



2008

FINAL ACCOUNTS

Financial Statements & Budgetary Reports

TABLE OF CONTENTS

CERTIFICATION OF THE ACCOUNTS & STATEMENT OF THE DIRECTOR.....	3
PART I	4
1. INTRODUCTION.....	4
2. ANNUAL ACCOUNTS.....	5
2.1 LEGAL BASIS.....	5
2.2 AGENCY ACCOUNTS.....	6
3. ACCOUNTING PRINCIPLES.....	6
4. CONSOLIDATION.....	7
5. ACCOUNTING RULES	7
PART II- FINANCIAL STATEMENTS	8
1. BALANCE SHEET 31-12-2008.....	8
2. ECONOMIC OUTTURN ACCOUNT 31-12-2008	9
3. CASHFLOW TABLE 31-12-2008	10
4. STATEMENT OF CHANGES IN CAPITAL 31-12-2008	10
5. NOTES TO THE FINANCIAL STATEMENTS.....	11
6. RECONCILIATION OF THE ECONOMIC RESULT WITH THE BUDGET RESULT.....	19
PART III-REPORTS ON BUDGET IMPLEMENTATION	21
1. BUDGET OUTTURN ACCOUNT	21
2. BUDGET IMPLEMENTATION REPORTS	22
3. NOTES ON BUDGET IMPLEMENTATION.....	24
4. HUMAN RESOURCES ON 31-12-2008	27
5. CONTRACTS ON 31-12-2008	28
6. REPORT ON FINANCIAL MANAGEMENT IN 2008	29

CERTIFICATION OF THE ACCOUNTS & STATEMENT OF THE DIRECTOR

Certification

The annual accounts of the Executive Agency for the Health and Consumers (hereafter "the Agency") have been prepared in accordance with Title VI of the Financial Regulation of the Agency (Commission Regulation (EC) N° 1653/2004, amended by Commission Regulation (EC) N° 651/2008 as well as the accounting rules and methods adopted by the Commission's Accounting Officer.

I hereby certify that based on the information provided by the Authorising Officer, I have reasonable assurance that the accounts present, in all material respects, a true and fair view of the financial position of the Agency.



Ms Silvia BENTO
Accounting Officer

Luxembourg, 02/06/2009



Mr Luc BRIOL
Director

Statement of the Director

I, the undersigned, Director of Executive Agency Health and Consumers (hereafter "the Agency"), in my capacity as authorising officer,

- Declare that the information contained in this report gives a true and fair view.
- State that I have reasonable assurance that the resources assigned to the activities described in the Annual Activity Report have been used for their intended purpose and in accordance with the principles of sound financial 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 judgment and on the information at my disposal, such as the results of the self-assessment, the work of the internal audit capability, 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.

PART I

1. Introduction

The Executive Agency for Health and Consumers is the result of the transformation of the Public Health Executive Agency, following Commission Decision (2008/544/EC) on 20th June 2008¹, amending Decision (2004/858/EC) of 15th December 2004².

By its decision the Commission extended the scope of the programmes managed by the Agency to the field of Consumers and Food Safety Measures under the following Community Programmes:

- **Public Health Programme 2003-2008** – Decision N° 1786/2002/EC
- **Public Health Programme 2008-2013** - Decision No 1350/2007/EC
- **Consumers Programme 2007-20103** - Decision No 1926/2006/EC
- **Food Safety Training Measures** - Regulation (EC) No 882/2004 and Directive 2000/29/EC:

Under the Community programmes mentioned above, EAHC is responsible for implementing the following tasks as defined in the delegation act adopted on 9th September 2008³ :

(a) Managing all the phases of the cycle of projects (for monitoring and dissemination purposes, the Agency shall take the necessary steps to create a database of projects or to continue an existing one, incorporating a project description and the final results);

(b) Monitoring projects implemented under these programmes and measures including the necessary checks;

(c) Collecting , processing and distributing data and in particular compiling, analysing and transmitting to The Commission all information required to guide implementation of the Community programmes and measures , promote coordination and synergy with other programmes of the Communities , the Member States or international organisations;

(d) Organising meetings, seminars, talks, and training measures;

(e) 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;

(f) Disseminate the results of the information operations planned and implemented by the Commission;

(g) Producing overall control and supervision data;

(h) Participating in preparatory work on financing decisions;

The lifetime of the Agency was extended to 31/12/2015.

¹ Commission Decision(2008/544/EC) - transform the Executive Agency for the Public Health Programme into the Executive Agency for Health and Consumers

² Commission Decision (2004/858/EC) - setting up an executive agency, the Executive Agency for the Public Health Programme, for the management of Community action in the field of public health

³ Commission Decision of 9/09/2008- delegating powers to the EAHC

2. Annual Accounts

2.1 Legal Basis

The 2008 financial statements and reports on budget implementation of EAHC were prepared in conformity with:

- **Commission Regulation (EC) N° 651/2008 of 9 July 2008** -amending Regulation (EC) No 1653/2004 on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) No 58/2003 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes-in absence of expressly laid down rules general financial regulation shall be applied (Commission Regulation N°2342/2002 of 23rd December, Council Regulation N°1605/2002 of 25 June 2002)
- **Accounting Rules** (based on IPSAS⁴) adopted by the Accounting Officer of the Commission in December 2004.
- **Council Regulation N° 58/2003 of 19th December 2002** - laying down the statute for Executive Agencies to be entrusted with certain tasks in the management of Community Programmes
- **Commission Decision of 20th June 2008** – amending Decision 2004/858/EC in order to transform the 'Executive Agency for the Public Health programme' into the Executive agency for Health and Consumers'

⁴ International Public Sector Accounting Standards

2.2 Agency Accounts

The Agency accounts comprise the general accounts and budget accounts, kept in euros on the basis of the calendar year. Each of them follows different principles.

- **General accounts**

The general accounts allow the preparation of financial statements: Balance sheet, economic outturn, statement of changes in net capital, cash flow table and annex to the financial statements.

They are accrual accounts, which mean that the effects of the transactions or events are recognised when they occur, independently of the moment of the payment or receipt.

The purpose of the financial statements is to provide information on the financial situation, performance, as also the changes in the financial situation of the Agency.

- **Budget accounts**

The budget accounts give a detailed picture of the implementation of the budget.

They are modified cash accounts. This means that, as in any cash system any payment made or revenue received are recorded. Although they are modified, as opposed to the pure cash accounts, the payments appropriations carried over are also recorded.

