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DRAFT REPORT

on discharge in respect of the implementation of the budget of the European
Centre for Disease Prevention and Control for the financial year 2016
(2017/2160(DEC))

Committee on Budgetary Control

Rapporteur: Bart Staes

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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 2016 (2017/2160(DEC))

The European Parliament,

- having regard to the final annual accounts of the European Centre for Disease Prevention and Control for the financial year 2016,
- 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 2016, together with the Centre's reply¹,
- having regard to the statement of assurance² 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 2016, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendation of ... February 2018 on discharge to be given to the Centre in respect of the implementation of the budget for the financial year 2016 (00000/2018 – C8-0000/2018),
- 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 1605/2002³, 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 Control⁴, 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 Council⁵, 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 (A8-0000/2018),

¹ OJ C 417, 6.12.2017, p. 92.

² OJ C 417, 6.12.2017, p. 92.

³ OJ L 298, 26.10.2012, p. 1.

⁴ OJ L 142, 30.4.2004, p. 1.

⁵ 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 2016 / Postpones its decision on granting 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 2016;
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 2016 (2017/2160(DEC))

The European Parliament,

- having regard to the final annual accounts of the European Centre for Disease Prevention and Control for the financial year 2016,
- 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 2016, together with the Centre's reply¹,
- having regard to the statement of assurance² 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 2016, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendation of ... February 2018 on discharge to be given to the Centre in respect of the implementation of the budget for the financial year 2016 (00000/2018 – C8-0000/2018),
- 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 1605/2002³, 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 Control⁴, 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 Council⁵, 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 (A8-0000/2018),

¹ OJ C 417, 6.12.2017, p. 92.

² OJ C 417, 6.12.2017, p. 92.

³ OJ L 298, 26.10.2012, p. 1.

⁴ OJ L 142, 30.4.2004, p. 1.

⁵ 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 2016 / Postpones the closure of the accounts of the European Centre for Disease Prevention and Control for the financial year 2016;
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 2016 (2017/2160(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 2016,
 - 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 (A8-0000/2018),
- A. whereas in the context of the discharge procedure, the discharge authority wishes to stress the particular importance of further strengthening of the democratic legitimacy of the Union institutions by improving transparency and accountability and implementing the concept of performance-based budgeting and good governance of human resources;
- B. whereas, according to its statement of revenue and expenditure¹, the final budget of the European Centre for Disease Prevention and Control ("the Centre") for the financial year 2016 was EUR 58 247 650 representing a slight decrease of 0,35 % compared to 2015; whereas 97,46 % of the Centre derives from the Union budget;
- C. 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 2016 ("the Court's report"), has stated that it has obtained reasonable assurances that the Centre's annual accounts are reliable and that the underlying transactions are legal and regular;

Follow-up of 2015 discharge

1. Acknowledges from the Centre that, following the Court's comments on various weaknesses found regarding the transparency of the Centre's procurement procedures, the Centre has changed the format and process to create the financing decision for its procurements; calls on the Centre to report to the discharge authority on the implementation of this procedure;

Comments on the legality and regularity of transactions

2. Notes that, according to the Court's report, in May 2015, the Centre's Director ad interim was appointed by a management board decision; highlights that as of 31 December 2016, that posting exceeded the one year maximum period stipulated in the Staff Regulations by eight months; regrets moreover that this has also resulted in 15 additional ad interim arrangements for other staff; notes that, according to the Centre's reply, it considers the appointment was done in accordance with the Staff Regulations

¹ OJ C 84, 17.03.2017, p. 45.

as well as with Regulation (EC) No 851/2004, since the initial recruitment for the post of director was unsuccessful and, for operational continuity purposes, the acting arrangement was extended beyond the 12 months limit; stresses that during this extension, at the request of the management board the member of staff concerned accepted to forego the financial compensation provided for in the Staff Regulations while temporarily occupying a post with a higher grade;

Budget and financial management

3. Notes that the budget monitoring efforts during the financial year 2016 resulted in a budget implementation rate of 98,02 %, representing an increase of 3,97 % compared to 2015; takes note that the payment appropriations execution rate was 79,26 % representing an increase of 2,99 % compared to the previous year;

Commitments and carry-overs

4. Notes that, according to the Court's report, as in previous years, committed appropriations carried over for Title III (operational expenditure) were high at 41 % (EUR 7 900 000); acknowledges that the carry-overs mainly relate to multiannual projects in the areas of scientific advice (EUR 2 400 000), surveillance (EUR 1 300 000), public health training (EUR 1 400 000) and public health IT (EUR 2 100 000); notes that the Court in its report suggests that the Centre considers introducing differentiated budget appropriations to better reflect the multiannual nature of operations and unavoidable delays between the signature of contracts, deliveries and payments; notes that, according to the Centre's reply, it will analyse the situation in liaison with the Court;
5. Points out the carry-overs are often partly or fully justified by the multiannual nature of the agencies' operating programmes, do not necessarily indicate weaknesses in budget planning and implementation and are not always at odds with the budgetary principle of annuality; acknowledges the fact that the carry-overs are in many cases planned in advance and communicated to the Court;

Staff policy

6. Notes that the management board carried out interviews for the election of the director of the Centre for the period 2016–2021 and, following the unsuccessful election (none of the candidates received a 2/3 majority of votes), reviewed the vacancy notice and decided to reopen the call for the Director's position; takes note that the former Acting Director was elected as the new Director on 22 March 2017;
7. Acknowledges from the Centre that the total number of statutory staff stabilised at 260 in 2016; notes furthermore that the total number of temporary agents in place at the Centre was 162 (out of 186 posts authorised under the Union budget), the total number of contract agents was 95 and the number of seconded national experts was 3 by the end of 2016; takes note that the turnover rate for temporary agents and contract agents was 7 % in 2016;
8. Notes that, as regards the number of all posts occupied on 31 December 2016, the gender balance ratio is 62 % female to 38 % male;

