accounts of 2009 present fairly, in all material respects, its financial position as of 31 December 2009 and the results of its operation and its cash flows for the year then ended, in accordance with the provisions of its Financial Regulation. The transactions underlying the annual accounts of the Agency are in all material respects legal and regular.*"

No case of a significant misapplication of procedures, intentionally overridden rules or wilfully circumvented controls was brought to or came to the attention of the management.

The Director has no reservations on the declaration.

3.3 Overall conclusions on Declaration as a whole

The Director has no reservations on the declaration (see point 3.2).

4 PART 4: DECLARATION OF ASSURANCE

I, the undersigned,

Director of the Executive Agency for Health and Consumers

In my capacity as authorising officer by delegation

Declare that the information contained in this report gives a true and fair view²⁶.

State that I have reasonable assurance that the resources assigned to the activities described in this report have been used for their intended purpose and in accordance with the principles of sound management, and that the control procedures put in place give the necessary guarantees concerning the legality and regularity of the underlying transactions.

This reasonable assurance is based on my own judgement and on the information at my disposal, such as the results of the self-assessment, ex-post controls, the work of the internal audit capability, the observations of the Internal Audit Service and the lessons learnt from the reports of the Court of Auditors for years prior to the year of this declaration.

Confirm that I am not aware of anything not reported here which could harm the interests of the institution.

Luxembourg, 30 March 2011

Signed

Luc Briol

²⁶ True and fair in this context means a reliable, complete and correct view on the state of affairs in the service.