They allow the preparation of the budget implementation reports as also the budgetary outturn account.

Both accounts have different purposes, therefore they are complementary.

Discrepancies between the general accounts and budget accounts are explained via a reconciliation of items as presented in point 6 of the Part II.

The accounts must be compliant with the rules, accurate, comprehensive and present a true and fair view of the financial position and also of the budget execution.

3. Accounting Principles

In conformity with the Article 53 of the Commission Regulation EC N°1653/2004, financial statements are prepared accordingly with the following generally accepted accounting principles:

- Going concern basis
- Prudence
- Consistent accounting methods
- Comparability of information
- Materiality
- No netting
- Reality over appearance
- Accrual-based accounting

4. Consolidation

According to the Article 57 of the Commission Regulation EC N°1653/2004, EAHC accounts are consolidated with the Commission's annual accounts.

5. Accounting Rules

The accounting rules applied by the agency must allow the consolidation with the Commission accounts accordingly with § 11 Commission Regulation EC N°1653/2004 and Articles 133, 185 of Financial Regulation.

Additional information is provided in the notes to financial statements (Point 5 of Part II).

PART II- Financial Statements

**1. BALANCE SHEET
31-12-2008**

	NOTES	2008	EUR 2007
ASSETS			
I.NON-CURRENT ASSETS		97.844	123.711
Intangible fixed assets	5.2	35.349	39.876
Computer software		63.229	53.071
Acc Depreciation		-27.880	-13.195
Tangible fixed assets	5.2	62.495	83.835
Plant, Mach&Equip		2.521	2.521
Furniture		10.707	9.372
Computer hardware		115.931	104.913
Other Fixtures and fittings		21.942	19.587
Acc Depreciation		-88.606	-52.558
II.CURRENT ASSETS		1.993.733	3.235.781
Short time receivables	5.3.1	35.673	320
Receivables from Consolidated Entities		21.508	320
Personnel and Others		14.165	
Cash&Equivalents	5.3.2	1.958.060	3.235.461
BCEE		1.958.060	3.235.461
TOTAL ASSETS		2.091.577	3.359.492
LIABILITIES			
II. CURRENT LIABILITIES		1.748.926	2.008.108
Payables to consolidated entities	5.4.1	1.135.258	1.724.488
Prof.Subsidy - Commission		1.031.271	1.603.717
Interests to be reimbursed to the EC		101.055	111.104
Other amounts payable to Consolidated Entities		2.932	9.667
Other amounts payable	5.4.2	11.088	35.711
Suppliers		864	32.993
Others amounts payable		10.224	1.113
Contribution Pension		0	649
Contribution Sickness		0	330
Tax retained		0	455
Contribution Accident		0	52
Contribution Unemployment		0	119
Invoices to be received & Accruals	5.4.3	602.581	247.909
Accrued Charges		408.271	155.788
Accrued Charges -Consolidated entities		194.310	92.121
TOTAL LIABILITIES		1.748.926	2.008.108
CAPITAL (NET ASSETS/LIABILITIES)		342.651	1.351.385
Accumulated Results from previous years		1.351.385	
Economic result of the year		-1.008.734	1.351.385
TOTAL CAPITAL		342.651	1.351.385
TOTAL LIABILITIES+CAPITAL		2.091.577	3.359.493

2. ECONOMIC OUTTURN ACCOUNT

31-12-2008

<i>EUR</i>			
	NOTES	2008	2007
OPERATING REVENUE		3.389.029	4.607.096
Total revenue registered by the Agency	5.6	3.389.029	4.607.096
Subsidy received from the European Commission		4.420.300	5.096.595
Subsidy to be reimbursed in n+1		-1.031.271	-578.717
Revenue from administrative operations (NBV of fixed assets transfer)		0	89.218
OPERATING / ADMINISTRATIVE EXPENSES		4.397.587	3.255.673
Staff expenditure	5.7.1	2.223.802	1.738.792
Staff costs		1.976.433	1.544.359
Pension & Unemployment Temp		9.203	8.344
Social security		28.192	25.731
Staff Perquisites and Social Activities		3.534	
Allowances		206.441	160.358
Fixed assets related Expenses	5.7.2	50.732	45.399
Depreciation of intangible fixed assets		14.684	13.195
Depreciation of tangible fixed assets		36.048	32.204
Other Administrative expenses	5.7.3	1.101.373	1.006.461
Office Supplies & Maint,		38.150	29.675
Communication& Publication		0	23.111
Insurance-Others		721	
Recruitment costs		43.380	7.498
Training costs		2.558	3.511
Missions		81.848	58.090
Experts and related expenditure		401.463	367.261
Goods Services& Int.proc		533.252	517.316
Consolidated EC Entities -Adm Costs	5.7.4	1.021.679	465.021
Expenses with consolidated entities		1.021.679	465.021
SURPLUS FROM OPERATING ACTIVITIES		-1.008.557	1.351.424
Financial operations expenses	5.7.5	177	39
Interest expense on late payment of charges		56	0
Other financial expenses		121	39
ECONOMIC RESULT FOR THE YEAR		-1.008.734	1.351.385

3. CASHFLOW TABLE 31-12-2008

<i>EUR</i>		
	2008	2007
CASH FLOW FROM OPERATING ACTIVITIES		
Surplus from operating activities	-1.008.734	1.351.385
ADJUSTMENTS		
Amortization/Depreciation	50.732	45.399
Increase/(decrease) in short term receivables	-35.353	-320
Increase/(decrease) in accounts payable	331.246	283.619
Increase/(decrease) in liabilities related to consolidated entities	-590.428	1.724.488
NET CASHFLOW FROM OPERATING ACTIVITIES	-1.252.537	3.404.571
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of intangible and tangible assets	-24.865	-169.110
NET CASHFLOW FROM INVESTING ACTIVITIES	-24.865	-169.110
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS	-1.277.401	3.235.461
Cash and cash equivalents at the beginning of the year	3.235.461	0
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	1.958.060	3.235.461

4. STATEMENT OF CHANGES IN CAPITAL 31-12-2008

<i>EUR</i>					
	Reserves		Accumulated surplus/deficit	Economic Outturn	Total Net assets/liabilities
	Fair value reserve	Other reserve			
Balance as of 31/12/2007	-	-	-	1.351.385	1.381.385
Balance as of 01/01/2008	-	-	1.351.385	-	1.351.385
Economic outturn of 2008	-	-		-1.008.734	-
Balance as of 31/12/2008	-	-	1.351.385	-1.008.734	342.651

5. Notes to the financial statements

5.1. Currency and basis conversion

Functional and reporting currency: financial statements are presents in euros

Transactions and balances: no transactions were executed in foreign currency

5.2. Intangible and tangible assets

- The intangible and tangible assets are registered at the historical amount, which comprises its purchase price, (including any import duties and non-refundable purchase taxes) and any directly attributable expenditure on preparing the asset for its intended use.
- The materiality threshold used is 420 euros, which means that below this amount the expense is booked as a charge of the exercise.
- Repairs and maintenance are charged to the economic period in which they have incurred.
- Depreciation is calculated since the month of the asset reception and booked monthly, using the straight-line method to allocate the costs to the residual values over the estimated useful lives.

