



CZECH SOCIAL SECURITY ADMINISTRATION

ANNUAL REPORT 2011

INTRODUCTION



prof. JUDr. Vilém Kahoun, Ph.D.
CSSA Director General

OPENING MESSAGE FROM THE DIRECTOR GENERAL OF THE CZECH SOCIAL SECURITY ADMINISTRATION

This annual report provides an opportunity to look back at and assess the past year. It was a very busy time. The CSSA went into the year with a desire to improve its performance for the benefit of its clients. The purpose of this report is not to give a detailed list of all the steps we have taken. It only covers the key areas in which we dealt with the most pressing issues within our competence. I would therefore like to use this opening message to offer you an insight into the more effective functioning of the CSSA.

An important task was accomplished in the area of decision-making on pension insurance benefits – continuously receiving and processing pension applications and deciding on them in the shortest possible time. Compared to 2010 the CSSA reduced the duration of proceedings on old-age pensions by 19 days and the duration for disability pensions by 13 days. This despite a significant increase in the number of new pension applications lodged by citizens in connection with what is known as the ‘small pension reform’, which took effect on 30 September 2011. Timely preparations for the legislative changes, the deployment of pension department staff and other measures taken when necessary contributed to continuity in the decision-making process on pensions.

The CSSA focused on the time limits for objections proceedings. In cases not involving medical assessment the proceedings time was reduced to 26 days. Where decisions on objections required medical assessment the time was cut to 55 days. The CSSA complies with the legally defined time limits for dealing with objections. At the same time it focuses on both the quality and the factual side of decision-making.

The issue of withholding sums from pensions for execution reasons was also in the spotlight last year. The continuous entering of data from paper documentation into the database and the introduction of electronic execution files represent an important positive change in the way this agenda is handled. Since December 2011, district social security administrations have begun to deal with cases where sums are withheld from pensions for execution reasons in electronic form only. Despite the involvement of several hundred employees of district social security administrations, regional offices and the head office, however, this agenda could not be coped with fully during the year, mainly because of the massive increase in new cases. Even though over 221,000 execution cases were processed during the year, there were also almost 203,000 new processing requests.





In January 2011, 90,000 unsettled cases were waiting to be handled. By December the CSSA had reduced their number to 69,000 and the work goes on.

I would like to mention another important achievement concerning the speed of paying out sickness insurance benefits. The CSSA dealt with almost 90% of cases within 10 days. What is more, in over 97% of cases involving maternity cash benefits, these were paid out within 10 days. The CSSA processed more than 99.7% of all sickness insurance benefits within the statutory time limit of 30 days.

All our work and services are primarily intended to serve our clients. They demand quality and maximum comprehensibility. Staff at district social security administrations helped entrepreneurs and tradesmen understand the legislation affecting the self-employed. They fully appreciated that understanding the legally defined rules is often complicated for the self-employed. In connection with the small pension reform we made sure that clients were given full and timely information about the legislative changes. We prepared an FAQ leaflet for the small pension reform. To improve the quality of the telephone information service we increased the pension insurance call centre's capacity, primarily so that it could cope with clients' demands for information on execution withholdings. Two new regional client centres were opened – one for the Prague Social Security Administration and one for the Opava District Social Security Administration. In November we opened a new, modern client centre at the CSSA head office to provide information about pension insurance, replacing the previous information centre that lacked the necessary capacity and technologies.

Electronification continues to be the way to improve the efficiency of those activities that can be replaced by technology. This allows the CSSA to react flexibly

and perform additional strategic tasks, such as the launch and continuous updating of the Personal Accounts Register, hooking up the CSSA to the key registers of state administration and making use of the data therein when implementing the individual agendas. The CSSA expects an increase in the volume of information obtained in electronic form, above all when introducing obligatory electronic communication with employers, medical facilities, self-employed persons and foreign partners in social security. The CSSA provides support to clients using electronic submissions via its e-Submissions technical assistance call centre, which was opened in Olomouc in June 2011 and whose operation is co-funded by the EU.

In addition, the implementation of development projects co-financed from the EU structural funds went ahead. Five projects come under the Human Resources and Employment Operational Programme and three under the Integrated Operational Programme. The projects will support electronic communication within public administration and with the public, in line with EU regulations and security requirements for the applications operated. In the context of the management of the CSSA they will contribute to the introduction of modern methods for improving performance, quality and transparency in public administration.

We have successfully achieved the goals we set ourselves. The upshot is that the CSSA improved its performance and dealt with problem areas, even with a reduced budget for its operations. High-quality and professional services and the ability to offer a client-based approach are key to our organisation's success and are also our principal objective. To conclude, therefore, I would like to thank and express my appreciation to all my colleagues, without whom it would have been impossible to achieve such good results.

prof. JUDr. Vilém Kahoun, Ph.D.
CSSA Director General



HIGHLIGHTS



Success rate of collecting insurance contributions after excluding unrecoverable receivables		99,7 %
Taxable revenue from insurance contributions, incl. voluntary contributions (CZK millions)		357 462
Expenditure on pension insurance benefits (CZK millions)		359 098
Expenditure on sickness insurance benefits (CZK millions)		21 505
Clients		8 505 094
of which	insured persons	4 292 672
	communicating employers	263 792
	self-employed persons	1 001 764
	pensioners in the Czech Republic	2 873 004
	pensioners with non-standard pay-out methods ¹⁾	68 791
	persons with voluntary pension insurance	5 071
Pensions paid out ²⁾		3 573 240
Countries to which the CSSA pays out pensions		75
Pension applications processed		264 847
Personal pension insurance information sheets sent out		148 227
Assessments carried out by the CSSA Medical Assessment Service		436 701
e – Submissions received		2 503 829
Electronically submitted documents received		6 992 974
CSSA employees		8 772

NB: Data as at 31. 12. 2011.

¹⁾ *pay-outs to foreign countries and other pay-outs*

²⁾ *number of pensions including non-standard pay-outs*



PROFILE



The Czech Social Security Administration is the biggest financial administration institution in the Czech Republic. Its total revenues and expenditure of CZK 745 billion in 2011 are unrivalled in the Czech state administration.

The Czech Social Security Administration handles the affairs of roughly 8.5 million clients, 2.9 million of whom are pensioners. It pays out over 3.5 million pensions and 200,000 sickness insurance benefits per month.

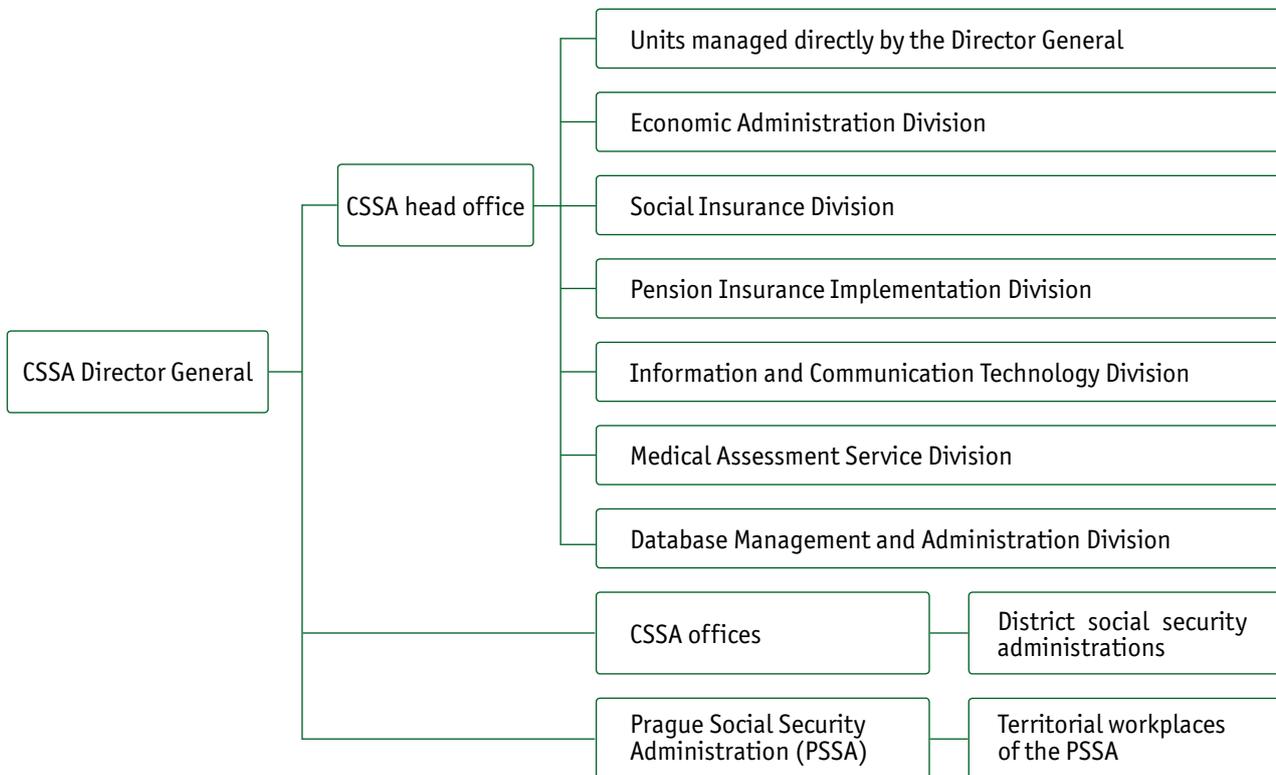
The CSSA contributes more than a third of the state budget's revenues through the collection of social security insurance premiums (including voluntary pension insurance) and contributions to the state employment policy.