9. Notes that the majority of the Centre's jobs (74,4%) are related to the implementation of activities linked to the Centre's operational work, 17,5% of the jobs belong to 'administrative support and coordination', while 8,1% of the jobs are defined as neutral;
10. Notes with satisfaction that the Centre reorganised and further integrated procurement, finance, mission and meetings, and introduced e-Administration (based on the Commission e-PRIOR application suite) which has been a major step towards making the Centre more efficient;
11. Stresses that work-life balance should be part of the staff policy of the Centre; stresses that the budget spent on well-being activities amounts to approximately EUR 810 per member of staff, corresponding to 1,5 days of well-being activities per staff in 2016; observes that the average number of days of sick leave is 1,10 per member of staff which is extremely low;
12. Appreciates the fact that the Centre adopted implementing rules on the policy on protecting dignity of the person and preventing harassment; supports the training session organised to increase the awareness of the staff and suggests regularly organising training and information sessions on the matter;
13. Notes with satisfaction fact that the Centre did not receive any complaints, law-suits or reported cases linked to hiring or dismissal of staff in 2016;

Prevention and management of conflicts of interests, transparency and democracy

14. Acknowledges from the Centre that, as it relies on many internal and external experts who together shape the scientific position of the Centre, an independence policy was finalised and approved by the management board in June 2016 to ensure transparency and identify conflicts of interest; notes that the implementation of this policy is overseen by a compliance officer;
15. Takes note that all staff are required to submit a declaration of interests before taking up duty; notes moreover that all staff involved in a particular procurement procedure have to sign a declaration of absence of conflict of interest for that particular procedure;
16. Notes that an electronic system for the submission of declarations of interest was deployed in order to minimise the amount of errors in the submitted documents; acknowledges from the Centre that that system facilitates the implementation of the independence policy and increases the compliance rate;
17. Observes that, in addition to the internal procedure on meetings with the pharmaceutical industry, an internal procedure on the conclusion of memoranda of understandings and collaboration agreements with third parties is under development; calls on the Centre to report to the discharge authority on the progress made in that process;
18. Welcomes the fact that the Agency adopted an internal procedure on whistleblowing, describing the roles of the actors and the processes to follow;

Performance-based budgeting

19. Welcomes the three main achievements identified by the Agency in 2016, namely:
 - it published a study on the burden of health care associated infections (HAI) in Europe;
 - it supported the global response to the Zika virus outbreak by providing regular risk assessments and teaming up with the World Health Organisation and United States Centres for Disease Prevention and Control on Zika virus travel advice;
 - it participated in the first mission of the recently established European Medical Corps to Angola to assess the implications of the yellow fever outbreak for Union citizens;
20. Notes with satisfaction that the Centre cooperates with the European Food Safety Agency and the European Medicines Agency for instance on issues relating to antimicrobial resistance and vaccines;
21. Notes that, according to the follow-up report, the Centre is currently reviewing the indicators of its single programming document; notes moreover that the new set of indicators was finalised and due to be submitted for approval to the management board in November 2017; takes note that according to the Centre, evaluations are a more effective tool than indicators to measure impact;

Internal controls

22. Notes that since 2006 the Centre has Internal Control Standards (ICS) in place; acknowledges from the Centre that all its ICS have been implemented;
23. Notes that, according to the Centre, it 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 40 such exceptions were recorded in 2016, representing an increase of 12 exceptions compared to the previous year; notes that an action plan to reduce their number was developed;
24. Notes with satisfaction that the Centre has an anti-fraud strategy in place, following the guidelines issued by the European Anti-Fraud Office;

Internal audit

25. Notes that, according to the Court's report, in its audit report dated October 2016, the Commission's Internal Audit Service (IAS) highlighted that, while acknowledging the Centre's ongoing efforts to strengthen its internal procurement controls, there are still significant weaknesses in the procurement process; notes that the IAS concluded that the planning and the monitoring of procurements are weak and that procurements are not always covered by its Annual Work Programme or financing decision; takes note that a reference is also made to the Court's Report on the annual accounts of the Centre for the financial year 2015 and the reported weaknesses affecting the transparency of procurement procedures; observes that the Centre and the IAS agreed on a plan to take

corrective action;

26. Takes note that the IAS performed an audit on the procurement process in the Centre in May 2016; is furthermore concerned by the fact that the final report was issued in October 2016 and it included 3 “very important” observations and 2 “important” observations; acknowledges that the Centre prepared an action plan which was to be implemented throughout 2017; calls on the Centre to report to the discharge authority on the implementation of this action plan;

Other comments

27. Notes that in spring of 2016, the Centre forwarded a new building project proposal to the Parliament and Council which was presented to the Committee on Budgets in the European Parliament and to the Budget Committee of the Council, and received a favourable opinion from both institutions; takes note that on 26 July 2016, the Centre signed a new lease agreement and will therefore be moving to new premises in the first half of 2018;

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28. Refers, for other observations of a cross-cutting nature accompanying its decision on discharge, to its resolution of ... 2018¹ on [the performance, financial management and control of the agencies].

¹ Texts adopted of that date, P8_TA-PROV(2018)0000.