The depreciation rates used are listed below:

Assets	Depreciation rate
Intangible assets – Computer Software	25%
Plant, machinery and equipment	25%
Furniture	10% , 25%
Fixtures and fittings	10%
Computer hardware	25%

- **Intangible net fixed assets 35.349 €**

During 2008, EAHC purchased several software licences for the total amount of 10.157€: Oracle licenses, Acrobat Coldfusion. The remaining part corresponds to assets purchased in 2007.

- **Tangible net assets – 62.495 €**

During 2008, the purchase of fixed assets was mainly computer hardware: PC's, portables, an assets tracker and office furniture. The total of the purchases amounted to 14.708€. The remaining amount corresponds to assets purchased and/or transferred from the Commission in 2007.

In 2007, the Commission transferred a group of assets which were in use in the Agency premises, bought by DG SANCO before Agency's autonomy.

The transfer was done from the management centres of DIGIT and OIL for the IT equipment and furniture respectively. The items transferred are detailed in the annex of note PHEA D

(2007)/101310 signed by the Director of the Agency and the Director of Directorate C of DG SANCO. The assets were transferred at gross book value on 01/01/2007 with the accumulated depreciation on 31/12/2006. This transaction created a profit, recognised in the accounts for the net amount of 89.218 €.

Variation of fixed assets is presented below:

FIXED ASSETS					
INTANGIBLES ASSETS					
	Computer Software 21001	Total			
Gross book value at 31-12-2007	53.071	-			
Additions	10.157	10.157			
Disposals	-	-			
Transfer between headings	-	-			
Other changes	-	-			
1.Gross carrying amounts 31-12-2008	63.229	63.229			
Accumulated amortization at 31-12-2007	13.195	-			
Amortization of the year	14.685	14.685			
Write-back of amortization	-	-			
Disposals	-	-			
Impairment	-	-			
Write-back of impairment	-	-			
Transfer between headings	-	-			
2.Accumulated amortization and impairment at 31-12-2008	27.880	27.880			
A.NET BOOK VALUE (1-2)	35.349	35.349			
TANGIBLES ASSETS					
	Plant. Mach. & Equipment 23001	Furniture and Rolling 24001	Computer Hardware 24101	Other Fixtures & Fittings 24201	Total
Gross book value at 31-12-2007	2.521	9.372	104.913	19.586	136.393
Additions	-	1.334	11.018	2.356	14.708
Disposals	-	-	-	-	-
Transfer between headings	-	-	-	-	-
Other changes	-	-	-	-	-
1.Gross carrying amounts 31-12-2008	2.521	10.707	115.931	21.942	151.101
Accumulated amortization at 31-12-2007	1.050	2.385	40.326	8.797	52.558
Amortization of the year	630	962	28.970	5.486	36.048
Write-back of amortization	-	-	-	-	-
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Write-back of impairment	-	-	-	-	-
Transfer between headings	-	-	-	-	-
2.Accumulated amortization and impairment at 31-12-2008	1.680	3.348	69.296	14.282	88.606
B.NET BOOK VALUE (1-2)	841	7.359	46.635	7.660	62.495
TOTAL NET FIXED ASSETS (A+B)					97.844

5.3. Current Assets

5.3.1 Short Term Receivables - 35.673€

- From consolidated Entities – 21.508 €

This item includes the amount of 20.905€ receivable from the Commission (PMO) concerning the "Indémnité différentielle" paid by the Agency to the temporary agents detached from the Commission in functions in the Agency, who have a higher grade originally. The amount corresponds to the 2nd semester of 2008.

It is included as well an amount of 603€ to be received from other institutions concerning the monthly difference of balance that occur when there is moving between institutions.

- Others -14.165 €

This item includes amounts concerning amounts to be recovered from the staff like: advances of salaries, amounts to be retained in staff salaries concerning crèche/garderie. It also includes amounts concerning regularisations in sickness and accidents insurance, taxes and pension contribution to be deducted from the following payment.

5.3.2 Cash & Equivalents – 1.958.060 €

The amount included in this item corresponds to bank balance at 31/12/2008 in the bank account held by EAHC at "Banque et Caisse d' Epargne de l'Etat-Luxembourg".

The bank account was opened in November 2006 under the framework contract signed between the Commission and BCEE.

The Agency does not manage any petty cash.

5.4. Liabilities

5.4.1 Payables to consolidated entities – 1.135.258 €

This item includes liabilities towards consolidated entities as detailed below:

- The balance to be reimbursed -1.031.271€

The amount of 1.031.271 € concerning the balance to be reimbursed to the Commission is part of the 2008 subsidy that remains after the payments made in 2008 and the payments appropriations carried-over to 2009 (alias the non-used appropriations).

It includes also the amount to be reimbursed concerning the non-used part of payment appropriations carried over from 2007 to 2008.

According to article 18 n°3 of the Commission Decision C (2008) 4943 of 09/09/2008 the amount shall be recovered by the Commission when the accounts are closed. The details of calculation are presented in the table Budget outturn (Point 1 in Part III).

- **Interests to be reimbursed – 101.055€**

The amount of 101.055 € derives from the interests generated during 2008 by the bank account held by the Agency in BCEE.

According to article 18 n°2, this amount shall be recovered by the Commission when the accounts are closed.

Is the result of must be reimbursed to the Commission, according to the article 18 of the Commission Decision C(2008) 4943 of 09/09/2008.

- **Other amounts payable to consolidated entities -2.932€**

This items includes the amount of 1.735 € concerning the monthly fee invoiced by the European Parliament. This amount doesn't represent a charge to the Agency. It will be recovered by monthly retentions on the staff concerned salaries.

