

Final Annual Accounts

For the eight-month period

from 1 May 2005

to 31 December 2005

Heraklion, 1st July 2006

Table of Contents

1	Presentation of the annual accounts	3
2	Financial Statements of the European Network and Information Security Agency	5
2.1	Balance sheet	5
2.2	Economic outturn account	6
2.3	Cash flow statement	7
2.4	Statement of changes in capital	8
2.5	Notes to the Financial Statements	9
2.5.1	Balance Sheet	9
2.5.2	Economic Outturn Account	11
2.5.3	Accounting principles, rules and methods	13
3	Report on implementation of the budget	15
3.1	Budget outturn account	15
3.2	Budget Execution Report	16
3.3	Budgetary principles	23
4	Report on budget and financial management during the year	24
4.1	Accounting and Finance	24
4.2	Budget	24
4.3	Audit and Internal Control	25
4.4	Human Resources	25

1 Presentation of the annual accounts

The European Network and Information Security Agency was established with the Regulation (EC) no 460/2004 of the European Parliament and of the Council on 10 March 2004 for the purpose of ensuring a high and effective level of network and information security within the Community and in order to develop a culture of network and information security for the benefit of the citizens, consumers, enterprises and public sector organisations of the European Union, thus contributing to the smooth functioning of the internal market.

The Agency became financially independent as from 1st May 2005. From the moment of its establishment up to the date of its financial independence the budget of ENISA was managed and executed by the European Commission. Therefore, ENISA's financial management for this period constitutes part of the financial reporting of the European Commission.

The annual accounts of the European Network and Information Security Agency include the Financial Statements, the Budget Implementation Report, and the Report on Budgetary and Financial Management during the year.

The Financial Statements comprise the Balance Sheet, the Economic Outturn Account, the Cash-Flow table and the Statement of Changes in Capital for the 8-month period ending 31 December 2005.

The objective of Financial Statements is to provide relevant information about the financial position, the performance and the cash flows of the entity to their users. For a public sector entity such as the European Network and Information Security Agency, more specific objectives are to provide information useful for decision making, and to demonstrate the accountability of the Agency for the resources entrusted to it.

If they are to present a true and fair view, Financial Statements must not only supply relevant information to describe the nature and range of the activities, explain how it is financed and supply definitive information on its operations, but also do so in a clear and comprehensible manner which allows comparisons between financial years. It is with these goals in mind that the Final Accounts have been drawn up.

However, as the financial year 2005 is the first accounting year for the European Network and Information Security Agency, there are no comparative figures in the Financial Statements.

The accounting system of the European Network and Information Security Agency comprises budget accounts and general accounts. These accounts are kept in euro on the basis of the calendar year. The budget accounts give a detailed picture of the implementation of the budget and they are based on the modified cash accounting principle.¹ The general accounts allow for the preparation of the Financial Statements as they show all revenues and expenses for the financial year and they are designed to establish the financial position of the Agency in the form of a balance sheet at 31 December.

¹ This differs from cash-based accounting because of elements such as carryovers.

The Agency has been applying the accrual-based accounting principles from the very first day of its Financial Independence on 1st May 2005. Therefore the Financial Statements show all the charges and income for the financial year, regardless of the date of payment or collection.

According to Article 82 of the Financial Regulation, the Agency's accounting officer shall send to the Commission's accounting officer the provisional accounts, together with the report on budgetary and financial management during the year. The Executive Director shall send the final accounts, together with the opinion of the management board, to the Commission's accounting officer, the Court of Auditors, the European Parliament and the Council, by 1 July of the following year at the latest.

The final annual accounts will be published in the Official Journal of the European Communities together with the statement of assurance given by the Court of Auditors by 31 October of the following year in accordance with Article 83 of the Financial Regulation.

2 Financial Statements of the European Network and Information Security Agency

2.1 Balance sheet

ASSETS

	Note	2005	2004
A. <u>NON CURRENT ASSETS</u>			
Intangible fixed assets			
Computer S/W	1	11.971	-
Tangible fixed assets			
Plant and equipment	1	107.692	-
Computer hardware		206.211	-
Furniture and vehicles		18.295	-
TOTAL NON CURRENT ASSETS		344.168	-
B. <u>CURRENT ASSETS</u>			
Short-term receivables	2	13.276	-
Cash and cash equivalents	3	2.510.050	-
TOTAL NON CURRENT ASSETS		2.523.326	-
TOTAL ASSETS		2.867.494	-