The Czech Social Security Administration also has a medical assessment service which, for pension insurance purposes, assesses degrees of disability that impact a citizen's capacity to work. It draws up assessments for the purposes of the provision of non-insurance benefits and for other social security

systems. It assesses state of health for the purposes of sickness insurance and checks the assessment of temporary incapacity for work done by treating doctors.

Under Directives of the European Parliament and of the Council (EC) Nos 883/2004 and 987/2009 and in line with international social security treaties, the Czech Social Security Administration exercises the powers of the competent institution and the institution in place of domicile and residence for pensions, sickness and maternity cash benefits and cash benefits paid out in the event of work accidents and occupational illnesses. It determines the applicable legislation in respect of other EU countries, sees to the collection of debts and assesses state of health. In addition, the Czech Social Security Administration is the liaison body for the entire Czech Republic in the area of pension and sickness insurance and in determining what legislation is applicable.

The Czech Social Security Administration's long-standing credo has been to be a modern, swift and client-driven institution that carries out the defined priority tasks.



PRIORITY TASKS AND STRATEGIC OBJECTIVES

In 2011 the CSSA's work focused on carrying out four fundamental priority tasks:

- stabilising the organisation's work;
- complying with administrative time limits in all agendas;
- increasing the number of combined inspections and strengthening the factual accuracy of these inspections;
- maintaining a client-driven approach.

Stabilising the organisation's work

The CSSA was restructured and optimised during the year, leading to changes in its organisational structure. There was an internal regrouping of capacities and the organisational structure was streamlined. The new organisational structure eliminated risks and problems that mainly affected the agendas of objections proceedings and the withholding of sums of money from pension insurance benefits for reasons of execution. The information and communication technologies (ICT) section was made into a full-support tool for the CSSA's specialist agendas. The restructuring of the medical assessment service (MAS) resulted in the proper implementation of the two-tier proceedings principle in line with the applicable legislation. Database administration was made into a separate section.

Complying with administrative time limits in all agendas

Stabilisation of the situation in the administrative agendas, the issuing of CSSA decisions within the administrative time limits and the shortening of time limits when issuing decisions on the award of pensions were part of the priorities for 2011. These

endeavours were supported by tightening up the key performance indicators, defining a maximum duration for proceedings and applying metrics to assess the quality of decision-making. The key moves were the introduction of monitoring and the implementation of management tools for managing and organising work on the pension agenda. The upshot of the systematic monitoring of the cases being dealt with is that the duration of pension proceedings has been reduced, the objections proceedings agenda has been stabilised, and pension and sickness insurance benefits are received and processed within the statutory time limits, even in a situation where the number of pension applications is rising. The CSSA adopted and carried out measures to commence the stabilisation of the processing of pensions from which amounts are to be withheld for execution reasons.

Increasing the number of combined inspections, strengthening the factual accuracy of these inspections:

The performance of departmental inspections carried out in conjunction with the labour offices and local work inspectorates can be viewed as a success. The goal of these inspections was to improve the factual accuracy of inspections and to assess the actual status of employment contracts.

When joint and coordinated departmental inspections were conducted during the year, the emphasis was placed on a uniform approach and cooperation, including the passing on of findings for further use by the various control bodies of the Ministry of Labour and Social Affairs (MoLSA). Regular assessment confirmed, among other things, that the cooperation between the participating bodies was highly professional.



Maintaining a client-driven approach

The CSSA simplified the administrative steps that clients have to perform in relation to the CSSA. The emphasis was placed on providing timely and comprehensive information. This proved to be the right approach primarily in connection with the launch of the 'small pension reform'. Changes in the legislation applying to the agenda of self-employed persons led to enquiries from tradespeople and entrepreneurs concerning the practical impacts of these changes. Staff at the district social security administrations provided explanations of the new legislation. Client support also focused on improving the provision of information by telephone and the building of suitable client service areas. The CSSA paid attention to the project for the creation of a client portal that will enable clients to access their insurance account online.

The CSSA is a strategically managed institution and has a clearly defined framework for its present existence and its future. The CSSA's strategic objectives for the 2009-2013 period are a client-driven approach, data centralisation, the rationalisation and efficiency of its work, and the quality of its decision-making. Fulfilling these objectives has so far consisted mainly in updating the insured persons' ID data database and eliminating any duplicates and identified errors. The CSSA also continued to re-evaluate its working procedures with a view to improving the efficiency of the work done and, in the case of the legislative amendments, attained an optimal ratio between the speed of implementation and the cost associated with the change.

Preparations for fundamental legislative changes affecting social insurance

Throughout the year the CSSA and the MoLSA played an active role in preparing Act No. 220/2011. The act brought some more parametric changes in the pension insurance legislation, consisting mainly in the raising of the pensionable age. The CSSA collaborated on the change in the overall concept of pension insurance based on three pillars: pension insurance, pension savings and supplementary pension savings. It also helped draw up the acts linked to this with effect from 1.1.2013. In the second half of the year the CSSA participated in the formulation of legislation concerning the topping up of pensions awarded pursuant to article 20 of the social security treaty between the Czech Republic and the Slovak Republic. The action on this area was instigated by a ruling of The Court of Justice of the European Union. 2011 brought extensive changes in the legislation and in the actual agenda of sickness insurance and related areas. The technical amendment of the sickness insurance act significantly changed the set of persons with sickness insurance, for example. Work went ahead on the preparations for the launch of what is known as the Single Collection Point, which would merge the collection of taxes, customs duties and insurance premiums for state insurance, and on enabling accident insurance to be brought under the competence of the CSSA. The CSSA therefore participated in the creation of new legislation for these areas by lodging suggestions and supplying comments; its representatives also worked in the expert teams. The MAS prepared for changes in the assessment of health in non-insurance systems brought about mainly by the first stage of social reform.

PRINCIPAL ACTIVITIES



COLLECTING SOCIAL SECURITY INSURANCE CONTRIBUTIONS

One of the CSSA's principal tasks is collecting social security insurance contributions. This involves premiums for pension insurance, premiums for sickness insurance and contributions to the state employment policy.

The collection success rate was 99.7% in 2011. The total collection success rate minus written-off irrecoverable debts provides a more objective expression of performance.

Development of total revenues from contributions, total prescribed contributions and contribution collection success rate since 2004 after excluding irrecoverable receivables (CZK billions)

Year	2006	2007	2008	2009	2010	2011
Write-offs	4,64	2,39	1,34	-0,01	0,87	-0,22
Adjusted prescribed insurance	325,99	355,89	376,14	343,25	347,56	359,13
Total revenues from insurance	324,35	357,21	375,37	337,76	346,10	357,92
Collection success rate (%)	99,50	100,37	99,79	98,40	99,58	99,66

NB: Total insurance contribution revenues are taxable and non-taxable revenues from insurance contributions including accessories, i.e. penalties and fines. They do not include revenues from any other CSSA activities.