It includes as well the amount of 1.197€ concerning 2 open invoices at 31/12/2008 with OIL.

5.4.2 Other amounts payable – 11.088 €

- **Suppliers -864€**

The amount of 864€ concerns open invoices at 31/12/2008 in the Agency's accounts as detailed below:

44001 Suppliers	864
Wagonts-Lits Tourisme	128
NDSC	736

- **Other amounts payable - 10.224€**

This item includes amounts concerning reimbursement of travel expenses and daily allowances to candidates who attended interviews as also experts who attended meetings organised by the agency and an amount corresponding to assets received in the agency until 31/12/2008 and therefore registered in the EAHC inventory, but not yet invoiced.

44010 Other amounts payable	10.224
Others	3.489
ABAC Assets goods received	6.734

5.4.3 Invoices to be received & Accruals –602.581€

This item concerns the expenses for invoices not received until 31/12/2008, but nevertheless booked in charges according to the principle of accrual-based accounting.

The services were provided, the goods were received and the events took place in 2008, but the invoices or note expenses were not received until the end of the year.

The amounts were estimated according to each nature of expense:

- Missions: Estimated costs (mission order)
- Services (IT, SLA): pro-rata temporis, % of completion
- Furniture, office supplies, drinks: goods receipt/order

It includes as well, an estimation of the holidays not taken until 31/12/2008. According to the principle of accrual based accounting the cost related to the days not taken must be recognised during the year the services occurred. The amount was calculated at the daily gross salary.

Below, the detail of the accruals registered:

Invoices to be received Accruals	602 581
49055 Accrued Charges	408 271
Missions	33 960
Recruitment	8 256
IT Expenditure	16 939
Interim Services	16 294
IT Services provided by Siemens, IRIS	64 003
Experts & Related Expenditure	192 629
Holidays not taken 2008	71 827
Insurance and Social Activities	863
Others Services	3 500
49055-Accrued Charges- Consolidated Entities	194 310
DG Admin	60 436
DIGIT	78 550
OIL	29 297
OPOCE	12 861
PMO	13 166

5.5. Capital

The capital amount to of 342.651 € is composed by the e economic result of previous year +1.351.385€ and by the economic result of 2008 -1.008.734€.

The economic result of the year is different from the budgetary result due the differences between the general accounts and the budgetary accounts. Additional information concerning the reconciliation between both accounts is provided in point 6 of the Part II.

The economic result can be decomposed as following:

Economic Result 2008 a)= RAL 2008-RAL 2007+Accruals 2007-Accruals 2008-Open Invoices 2008+Open invoices 2007+Capital Expenditure-Depreciations 2008

a) Difference between the carry-forwards of n+1 and n, adjusted by accruals, depreciations, capital expenditure and open invoices.

5.6. Revenue

5.6.1 Subsidy-3.389.029 €

- **Subsidy received from European Commission for 2007: 4.420.300 €**

This amount concerns the subsidy received for 2008 from European Commission to cover operating expenditure.

- **Subsidy to be reimbursed: 1.031.271 €**

This amount will be reimbursed to the European Commission in 2009. Additional information can be found in the table Budget Outturn in Point 1 of Part III.

5.7. Operating/Administrative expenditure

All goods and services (Training, administrative assistance, offices supplies, furniture under 420€, drinks, rent and charges etc.) provided by consolidated entities are booked in the account "Expenses with consolidated entities" according Commission instructions. Details provided in point 5.7.4 of part II

5.7.1 Staff Costs – 2.223.802 €

This item includes the staff costs (Basic salary, allowances, social security, pension, insurances) with Temporary and Contractual Agents, as also the accrued amount for holidays not taken. The amount has increased in absolute value 485.010€ corresponding to 28% in comparison with 2007. The reason for the rising was the increasing number of staff contracted during 2008.

5.7.2 Fixed assets related expenses – 50.732€

This item includes the depreciation of the year of the intangible and tangible fixed assets. The amount is calculated using the straight-line method at the aforementioned depreciation rates. The depreciations are booked monthly starting at the asset reception month. Details in point 5.2 of Part II.

5.7.3 Other Administrative Expenses - 1.101.373 €

This item includes the remaining operating costs as detailed bellow. It has increased an amount of 94.912€ corresponding to 9 % in comparison with 2007. The most significant increasing was registered in the recruitment costs (35.582€), staff missions and reimbursement of travel expenses of the experts.

- **Office supplies & Maintenance – 38.150 €**

This item includes expensed amounts in offices supplies, and maintenance of equipment provided by third parties.

- **Insurances -721€**

This item includes the expenses with missions insurance – VanBreda International.

- **Recruitment costs – 43.380 €**

This item includes the costs concerning travel costs and daily allowances if applicable reimbursed to candidates who came for interviews in the Agency. The amount has significantly increased in comparison with 2007, due to a considerable number of recruitment processes launch by EAHC in 2008.

- **Training costs – 2.558 €**

This item includes the costs related to training provided by third parties.

- **Missions – 81.848 €**

This item includes the expenses concerning mission's expenses of the staff: travel costs, hotel, daily allowances, etc.

- **Experts and related expenditure - 401.463€**

This item includes the amounts related to experts (daily allowances, travel costs) the reimbursement of the travel expenses to the participants in the meetings organized by EAHC in the context of the Public Health Programme.

- **Goods, services and internal procurement – 533.252€**

This item includes several services provided as detailed below:

Goods & Services Intern, procurement	Amount	Nature of service
Tempo Team Luxembourg	190 564	Interim services
Siemens, Iris, ONE 4 EU, Serco, Systemat	337 688	IT services
Others	5 000	Evaluation of national Focal point Network
Total	528 252	

5.7.4 Expenses with consolidated entities – 1.021.679 €

This item includes all expenses with consolidated entities: CDT, PMO, Medical Service, DIGIT, DG BUDGET, OPOCE, and OIL.

This comprises not only the expenses related to the Services covered by the several Service level agreement signed, but also rent, furniture, office supplies, publications, translations, etc.

