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*Plenary sitting*

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**A8-0082/2017**

28.3.2017

# REPORT

on discharge in respect of the implementation of the budget of the European  
Centre for Disease Prevention and Control for the financial year 2015  
(2016/2175(DEC))

Committee on Budgetary Control

Rapporteur: Inés Ayala Sender

## CONTENTS

	<b>Page</b>
1. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION .....	3
2. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION .....	5
3. MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION .....	7
OPINION OF THE COMMITTEE ON THE ENVIRONMENT, PUBLIC HEALTH AND FOOD SAFETY .....	12
INFORMATION ON ADOPTION IN COMMITTEE RESPONSIBLE .....	15
FINAL VOTE BY ROLL CALL IN COMMITTEE RESPONSIBLE.....	16

## 1. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

### **on discharge in respect of the implementation of the budget of the European Centre for Disease Prevention and Control for the financial year 2015 (2016/2175(DEC))**

*The European Parliament,*

- having regard to the final annual accounts of the European Centre for Disease Prevention and Control for the financial year 2015,
- having regard to the Court of Auditors' report on the annual accounts of the European Centre for Disease Prevention and Control for the financial year 2015, together with the Centre's reply<sup>1</sup>,
- having regard to the statement of assurance<sup>2</sup> as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2015, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendation of 21 February 2017 on discharge to be given to the Centre in respect of the implementation of the budget for the financial year 2015 (05873/2017 – C8-0061/2017),
- having regard to Article 319 of the Treaty on the Functioning of the European Union,
- having regard to Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002<sup>3</sup>, and in particular Article 208 thereof,
- having regard to Regulation (EC) No 851/2004 of the European Parliament and of the Council of 21 April 2004 establishing a European Centre for Disease Prevention and Control<sup>4</sup>, and in particular Article 23 thereof,
- having regard to Commission Delegated Regulation (EU) No 1271/2013 of 30 September 2013 on the framework financial regulation for the bodies referred to in Article 208 of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council<sup>5</sup>, and in particular Article 108 thereof,
- having regard to Rule 94 of and Annex IV to its Rules of Procedure,
- having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on the Environment, Public Health and Food Safety (A8-0082/2017),

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<sup>1</sup> OJ C 449, 1.12.2016, p. 77.

<sup>2</sup> OJ C 449, 1.12.2016, p. 77.

<sup>3</sup> OJ L 298, 26.10.2012, p. 1.

<sup>4</sup> OJ L 142, 30.4.2004, p. 1.

<sup>5</sup> OJ L 328, 7.12.2013, p. 42.

1. Grants the Director of the European Centre for Disease Prevention and Control discharge in respect of the implementation of the Centre's budget for the financial year 2015;
2. Sets out its observations in the resolution below;
3. Instructs its President to forward this decision, and the resolution forming an integral part of it, to the Director of the European Centre for Disease Prevention and Control, the Council, the Commission and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).

## 2. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

### **on the closure of the accounts of the European Centre for Disease Prevention and Control for the financial year 2015 (2016/2175(DEC))**

*The European Parliament,*

- having regard to the final annual accounts of the European Centre for Disease Prevention and Control for the financial year 2015,
- having regard to the Court of Auditors' report on the annual accounts of the European Centre for Disease Prevention and Control for the financial year 2015, together with the Centre's reply<sup>1</sup>,
- having regard to the statement of assurance<sup>2</sup> as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2015, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendation of 21 February 2017 on discharge to be given to the Centre in respect of the implementation of the budget for the financial year 2015 (05873/2017 – C8-0061/2017),
- having regard to Article 319 of the Treaty on the Functioning of the European Union,
- having regard to Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002<sup>3</sup>, and in particular Article 208 thereof,
- having regard to Regulation (EC) No 851/2004 of the European Parliament and of the Council of 21 April 2004 establishing a European Centre for Disease Prevention and Control<sup>4</sup>, and in particular Article 23 thereof,
- having regard to Commission Delegated Regulation (EU) No 1271/2013 of 30 September 2013 on the framework financial regulation for the bodies referred to in Article 208 of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council<sup>5</sup>, and in particular Article 108 thereof,
- having regard to Rule 94 of and Annex IV to its Rules of Procedure,
- having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on the Environment, Public Health and Food Safety (A8-0082/2017),

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<sup>1</sup> OJ C 449, 1.12.2016, p. 77.

<sup>2</sup> OJ C 449, 1.12.2016, p. 77.

<sup>3</sup> OJ L 298, 26.10.2012, p. 1.

<sup>4</sup> OJ L 142, 30.4.2004, p. 1.