Development of total revenues from insurance contributions, total prescribed contributions and contributions collection success rate as at 31.12 (CZK billions)

Year	2006	2007	2008	2009	2010	2011
Total revenues from insurance	324,35	357,21	357,37	337,76	346,10	357,92
Total prescribed insurance	321,35	353,50	374,80	343,26	346,69	359,35
Collection success rate (%)	100,93	101,05	100,15	98,40	99,83	99,60

NB: Total insurance contribution revenues are taxable and non-taxable revenues from insurance contributions including accessories, i.e. penalties and fines. They do not include revenues from any other CSSA activities. Total prescribed insurance contributions means prescribed insurance contributions including accessories.



RECEIVABLES FROM SOCIAL SECURITY INSURANCE CONTRIBUTIONS

At year end the CSSA registered receivables of CZK 61 billion from insurance premiums. These are receivables

from social security insurance contributions, including penalties and fines, cumulated from 1993.

Structure of receivables (CZK millions)

Payers		Receivables					Percentage difference (%)
		from insurance	from penalties	from fines	other	total	
Deregistered payers	S-E – PI	3 575	1 629	52	0	5 256	8,57
	Employers	13 812	16 037	66	0	29 915	48,79
	Total	17 387	17 666	118	0	35 171	57,36
Non-deregistered payers	S-E – PI	7 398	1 975	19	0	9 392	15,32
	Employers	8 881	5 630	12	0	14 523	23,69
	Total	16 279	7 605	31	0	23 915	39,01
Instalments	S-E – PI	0	0	0	422	422	0,69
	Employers	0	0	0	1 803	1 803	2,94
	Total	0	0	0	2 225	2 225	3,63
Total	S-E – PI	10 973	3 604	71	422	15 070	24,58
	Employers	22 693	21 667	78	1 803	46 241	75,42
	Total	33 666	25 271	149	2 225	61 311	100,00
Percentage difference (%)		54,91	41,22	0,24	3,63	100,00	xxx

NB: Data as at 31.12.2011. The individual items are mathematically rounded to the nearest CZK million, which is why the resultant totals need not match the simple sum of the shown (already rounded) data.

The collection and legal enforcement of debts was handled by the district social security administration (DSSAs) in line with the tax rules; last year, this was also combined with execution costs, using all available legal forms of administrative execution and the judicial enforcement of decisions (including an international element). The CSSA registered and claimed receivables in insolvency proceedings under the insolvency act and in bankruptcy proceedings under the act on bankruptcy and composition. The CSSA was more willing to permit the payment of outstanding pension contributions and penalties in instalments. The chosen approach was in line with the national measures adopted in response to the global economic crisis.

The CSSA implemented 216,112 decision enforcements; it collected 126,601 enforceable titles in administrative execution. Receivables of over CZK 2.77 billion were collected in administrative execution, which accounts

for 48.07% of the total amount collected in this period. The CSSA filed 89,511 petitions for judicial enforcement of decisions, with the amount of receivables collected through judicial enforcement increasing by 7.25% over 2010. 1,907 receivables were registered in insolvency proceedings and 1,016 were dealt with in bankruptcy proceedings. There were 283 completed insolvency proceedings, with almost CZK 62 million paid in total. Receivables exceeding CZK 68.5 million were satisfied from completed bankruptcy proceedings in 2011.

The number of receivables collected under EU regulations is growing quite rapidly. The CSSA received 44 debt collection requests from EU member states, sent 27 requests for cooperation in the collection of debts to EU member states' liaison bodies and filed 7 debt registrations in insolvency proceedings initiated outside the Czech Republic. Most of the CSSA's international cooperation in this regard was with Slovakia and Germany.



INSPECTIONS OF EMPLOYERS' FULFILMENT OF THEIR OBLIGATIONS IN THE AREA OF SOCIAL SECURITY

The CSSA performed 106,268 inspections of employers (i.e. 420 inspections per day; there were 250 inspections per inspector). Of that number, 22,875 inspections were unplanned, mostly because of the winding up of the inspected entities (18,971 were 'liquidation' inspections). According to the inspection findings the CSSA issued 6,603 payment orders to defray outstanding insurance contributions and penalties exceeding CZK 59.6 million.

The CSSA imposed 772 fines amounting to more than CZK 3.1 million for failure to fulfil obligations (keeping payroll records, paying pension contributions, reporting duty). They also imposed 974 corrective measures aimed at eliminating detected shortcomings; 261 of these measures concerned sickness insurance and insurance contributions and 713 retirement pension insurance contributions.

Social security inspections of employers

Region	Number of inspections	Payment assessments issued				Fines imposed	
		Number	Amount (CZK thousands)			Number	Amount (CZK thousands)
			Contribution owed	Penalty	Contribution + penalty total		
South Bohemia	6 465	445	1 973	383	2 356	12	34
South Moravia	10 392	743	3 821	701	4 522	188	1 232
Karlovy Vary	3 445	236	1 229	319	1 548	32	37
Hradec Králové	4 914	307	1 821	529	2 350	128	266
Liberec	4 115	259	632	102	734	17	48
Moravia-Silesia	11 554	901	12 021	2 155	14 176	30	174
Olomouc	6 407	360	1 456	261	1 717	8	49
Pardubice	4 422	233	1 317	378	1 695	168	336
Plzeň	5 874	275	896	184	1 080	18	75
Praha	19 574	1 005	14 883	3 475	18 358	1	50
Central Bohemia	11 937	731	3 990	882	4 872	29	140
Ústí nad Labem	7 804	526	2 949	670	3 619	26	68
Vysočina	3 777	187	499	106	605	20	139
Zlín	5 588	395	1 614	354	1 968	95	501
Total	106 268	6 603	49 100	10 500	59 600	772	3 150

NB: Data as at 31. 12. 2011.





PENSION INSURANCE

The CSSA is responsible for deciding on pension insurance benefits, i.e. old-age pensions, disability pensions of all degrees, widowers', widows' and orphans' pensions, and on benefits under the 'compensation acts' (extra payments or contribution towards a pension) that are paid out with pensions as part thereof. Decisions on entitlements, the amounts and pay-out of pension insurance benefits comprise decisions according to the national legislation, the 'coordination regulations' and international treaties on social security. Pension insurance is affected by frequent legislative changes, e.g. in 2011 CSSA employees made decisions based on several different wordings of the act on pension insurance. Since January 2011, the amount of all paid-out pensions was modified according to the relevant valorisation increase according to a government order. A government order also modified the amount of extra payments paid out on top of pensions.

In line with the priority task of reducing proceedings times for all types of pension the average duration for new applications was shortened. In 2011 the duration of proceedings was 53 days for old-age pensions and 110 days for disability pensions. The duration of old-age pension proceedings was shorted by 19 days and disability pensions by 13 days compared to 2010. The duration of proceedings for disability pensions is influenced by the fact that it involves a medical

assessment and that the decision-making process is dependent on the provision of information on the termination of temporary incapacity for work.

The duration of proceedings on applications for old-age pensions stabilised during the 1st half of the year, amounting to 46 days in June. The duration of proceedings increased in the second and third quarters of 2011 as the number of new applications for old-age pension soared. In September 2011 CSSA staff dealt with most of the applications that had been filed in the summer months. The duration of proceedings for survivors' pensions has long been improving and now ranges from 30 to 40 days. This period is longer for orphans' pensions because of the more extensive investigation involved.

This speeding up of the decision-making process also applied to the agenda comprising an international element, despite a 14% year-on-year increase in new applications. The total duration of proceedings on applications with an international element was reduced to 188 days (i.e. 86 days less than in 2010). There was a fundamental shift in the processing of pensions with a Slovak element. The situation was complicated by the ruling of the Court of Justice of the European Union, under which 632 applications for topping-up of Slovak pensions had been filed as at 31. 12. 2011.