The amount booked in this account has considerably increased in comparison with 2007, the most significant increase was registered in the transactions with OIL in rent and charges

Information about these costs incurred in 2008 is provided below:

Consolidated Entities	Amount	Nature of service
CDT	4 463	Translation Services- Call 2008, Budget and Annual accounts
DG Admin	62 943	Training Medical Service Accrued charge for SLA
DG Budget	29 700	Service Level Agreement-ABAC Fee Procurement Training
DIGIT	88 550	Service Level Agreement-ABAC Assets Fee Service Level Agreement -IT Service Provider
OIL	769 509	Rent and Charges of the building Furniture Office supplies Drinks
OPOCE	43 376	Publication of brochures Publication of budget and annual accounts
PMO	23 137	Service Level Agreement -Administrative Assistance Fee
Total	1 021 679	

5.7.5 Other Financial expenses - 177 €

This item includes bank charges incurred during 2008 for the amount of 121€ and 56€ concerning late interest payments.

6. RECONCILIATION OF THE ECONOMIC RESULT WITH THE BUDGET RESULT

		<i>EUR</i>	
		sign +/-	2008
Economic result (Economic Outturn)		+/-	-1 008 734
<i>Adjustment for accrual items (items not in the budgetary result but included in the economic result)</i>			
A	Adjustments for Accrual Cut-off (reversal 31.12.2007)	-	-247 909
B	Adjustments for Accrual Cut-off (cut- off 31.12.2008)	+	602 581
C	Unpaid invoices at year end but booked in charges (class 6)	+	2 061
D	Depreciation of intangible and tangible fixed assets (1)	+	50 732
E	Payments made from carry over of payment appropriations	+	740 375
F	Invoices booked in previous year	+/-	-32 965
<i>Adjustment for budgetary items (item included in the budgetary result but not in the economic result)</i>			
G	Asset acquisitions (less unpaid amounts)	-	-18 131
H	Pre-financing and remaining open as at 31/12/2008	+	1 031 271
I	Payment appropriations carried over to 2009	-	-856 242
J	Cancellation of unused carried over payment appropriations from previous year	+	768 232
total			1 031 271
Budgetary result (Budgetary Outturn)			1 031 271
Delta not explained			0

As previously explained, the results of general accounts and budget accounts are different due to the difference of approach between the two accounting systems.

The Economic result is – 1.008.734€ while the Budgetary result is + 1.031.271 €.

While the budgetary accounts give a picture of the budget implementation based in the principle of cash modified⁵, the general accounts⁶ provide information about the financial position, performance and changes in capital.

The differences between the Economic and Budgetary results can be explained as follows:

- A) Reversal of Accruals 2007 - 247.909 €: Cost charged in 2007 considering that the transaction or event has occurred in 2007 but which payments were done in 2008.
- B) Accruals 2008 - 602.581€: Costs charged in 2008 exercise considering that the transaction or event has occurred in 2008, nevertheless the payment will be done in 2009. In this amount is also included the provision booked in the general accounts to cover the holidays not taken in 2008. It is not considered as an expense in the budgetary accounts, because no outflow occurred.

⁵ This means that the expenses or revenues are recorded when an in- or outflow occurs. The appropriations carried over are also recorded.

⁶ This means that the effects of the transactions or events are recognised when they occur, independently of the moment of the payment or receipt.

- C) Invoices to be received - 2.061 €: Costs charged in 2008 exercise, nevertheless the payment will occur in 2009.
- D) Depreciation – 50.732 €: In general accounts, the cost to be charged to the exercise corresponds to the depreciation of the assets.
Although in budget accounts the charge corresponds to the amount paid 18.131€
- E) Payments made from carry over of payments appropriations 740.375€: this amount has to be adjusted to the economic outturn since the impact in charges was registered in 2008, while in budget accounts the impact was in 2007.
- F) Invoices booked in previous year 32.965€: This amount has to be adjusted since the payment and the recognition of the charges occurred in different exercises.
- G) Asset acquisitions -18.131€: This amount has to be adjusted since the economic result includes the depreciations. Please refer to alinea D)
- H) Pre-financing open in 31/12/2008 – 1.031.271€: This amount is adjusted to the economic results since, it is not considered as revenue. Furthermore, the amount is to be returned to the Commission so it is treated as a liability, while in budgetary accounts this amount is considered as revenue.
- I) Payments appropriations carried 2008 over to 2009 – 856.242€: This amount intends to cover commitments from 2008 carried over to 2009. It is recorded in budgetary accounts, but not in general accounts.
- J) Non-used carried over payments appropriations from 2007 – 768.232€: This amount corresponds to the non-used payment appropriations carried from 2007 to 2008. The amount has to be adjusted

PART III-Reports on budget Implementation

1. Budget Outturn Account

EUR

		2.008	2.007
REVENUE			
Commission subsidy(for the operating budget -Titles 1,2 and 3 - of the agency)	+	4.420.300	4.100.000
Commission subsidy for commitments carried over from 2006 to 2007	+	0	996.595
TOTAL REVENUE (a)		4.420.300	5.096.595
EXPENDITURE			
Title I: Expenses for personnel linked to the agency	-	2.508.891	1.934.592
Payments	-	2.390.941	1.843.940
Appropriations carried over 2009	-	117.949	90.652
Title II: Central Support Costs	-	936.195	1.094.133
Payments	-	688.331	540.115
Appropriations carried over 2009	-	247.863	554.018
Title III: Expenditure linked to the Agency Operations	-	712.176	1.489.153
Payments	-	221.747	625.216
Appropriations carried over 2009	-	490.429	863.937
TOTAL PAYMENTS	-	3.301.019	3.009.272
TOTAL CARRIED OVER	-	856.242	1.508.606
TOTAL EXPENDITURE (b)		4.157.261	4.517.878
OUTTURN FOR THE FINANCIAL YEAR (a-b)		263.039	578.717
CANCELATION OF UNUSED PAYMENT APPROPRIATIONS CARRIED OVER FROM PREVIOUS YEAR		768.232	0
BALANCE OF THE OUTTURN ACCOUNT FOR THE FINANCIAL YEAR TO BE REIMBURSED TO THE COMMISSION		1.031.271	578.717

Not included in the budget outturn:

Interest received during 2008 on the Commission subsidy and to be reimbursed to the Commission (liability)	+	101.055	111.104
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2. Budget Implementation Reports

CREDIT OF THE YEAR -2008 - C1

EUR

REVENUE	Initial Budget	Revised Budget Sep 2008	Revised Budget Dec 2008
I01000 European Community Contribution	4.100.000	4.440.000	4.326.800
I02000 EFTA Contribution	93.500	93.500	93.500
TOTAL	4.193.500	4.533.500	4.420.300

