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**A7-0224/2014**

21.3.2014

# REPORT

on discharge in respect of the implementation of the budget of the European  
Centre for Disease Prevention and Control for the financial year 2012  
(C7-0299/2013 – 2013/2221(DEC))

Committee on Budgetary Control

Rapporteur: Petri Sarvamaa

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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 2012 (C7-0299/2013 – 2013/2221(DEC))**

*The European Parliament,*

- having regard to the final annual accounts of the European Centre for Disease Prevention and Control for the financial year 2012,
- 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 2012, together with the Centre's replies<sup>1</sup>,
- having regard to the Council's recommendation of 18 February 2014 (05849/2014 - C7-0054/2014),
- having regard to Article 319 of the Treaty on the Functioning of the European Union,
- having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities<sup>2</sup>, and in particular Article 185 thereof,
- 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 Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities<sup>5</sup>,
- 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>6</sup>, and in particular Article 108 thereof,

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<sup>1</sup> OJ C 365, 13.12.2013, p. 89.

<sup>2</sup> OJ L 248, 16.9.2002, p. 1.

<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 357, 31.12.2002, p. 72.

<sup>6</sup> OJ L 328, 7.12.2013, p. 42.

- having regard to Rule 77 of, and Annex VI 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 (A7-0224/2014),
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 2012;
  2. Sets out its observations in the resolution below;
  3. Instructs its President to forward this Decision and the resolution that forms 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 2012 (C7-0299/2013 – 2013/2221(DEC))**

*The European Parliament,*

- having regard to the final annual accounts of the European Centre for Disease Prevention and Control for the financial year 2012,
- 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 2012, together with the Centre's replies<sup>1</sup>,
- having regard to the Council's recommendation of 18 February 2014 (05849/2014 - C7-0054/2014),
- having regard to Article 319 of the Treaty on the Functioning of the European Union,
- having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities<sup>2</sup>, and in particular Article 185 thereof,
- 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 Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities<sup>5</sup>,
- 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>6</sup>, and in particular Article 108 thereof,

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<sup>1</sup> OJ C 365, 13.12.2013, p. 89.

<sup>2</sup> OJ L 248, 16.9.2002, p. 1.

<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 357, 31.12.2002, p. 72.

<sup>6</sup> OJ L 328, 7.12.2013, p. 42.

- having regard to Rule 77 of, and Annex VI 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 (A7-0224/2014),
1. Approves the closure of the accounts of the European Centre for Disease Prevention and Control for the financial year 2012;
  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 its Decision on the discharge in respect of the implementation of the budget of the European Centre for Disease Prevention and Control for the financial year 2012 (C7-0299/2013 – 2013/2221(DEC))**

*The European Parliament,*

- having regard to the final annual accounts of the European Centre for Disease Prevention and Control for the financial year 2012,
- 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 2012, together with the Centre's replies<sup>1</sup>,
- having regard to the Council's recommendation of 18 February 2014 (05849/2014 - C7-0054/2014),
- having regard to Article 319 of the Treaty on the Functioning of the European Union,
- having regard to the Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities<sup>2</sup>, and in particular Article 185 thereof,
- 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 Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities<sup>5</sup>,
- 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>6</sup>,

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<sup>1</sup> OJ C 365, 13.12.2013, p. 89.

<sup>2</sup> OJ L 248, 16.9.2002, p. 1.

<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 357, 31.12.2002, p. 72.

<sup>6</sup> OJ L 328, 7.12.2013, p. 42.

and in particular Article 108 thereof,

- having regard to its previous discharge decisions and resolutions,
  - having regard to Rule 77 of, and Annex VI 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 (A7-0224/2014),
- 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 2012 was EUR 58 200 000, representing an increase of 2,72 % compared to 2011,
- B. whereas the overall contribution of the Union to the Centre's budget for 2012 amounted to EUR 56 727 000, representing an increase of 2,40 % compared to 2011,
- C. whereas the Court of Auditors has stated that it has obtained reasonable assurances that the Centre's annual accounts for the financial year 2012 are reliable and that the underlying transactions are legal and regular,