<sup>5</sup> OJ L 328, 7.12.2013, p. 42.

1. Approves the closure of the accounts of the European Centre for Disease Prevention and Control for the financial year 2015;
2. Instructs its President to forward this decision to the Director of the European Centre for Disease Prevention and Control, the Council, the Commission and the Court of Auditors, and to arrange for its publication in the *Official Journal of the European Union* (L series).

### 3. MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

**with observations forming an integral part of the decision on discharge in respect of the implementation of the budget of the European Centre for Disease Prevention and Control for the financial year 2015  
(2016/2175(DEC))**

*The European Parliament,*

- having regard to its decision on discharge in respect of the implementation of the budget of the European Centre for Disease Prevention and Control for the financial year 2015,
  - having regard to the Court of Auditors' Special Report No 12/2016 on the "Agencies' use of grants: not always appropriate or demonstrably effective",
  - having regard to Rule 94 of and Annex IV to its Rules of Procedure,
  - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on the Environment, Public Health and Food Safety (A8-0082/2017),
- A. whereas, according to its financial statements, the final budget of the European Centre for Disease Prevention and Control ("the Centre") for the financial year 2015 was EUR 58 451 950 representing a decrease of 3,36 % compared to 2014; whereas 97,03 % of the Centre's budget derives from the Union budget;
- B. whereas the Court of Auditors ("the Court") in its report on the annual accounts of the European Centre for Disease Prevention and Control for the financial year 2015 ("the Court's report"), has stated that it has obtained reasonable assurances that the Centre's annual accounts for the financial year 2015 are reliable and that the underlying transactions are legal and regular;
- C. whereas in the context of the discharge procedure, the discharge authority stresses the special importance of further strengthening the democratic legitimacy of the institutions of the Union by improving transparency and accountability, implementing the concept of performance-based budgeting and good governance of human resources;

#### ***Follow-up of 2014 discharge***

1. Acknowledges the fact that:
  - the Centre further revised its independence policy and has created an internal procedure for the implementation of that policy; notes furthermore that the updated policy was endorsed by the Centre's Management Board in June 2016 and that it requires from all staff to submit a declaration of interests before taking up duty; acknowledges in addition that the revised policy requires all staff involved in a particular procurement procedure to sign a declaration of absence of conflict of interest;
  - the Centre provides key information for the public in all official languages of the Union; acknowledges the fact that the content targeted at the expert community is provided in English only, due to the high cost of translation;

### ***Comments on the legality and regularity of transactions***

2. Notes from the Court's report that various weaknesses were found affecting the transparency of the Centre's procurement procedures, including a lack of a clear link with the Centre's annual work programme, insufficient substantiation of the estimated contract value or absence of a financial benchmark to assess the tenderer's financial capacity; acknowledges to the Centre that it implemented a new version of procurement monitoring application in 2016 which makes a clear link between the procurement procedures and the annual work programme; acknowledges furthermore that prior to the launch of any procurement procedure above EUR 25 000, the Centre now requests a substantiation of estimated contract values;

### ***Budget and financial management***

3. Notes that the budget monitoring efforts during the financial year 2015 resulted in a budget implementation rate of 94,05 %, representing a decrease of 4,72 % compared to 2014; acknowledges the fact that the decrease is related to the lower weighting factor applied to remunerations in Sweden in 2014, as well as to delays in recruitment which resulted in lower than anticipated staff costs; takes note that the payment appropriations execution rate was 76,27 % representing a decrease of 4,1 % compared to 2014;
4. Recalls that, as a Union agency, the Centre has a budget which is denominated in euro; however, since it is located in Sweden, and therefore in a non-Eurozone country, a lot of its expenses are incurred in Swedish krona (SEK); furthermore, the Centre is exposed to exchange rate fluctuations since not only does it have bank accounts in Swedish krona but also carries out certain transactions in other foreign currencies;

### ***Commitments and carryovers***

5. Notes that committed appropriations carried over for Title II (administrative expenditure) were at 23 % (EUR 1 600 000) and at 42 % (EUR 7 500 000) for Title III (operational expenditure); acknowledges the fact that the carry-overs for Title II are mainly related to the planned procurement of IT hardware and software, and to real estate consultancy service for which payment is due only in 2016; acknowledges moreover that the carry-overs for Title III concerned the Centre's multiannual projects and IT support for operational activities;
6. Notes that the carry-overs may often be partly or fully justified by the multiannual nature of the agencies' operating programmes and do not necessarily indicate weaknesses in budget planning and implementation, nor are they always at odds with the budgetary principle of annuality; notes that the carry-overs are in many cases planned in advance and communicated to the Court; calls for a clear definition of planned and justified, as the expenditure could not be implemented in 2015 due to reasons outside the control of the Centre;