EXPENDITURE											
Commitment Item	Title	Initial Budget	Transfers Between Bud.Lines	Budget after Transfers	Revised Budget Set 2008	Revised Budget Dec 2008	Commitments Execution 31-12-2008	%	Payments Execution 31-12-2008	%	Commitments carried forward 2009
A01100 Basic Salary	1	743.000		743.000	752.000	705.800	685.945	97%	685.945	97%	0
A01101 Allowances	1	195.000		195.000	240.000	215.000	206.237	96%	206.237	96%	0
A01110 Contractual Agents	1	1.305.000	-60.000	1.245.000	1.361.000	1.261.000	1.247.784	99%	1.247.784	99%	0
A01120 Cov.risks dis.,acc.	1	32.000		32.000	32.000	30.000	28.192	94%	28.192	94%	0
A01121 Cov.risk unemp.&pens	1	10.000		10.000	10.500	10.500	9.203	88%	9.203	88%	0
A01200 Recruitment expenses	1	15.000	10.000	25.000	74.000	84.000	43.380	52%	35.124	42%	8.256
A01210 Payroll Service	1	25.000		25.000	30.000	30.000	25.000	83%	10.373	35%	14.627
A01300 DG Admin /Medical service	1	38.000		38.000	40.000	40.000	38.000	95%	0	0%	38.000
A01301 Train.,lang.cr.staff	1	80.000		80.000	60.000	60.000	39.900	67%	9.805	16%	30.095
A01302 Other Infrastructures	1	5.000		5.000	6.000	6.000	3.750	63%	3.387	56%	363
A01400 Interim Agents	1	100.000	50.000	150.000	131.500	181.500	181.500	100%	154.891	85%	26.609
1 Total		2.548.000	0	2.548.000	2.737.000	2.623.800	2.508.891	96%	2.390.941	91%	117.950
A02000 Rent & Ch.:W/E/H/S/C	2	450.000	-15.000	435.000	465.000	450.000	445.890	99%	445.890	99%	0
A02001 Oth.Expend.on build.	2	115.000	10.000	125.000	147.000	157.000	156.651	100%	156.651	100%	0
A02100 P&M eq./soft./U.sup.	2	60.000	30.000	90.000	98.000	128.000	116.542	91%	53.929	42%	62.613
A02102 U.Sup.&Telecom-DIGIT	2	75.000		75.000	80.000	80.000	78.550	98%	0	0%	78.550
A02210 Purchase and maintenance	2	10.000		10.000	45.000	45.000	40.500	90%	9.960	22%	30.540
A02220 Lib.stocks: B,N,Tmag	2	5.000		5.000	5.000	5.000	0	0%	0	0%	0
A02300 Office supplies	2	15.000		15.000	16.000	16.000	15.000	94%	1.138	7%	13.862
A02310 Bank Charges	2	2.000		2.000	2.000	2.000	400	20%	94	5%	306
A02312 Other Financial Charges	2	1.000		1.000	1.000	1.000	0	0%	0	0%	0
A02320 Legal Advice	2	5.000		5.000	5.000	5.000	0	0%	0	0%	0
A02330 Other insurances	2	1.000		1.000	1.000	1.000	700	70%	200	20%	500
A02331 Exp.internal meeting	2	1.000		1.000	1.000	1.000	1.000	100%	818	82%	182
A02400 Postal Charges	2	8.000		8.000	8.000	8.000	1.400	18%	0	0%	1.400
A02500 Other Services	2	100.000	-25.000	75.000	115.000	90.000	79.562	88%	19.652	22%	59.910
2 Total		848.000	0	848.000	989.000	989.000	936.195	95%	688.331	70%	247.864
B03100 Meetings & Info.days	3	233.000	193.500	426.500	233.000	426.500	374.750	88%	128.957	30%	245.793
B03101 Mis.&All.ext.exp.	3	170.000	-170.000	0	170.000	0	0	0%	0	0%	0
B03102 Mission of staff	3	90.000		90.000	95.000	95.000	87.000	92%	53.040	56%	33.960
B03103 Representation Allowance	3	1.000		1.000	1.000	1.000	0	0%	0	0%	0
B03200 Data collection IT	3	105.000		105.000	105.000	105.000	104.987	100%	501	0%	104.486
B03201 Dedic.IT syst.sup.op	3	38.500	61.500	100.000	38.500	100.000	83.977	84%	29.578	30%	54.399
B03300 Co.,Ed.,Pu.,Web.Co.	3	100.000	-55.000	45.000	105.000	50.000	45.158	90%	949	2%	44.209
B03310 St.,Co.,Adv.& oth.se	3	60.000	-30.000	30.000	60.000	30.000	16.304	54%	8.723	29%	7.581
3 Total		797.500	0	797.500	807.500	807.500	712.176	88%	221.747	27%	490.429
Grand Total		4.193.500	0	4.193.500	4.533.500	4.420.300	4.157.262	94%	3.301.019	75%	856.243

CREDITS CARRIED OVER 2008-2009 -C8

EUR

Commitment Item	Title	Commitments Carried over 2007-2008	Commitments Execution 31-12-2008	%	Available Amount Budget- Commitments (Commitments not used)	Payments Execution 31-12-2008	Non paid Commitments- Payments
A01210 Payroll Service	1	3.941	3.394	86%	547	3.394	0
A01300 DG Admin /Medical service	1	36.000	3.551	10%	32.449	3.551	0
A01301 Train.,lang.cr.staff	1	19.850	6.198	31%	13.652	6.198	0
A01400 Interim Agents	1	30.861	19.379	63%	11.482	19.379	0
1 Total		90.652	32.522	36%	58.130	32.522	0
A02000 Rent& Ch.:W/E/H/S/C	2	123.380	0	0%	123.380	0	0
A02001 Oth.Expend.on build.	2	284.000	114.909	40%	169.091	114.909	0
A02100 P&M eq./soft./U.sup.	2	27.341	23.708	87%	3.633	23.708	0
A02102 U.Sup.&Telecom-DIGIT	2	61.850	61.850	100%	0	61.850	0
A02210 Purchase and maintenance	2	18.118	13.796	76%	4.322	13.796	0
A02220 Lib.stocks: B,N,Tmag	2	500	0	0%	500	0	0
A02300 Office supplies	2	11.700	8.244	70%	3.456	8.244	0
A02310 Bank Charges	2	493	32	6%	461	32	0
A02400 Postal Charges	2	2.000	0	0%	2.000	0	0
A02500 Operational services	2	24.636	14.083	57%	10.552	14.083	0
2 Total		554.017	236.622	43%	317.395	236.622	0
B03100 Meetings & Info.days	3	476.287	165.113	35%	311.174	165.113	0
B03101 Mis.&All.ext.exp.	3	32.439	0	0%	32.439	0	0
B03102 Mission of staff	3	31.312	14.049	45%	17.263	14.049	0
B03103 Representation Allowance	3	81	0	0%	81	0	0
B03200 Data collection IT	3	192.529	192.029	100%	500	192.029	0
B03201 Dedic.IT syst.sup.op	3	8.367	8.367	100%	0	8.367	0
B03300 Co.,Ed.,Pu.,Web,Co.	3	122.922	91.674	75%	31.248	91.674	0
3 Total		863.937	471.231	55%	392.705	471.231	0
Grand Total		1.508.605	740.375	49%	768.230	740.375	0