#### ***Follow-up of 2011 discharge***

1. Recalls that the Court of Auditors' opinion on the legality and regularity of the Centre's transactions for the year 2011 was qualified because the Centre did not respect the maximum amount of a framework contract from 2009, according to which the Centre could sign specific contracts with selected suppliers up to a maximum amount of EUR 9 000 000; notes, however, that by the end of 2011, payments of EUR 12 200 000 had been made;
2. Acknowledges from the Centre that the corrective actions are completed;
3. Notes from the Court of Auditors' report that the 2012 payments amounting to EUR 5 200 000 stem from failures in previous years when the ceiling of the framework contract was not respected; points out, nevertheless, that given the corrective action taken by the Centre in 2012, the Court of Auditors has not qualified its opinion on the legality and regularity of transactions for 2012;

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

4. Notes that budget monitoring efforts during the financial year 2012 resulted in a budget implementation rate of 93,91 %; notes that the payment appropriations execution rate was 76,26 % and that budget implementation rates were satisfactory for title I (staff expenditure) and title II (administrative expenditure) at 97 % and 80 % of committed appropriations respectively;
5. Acknowledges from the Court of Auditors that in 2012, the Centre awarded grants to research institutions and individuals and that the total grant expenditure amounted to EUR 752 000 , representing 1,4 % of the 2012 operating expenditure; is concerned that



the Centre does not usually obtain any documents to substantiate the eligibility and accuracy of the costs claimed by beneficiaries; notes that while the Centre has adopted an *ex post* verification strategy and has planned for its implementation in 2012, no *ex post* verifications of 2012 grant expenditure have yet taken place; acknowledges that for the transactions audited by the Court of Auditors, supporting documentation was obtained by the Centre on the Court's behalf, which provided reasonable assurance as to the legality and regularity of those transactions;

6. Recalls that the Centre receives its funding via the Commission's budget; asks, however, that the Centre make clear in its internal and external communication that it receives funds made available by the Union budget (Union subsidy) instead of funds made available by the Commission subsidy;

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

7. Notes that the Court of Auditors' annual audit has found that the level of carry-overs related to title III is high at EUR 8 300 000; acknowledges that these carryovers did not arise from delays in the implementation of the Centre's annual work programme, but rather that they reflect the multiannual nature of activities; notes that the Centre has adopted a budgetary planning module that is directly linked to its annual work programme and that payments were planned and made according to operational needs;

### ***Transfers***

8. Notes with satisfaction that according to the annual activity report, as well as the Court of Auditors' audit findings, the level and nature of transfers in 2012 have remained within the limits of the financial rules and commends the Centre for its good budgetary planning;

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

9. Notes that for the year 2012, neither sampled transactions nor other audit findings have led to any comments on the Centre's procurement procedures in the Court of Auditors' annual audit report;
10. Notes that the Court of Auditors in its annual audit report for 2012 made no comments as regards the Centre's recruitment procedures;
11. Takes note that 187 posts out of 200 had been filled by the end of 2012 and that 91 contract agents and seconded national experts were employed by the Centre at that time; acknowledges the improved employment rate compared to 2011;

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

12. Acknowledges that a revised version of the Centre's comprehensive independence policy is to be adopted by the Centre's Management Board in 2014;

13. Observes that the CVs of the members of the Management Board and the Advisory Forum are not publicly available; calls on the Centre to remedy the situation as a matter of urgency;

#### *Internal audit*

14. Acknowledges from the Centre that in 2012, the Commission's Internal Audit Service carried out an audit on human resources (HR) management, with the aim of assessing and providing independent assurance on the design and effective application of the internal control system regarding HR management; notes that the audit led to one very important recommendation as regards performance indicators to measure the achievement of individual objectives (already implemented), as well as six recommendations rated "important", five of which have already been implemented; notes, moreover, that one important recommendation from an earlier audit on financial management remains to be implemented;

#### *Performance*

15. Requests that the Centre communicate the results and impact its work has on European citizens in an accessible way, mainly through its website;

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16. Refers, in respect of the other observations accompanying its Decision on discharge, which are of a horizontal nature, to its resolution of ... 2014<sup>1</sup> on the performance, financial management and control of the agencies.

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<sup>1</sup> Texts adopted, P7\_TA-PROV(2014)...