### ***Procurement and recruitment procedures***

7. Takes note that as from 1 May 2015, following a decision of the Management Board of the Centre, the Acting Director has replaced the Centre's Director until a new Director takes office;



8. Acknowledges the fact that the total number of statutory staff decreased from 277 to 260 in 2015, due to the requested post reduction in the Centre's establishment plan until 2018; notes furthermore that the total number of temporary agents in place at the Centre was 168 and the total number of contract agents was 92 by the end of 2015; takes note that the turnover rate for temporary agents and contract agents was 8,3 % in 2015 and that there was a delay in a number of senior post recruitments, partly influenced by the pending appointment, and subsequent vacancy of the Centre's Director;
9. Notes that with regard to its procurement procedures, the Centre has put specific focus on ensuring consistency in all tender documents; emphasises that the Centre's revised procedure on procurement, contracts and grants is providing an additional quality control mechanism; calls on the Centre in particular to carry out careful checks on conflicts of interest in relation to tenders, procurement, recruitment and contracts in order to strengthen transparency;
10. Asks the Centre to apply strictly the measures pertaining to discretion and exclusion in public procurement, with proper background checks being carried out in every instance, and to apply the exclusion criteria so as to debar companies in the event of any conflict of interest, this being essential to protect the financial interests of the Union;

#### ***Prevention and management of conflicts of interests and transparency***

11. Notes with satisfaction that both routine and spot checks are made against CVs provided by its management board members, and in cases where information from other sources (such as publicly available information) reveals factual inaccuracies, a "breach of trust" procedure is in place;
12. Notes that the Centre has taken specific initiatives in order to increase transparency relating to its contacts with lobbyists, and that an internal procedure on meetings with the pharmaceutical sector is under preparation; calls on the Centre to enact a proactive lobby transparency policy;

#### ***Internal controls***

13. Notes that the Centre performed a review of the implementation of its Internal Control Standards (ICS) and that the results of the review were validated by the Centre's management; acknowledges the fact that all the Centre's ICS have been implemented;
14. Notes that the Centre has a procedure in place to ensure that overrides of controls or deviations from established processes and procedures are documented in exception reports; notes that 28 such exceptions were recorded in 2015, representing a decrease of 14 exceptions compared to 2014;

#### ***Internal audit***

15. Takes note that the Internal Audit Service (IAS) performed an audit on data management in the Centre; notes furthermore that the final report was issued in November 2015 and it included four very important observations and two important observations; acknowledges that the Centre prepared an action plan which was to be implemented throughout 2016 and 2017;

## ***Performance***

16. Notes from the Centre's annual report that the majority of targets for its performance indicators were reached; notes in particular the indicators for proportion of approved annual and specific declarations of interest for the Centre's Management Board and Advisory Forum members, which were at 87,9 % and 89,2 %, respectively, while the target was set at 100 %; notes furthermore the indicator regarding the percentage of invoices paid within the time limits of the Centre's financial regulation, which was at 78,07 %, slightly below the target of 80 %;
17. Notes that in addition to its five-year external evaluations, the Centre has established two annual internal evaluations since 2015 on its deployment for Ebola in West Africa; notes also that the Quality Management System (based on the Common Assessment Framework) provides insight based on self-assessments every two years on how to improve the organisation, leading to corrective actions; acknowledges that the Centre has mapped its business processes to strengthen efficiency, and in 2016 reviewed and reengineered those processes using the Lean methodology and will continue to do so in 2017;
18. Notes that the Centre's target of 10 % more web visitors in 2015 was not reached, mainly due to an unprecedented increase of web visitors in 2014 during the Ebola crisis; acknowledges however that the number of Centre's followers on the corporate social media account increased by 40 % compared to 2014;
19. Underlines that the Centre should continue promoting dialogue with stakeholders and citizens and incorporate it as part of the priorities and activities to be implemented;
20. Recommends the Centre to develop impact indicators; believes that such impact indicators are essential tools in order to measure the effectiveness of the Centre;

## ***Other comments***

21. Stresses that the Ebola epidemic provided a test case for the Union's preparedness arrangements and legal framework and that the Health Security Committee met regularly to discuss appropriate measures based on rapid risk assessments and guidance from the Centre;
22. Recalls that the Decision No 1082/2013/EU of the European Parliament and of the Council<sup>1</sup> provides the framework to address, coordinate and manage serious cross-border health threats in cooperation with Member States, the World Health Organisation (WHO), the Centre and other international partners;
23. Acknowledges the fact that the Early Warning and Response System, which was established under Decision No 1082/2013/EU to notify alerts and report measures taken to fight the serious cross-border health threats, has been constantly monitored; in 2015, there were 88 notifications, which resulted in 280 messages and information exchanges, and 37 different events were addressed, for example, the Ebola epidemic, the influx of