LIABILITIES

	Note	2005	2004
A. <u>CAPITAL</u>			
Accumulated Surplus/Deficit Result for the Year		1.098.252	-
TOTAL CAPITAL			
D. <u>CURRENT LIABILITIES</u>			
EC Pre-financing Received	4	149.144	-
EC Interest Payable	5	31.143	-
Accounts Payable	6	756.833	-
Accrued Liabilities	7	832.121	-
TOTAL CURRENT LIABILITIES		1.769.242	-
TOTAL LIABILITIES		2.867.494	-

2.2 Economic outturn account

	Notes	2005	2004
Subsidy from EC general budget	8	4.250.856	-
Total Operating revenue		4.250.856	-
Administrative Expenses			
Staff Expenses	9	-1.039.738	-
Fixed Assets Expenses		-31.273	-
Other Administrative Expenses	10	-1.563.158	-
Operational Expenses	11	-517.973	-
Total Administrative And Operational Expenses		-3.152.143	-
Surplus/(Deficit) From Operating Activities		1.098.713	-
Financial Operations Revenue			-
Financial Operations Expenses		-460	-
Surplus/(Deficit) From Non Operating Activities		-460	-
Surplus/(Deficit) From Ordinary Activities		1.098.252	-
Economic Result For The Year		1.098.252	-

2.3 Cash flow statement

Cash Flows from operating activities	
Surplus/(deficit) from operating activities	1.098.713
Adjustments	
Amortization (intangible fixed assets)	2.257
Depreciation (tangible fixed assets)	29.016
(Increase)/decrease in Short term Receivables	-13.276
Increase/(decrease) in Accounts payable	1.588.024
Increase/(decrease) in Liabilities related to consolidated EC entities	181.217
Net cash Flow from operating activities	2.885.951
Cash Flows from investing activities	
Purchase of tangible and intangible fixed assets	-375.441
Net cash flow from investing activities	-375.441
Financing activities	
Financial expenses	-460
Net Cash Flow from financing activities	-460
Net increase/(decrease) in cash and cash equivalents	2.510.050
Cash and cash equivalents at the beginning of the period	0
Cash and cash equivalents at the end of the period	2.510.050

2.4 Statement of changes in capital

Equity	Reserves	Accumulated Surplus / Deficit	Economic result of the year	Total Equity
Balance as of 1 May 2005	0	0	0	0
Revaluations				
Reclassifications				
Allocation of the Economic Result of Previous Year				
Amounts credited to Member States				
Economic result of the year			1.098.252	1.098.252
Balance as of 31 December 2005	0	0	1.098.252	1.098.252

2.5 Notes to the Financial Statements

2.5.1 Balance Sheet

1. Fixed assets

Items whose purchase price or production cost is EUR 420 or more, with a period of use greater than one year, and which are not consumables are recorded in the fixed assets accounts valued at their acquisition price.

Intangible fixed assets refer to computer software.

Tangible fixed assets are divided in three categories:

- Plant and Equipment
- Computer hardware
- Furniture and Vehicles

The fixed assets as of 31 December 2005 are shown in the following table:

	Computer Software	Plant and Equipment	Computer hardware	Furniture and Vehicles
Gross carrying amounts 1.1.2005	0	0	0	0
Additions	14.228	117.331	224.957	18.926
Disposals	0	0	0	0
Transfer between headings	0	0	0	0
Other changes	0	0	0	0
Gross carrying amounts 31.12.2005	14.228	117.331	224.957	18.926
Accumulated depreciation 1.1.2005	0	0	0	0
Depreciation	-2.257	-9.639	18746	631
Write-back of depreciation	0	0	0	0
Disposals	0	0	0	0
Accumulated depreciation 31.12.2005	-2.257	-9.639	18746	631
Net carrying amounts 31.12.2005	11.971	107.692	206.211	18.295

2. Short-Term receivables

The amount mainly refers to VAT receivable from the Greek Fiscal Authorities and bank interest receivable.

3. Cash and cash equivalent

In order to accommodate the cash needs of the Agency, two bank accounts have been opened during 2005. The first one was opened with ING bank when the Agency was still in Belgium and the second one was opened with Piraeus Bank after the relocation of the Agency in Greece. Both bank accounts were in use at the year end and the currency for both is euro.

4. EC Pre-financing received

The amount represents the difference between the EC subsidy received for 2005 and the total estimated budget execution for the same year. Total budget execution comprises not only the expenses incurred during the year but also the amounts that have been carried over to the following year based on article 10 of the Financial Regulation of ENISA.

5. EC interest payable

The amount represents the interest earned during the year from the cash deposits of the Agency. Based on Article 51 of the Financial Regulation of ENISA, such interest is for the benefit of the general budget.