Development of the durations of proceedings on pension insurance benefits processed pursuant to national legislation (in days)

State for the period up to	Old-age pensions	Disability pensions			Survivors' pensions			Total
		1 st degree	2 nd degree	3 rd degree	widowers'	widows'	orphans'	
31. 12. 2010	72	126	126	119	40	38	61	80
31. 03. 2011	54	125	126	120	41	42	55	63
30. 06. 2011	50	120	122	115	37	37	52	58
30. 09. 2011	52	116	116	111	37	36	50	59
31. 12. 2011	53	111	113	108	37	36	49	59





The CSSA received almost 263,000 new pension applications and approximately 270,000 additional applications and client submissions. It issued a total of 434,000 decisions concerning entitlements to pensions or pension amounts. Most of them were linked to pension applications, decisions on changes

of disability pension amounts, the expiration of entitlement to pension insurance benefits etc. The 38,000 increase in the number of pension applications compared to 2010 was the result of applicants responding to legislative changes effective from 30. 9. 2011 (known as the 'small pension reform').

Development of the number of pension applications filed as at 31. 12.

Year	2006	2007	2008	2009	2010	2011
Applications filed	239 517	244 113	251 396	270 352	224 277	262 803

Pensions in the Czech Republic are paid out according to clients' requirements, either in cash through Czech Post or by non-cash transfer. Some CSSA clients have their pensions paid to social services facilities. In total, the CSSA sent 1,466,175 pay-outs to clients in cash; the number of cash-free pay-outs increased to 1,337,605, a 7.8% increase over 2010.

The CSSA has registered an increase in the number of cash-free pay-outs since 2003; compared to that year, in 2011 the total number of disbursements to client's bank accounts was more than double. The CSSA also pays out pensions abroad, making more than 66,000 payments to 75 countries around the world.

Number of clients with pension insurance, number of pensioners and pensions as at 31. 12.

Year	2006	2007	2008	2009	2010	2011	
Number of clients with pension insurance	4 846 240	4 877 954	4 978 920	4 905 021	5 011 797	5 039 978	
Number of pensioners	2 683 784	2 719 161	2 754 011	2 790 391	2 819 093	2 873 004	
of which	women	1 656 280	1 674 015	1 687 546	1 700 961	1 710 947	1 733 924
	men	1 027 504	1 045 146	1 066 465	1 089 430	1 108 146	1 139 080
Number of pensions paid out	3 310 174	3 347 121	3 383 046	3 418 876	3 446 767	3 501 402	
of which	old-age	1 995 350	2 028 865	2 066 005	2 108 368	2 260 032	2 340 147
	disability *)	580 055	586 686	588 745	585 944	466 329	445 033
	survivors'	734 769	731 570	728 296	724 564	720 406	716 222

*NB: The numbers of pensioners and paid-out pensions are for the Czech Republic, i.e. not including pay-outs to foreign countries and other non-standard payments. *) Up to 2009: full and partial disability pensions; from 2010: disability pensions for 1st, 2nd and 3rd degree disability.*

Average old-age pension amount as at 31. 12. (CZK)

Year	2006	2007	2008	2009	2010	2011
Men	9 157	9 784	10 715	11 175	11 240	11 700
Women	7 431	7 938	8 784	9 133	9 189	9 584
Total	8 187	8 747	9 638	10 045	10 123	10 552

NB: Old-age amount not including any other type of pension, e.g. widows' pension.





Pay-outs to foreign countries as at 31. 12.

Year	2006	2007	2008	2009	2010	2011
Pay-outs abroad	41 181	46 245	50 361	54 584	59 548	66 689

Ten countries to which the CSSA paid out most pension in 2011

Country	Slovakia	Germany	Poland	Canada	Switzerland	Austria	USA	Bulgaria	Greece	Sweden
Number of pensioners	20 279	13 789	12 724	3 131	3 030	2 231	2 060	1 837	1 798	1 146

The number of clients who have one or more execution deductions withheld from their pension continues to grow. As the organisation paying out pensions, the CSSA has an obligation to withhold sums from pensions in cases where the enforcement of a decision was ordered by a court, in administrative proceedings, by an execution order issued by a court executor, or in bankruptcy or insolvency proceedings. The number of these cases has almost doubled since 2004 and their growth continued unabated. The processing of pensions with an execution deduction thus fell into protracted difficulties that the CSSA took decisive steps to resolve.

Important data from paper documentation were transferred into a database in order to facilitate the introduction of electronic execution files. Since December 2011 all cases have been processed in electronic form by the CSSA. The CSSA bucked the trend of annual increases in the number of unprocessed submissions even though it registered 271,000 new execution titles, which constitutes an increase of almost 142,000 over 2010. The number of unresolved cases was reduced to 69,000. The total number of incoming submissions or instigations reached almost 800,000.

Development of the pay-out of pensions with execution deductions as at 31. 12.

Year	2006	2007	2008	2009	2010	2011
Pensions with execution withholdings	30 858	35 223	40 718	46 121	51 184	60 874

Objections are a standard recourse against CSSA decisions in pension insurance matters. The CSSA focused on shortening the duration of these proceedings. Whereas proceedings on objections against decisions dependent on medical assessment took 120 days at the start of 2011, by December the figure had fallen to 55 days. The average duration of proceedings on objections against other decisions was 71 days at the start of the year and 26 days at the end. Clients lodged 14,973 objections during the year. 63.2% of these comprised disagreement with a medical assessment. In the other cases the objection was most frequently targeted against the assessment of the insurance period (14.4%). A greater number of objections comprising dissatisfaction with the awarded pension amount was registered in the final quarter of the year following the new legislation governing the calculation of pension amounts. The first-instance

decision was upheld in 67% of cases; changed or annulled in 27% of cases; and objections were rejected for formal reasons or the proceedings suspended in just under 6% of cases. Objections proceedings make a substantial contribution to improving the quality of the CSSA's decision-making in the first instance.

The introduction of objection proceedings successfully reduced the number of cases of legal action taken by clients against the CSSA. Before the institute of objections was introduced, there were more than 3,000 actions filed per year; in 2011 2,032 actions were filed. 961 of all the cases were completed; in 710 cases (74%) the courts found in favour of the CSSA and 251 disputes (26%) ended unsuccessfully for the CSSA. The CSSA filed 12 complaints, most of which are still being decided on by the Supreme Administrative Court.





SICKNESS INSURANCE

District social security administrations handled sickness insurance for 4.29 million employees and processed the associated agenda in cooperation with more than 263,000 employers. Over 2.5 million (2,549,162) sickness insurance benefits were paid out via the CSSA's account.

66.10% of these comprised sickness benefits; 22.29% maternity benefits; 11.56% attendance allowance; compensatory benefits in pregnancy and maternity accounted for a negligible quantity (0.06%). 375,000 fewer benefits were paid out than in 2010, a fall of almost 13%.

Number of sickness benefits paid out and of persons with sickness insurance

Indicator		Number
Total number of persons with sickness insurance		4 407 787
of which self-employed		115 115
Total numbers of paid-out benefits		2 549 162
of which	sickness benefit	1 685 001
	maternity benefit	568 089
	attendance allowance	294 667
	pregnancy/maternity compens. benefit	1 405

NB: Data as at 31. 12. 2011.

The priority task was to comply with the administrative time limits for processing sickness insurance benefits, and the CSSA successfully paid out these benefits within the statutory time limits. Overall, the proportion of sickness insurance benefits paid out within the statutory time limit of 30 days rose to 99.72%; 86.25% of those benefits were paid out by the

CSSA within 10 days. Analysis of the cases of benefits that took longer than 30 days to process revealed that the delay was mostly caused by the records of the processed documents. The CSSA therefore adopted work procedures designed to minimise instances of benefits being paid out after the statutory time limit.

Duration of sickness insurance proceedings

State for the period up to	Total number of all processed benefits	of which			
		within 10 days	11 – 30 days	total up to 30 days	over 30 days
		%	%	%	%
31. 12. 2010 ¹⁾	2 019 854	91,11	8,33	99,44	0,56
31. 03. 2011	754 548	84,61	15,07	99,68	0,32
30. 06. 2011	1 409 643	85,13	14,55	99,68	0,32
30. 09. 2011	1 954 732	85,76	13,93	99,69	0,31
31. 12. 2011	2 542 386	86,25	13,47	99,72	0,28

NB: ¹⁾ For 2010 data are only given for the period from April to December, as the relevant statistical data about the benefits processing time were not available for the previous period.