Note: Decommitments on 31/12/2008

3. Notes on Budget Implementation

EAHC as an Executive Agency has an operating budget governed by the Commission Regulation N°1653/2004. According to Article 15 of Regulation EC N°58/2003, the operating budget covers exclusively the administrative expenditure for the financial year.

The subsidy is transferred to the Agency in 3 instalments.
The budget consists of non-differentiated appropriations.

By Decision 2008/544/EC the Commission decided to extend the scope of the agency to Consumers Programme and Food Safety Training Measures. EAHC was entrusted on the 09/09/2008 with the new mandate by Commission Decision delegating powers to the Agency to implement the new mandate.

During 2008 two budget revisions took place: one in September where an additional amount of 340.000€ was attributed to the Agency as contributions of Consumers Programme and Food Safety for the administrative budget. The other revision took place in December reducing the budget of 113.200€.

Exercise 2008

Credits of the Year – C1

- Revenue is composed by an annual subsidy transferred by the Commission. Initially the subsidy for 2008 was 4.193.500€, but it was increased in September to 4.533.500 €, due to the contributions of the Consumers Programme and Food Safety Training measures.

In December the Subsidy was reduced to 4.420.300€ due the non-transfer of the Food Safety Training contribution.

The subsidy was received in 3 instalments (December 07, May 08 and December 08).

- The budget for 2008 was committed for an amount of 4.157.262 € corresponding to 94% of the budget.
The payment execution reached the amount of 3.301.019 € corresponding to 75% of the budget.

A total amount of 856.243 € was carried over to 2009 representing 21% of the commitments of the year. The RAL amount of 2008 was decreased in 43% in comparison with the RAL of 2007 (1.508.607€).

Compliant with the Financial Regulation, the unused staff expenses were decommitted at the end of the year. Additionally a review of the provisional commitments took place, in order to ensure that only justified commitments would be carried over to 2009.

Expenditure is divided into 3 titles:

- Title 1: Expenses for personnel linked to the Agency

This title includes expenses for: salaries, allowances and social costs, recruitment expenses, training, services provided by DG Admin and PMO and interim services.

Title 1	2008 €	%	2007 €	Delta 2008-2007	Delta 2008-2007 %
Budget Allocated	2.623.800	59% of the total budget	1.978.000	645.800	33%
Commitments Execution	2.508.891	96%	1.898.167	610.724	32%
Payment Execution	2.390.941	91%	1.807.514	538.427	24%
RAL	117.950	5% of the Commitment execution	90.653	27.297	30%

Comments:

- Title 1 represents 59% of the total budget
- 96% of the budget was committed and 91% was paid and only 5% were transferred in RAL
- The carry-over amounts from 2008 to 2009 concerns:
 - Services provided by PMO and DG ADMIN – medical service and training (SLA)
 - Travel expenses to be paid to candidates who attended interviews
 - Interim services committed in 2008 exercise but to be paid in 2009.
- The expenses in Title 1 has increased for more than 30% due to the following facts:
 - The augmentation of the staff number (2008 : 42 / 2007: 29)
 - The recruitment expenses had a significant augmentation due to the several recruitment processes launched (2008: 43.380€ / 2007: 7.498€)
 - Interim services had significantly increased (2008 :181.500€ / 2007:105.000€)

- Title 2: Central Support costs

This title includes expenses related to: rent and charges, purchase of equipment, furniture, office supplies, service legal agreements with DG Budget, DIGIT and other services related to the operating activity.

Title 2	2008 €	%	2007 €	Delta 2008-2007	Delta 2008-2007 %
Budget Allocated	989.000	22% of the total budget	884.500	104.500	12%
Commitments Execution	936.195	95%	873.506	62.689	7%
Payment Execution	688.331	70%	319.489	368.843	115%
RAL	247.864	26% of the Commitment execution	554.017	-306.153	-55%

Comments:

- Title 2 represents 22% of the total budget
- 95% of the budget was committed and 70% was paid and 26% was transferred in RAL.

- The most significant expense, 64% in the title 2 is the expenditure with the building: rent, charges and specific fitting-out. On June 2008 the agency moved from the HITEC building to Drosbach building . The expenses with rent and charges of 2008 amounted to 602.541€.
- The amount carried over from 2008 to 2009 was extremely reduced in comparison with 2007. The RAL is composed by amounts to be paid in 2009: SLA of DIGIT for an amount of 78.550€ concerning services provided in 2008, and some IT expenditure and services, Office supplies and furniture ordered to OIL.

- Title 3: Expenditure linked to the Agency's operations

This title includes expenses for: meetings organised for DG SANCO, missions, IT expenditures and other services directly related with operational activities.

Title 3	2008 €	%	2007 €	Delta 2008-2007	Delta 2008-2007 %
Budget Allocated	807.500	18% of the total budget	1.237.500	-430.000	-35%
Commitments Execution	712.176	88%	1.187.800	-475.624	-40%
Payment Execution	221.747	27%	323.863	-102.116	-32%
Carry Forward 2008	490.429	69% of the Commitment execution	863.937	-373.434	-43%

Comments:

- Title 3 represents 18% of the total budget
- 88% of the budget was committed , 27% was paid and 69% was transferred in RAL.
- In comparison with 2007, the budget allocated has been reduced of 430.000€ in meetings and expenses with external experts for the evaluation exercise. In 2008 this latest expense was not supported by the agency.
- The amount carried-over from 2008 to 2009 includes :
 - Meetings occurred in 2008 which reimbursement expenses will be paid on 2009 and includes as well an amount for meetings planned in yearly 2009 for which experts were invited in 2008.
 - IT services – Data Collection and Web (services provided in 2008 but not yet paid and services to be provided in yearly 2009)
 - Mission's expenses realised in 2008 but not paid until the 31/12/2008 to the staff concerned.