6. Accounts payable

The amount refers to goods or services that had been received but not paid during the year and for which a valid invoice had been issued before the year end. In most cases, the reason why the payment had not been made before the year end is that the invoice was received late in the year or even in the following year.

A big portion (65%) of the total accounts payable, refers to the acquisition of the necessary equipment for the installation of the Agency in Greece (mainly furniture and IT equipment) for EUR 492.301. The equipment has been provided by the Greek Ministry of Transport and Telecommunication based on a special agreement signed between the Greek Government and ENISA. The respective invoices were only received late in December and therefore the amount was paid in the following year.

7. Accrued liabilities

The amount refers to goods or services received in 2005 for which no invoice had been issued by the suppliers until the year end. It also refers to the estimated mission expenses and other staff related expenses for which no reimbursement claim had been submitted until the year end.

Out of the total accruals, an amount of EUR 246.770 refers to staff related expenditure (retained taxes, pension contributions etc) which had been incurred by ENISA but the respective debit notes had not been issued by the European Commission until the year end.

Finally, out of the total amount, EUR 44.826 refers to the cost of annual leave incurred but not taken during the year.

2.5.2 Economic Outturn Account

8. Revenue

The European Communities subsidy was the only source of revenue for the period

9. Staff expenses

Staff expenses can be further analysed as follows:

Expense	Amount
Basic salaries	753.499
Expatriation and foreign-residence allowances	94.445
Seconded National Experts (SNEs)	63.174
Family allowances	51.361
Insurance Against Sickness	22.651
Annual Travel Expenses from the Place of Work to Origin	20.906
Contract Agents	19.223
Other	14.479
Total	1.039.738

10. Administrative Expenses

Administrative expenses can be further analysed as follows:

Expense	Amount
Rent and Utility costs	310.272
Installation, Resettlement and Transfer Allowance	228.077
Interim service	207.078
Purchase of furniture	113.289
Daily Subsistence Allowance	110.398
ENISA Secretariat Mission Costs	87.079
Travel expenses in interviewing candidates	69.700
Services of the CDT in Luxembourg	49.375
Fixtures and Fittings	43.335
Web Development	41.000

Telecommunications	33.586
ICT Maintenance and Consultancies	29.050
Language Courses and Other Training	27.182
Stationary	27.067
Expenses on Taking Up Duty and on End of Contract	26.012
Security Services	25.220
Medical Service	20.047
Travel and Accommodation	16.593
Representation Expenses	13.575
Other Administrative Expenses	85.223
Total	1.563.158

11. Operational Expenses

Operational expenses can be further analysed as follows:

Expense	Amount
Conferences and Joint Events	143.757
Mission expenses	130.762
Working Groups	72.758
Permanent Stakeholders Group	52.198
Awareness Raising	33.334
Relations with EU Bodies and Member States	25.338
Technical and Procedural Security Policies	15.000
Other Operational Expenses	44.826
Total	517.973

2.5.3 Accounting principles, rules and methods

Based on Article 78 of the Financial Regulation of ENISA adopted by the Management Board on 16 December 2004, the financial statements are drawn up in accordance with the generally accepted accounting principles specified in the detailed rules for implementing the general Financial Regulation, namely:

- a) going concern basis;
- b) prudence;
- c) consistent accounting methods;
- d) comparability of information;
- e) materiality;
- f) no netting;
- g) reality over appearance;
- h) accrual-based accounting

Fixed assets

Fixed assets are stated at historical cost. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Agency and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to the economic outturn account during the financial period in which they are incurred.

Items recognised in the accounts with a value lower than EUR 420 are considered as expenses and they are included in the Economic Outturn Account.

Depreciation charge is calculated using the straight line method in order to allocate depreciation cost to the assets' residual values over their estimated useful lives, as follows:

Type of asset	Depreciation rate
Intangible assets	25%
Plant, machinery and equipment	25%
Furniture	10%
Fixtures and fittings	25%
Computer hardware	25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, on a regular basis. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the economic outturn account.

Impairment of assets

Assets that have an indefinite useful life are not subject to amortization and are tested regularly for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized as the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Receivables

Receivables are carried at original invoice amount less write-down for impairment. A write-down for impairment of receivables is established when there is objective evidence that the Agency will not be able to collect all amounts due, according to the original terms of receivables.

Cash & cash equivalents

Cash and cash equivalents include bank accounts and cash in hand.