The number of completed cases of temporary incapacity for work was more than 1.3 million in 2011, which is approximately 4,000 cases more than in 2010. The number of days of sickness absence fell, however, to just under 60 million days. The CSSA registered a fall in the number of sickness absence days in all the regions of the Czech Republic. The same was the case with the reduction in the average length of one case of temporary incapacity for work. One case lasted almost 45 days on average. Women were more frequently off sick – 689,972 completed cases of sick leave. The figure for men was 648,127. Women also tended to

be off sick for longer – on average 46 days, with the figure for men being 43.5 days. The most common cause of temporary incapacity for work was respiratory illnesses, with 475,170 cases.

Staff responsible for checking that insured persons on sickness leave complied with the treatment regimen performed 151,951 inspections in 2011. 12% of suspicions of breach of the treatment conditions were confirmed. The CSSA issued 3,004 administrative decisions on the curtailing or revoking of sickness benefit on the grounds of breach of the regimen for those on temporary sickness leave.

Indicators of temporary incapacity for work and inspections of compliance with the regimen for those on temporary sickness leave

Indicator	Number
Completed cases of temporary incapacity for work	1 338 099
Days spent on sick leave	59 937 951
Average duration of 1 case of temporary incapacity	44,79
Temporary incapacity terminated by CSSA decision	480
Breach of treatment regimen	4 337
Inspections of compliance with regimen	151 951
Sanctions applied ^{*)}	3 004

NB: Data as at 31.12.2011.

**) Number of issued decisions on the curtailing or revoking of sickness benefit.*

MEDICAL ASSESSMENT SERVICE

The work of the CSSA's medical assessment service (MAS) was mainly affected by changes in connection with the adoption of acts on social reform, the technical amendment of the sickness insurance act and preparations for the restructuring of the MAS. In addition, another priority task was to clear the backlog on objections proceedings. Reducing the number of overdue assessments to a minimum in this agenda was achieved in March 2011 and this level was successfully maintained throughout the rest of the year.

The MAS drew up a total of 436,701 assessments for the purposes of social security benefits and services conditional on long-term adverse states of health (the average number of assessments per year per doctor was 1,235). 182,909 assessments (41.88% of

the total number of first-instance assessments) were performed for the purposes of benefits provided by the CSSA and 253,792 (58.12% of the total) for other social security organisations.

The number of assessments for disability purposes in the context of medical examinations to ascertain or check health conditions was 158,304. New disability status was awarded in 38,415 cases and not awarded in 13,348. The duration of disability was confirmed in 100,184 cases and in 6,357 cases disability status was revoked by a control medical examination. Other assessments for the CSSA included assessments of health and work capacity for the purposes of proceedings on the provision of sickness benefit after the expiry of the support period, assessment of





infirmity and assessment of the long-term adverse health of a child. 89.7% of the filed applications received an affirmative assessment result for the purposes of proceedings on the provision of sickness benefit after the expiry of the support period. Infirmity status was awarded in 63 cases and long-term adverse health of a child in 83% of cases.

Assessments for other entities are used as a basis for decisions on benefits from 'non-insurance' schemes. Assessments of the degree of dependency for the award of contributions to care account for the majority of these assessments (52.52%).

Dependency status was awarded in 86% of cases. In 72,430 cases the award of special benefits was recommended. Affirmative assessments for the purposes of social care benefits and services (contribution towards the purchase, repair or special modification of a motor vehicle, for modification of housing etc.) were drawn up in 47.19% of all these assessed cases. In addition, the MAS drew up 13,923 assessments for the purposes of state social support and 9,189 assessments of persons with a health disadvantage. 592 assessments were drawn up for the purposes of proceedings on the ability to increase income through a person's own work.

Assessments performed by the MAS by type			
Type of assessment		Assessments performed	Share in %
Ascertaining disability examinations		51 763	11,85
Control disability examinations		106 541	24,40
Assessment of degree of infirmity		86	0,02
Assessment of children for pension insurance		364	0,08
Extension of pay-out of sickness insurance benefits		13 566	3,11
Person with a health disadvantage		9 189	2,11
State social support		13 923	3,19
Assessments for special benefits		83 137	19,04
Other assessments for social care - car, housing		14 258	3,26
Assessment of degree of dependency		133 285	30,52
Objections proceedings		10 589	2,42
Total		436 701	---
of which for	CSSA	182 909	41,88
	other entities	253 792	58,12

NB: Data as at 31. 12. 2011.

The MAS also performed 107,398 first-instance medical assessment inspections of treating doctors, based on which 480 assessments were drawn up for the purposes of a CSSA decision on the termination of temporary incapacity for work. In the second instance the MAS drew up 10,589 assessments for the purposes of proceedings on objections in all pension insurance matters.

The assessment of first instance was upheld in 83.3% of the total number of cases. In addition, the MAS submitted assessments in administrative appeals proceedings against the CSSA's decisions terminating temporary incapacity for work and against decisions not to extend the pay-out of sickness benefit after the support period.





COMPENSATION PURSUANT TO SPECIAL REGULATIONS

For several years now the CSSA has been responsible for the compensation agenda even though this is not connected to social insurance. The CSSA processes filed applications and performs investigations and disbursement. One-off cash sums are provided to some victims of Nazi persecution under Act No. 217/1994. The CSSA made a pay-out in 1 such case in 2011. Under Act No. 39/2000 one-off cash sums are paid out to members of Czechoslovak foreign armies and Allied armies in the years 1939 to 1945. No pay-out was made in 2011. Under Act No. 261/2001 one-off cash sums are paid out to participants in the national struggle for liberation, to political prisoners and to persons imprisoned in military work camps for racial or religious reasons. The CSSA performed 110 pay-outs for these purposes. Under Act No. 172/2002 one-off cash sums are provided to persons taken away to the

USSR or to camps the USSR set up in other countries. 2 pay-outs were provided. Under government order no. 622/2004 an extra payment is provided on top of pension to mitigate certain wrongs caused by the communist regime in the social area. The CSSA paid out 6,294 contributions. Under Act No. 357/2005 participants in the national resistance and some of their survivors are honoured for the establishment and liberation of Czechoslovakia; a special extra payment on top of pension is provided to certain persons; and a one-off cash sum is provided to certain participants in the national struggle for liberation in the years 1939 to 1945. This benefit applied to 31,791 cases. Under Act No. 108/2009, on a one-off cash sum replacing the extra payment on top of pension and special contribution to pension and amending certain acts, the benefit was paid out to 58 persons in 2011.

INFORMATION AND COMMUNICATION TECHNOLOGIES, ELECTRONIC COMMUNICATION



One of the CSSA's strategic objectives is to move beyond strictly local services so that clients can be served at any territorial unit of the organisation. To this end intensive work was carried out in the area of information and communication technologies (ICT) on processes, data centralisation and applications and on further digitisation of documents. The CSSA went ahead with the planned development of its integrated information system (IIS). It executed projects to renew and improve central data repositories and central server application platforms, and strengthened its network and communications infrastructure. The CSSA's ICT development objectives are laid down in its management documents: concept of the target architecture of CSSA ICT; CSSA information concept; and CSSA ICT development strategy up to 2015.

Based on its long-term strategy the CSSA maintained and continued to develop an extensive three-layer architecture with the corresponding security standard. The CSSA maintains data in a central data repository; the operation of centralised applications is handled by a central application layer; and the workstations layer forms the equipment for users' workplaces. In order to ensure operation remained reliable and stable the CSSA invested in the replacement of worn-out components and obsolete workstations, in the purchase of application servers for processes in the executions agenda, and in improving the operational performance of the database area handling the storage and management of documents. Mainframe technology based on the BS2000 operating system continues to be used for pension insurance processes. In the economic area the CSSA uses SAP technology platforms.

The CSSA continues to focus on automated support for process execution. In line with this it has developed its IIS according to the individual areas of primary and support processes. Modifications of application SW made necessary by legislative changes are an integral part of this. The CSSA ensured that the primary processes that had to react to changes in the law approved during the year and taking effect that year or from the start of the following year (e.g. the 'small pension reform', technical amendment of the sickness insurance act et al.) had the necessary functionality and support. It also acted on the requirements for the electronification of CSSA services in the area of the integration of its systems with the existing electronic channels of the Czech public administration and increasing the share of communication with its clients done through electronic channels. These steps preceded the planned hooking up of the CSSA's IIS to the key registers and data exchange with other public authorities.