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<sup>1</sup> Decision No 1082/2013/EU of the European Parliament and of the Council of 22 October 2013 on serious cross-border threats to health and repealing Decision No 2119/98/EC (OJ L 293, 5.11.2013, p. 1).

refugees, the Middle East respiratory syndrome coronavirus (MERS-CoV), poliomyelitis, the shortage of medical countermeasures, the Zika virus, and the explosion of a chemical factory in China; stresses that all events were followed up in close cooperation with the Centre and Member States;

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24. Refers, for other observations of a cross-cutting nature accompanying its decision on discharge, to its resolution of [xx xxxx 2017]<sup>1</sup> [on the performance, financial management and control of the agencies].).

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<sup>1</sup> Texts adopted , ... 2017, P[8\_TA(-PROV)(2017)0000].

1.2.2017

## **OPINION OF THE COMMITTEE ON THE ENVIRONMENT, PUBLIC HEALTH AND FOOD SAFETY**

for the Committee on Budgetary Control

on discharge in respect of the implementation of the budget of the European Centre for  
Disease Prevention and Control for the financial year 2015  
(2016/2175(DEC))

Rapporteur: Giovanni La Via

### **SUGGESTIONS**

The Committee on the Environment, Public Health and Food Safety calls on the Committee on Budgetary Control, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

1. Notes that the European Centre for Disease Prevention and Control (“the Centre”) is almost exclusively financed from the Union budget; notes also that the EFTA countries contributed 2,97% of the Centre’s 2015 budget; acknowledges that in 2015, the Centre had an outturn of EUR 5 079 604 on a total budget of EUR 58 451 950 cashed from the Commission;
2. Notes that, with regard to the Centre’s commitment and payment credits, in 2015 the majority of fresh credits were committed and paid; acknowledges that the level of execution amounts to 95,0 % and that the amount of unused appropriations amounted to EUR 3,477 million; stresses that the majority of this under-execution corresponds to the unused assigned revenue (the Centre’s outturn of 2014), which was reused in 2016;
3. Stresses that the Ebola epidemic provided a test case for the Union’s preparedness arrangements and legal framework and that the Health Security Committee met regularly to discuss appropriate measures based on rapid risk assessments and guidance from the Centre;
4. Recalls that the Decision No 1082/2013/EU of the European Parliament and of the Council<sup>1</sup> provides the framework to address, coordinate and manage serious cross-border health threats in cooperation with Member States, the World Health Organisation (WHO), the Centre and other international partners;
5. Acknowledges that the Early Warning and Response System, which was established under

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<sup>1</sup> Decision No 1082/2013/EU of the European Parliament and of the Council of 22 October 2013 on serious cross-border threats to health and repealing Decision No 2119/98/EC (OJ L 293, 5.11.2013, p. 1).

Decision No 1082/2013/EU to notify alerts and report measures taken to fight the serious cross-border health threats, has been constantly monitored; in 2015, there were 88 notifications, which resulted in 280 messages and information exchanges, and 37 different events were addressed, for example, the Ebola epidemic, the influx of refugees, the Middle East respiratory syndrome coronavirus (MERS-CoV), poliomyelitis, the shortage of medical countermeasures, the Zika virus, and the explosion of a chemical factory in China; stresses that all events were followed up in close cooperation with the Centre and Member States;

6. Notes that with regard to its procurement procedures, the Centre has put specific focus on ensuring consistency in all tender documents; emphasises that the Centre's revised procedure on procurement, contracts and grants is providing an additional quality control mechanism; calls on the Centre in particular to carry out careful checks on conflicts of interest in relation to tenders, procurement, recruitment and contracts in order to strengthen transparency;
7. Asks the Centre to apply strictly the measures pertaining to discretion and exclusion in public procurement, with proper background checks being carried out in every instance, and to apply the exclusion criteria so as to debar companies in the event of any conflict of interest, this being essential to protect the financial interests of the Union;
8. Underlines that the Centre should continue promoting dialogue with stakeholders and citizens and incorporate it as part of the priorities and activities to be implemented;
9. Recommends the Centre to develop impact indicators; believes that such impact indicators are essential tools in order to measure the effectiveness of the Centre;
10. Recalls that, as a Union agency, the Centre has a budget which is denominated in euro; however, since it is located in Sweden, and therefore in a non-Eurozone country, a lot of its expenses are incurred in Swedish krona (SEK); furthermore, the Centre is exposed to exchange rate fluctuations since not only does it have bank accounts in Swedish krona but also carries out certain transactions in other foreign currencies;
11. Takes note that as from 1 May 2015, following a decision of the Management Board of the Centre, the Acting Director has replaced the Centre's Director until a new Director takes office;
12. Recommends, based on the facts available, that discharge be granted to the Director of the European Centre for Disease Prevention and Control with respect to the implementation of the Centre's budget for the financial year 2015.