Use of estimates

In accordance with generally accepted accounting principles, the Financial Statements necessarily include amounts based on estimates and assumptions by management. Significant estimates include, but are not limited to, accrued income and charges, contingent assets and liabilities, and degree of impairment of fixed assets. Actual results could differ from those estimates. Changes in estimates are reflected in the period in which they become known.

3 Report on implementation of the budget

3.1 Budget outturn account

BUDGET OUTTURN ACCOUNT FOR THE FINANCIAL YEAR 2005

	2005
REVENUE	
Commission subsidy (for the operating budget of the agency)	4.400.000
Fee income	
Other revenue	
TOTAL REVENUE (a)	4.400.000
EXPENDITURE	
<i>Title I: Staff</i>	
Payments	-1.490.181
Appropriations carried over	-256.552
<i>Title II: Administrative Expenses</i>	
Payments	-452.726
Appropriations carried over	-1.064.754
<i>Title III: Operating Expenditure</i>	
Payments	-196.448
Appropriations carried over	-790.195
TOTAL EXPENDITURE (b)	-4.250.856
OUTTURN FOR THE FINANCIAL YEAR (a-b)	149.144
Cancellation of unused payment appropriations carried over from previous year	
Adjustment for carry-over from the previous year of appropriations available at 31 Dec	
Exchange differences for the year (gain +/loss -)	
BALANCE OF THE OUTTURN ACCOUNT FOR THE FINANCIAL YEAR	149.144
Balance 2004	
Positive balance from 2004 reimbursed in 2005 to the Commission	
Result used for determining amounts in general accounting	149.144
Commission subsidy	4.250.856
Pre-financing remaining open to be reimbursed by agency to Commission in 2006	149.144

Not included in the budget outturn:

Interest received by 31 Dec 2005 on the Commission subsidy funds	+	31.143
--	---	--------

3.2 Budget Execution Report

Description	Appropriation. Transaction Amount	Consumed Comm. Appropriation	Executed Comm. Appropriation	Percentage Committed	Appropriation Transaction Amount	Consumed Pay. Appropriation	Executed Pay. Appropriation	Percentage Paid	RAL
STAFF									
STAFF IN ACTIVE EMPLOYMENT									
Staff holding a post provided for in the establishment plan									
Basic salaries	683.856,00	666.004,73	666.004,73	97,39%	683.856,00	666.004,73	666.004,73	97,39%	0,00
Family allowances	81.315,00	51.361,48	51.361,48	63,16%	81.315,00	51.361,48	51.361,48	63,16%	0,00
Expatriation and foreign-residence allowances	207.100,00	94.445,30	94.445,30	45,60%	207.100,00	94.445,30	94.445,30	45,60%	0,00
Other staff									
Contract Agents	34.090,00	10.088,42	10.088,42	29,59%	34.090,00	10.088,42	10.088,42	29,59%	0,00
Seconded National Experts (SNEs)	140.714,64	63.174,08	63.174,08	44,90%	140.714,64	63.174,08	63.174,08	44,90%	0,00
Employers Social Security Contributions									
Insurance Against Sickness	24.661,00	22.651,34	22.651,34	91,85%	24.661,00	22.651,34	22.651,34	91,85%	0,00
Insurance Against Occupational Disease and Accidents	9.451,00	5.795,90	5.795,90	61,33%	9.451,00	5.795,90	5.795,90	61,33%	0,00
Insurance Against Unemployment	11.605,00	8.483,43	8.483,43	73,10%	11.605,00	8.483,43	8.483,43	73,10%	0,00
Constitution or maintenance of pensions rights									
Miscellaneous Allowances and Grants									
Childbirth and Death Allowances and Grants	2.974,00	198,31	198,31	6,67%	2.974,00	198,31	198,31	6,67%	0,00
Annual Travel Expenses from the Place of Work to Origin	60.000,00		0,00	0,00%	60.000,00			0,00%	0,00
Rent and Transport Allowances	5.000,00		0,00	0,00%	5.000,00			0,00%	0,00
Other Allowances and Refunding	5.000,00				5.000,00				
Household Allowance	46.939,00		0,00	0,00%	46.939,00			0,00%	0,00
School Allowance	53.160,00		0,00	0,00%	53.160,00			0,00%	0,00