Up to the end of 2011 the main channel the CSSA used to receive e-Submissions was the Public Sector Portal (PSP), which was discontinued as of 31.12.2011. The CSSA replaced this with its own communication interface (Public Interface for Electronic Submissions – known as VREP). In 2011, following trial operation, VREP was put into full operation and fully took over the role of PSP. The CSSA also has a specialised databox for incoming e-Submissions in the form of data strings. That is connected to automated processing in the central system and currently makes it possible to receive 'eNeschopenky' (electronic sick notes, specifically Incapacity for Work Announcements).



Overview of processed e - Submissions

		ELDP (RELDP)	ONZ (P/O)	OSVČ overviews	PVPOJ overviews	Total
Number of e - Submissions received		357 679	1 943 630	1 258	201 262	2 503 829
of which	via PSP	324 887	310 081	1 174	160 159	796 301
	via VREP	28 784	47 076	84	41 103	117 047
	via a medium	179	139	0	0	318
	made out at DSSA	3 829	1 586 334	0	0	1 590 163
Number of e - Forms received		3 532 067	3 258 387	1 258	201 262	6 992 974
of which	via PSP	3 411 562	1 499 298	1 174	160 159	5 072 193
	via VREP	111 227	171 849	84	41 103	324 263
	via a medium	2 530	154	0	0	2 684
	made out at CSSA	6 748	1 587 086	0	0	1 593 834

NB: Data as at 31. 12. 2011.

DSSA - district (or Prague, Brno) social security administration; ELDP - pension insurance record; ONZ - notification of start of employment; OSVČ - self-employed persons; PVPOJ - overview of insurance contribution amount; PSP - Public Sector Portal; VREP - Public Interface for e -Submissions

An agreement was reached with the Chamber of Executors in 2010 on electronic data exchange with a view to achieving a significant reduction in the CSSA's administrative burden when processing the requirements of court executors. 196,000 requests for cooperation were received from the execution authorities in 2010; in 2011 the number grew to 661,000.

In connection with the MoLSA's departmental plan to switch to full electronic communication with clients, analytical work linked to inventorisation of all the documents and forms involved in communication with clients was carried out and plans for the gradual performance of this task were drawn up during 2011.

RELATIONS WITH THE PUBLIC AND COOPERATION WITH FOREIGN PARTNERS



A client-based approach, speed and quality are at the forefront of the provision of services to the public. The CSSA focuses its activities on widening its services to clients and improving the efficiency of the social security implementation process. The CSSA no longer demands information from clients that it can get from other authorised sources and central records. The CSSA published on its web site a list of the documents and confirmations that clients are no longer required to submit. The web site is one of the CSSA's most important means of communicating with the public, and for that reason the web site was redesigned with a view to making it easier to use and to add information in German, English and French.

New, modern client centres were built during the year, one for the Prague Social Security Administration and one for the Opava District Social Security Administration. In November 2011 the CSSA head office opened a new client centre for pension insurance with 12 service counters, which replaced the previous information office that was no longer fit for purpose. The client centre has barrier-free access and is fitted with a modern client service system. This system has made it possible to cut waiting times substantially - waiting times are now less than 10 minutes. There is also a cash till and submissions counter. The client centre, formerly the information office, dealt with 65,520 clients during the year.

In connection with the small pension reform the CSSA made sure that clients were given full and timely information about the legislative changes. The CSSA performed comparative calculations of old-age pensions more frequently. As a result, clients got a clearer idea of the legislative amendments' impact on their pension. Once a year citizens may ask the CSSA to send a personal pension insurance information sheet containing an overview of insurance periods and assessment bases. The CSSA sent 148,227 of these to clients in 2011. The altered legislation had a palpable affect on entrepreneurs and tradespeople as well. The CSSA put the amended social security legislation on

self-employed persons into practice and explained the new rules to this group of clients; in many cases these were very hard to understand and comprehend.

The CSSA operates three specialised information telephone lines that clients can call on any working day. The longest-running is the pension insurance call centre, which provided information to 194,000 clients during the year. Its capacity was increased with 10 new positions intended mainly for answering enquiries relating to the withholding of execution deductions. The sickness insurance call centre serviced 60,000 clients. The newest call centre providing technical assistance for e-Submissions, based in Olomouc, opened on 1.6.2011. It replaced the technical assistance hotline previously operated by the CSSA head office, which no longer had sufficient capacity. It mainly provides information to clients using the CSSA's electronic submissions service, to developers and to SW firms. It handled over 3,500 enquiries.

The information materials the CSSA issued in 2011 are also published in electronic form on its web site. The publications are intended for the general public and are available free of charge at all the CSSA's territorial units as well as at other state administration offices (e.g. labour offices, tax offices). The CSSA published the following: a leaflet about electronic sick notes in 10,000 copies, Social Security in 2011 - 50,000 copies, and a leaflet entitled Small Pension Reform FAQ - 100,000 copies; in electronic form: the CSSA annual report for 2010 and Pension Insurance Statistical Yearbook for 2010. The CSSA also published the specialist monthly National Insurance, which had a monthly print run of 9,200 on average. During the year the magazine featured over 150 main articles on subjects such as social security, the medical assessment service, health insurance, international issues, labour law and employment. Besides these there were regular sections of the popular advice feature (121 were published), in which specialists from the areas making up the magazine's subject matter replied to readers' questions.





The CSSA organised traditional consultation days for clients with its partner institutions abroad. In March the tenth Czech-German pension consultation days were staged in the German town of Weiden with the German pension authority Deutsche Rentenversicherung; the eleventh event was held in Ústí nad Labem in November. The aim of these events is to inform pre-retirement-age clients who have acquired insurance periods in these countries about their pension entitlements and insurance periods, or in some cases about the status of pension proceedings. The number of people seeking this information is growing constantly. Pension-related information for clients who work or have worked in the Czech Republic and Austria could be obtained at the third Czech-Austrian consultation day that was held in the Austrian town of Freistadt in October. The event was co-organised by the CSSA and the Austrian pension authority Pensionversicherungsanstalt.

CSSA Director General Prof. JUDr. Vilém Kahoun, Ph.D. met with the president of Deutsche Rentenversicherung Dr. Herbert Riché. Their discussions focused on experiences with the transformation of the German institution in previous years and on international cooperation. The CSSA director general also held talks with his Slovak counterpart Ing. Luboš Lopatka, Ph.D. The topics of discussion were issues linked mainly to the collection of social security insurance contributions and pension proceedings, organisational and systemic changes in the two institutions, and the Slovak experience with the implementation of the second pillar of pension insurance.

The CSSA itself organised or participated in a number of bilateral and multilateral international meetings and projects in 2011. The main focus of cooperation was the application of the European coordination regulations and preparations for international electronic data exchange. The launch of international electronic data exchange was postponed by the European Commission until 1. 5. 2014.

CSSA representatives were actively involved in the work of the Administrative Commission on Social Security and its working groups, its Technical Commission and the Council's social affairs working group in Brussels. In talks with partners mainly from neighbouring states, common procedures were agreed on and uncertainties in the implementation of the international agenda were eliminated. The CSSA is also represented in three international organisations: the International Social Security Association - ISSA; the European Social Insurance Platform - ESIP; and the European association for doctors with involvement in Disability Assessment Medicine – EUMASS.

The CSSA continued in its role as principal partner in the implementation of an international project to support electronic data exchange between institutions from European states and took part in two other European projects dealing with the development of information schemes for clients and eliminating barriers to the free movement of persons.

As far as the preparation and implementation of international treaties is concerned, a social security treaty between the Czech Republic and Australia entered into force on 1.7.2011. The treaty strengthens the protection of the pension rights of migrants who have worked or will work in the two signatory states and have acquired or will acquire insurance periods in them. The first round of expert talks took place between the Czech Republic and Belarus with a view to discussing the possibility of a new social security treaty. The CSSA was visited by a delegation from Bosnia and Herzegovina that took part in the first round of expert talks in Prague on a new social security treaty between the two countries. The second round of expert talks took place on the preparation of a new social security treaty between the Czech Republic and Azerbaijan. Talks with representatives of the Indian social security authority resulted in agreement on common procedures for the implementation of a bilateral treaty that should enter into force in 2012.