23.1.2014

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

for the Committee on Budgetary Control

on the discharge in respect of the implementation of the budget of the European Centre for Disease Prevention and Control for the financial year 2012  
(2013/2221(DEC))

Rapporteur: Jutta Haug

### **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 in its motion for a resolution:

1. Notes that in 2012 an amount of EUR 58.2 million have been made available to the European Centre for Disease Prevention and Control through the General EU budget; likes to stress that this amount represents 0.042% of the overall EU budget; takes note that 187 posts out of 200 had been filled by the end of 2012 and that 91 contract agents and seconded national experts were employed by the Centre; acknowledges the improved occupation rate compared to 2011;
2. Welcomes that the Court of Auditors announces the transactions underlying the annual accounts of the European Centre for Disease Prevention and Control for the financial year 2012 as legal and regular in all material respects;
3. Recognises the comments made by the Court of Auditors which focus on the legality and regularity of transactions, on the internal controls and on budgetary management; is at the same time also aware of the Centre's reply; welcomes that the Centre itself has informed the Court in October 2011 regarding the exceedance of the payment ceiling of the framework contract and seeking advice and guidance in this matter with the spirit of full transparency; considers the immediate measures taken by the Centre as appropriate in terms of business continuity as well as corrective actions; takes note that no funds were lost and no parties were damaged; notes that the Centre has revised its grant verification policy in order to ensure the eligibility and accuracy of the costs claimed; is

aware of the multi-annual activities of the Centre which caused carry-overs of EUR 8.3 million; asks nevertheless the Centre to respect the annuality principle of the budget;

4. Welcomes the Centre's efforts to have completed all corrective actions taken on the previous comments by the Court;
5. Is aware that the centre receives its funding via the Commission's budget; asks, however, the Centre to make clear in its internal and external communication that it receives funds made available by the EU budget (EU subsidy) instead of Commission subsidy;
6. Advises to explore the discharge decision should be based upon OECD guidelines to ensure high quality internationally recognised accounting, audit and financial disclosure standards; invites the European institutions to incorporate and commit to introducing OECD guidelines within a common framework for all European institutions and bodies if the assessment recommends so;
7. Recommends on the facts available that discharge can be granted to the Executive Director of the European Centre for Disease Prevention and Control in respect of the implementation of its budget for the financial year 2012.

## RESULT OF FINAL VOTE IN COMMITTEE

<b>Date adopted</b>	22.1.2014
<b>Result of final vote</b>	+:                 50 -:                 10 0:                 1
<b>Members present for the final vote</b>	Elena Oana Antonescu, Sophie Auconie, Pilar Ayuso, Paolo Bartolozzi, Sandrine Bélier, Lajos Bokros, Franco Bonanini, Biljana Borzan, Yves Cochet, Spyros Danellis, Anne Delvaux, Bas Eickhout, Edite Estrela, Jill Evans, Karl-Heinz Florenz, Elisabetta Gardini, Gerben-Jan Gerbrandy, Matthias Grootte, Françoise Grossetête, Satu Hassi, Jolanta Emilia Hibner, Karin Kadenbach, Martin Kastler, Christa Kläß, Claus Larsen-Jensen, Jo Leinen, Peter Liese, Kartika Tamara Liotard, Zofija Mazej Kukovič, Linda McAvan, Radvilė Morkūnaitė-Mikulėnienė, Miroslav Ouzký, Vladko Todorov Panayotov, Gilles Pargneaux, Antonyia Parvanova, Andrés Perelló Rodríguez, Pavel Poc, Anna Rosbach, Oreste Rossi, Dagmar Roth-Behrendt, Kārlis Šadurskis, Daciana Octavia Sârbu, Carl Schlyter, Horst Schnellhardt, Richard Seeber, Dubravka Šuica, Salvatore Tatarella, Thomas Ulmer, Glenis Willmott, Sabine Wils, Marina Yannakoudakis
<b>Substitute(s) present for the final vote</b>	Gaston Franco, Jutta Haug, Filip Kaczmarek, Marusya Lyubcheva, Miroslav Mikolášik, Vittorio Prodi, Giancarlo Scottà, Alda Sousa, Vladimir Urutchev, Andrea Zanoni

## RESULT OF FINAL VOTE IN COMMITTEE

<b>Date adopted</b>	17.3.2014
<b>Result of final vote</b>	+: 16 -: 2 0: 1
<b>Members present for the final vote</b>	Marta Andreasen, Jean-Pierre Audy, Zuzana Brzobohatá, Martin Ehrenhauser, Jens Geier, Gerben-Jan Gerbrandy, Ingeborg Gräßle, Rina Ronja Kari, Monica Luisa Macovei, Jan Mulder, Eva Ortiz Vilella, Paul Rübig, Petri Sarvamaa, Bart Staes, Georgios Stavrakakis, Derek Vaughan
<b>Substitute(s) present for the final vote</b>	Amelia Andersdotter, Markus Pieper
<b>Substitute(s) under Rule 187(2) present for the final vote</b>	Thomas Ulmer