Description	Appropriation. Transaction Amount	Consumed Comm. Appropriation	Executed Comm. Appropriation	Percentage Committed	Appropriation Transaction Amount	Consumed Pay. Appropriation	Executed Pay. Appropriation	Percentage Paid	RAL
Salary Weightings									
Salary Weightings	0,00		0,00	0,00%	0,00				0,00
RECRUITMENT EXPENDITURE									
Travel Expenses in interviewing candidates									
Travel Expenses in interviewing candidates	108.831,00	72.354,46	72.354,46	66,48%	108.831,00	54.826,69	54.826,69	50,38%	17.527,77
Expenditure on entering/leaving and transfer									
Expenses on Taking Up Duty and on End of Contract	60.000,00	31.169,07	31.169,07	51,95%	60.000,00	1.169,07	1.169,07	1,95%	30.000,00
Installation, Resettlement and Transfer Allowance	228.180,00	228.076,90	228.076,90	99,95%	228.180,00	228.076,90	228.076,90	99,95%	0,00
Removal Expenses	123.500,00	123.500,00	123.500,00	100,00%	123.500,00				123.500,00
Daily Subsistence Allowance	117.940,00	110.397,99	110.397,99	93,61%	117.940,00	110.397,99	110.397,99	93,61%	0,00
SOCIO-MEDICAL SERVICES AND TRAINING									
Medical Service									
Medical Service	26.140,00	19.287,04	19.287,04	73,78%	26.140,00	18.357,04	18.357,04	70,23%	930,00
Training									
Language Courses and Other Training	35.000,00	26.745,16	26.745,16	76,41%	35.000,00	1.600,00	1.600,00	4,57%	25.145,16
TEMPORARY ASSISTANCE									
European Commission Management Costs									
EC Management Costs	12.768,00		0,00	0,00%	12.768,00				0,00
Social welfare									
Special Assistance Grants	3.000,00				3.000,00				
Other welfare expenditure									
Temporary Assistance									
Interim Service	246.030,00	210.000,00	210.000,00	85,36%	246.030,00	153.550,56	153.550,56	62,41%	56.449,44
Consultants	47.680,00	20.000,00	20.000,00	41,95%	47.680,00				20.000,00

Description	Appropriation. Transaction Amount	Consumed Comm. Appropriation	Executed Comm. Appropriation	Percentage Committed	Appropriation Transaction Amount	Consumed Pay. Appropriation	Executed Pay. Appropriation	Percentage Paid	RAL
FUNCTIONING OF THE AGENCY									
BUILDINGS AND ASSOCIATED COSTS									
Rental costs									
Rent and Utility costs	442.000,00	310.271,53	310.271,53	70,20%	442.000,00	280.080,53	280.080,53	63,37%	30.191,00
Insurances	20.000,00	854,93	854,93	4,27%	20.000,00	854,93	854,93	4,27%	0,00
Water, gas, electricity and heating	52.430,00	1.758,33	1.758,33	3,35%	52.430,00	758,33	758,33	1,45%	1.000,00
Cleaning and maintenance	20.000,00	5.540,00	5.540,00	27,70%	20.000,00	3.760,00	3.760,00	18,80%	1.780,00
Fixtures and Fittings	40.000,00	40.000,00	40.000,00	100,00%	40.000,00				40.000,00
Security equipment	180.000,00	180.000,00	180.000,00	100,00%	180.000,00				180.000,00
Security Services	50.000,00	20.420,00	20.420,00	40,84%	50.000,00	15.620,00	15.620,00	31,24%	4.800,00
MOVABLE PROPERTY AND ASSOCIATED COSTS									
Equipment									
Technical Equipment	80.000,00	80.000,00	80.000,00	100,00%	80.000,00				80.000,00
Technical Services	10.000,00				10.000,00				
Maintenance and Repairs	10.000,00				10.000,00				
Furniture									
Purchase of furniture	162.000,00	152.809,73	152.809,73	94,33%	162.000,00	415,97	415,97	0,26%	152.393,76
Hire of furniture	0,00				0,00				
Maintenance and Repairs	15.000,00				15.000,00				
Transport Equipment									
Transport Equipment	35.000,00	25.000,00	25.000,00	71,43%	35.000,00				25.000,00
Maintenance and Repairs									
Car Insurance	5.000,00				5.000,00				
Fuel	3.000,00				3.000,00				