ECONOMIC RESULTS AND HUMAN RESOURCES

The start of the new year was again accompanied by a rigorous and prudent internal breakdown of allocated finances. The CSSA's total revenues were CZK 358,104 million in 2011 and total expenditure CZK 387,120 million. The performance indicator, i.e. the total operating expenditure, including investments, as a ratio of total taxable revenues and benefit outlays was 0.74%.

REVENUES

The state budget set the CSSA's total revenue for 2011 at CZK 363.3 billion. Taxable revenue was set at CZK 362.7 billion, of which insurance contributions for pension insurance were CZK 322.4 billion and insurance contributions for sickness insurance and contributions to the state employment policy amounted to CZK 40.3 billion. Actual revenues from insurance contributions and contributions to the state

employment policy were CZK 357.5 billion, i.e. 98.55% of the budgeted amount. Within these revenues, pension insurance contributions transferred to the pensions account amounted to CZK 319.4 billion, i.e. CZK 11 billion more than in 2010 (an increase of 3.57%), and sickness insurance contributions and contributions to the state employment policy equalled CZK 38 billion. The CSSA collected CZK 24.3 billion in sickness insurance contributions, CZK 0.8 billion more than in the same period of the previous year (up 3.41%). Non-taxable revenues were set at CZK 600 million. The actual state was CZK 642 million, i.e. 107.05% of the budget target.

EXPENDITURE

The 2011 budget for pension insurance benefits was set at CZK 359.1 billion after adjustments. The actual figure was CZK 359.1 billion.

Expenditure on pension insurance benefits as at 31. 12. (CZK millions) ^{*)}

Rok	2006	2007	2008	2009	2010	2011
Old-age pensions	188 949	203 933	222 105	243 636	265 985	284 614
Full disability pensions	37 240	40 420	42 446	44 380	xxx	xxx
Partial disability pensions	11 802	13 254	14 952	16 609	xxx	xxx
Disability pensions for 3 rd degree disability	xxx	xxx	xxx	xxx	30 870	29 504
Disability pensions for 2 nd degree disability	xxx	xxx	xxx	xxx	4 295	5 116
Disability pensions for 1 st degree disability	xxx	xxx	xxx	xxx	12 516	12 831
Widows' pensions	18 924	20 382	20 871	21 576	21 018	21 483
Widowers' pensions	1 810	1 984	2 096	2 249	2 263	2 385
Orphans' pensions	2 740	2 904	3 066	3 254	3 217	3 301
Total	261 464	282 876	305 536	331 705	340 162	359 234

NB: Expenditure on the individual items have been rounded to the nearest CZK million; consequently, the total need not always correspond to the simple sum of the numbers.

^{*)} The advance from December of the previous year has been added to pensions and the advance for January of the following year deducted.





The CSSA paid out a total of CZK 21.5 billion in sickness insurance benefits. Total expenditure of sickness benefits was down almost CZK 1.3 billion in 2011 from 2010. The reduction in expenditure is mainly linked to

the legislative amendment effective from 1. 1. 2011 whereby the entitlement to sickness benefit does not arise until the 22nd day of temporary incapacity for work or ordered quarantine.

Expenditure on sickness insurance benefits as at 31. 12. (CZK millions)

Year	2006	2007	2008	2009	2010	2011
Sickness benefit	26 963	27 881	24 769	18 215	14 944	13 354
Attendance Allowance	825	893	811	729	431	640
Maternity benefit	4 981	5 893	6 297	7 084	7 410	7 506
CBPM	4	4	4	5	4	6
Total	32 773	34 671	31 882	26 033	22 789	21 505

NB: Expenditure on the individual items has been rounded to the nearest CZK million; consequently, the total need not always correspond to the simple sum of the numbers. CBPM—compensatory benefit in pregnancy and maternity

MANAGEMENT OF ASSETS AND OPERATIONS

As of 31.12.2011 the CSSA had fixed tangible assets worth a total of CZK 8.4 billion and fixed intangible assets of just under CZK 2 billion. The CSSA concluded five legal agreements concerning the transfer of real estate assets. In three cases this involved a transfer of the authority to administer property of the Czech Republic between the CSSA and another organisational component of the state based on a record of the change in administration competence. In two cases the CSSA was the receiving organisational component of the state; in one case it was the transferring organisational component of the state. Furthermore, the CSSA entered into one purchase contract with a natural person on behalf of the state and one purchase contract with a housing cooperative.

The CSSA has carried out its legally defined tasks under difficult economic conditions reflecting the tense situation in the state budget and public finances.

As a result, the budget for the CSSA's operations has been falling. 2011 brought the start of fulfilment of the documentation objectives of the CSSA's material and technical base programme in the horizon of the years 2011 to 2015. In the CSSA budget funds were earmarked for the acquisition and renewal of information and communication technologies and assets managed by the CSSA. The CSSA naturally also makes use of the opportunities to obtain financing from European funds. The preparatory phase of projects co-financed from European sources and EU structural funds went ahead in 2011. With the participation of the Integrated Operational Programme, actions intended to improve the efficiency of the CSSA's work, reduce the administrative burden and guarantee transparency were prepared. The CSSA is thus implementing projects focusing on electronification of agendas, adapting information systems and working with data resources in line with





the pan-departmental concept. Within the framework of the Environment Operational Programme designed to reduce energy consumption, co-financing was secured allowing the renovation of the perimeter shells of the Nový Jičín District Social Security Administration and the Karviná District Social Security Administration. The CSSA will use the experiences it has acquired when seeking to obtain financial support

from EU funds in the coming years as well. For that reason, in 2011 materials were drawn up for a further 3 projects for which the CSSA will apply for subsidies. These involve renovation and insulation work on the building of the Prague Social Security Administration in Trojská street, the Ústí nad Orlicí District Social Security Administration and the Frýdek-Místek District Social Security Administration.

Operating expenses		
Item	Expenditure (CZK millions)	Share of expenditure (%)
Staff costs	3 073	56,3
of which		
wages, severance, other	2 282	41,8
insurance contributions	769	14,1
Cultural and Social Needs Fund	22	0,4
Wage compensation during illness	15	0,3
Purchase of materials	32	0,6
Water, fuel, energy	134	2,4
Postal services	495	9,1
Services, repairs, maintenance, travel expenses	1 432	26,3
Other non-investment expenditure	29	0,5
Subtotal	5 210	95,5
Investment expenditure	245	4,5
Total operating expenditure	5 455	100,0

NB: Data as at 31. 12. 2011.



EMPLOYEES

The CSSA had 8,772 employees as at 31. 12. 2001, with women accounting for 88.5% of the workforce. This is reflected in a large proportion of working hours arrangements or part-time work on the grounds of care for minors. Almost 5% of the CSSA's workforce worked part-time. The predominance of women also means there is a high proportion – 8.5% – of employees on maternity and parental leave that can be taken up to a child's 4th year. This makes it necessary to negotiate fixed-term employment contracts, most commonly for three or at most four years.

As in previous years, there were no major changes in the age structure of the CSSA workforce. The biggest age group (28.3%) is employees aged from 51 to 60. Compared to 2010 there was a very slight increase in the proportion of the workforce in the age category

up to 20. The other age categories are more-or-less stable: the 31-40 group accounted for 23.4% and the 41-50 group 25.9% of employees. The optimisation of the CSSA's organisational arrangement was reflected in an increased fluctuation rate of 12.3%, a 0.7% increase over the previous year. The biggest increase in fluctuation compared to 2010 was registered in the Prague Social Security Administration, where the rate rose from 16.17% to 21.50%. The lowest fluctuation rate was registered the CSSA's Ostrava branch (6.37%). The qualifications structure remains largely unchanged. There was a slight increase in the number of university-educated employees (up 1.2%). Employees with complete secondary education still make up the biggest category (67.8%). It is desirable that this structure is maintained, given the specification of the activities carried out

Structure of employees by education and sex

Education	Men	Women	Total	Share in %
Primary	6	125	131	1,5
Apprenticed	104	386	490	5,7
Full secondary vocational	366	5 587	5 953	67,8
Upper vocational	20	186	206	2,3
University	514	1478	1 992	22,7
Total	1 010	7 762	8 772	100,0

Education, professional development and language courses are an established part of the CSSA's corporate culture. Thorough training of CSSA employees is essential if they are to know how to apply the social security legislation and explain it to clients. Employees' professional training is thus based on the CSSA's own courses focusing on developing the key skills of individual categories of employees. English and German language tuition pays attention to the specialist terminology of social security.