Credits carried over 2007 to 2008 – C8

- In 2007 the RAL amounted to 1.508.605 € :
 - Title 1: 90.652 € 6%
 - Title 2: 554.017 € 37%
 - Title 3 : 863.937 € 57%

A review of the open commitments took place during 2008 and a total of 768.232€ was decommitted. This amount will be returned to the Commission upon the accounts are closed. For details please refer to Budget Outturn account.

The non used amounts concern some expenses that in 2007 were foreseen to take place during the following exercise, but did not finally occurred.

4. Human Resources on 31-12-2008

Categories and grades	31-12-2008	Planned
Temporary Agents		
AD14	1	1
AD11	1	1
AD9	—	
AD8	2	2
AD7	—	1
AD5	1	3
AST7	1	1
AST5	2	2
Total Temporary Agents	8	12
Contractual Agents		
IV	16	
III	10	
II	7	
I	1	
Total Contractual Agents	34	30
TOTAL	42	42

5. Contracts on 31-12-2008

Budget line	Contrat	Contractor	Signature Date	Amount	Amount paid
A02500	Specific contract no. 245 Framework contract no. DIGIT - 05850 - Lot 1 - LSA	SERCO Belgium	20-12-07	14.084	14.084
B03300	Specific Contract 108 Framework Contract DIGIT 05722-02 LOT 4	ONE4EU Belgium	28-11-07	70.000	63.000
B03200	Specific Contract 101 Framework Contract DIGIT 05722-02 LOT 4	ONE4EU Belgium	28-11-07	78.503	78.003
B03200	Specific Contract 27 Framework Contract DIGIT 05714 Lot 1C	SIEMENS-IBM-ARHS CONSORTIUM	30-11-07	77.900	77.900
B03200	Specific Contract 26 Framework Contract DIGIT 05714 Lot 1C	SIEMENS-IBM-ARHS CONSORTIUM	30-11-07	36.126	36.126
A01301	Specific Contract EAHC/BUD/01 Framework Contract BUD/07/PO/14 OF 07/03/08	DELOITTE Consulting	17-12-08	4.975	0
A02500	Framework Contract DIGIT 05714 Lot 1C	Siemens	11/06/2008	39.978	11.812
A02500	Specific contract CA/PWC/2008/11 Framework Contract DG BUDG 30-CE0009335/00-80	Price Waterhouse coopers	11/12/2008	9.742	0
B03200	Specific contract 206 Framework Contract DIGIT 05722-05 LOT 4	ONE4EU Belgium	15/10/2008	42.328	0
B03200	Specific contract 736 Framework Contract DIGIT 05710 LOT 1A/N1	ONE4EU Belgium	15/10/2008	36.850	0
B03200	Specific contract 49 Framework Contract DIGIT 05714-05 LOT 1C	ONE4EU Belgium	07/11/2008	25.308	0
B03201	Specific contract 26 Framework Contract DIGIT 05717 LOT2- AV 1	Siemens	25/02/2008	28.394	0
B03300	Specific contract 227 Framework Contract DIGIT 05722-02 LOT 4	ONE4EU Belgium	03/11/2008	18.099	0

6. Report on Financial Management in 2008

The Executive Agency for Health and Consumers is the result of the transformation of Public Health Executive Agency.

On 9th September 2008 EAHC was entrusted with a new mandate enlarged to Consumers and Food Safety measures.

The implementation of the Agency's Administrative budget - an annual subsidy transferred by the Commission to the Agency's bank account - is regulated by the Commission Regulation (EC) N 1653/2004 on a standard financial regulation for Executive Agencies amended by Commission regulation EC n°651/2008 of 9/07/2008.

- **Financial Management and Internal Control**

The Executive Agency for Health and Consumers has implemented a centralised organisational structure based on Commission designed Financial Circuit Model 4, « Full centralisation of financial transactions »⁷. According to the Model, the verification of financial aspects of a transaction must ensure that the operation is legal, regular and in due respect of the principle of sound financial management and that all related steps have been carried out correctly in conformity with the applicable regulatory requirements.

The financial circuits in place are compliant with the "four eyes principle", meaning that the roles of initiation and verification are separated to ensure clearer accountability. The centralised financial ex-ante control function is not involved in the initiation of financial operations. All main financial procedures are documented and published on the intranet.

The Agency operates in respect of the Commission-wide 16 Internal Control Standards, which aim at an effective operation of the control environment. In this perspective, and with the help of an external audit and consultancy company, the Agency performed a full risk assessment and internal control review.

- **Accounting systems and safeguarding of funds deposited**

Accounting Systems

Having concluded a Service Level Agreement with DG BUDG, the Agency implemented and uses the Commission hosted ABAC and SAP accounting tools. Since December 2007 the Agency also disposes of ABAC Assets, a specific ABAC module to manage fixed assets.

To cash its operation grant and to effectuate payments, the Agency has opened a bank account in EUR benefiting from the same framework contract conditions as the Commission does. All transactions via this account are systematically made through the Commission managed ABAC, SAP and SWIFT systems, implying the validation of each financial transaction by both the Agency's authorizing officer and accountant.

⁷ provided for in the Annex to the Action 79 of the White Paper on reforming the Commission, 2002/2000/COM, "Reforming the Commission – a White Paper – Part II – Action Plan" dated 01.03.2000.

Safeguarding of Agency funds deposited with banks

The second half of the 2008 was marked by a difficult period for some financial institutions. Some of them had entered in critical positions even in bankruptcy.

In this context the Commission (DG Budget) has advise the agencies to take some measures in order to keep safe the funds deposited with banks.

The agency opened a sole bank account in BCEE under the Framework contract signed between the Commission and the Bank, benefiting of exactly the same conditions as the Commission.

Following DG Budget advices, the agency put in place some measures:

- established contacts with the bank in order to assess the risk of having an account in BCEE;
- monitor the Credit Rating of BCEE attributed by the rating agencies: Standard Poor's and Moodys;
- be aware to the financial news;

Following the contacts established with the bank EAHC was informed that BCEE:

- is a public institution (in total dependence of Luxemburgish state);
- was not involved in the sub prime crisis;
- has a conservative posture (classical credit operations);