Description	Appropriation. Transaction Amount	Consumed Comm. Appropriation	Executed Comm. Appropriation	Percentage Committed	Appropriation Transaction Amount	Consumed Pay. Appropriation	Executed Pay. Appropriation	Percentage Paid	RAL
Library and Press									
Books, Newspapers and Periodicals	20.000,00	2.265,00	2.265,00	11,33%	20.000,00				2.265,00
CURRENT ADMINISTRATIVE EXPENDITURE									
Stationery, postal and Telecommunications									
Stationary	57.000,00	28.922,60	28.922,60	50,74%	57.000,00	12.920,41	12.920,41	22,67%	16.002,19
Post	25.000,00	2.143,54	2.143,54	8,57%	25.000,00	1.643,54	1.643,54	6,57%	500,00
Telecommunications	70.000,00	30.000,00	30.000,00	42,86%	70.000,00	9.646,28	9.646,28	13,78%	20.353,72
Other Office Supplies	23.000,00	16.856,40	16.856,40	73,29%	23.000,00	0,00	0,00	0,00%	16.856,40
Financial charges									
Bank charges and interest pay received	1.500,00	1.500,00	1.500,00	100,00%	1.500,00				1.500,00
Exchange rate losses									
Damages									
Damages	2.936,00		0,00	0,00%	2.936,00				0,00
Removals and Handling Costs									
Departmental Removals and Associated Handling Costs	10.000,00	4.290,00	4.290,00	42,90%	10.000,00	4.290,00	4.290,00	42,90%	0,00
ICT									
ICT									
ICT Hardware	277.000,00	276.977,00	276.977,00	99,99%	277.000,00				276.977,00
ICT Software	175.000,00	171.115,00	171.115,00	97,78%	175.000,00	10.282,50	10.282,50	5,88%	160.832,50
ICT Maintenance and Consultancies	123.000,00	92.626,90	92.626,90	75,31%	123.000,00	29.626,90	29.626,90	24,09%	63.000,00
Web Development									
Web Development	100.000,00	41.000,00	41.000,00	41,00%	100.000,00				41.000,00
MANAGEMENT BOARD									
Management Board									

Description	Appropriation. Transaction Amount	Consumed Comm. Appropriation	Executed Comm. Appropriation	Percentage Committed	Appropriation Transaction Amount	Consumed Pay. Appropriation	Executed Pay. Appropriation	Percentage Paid	RAL
Travel, Accommodation and Per Diems costs	231.637,00	63.503,00	63.503,00	27,41%	231.637,00				63.503,00
ENISA Secretariat Meetings									
ENISA Secretariat Meetings	14.584,00	14.584,00	14.584,00	100,00%	14.584,00	6.119,68	6.119,68	41,96%	8.464,32
ENISA Secretariat Mission Costs									
ENISA Secretariat Mission Costs and Other Ancillary Expenses	146.028,00	143.028,00	143.028,00	97,95%	146.028,00	73.169,83	73.169,83	50,11%	69.858,17
Entertainment and Representation Expenses	23.710,00	19.310,00	19.310,00	81,44%	23.710,00	3.536,79	3.536,79	14,92%	15.773,21
CDT									
CDT Luxembourg									
External translations/interpretations									
Services of the CDT in Luxembourg	58.000,00	46.933,38	46.933,38	80,92%	58.000,00				46.933,38
Other services (eg.SCIC, DGT)									
OPERATING EXPENDITURE									
GROUP ACTIVITIES									
Meetings									
Permanent Stakeholders Group	123.537,00	58.701,00	58.701,00	47,52%	123.537,00	12.611,92	12.611,92	10,21%	46.089,08
Working Groups	121.500,00	106.200,00	106.200,00	87,41%	121.500,00	28.150,62	28.150,62	23,17%	78.049,38
Other Operational Meetings	26.561,00	1.178,79	1.178,79	4,44%	26.561,00	0,00	0,00	0,00%	1.178,79
Mission and Representation Costs									
Mission expenses, duty travel expenses and other expenses	153.663,00	153.498,20	153.498,20	99,89%	153.663,00	70.420,53	70.420,53	45,83%	83.077,67
Entertainment and Representation Expenses	38.275,00	17.023,40	17.023,40	44,48%	38.275,00	5.074,49	5.074,49	13,26%	11.948,91
Cooperation Department Missions	24.500,00	10.000,00	10.000,00	40,82%	24.500,00				10.000,00
Technical Department Missions	25.000,00	11.000,00	11.000,00	44,00%	25.000,00	0,00	0,00	0,00%	11.000,00
Administration Department Missions	15.000,00				15.000,00				