Specialised courses focusing on administrative, civil, commercial, labour and criminal law, as well as European and international social security law, are organised for CSSA's employees in conjunction with the Law Faculty of Charles University in Prague and the Law Faculty of Palacký University in Olomouc. All CSSA employees have access to electronic training courses. 5,200 employees successfully took these courses in 2011. In total, over 8,300 employees were trained in attended and electronic courses.



DEVELOPMENT PROJECTS

The continuous implementation of development courses co-financed out of the EU structural funds, namely the Human Resources and Employment Operational Programme and the Integrated Operational Programme, contributed to the achievement of the CSSA's strategic objectives. These projects had to be partially revised during the year to bring them into line with the MoLSA departmental strategy on information and communication technologies. Both implementation and drawdown of funds had to be postponed as a result in some cases.

Five projects were commenced or went ahead under the Human Resources and Employment Operational Programme:

- Staffing of information mining processes for creating and consolidating core records of insured persons and their personal accounts in connection with the key public administration registers, Part 1 – the objective is to put in place the right conditions for fulfilling the CSSA's mission in connection with the key public administration registers.
- Staffing of information mining processes for creating and consolidating core records of insured persons and their personal accounts in connection with the key public administration registers, Part 2 – the objective is to ensure the right processes and staffing are in place for mining and consolidating data for the CSSA's agendas to serve as a basis of information systems for transferring data to the system of key public administration registers.
- Undertaking the steps necessary for supporting the international element of the CSSA's pension agenda – the aim is to improve the pension benefits proceedings process by automating it and adapting the system to the applicable legislation of the Czech Republic and the EU.
- Creating the implementation of the operational monitoring system – the project's aim is to draw up an analysis of the current state of the information and communication technologies environment in the CSSA, to develop a comprehensive system for monitoring operational applications and hardware infrastructure, including mutual links, so that the CSSA possesses a modern tool that makes it possible to prevent unforeseen application failures.
- Project office of the Czech Social Security Administration – the project's objective is to introduce conceptual management and sustainable modern methods of improving performance, quality and transparency in the exercise of public administration within the competence of the CSSA.

Three projects went ahead under the Integrated Operational Programme:

- Consolidation of core records of insured persons and their personal accounts in connection with the Population Register and other key public administration registers - the aim is to mine, check and consolidate data as a precondition for CSSA's participation in the creation of central public administration registers and enabling secure data sharing among the public authorities and citizens' access to the data in these registers.
- CSSA electronic submissions office and mailing office in connection with the databoxes system – the aim is to create a single electronic file service and electronically managed circulation of documents, and to unify the work with documents arriving at the CSSA via various communication channels.
- Creation of the CSSA information and communication interface for providing information to clients – the aim is to enable the CSSA to communicate electronically with clients and other authorised persons and exchange data with the state authorities.

CHANGES IN THE ORGANISATION AND IN THE MANAGEMENT SYSTEM



2011 brought major changes in the organisation of the CSSA and in the system for managing certain key areas of its work. The extensive restructuring was necessary in order to react to both internal and external factors.

The most important external factors necessitating change were:

- the need to bring the CSSA's functioning into line with the new economic conditions that have led to cost-cutting measures in public administration, while preserving its effective performance;
- the need to adjust the CSSA's organisational structure so that it reflected changes linked to the reform of pension insurance, including preparations for the possible extension of the CSSA's competence to cover accident insurance.

From the longer-term perspective it was necessary to put in place the right organisational structure and to prepare starting points for future optimisation projects. Another key factor reflected in the CSSA's organisation and management system is the Single Collection Point project. When executed, this project will result in the agenda of collecting social security insurance contributions and contributions to the state employment policy being taken out of the CSSA's hands. The current organisational structure of the CSSA had to be adjusted in advance for the expected changes.

The key internal factors necessitating changes in the organisation of the CSSA were:

- the need to undertake a fundamental revision of the CSSA management process model put in place in 2006;
- the need to optimise economic processes;
- the need to find a definitive solution to the organisation of the process of withholding sums deducted from pension insurance benefits for execution reasons;
- the need to propose the establishment of a 'project office' organisational unit;
- the need to propose the practical diversification of the process of awarding public contracts;
- the need to take out the database administration process from the existing organisational framework;

- the need to improve the efficiency of pension insurance process management;
- the need to draw up a proposal for the restructuring and optimisation of the medical assessment service.

The changes in the CSSA structure were executed in the form of project management – specifically, a project entitled "Restructuring and Optimisation of the Organisational Arrangement of the Czech Social Security Administration and Its Territorial Organisational Units in 2011" (known as the restructuring project). Given the large amount of work involved, the implementation part of the restructuring project was spread over several phases taking place to a defined timetable in the course of the entire year:

- Phase 1 – organisational units subordinated directly to the CSSA director general and organisational units of the economic and administrative section;
- Phase 2 – units in the social insurance section and pension insurance implementation section;
- Phase 3 – units in the information and communication technologies section;
- Phase 4 – units in the medical assessment service section;
- Phase 5 – units of the CSSA's workplaces;
- Phase 6 – units of the district social security administrations, Prague Social Security Administration and Brno Municipal Social Security Administration.

The outcome of the implementation phase of the restructuring project was a fundamental reduction in the number of organisational units at various levels of management and also adjustments to important support processes. The units responsible for databases were made into a separate database management section. The reason for this was the cross-cutting nature of the database management support process. The organisational changes were accompanied by a reduction in the number of work positions. Before the restructuring project was launched, work at the CSSA head office was done by 26 divisions, 88 departments and 64 offices. Following the project's completion, the same work is done by just 18 divisions, 77 departments and 24 offices. All the described changes in the organisational structure of the CSSA are formally enshrined in the new organisational rules.



CONTACTS

Web site: www.cssz.cz

CSSA **call centres** are open every working day and provide information regarding

Pension insurance: +420 257 062 860

Monday	8:00 - 17:00
Tuesday	8:00 - 15:30
Wednesday	8:00 - 17:00
Thursday	8:00 - 15:30
Friday	8:00 - 14:00

Sickness insurance: +420 840 406 040

Monday	8:00 - 17:00
Tuesday	8:00 - 14:30
Wednesday	8:00 - 17:00
Thursday	8:00 - 14:30
Friday	8:00 - 14:00

Technical assistance for e - Submissions: +420 585 708 290

Monday	8:00 - 17:00
Tuesday	8:00 - 15:00
Wednesday	8:00 - 17:00
Thursday	8:00 - 15:00
Friday	8:00 - 14:00

Requests for a personal pension insurance information sheet (containing an overview of insurance periods and assessment bases) can be sent to: CSSA – database management division, Křížová 25, 225 08 Prague 5, stating your birth number, name and surname, maiden name and delivery address, or electronically via the electronic submissions office (only with an electronic signature) or databox.

CSSA branches

For information on social security clients may contact their district social security administration (or Prague or Brno administrations), which are open to the public every working day with the following general business hours:

Monday	8:00 - 17:00
Tuesday	8:00 - 14:00
Wednesday	8:00 - 17:00
Thursday	8:00 - 14:00
Friday	8:00 - 13:00

Branches' exact business hours and contact details are available on the web site at www.cssz.cz/cz/kontakty.

The pension insurance client centre attached to the CSSA head office provides information about pension insurance and the course of pensions proceedings every working day.

Monday	8:00 - 17:00
Tuesday	8:00 - 14:30
Wednesday	8:00 - 17:00
Thursday	8:00 - 14:30
Friday	8:00 - 14:00

At the Prague head office client centre clients can arrange personal consultations regarding more complicated pension insurance cases or request informative old-age pension calculations. Appointments can be arranged by calling +420 257 062 869 every working day from 8 to 12 a.m.





CSSA Annual Report for 2011

Published by the Czech Social Security Administration
Křížová 25, 225 08 Prague 5
www.cssz.cz

Prague 2012