## RESULT OF FINAL VOTE IN COMMITTEE ASKED FOR OPINION

<b>Date adopted</b>	31.1.2017
<b>Result of final vote</b>	+: 57 -: 10 0: 0
<b>Members present for the final vote</b>	Marco Affronte, Margrete Auken, Pilar Ayuso, Zoltán Balczó, Simona Bonafè, Biljana Borzan, Paul Brannen, Soledad Cabezón Ruiz, Nessa Childers, Alberto Cirio, Mireille D'Ornano, Miriam Dalli, Angélique Delahaye, Mark Demesmaeker, Ian Duncan, Stefan Eck, Bas Eickhout, José Inácio Faria, Karl-Heinz Florenz, Francesc Gambús, Elisabetta Gardini, Gerben-Jan Gerbrandy, Jens Gieseke, Sylvie Goddyn, Françoise Grossetête, Andrzej Grzyb, Jytte Guteland, György Hölvényi, Anneli Jäätteenmäki, Jean-François Jalkh, Benedek Jávor, Karin Kadenbach, Kateřina Konečná, Urszula Krupa, Giovanni La Via, Peter Liese, Norbert Lins, Valentinas Mazuronis, Susanne Melior, Miroslav Mikolášik, Gilles Pargneaux, Piernicola Pedicini, Pavel Poc, Julia Reid, Frédérique Ries, Daciana Octavia Sârbu, Renate Sommer, Claudiu Ciprian Tănăsescu, Ivica Tolić, Estefanía Torres Martínez, Adina-Ioana Vălean, Jadwiga Wiśniewska, Damiano Zoffoli
<b>Substitutes present for the final vote</b>	Clara Eugenia Aguilera García, Jørn Dohrmann, Herbert Dorfmann, Martin Häusling, Jan Huitema, Peter Jahr, Merja Kyllönen, Gesine Meissner, James Nicholson, Gabriele Preuß, Bart Staes, Tiemo Wölken
<b>Substitutes under Rule 200(2) present for the final vote</b>	Dieter-Lebrecht Koch, Clare Moody

## INFORMATION ON ADOPTION IN COMMITTEE RESPONSIBLE

<b>Date adopted</b>	22.3.2017
<b>Result of final vote</b>	+: 23 -: 4 0: 0
<b>Members present for the final vote</b>	Inés Ayala Sender, Dennis de Jong, Tamás Deutsch, Martina Dlabajová, Luke Ming Flanagan, Ingeborg Gräßle, Cătălin Sorin Ivan, Jean-François Jalkh, Bogusław Liberadzki, Monica Macovei, Notis Marias, José Ignacio Salafranca Sánchez-Neyra, Petri Sarvamaa, Claudia Schmidt, Bart Staes, Hannu Takkula, Derek Vaughan, Joachim Zeller
<b>Substitutes present for the final vote</b>	Richard Ashworth, Gerben-Jan Gerbrandy, Benedek Jávor, Karin Kadenbach, Julia Pitera, Patricija Šulin
<b>Substitutes under Rule 200(2) present for the final vote</b>	Raymond Finch, Jens Geier, Janusz Zemke

## FINAL VOTE BY ROLL CALL IN COMMITTEE RESPONSIBLE

23	+
ALDE	Martina Dlabajová, Gerben-Jan Gerbrandy, Hannu Takkula
ECR	Monica Macovei
GUE/NGL	Luke Ming Flanagan, Dennis de Jong
PPE	Tamás Deutsch, Ingeborg Gräßle, Julia Pitera, José Ignacio Salafranca Sánchez-Neyra, Petri Sarvamaa, Claudia Schmidt, Joachim Zeller, Patricija Šulin
S&D	Inés Ayala Sender, Jens Geier, Cătălin Sorin Ivan, Karin Kadenbach, Bogusław Liberadzki, Derek Vaughan, Janusz Zemke
VERTS/ALE	Benedek Jávor, Bart Staes

4	-
ECR	Richard Ashworth, Notis Marias
EFDD	Raymond Finch
ENF	Jean-François Jalkh

0	0

Key to symbols:

+ : in favour

- : against

0 : abstention