Description	Appropriation. Transaction Amount	Consumed Comm. Appropriation	Executed Comm. Appropriation	Percentage Committed	Appropriation Transaction Amount	Consumed Pay. Appropriation	Executed Pay. Appropriation	Percentage Paid	RAL
Executive Director Office Missions	15.000,00				15.000,00				
OPERATIONAL ACTIVITIES									
Conferences and Joint Events									
Conferences and Joint Events	150.000,00	121.032,00	121.032,00	80,69%	150.000,00	74.496,00	74.496,00	49,66%	46.536,00
Workshops									
Workshops									
Information and Communication									
Communication Plan									
Publications and Information Materials	60.000,00	13.353,06	13.353,06	22,26%	60.000,00	2.750,06	2.750,06	4,58%	10.603,00
Risk Management									
Risk Management	232.000,00	118.500,00	118.500,00	51,08%	232.000,00				118.500,00
Technical and procedural Security Policies									
Technical and Procedural Security Policies	150.000,00	75.000,00	75.000,00	50,00%	150.000,00				75.000,00
Network and Information Security Technologies									
Network and Information Security Technologies	30.000,00	26.000,00	26.000,00	86,67%	30.000,00				26.000,00
Computer Incident and Response Handling									
Computer Incident and Response Handling	65.000,00	61.000,00	61.000,00	93,85%	65.000,00				61.000,00
Awareness Raising									
Awareness Raising	94.000,00	81.850,00	81.850,00	87,07%	94.000,00				81.850,00
Relations with EU Bodies and Member States									
Relations with EU Bodies and Member States	103.000,00	99.944,00	99.944,00	97,03%	103.000,00	2.944,00	2.944,00	2,86%	97.000,00
Relations with the Industry and International Institutions									
Relations with the Industry and International Institutions	11.439,00				11.439,00				
INTERNAL AUDIT CAPABILITY									

Description	Appropriation. Transaction Amount	Consumed Comm. Appropriation	Executed Comm. Appropriation	Percentage Committed	Appropriation Transaction Amount	Consumed Pay. Appropriation	Executed Pay. Appropriation	Percentage Paid	RAL
Internal Audit Capability									
Internal Audit Capability	50.000,00	50.000,00	50.000,00	100,00%	50.000,00				50.000,00
Totals	6.346.234,64	4.539.723,40	4.539.723,40		6.346.234,64	2.139.354,55	2.139.354,55		2.400.368,85
VAT Receivable						4.237,29	4.237,29		-4.237,29
Staff - current account						-55.738,98	-55.738,98		55.738,98
Salaries Advances Staff						15.487,27	15.487,27		-15.487,27
Amounts Receivable by the European Commission						-4.896,65	-4.896,65		4.896,65
Amounts Receivable from European Agencies						572,68	572,68		-572,68
Prelevement Special						-6.014,67	-6.014,67		6.014,67
Accident Insurance of Temporary Staff						-6.553,30	-6.553,30		6.553,30
Retained Taxes						-57.508,63	-57.508,63		57.508,63
Retained Expenses due to European Commission						-52,23	-52,23		52,23
Unemployment Fund - Temporary Agents						-12.874,66	-12.874,66		12.874,66
Pension						-69.248,29	-69.248,29		69.248,29
Sickness Fund						-34.455,41	-34.455,41		34.455,41
						-227.045,58	-227.045,58		227.045,58
Grand Totals	6.346.234,64	4.539.723,40	4.539.723,40		6.346.234,64	1.912.308,97	1.912.308,97		2.627.414,43

3.3 Budgetary principles

The establishment and implementation of the budget of the European Network and Information Security Agency are governed by the following basic principles:

- (a) Unity and Budget Accuracy:
All expenditure and revenue must be incorporated in a single budget document, must be booked on a budget line and expenditure must not exceed authorised appropriations;
- (b) Universality:
This principle comprises two rules:
 - the rule of non-assignment, meaning that budget revenue must not be earmarked for specific items of expenditure (total revenue must cover total expenditure);
 - the gross budget rule, meaning that revenue and expenditure are entered in full in the budget without any adjustment against each other;
- (c) Annuality:
The appropriations entered are authorised for a single year and must therefore be used during that year;
- (d) Equilibrium:
The revenue and expenditure shown in the budget must be in balance (estimated revenue must equal payment appropriations);
- (e) Specification:
Each appropriation is assigned to a specific purpose and a specific objective;
- (f) Unit of account:
The budget is drawn up and implemented in euro and the accounts are presented in euro;
- (g) Sound Financial Management:
Budget appropriations are used in accordance with the principle of sound financial management, namely in accordance with the principles of economy, efficiency and effectiveness;
- (h) Transparency:
The budget is established and implemented and the accounts presented in compliance with the principle of transparency - the budget and amending budgets are published in the Official Journal of the European Communities.

4 Report on budget and financial management during the year

4.1 Accounting and Finance

The key objectives in 2005 relating to Accounting and Finance were the following:

- Establish the Budgetary and Financial Reporting Management systems
- Have the above mentioned systems tested and validated
- Become financially independent from the European Commission by using own resources
- Address financial systems' issues related to the relocation of the Agency to Crete
- Execute the budget of the Agency and monitor its financial performance
- Adhere to the Financial Regulation
- Provide relevant and reliable information to the users of the Financial Statements

All the aforementioned objectives have been met successfully, thanks to the efforts made by all the staff members of the Agency. Of course, being a newly established Agency, ENISA has plenty of scope for further improvement.

ENISA is one of the first Agencies that applied to the Commission for enrolment to the new Financial Systems called ABAC (acronym for Accrual Based Accounting). The Commission accepted ENISA's request and the preliminary preparation for the changeover started in 2006.

It is expected that the Financial Statements of 2008 will be prepared based on the new integrated ABAC system.

4.2 Budget

The budget of the Agency is distributed in three parts or titles. Title 1 covers staff expenditure such as salaries and costs associated to recruitment procedures. Title 2 is the functioning of the Agency such as infrastructure, equipment and IT needs. And, Title 3 corresponds to the Agency's operational activities.

The activity of the operational departments which started in September 2005 revealed the need to change the operational structure and functions for the Agency. This new structure was reflected in the amended budget 2005 approved by the Management Board at the end of the year.

The Budgetary Authority (European Parliament and Council) approved a budget for the Agency of 6.800.000 EUR for 2005. The Commission is responsible to transfer this subsidy to the Agency based on article 50 of ENISA's Financial Regulation. For 2005, the Commission transferred to ENISA a total amount of 4.400.000 EUR which has been the income of the Agency for the year 2005.

The execution of the budget was in line with the Agency's Financial Regulation which is in compliance with the framework financial regulation used by the regulatory agencies such as ENISA. Sound financial management as well as verification and control systems have been properly applied by the Agency. ENISA put into place appropriate financial management systems in order to manage all its revenue and expenditure.

4.3 Audit and Internal Control

The Agency had the opportunity to receive two visits from the Court of Auditors for the financial year 2005 (one in January 2005 and a second one in March 2006). Both visits were very constructive and valuable for the Agency.

The auditors tested the financial transactions of the year on a sample basis and they reviewed the financial and other procedures of the agency. At the closing meeting they had with the Executive Director they expressed their satisfaction for the results of the audit and the competences of the staff.

A third visit of the Court took place in February 2006 and its main objective was to establish a direct channel of communication between top level management of the Court and the Agency. During this visit the management of ENISA had the opportunity to discuss thoroughly some very important topics such as the mission of the agency, its goals and the means to be used in order to better achieve these goals.

Finally, the Internal Audit Service of the Commission performed a thorough audit of the systems and procedures that ENISA had put in place. A detailed audit report will follow with recommendations and possibilities for improvements.

The internal control standards of the Commission have been considered and adapted with the view of the specific context for ENISA. Control standards have been adopted and an implementation plan has been defined; the implementation of the standards is being monitored.

Given the increased needs in respect to internal audit, the establishment of an internal audit capability is being considered for the near future.

4.4 Human Resources

Until the Agency's relocation in Crete and its official starting on 1 September 2005, only a few members of the staff had been recruited, mainly in the Administration department in order to set-up the administrative procedures and systems. The Executive Director of ENISA was appointed late in 2004 and the Accounting Officer early in 2005. The staff members of the operational departments were recruited after the 1st of September. By the end of 2005, the Agency had recruited 35 Temporary Agents out of 38 approved in the establishment plan.

The establishment plan approved for the years 2004 and 2005 is the following:

Categories and grades	2004		2005	
	Perm.	Temp.	Perm.	Temp.
A*16	-	-	-	-
A*15	-	1	-	1
A*14	-	-	-	-
A*13	-	-	-	-
A*12	-	-	-	3
A*11	-	-	-	-
A*10	-	-	-	4
A*9	-	8	-	6
A*8	-	-	-	2
A*7	-	5	-	9
A*6	-	-	-	-
A*5	-	-	-	-
Total grade A	0	14	0	25
B*11	-	-	-	-
B*10	-	-	-	-
B*9	-	-	-	-
B*8	-	-	-	-
B*7	-	-	-	-
B*6	-	-	-	-
B*5	-	-	-	6
B*4	-	-	-	-
B*3	-	-	-	-
Total grade B	0	0	0	6
C*7	-	-	-	-
C*6	-	-	-	-
C*5	-	-	-	-
C*4	-	-	-	0
C*3	-	-	-	-
C*2	-	1	-	5
C*1	-	-	-	2
Total grade C	0	1	0	7
Total staff	0	15	0	38

Organization Chart of the European Network and Information Security Agency

