Basic information

2007/2060(DEC) DEC - Discharge procedure	Procedure completed
2006 discharge: European Centre for Disease Prevention and Control ECDC **Subject** 8.70.03.07 Previous discharges	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
CONT Budgetary Control	MARTIN Hans-Peter (NI)	27/03/2007

Committee for opinion	Rapporteur for opinion	Appointed
ENVI Environment, Public Health and Food Safety	HAUG Jutta (PSE)	09/10/2007

Council of the European Union

Council configuration	Meetings	Date
Economic and Financial Affairs ECOFIN	2847	2008-02-12

European Commission

Commission DG	Commissioner
Budget	KALLAS Siim

Key events

Date	Event	Reference	Summary
30/03/2007	Non-legislative basic document published	SEC(2007)1055	Summary
25/10/2007	Committee referral announced in Parliament		
26/03/2008	Vote in committee		Summary
03/04/2008	Committee report tabled for plenary	A6-0117/2008	
22/04/2008	Decision by Parliament	T6-0146/2008	Summary
22/04/2008	Results of vote in Parliament		
22/04/2008	Debate in Parliament		

22/04/2008	End of procedure in Parliament		
31/03/2009	Final act published in Official Journal		

Technical information

Procedure reference	2007/2060(DEC)
Procedure type	DEC - Discharge procedure
Legal basis	Rules of Procedure EP 102
Stage reached in procedure	Procedure completed
Committee dossier	CONT/6/53883

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE396.703	13/02/2008	
Committee opinion	ENVI	PE400.458	03/03/2008	
Amendments tabled in committee		PE402.783	06/03/2008	
Committee report tabled for plenary, single reading		A6-0117/2008	03/04/2008	
Text adopted by Parliament, single reading		T6-0146/2008	22/04/2008	Summary

Council of the EU

Document type	Reference	Date	Summary
Supplementary non-legislative basic document	05843/2008	29/01/2008	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	SEC(2007)1055	30/03/2007	Summary

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
CofA	Court of Auditors: opinion, report	N6-0004/2008 OJ C 309 19.12.2007, p. 0001	15/11/2007	Summary

Additional information

Source	Document	Date

Final act

Budget 2009/0206
OJ L 088 31.03.2009, p. 0126 Summary

2006 discharge: European Centre for Disease Prevention and Control ECDC

2007/2060(DEC) - 22/04/2008 - Text adopted by Parliament, single reading

The European Parliament adopted, by 622 votes in favour, 18 against and 37 abstentions, a Decision to grant the Director of the European Centre for Disease Prevention and Control discharge in respect of the implementation of its budget for the financial year 2006. The decision to grant discharge also constitutes closure of the accounts of this EU agency.

At the same time, the Parliament adopted by 629 votes in favour, 16 against and 39 abstentions, a Resolution containing the comments which form part of the decision giving discharge. The report had been tabled for plenary by Hans-Peter **MARTIN** (NI, AT) on behalf of the Committee on Budgetary Control.

As is the case for all EU agencies, Parliament's Resolution is divided into two parts: part one contains general comments on EU agencies, while part two focuses on the specific case of the Centre.

1) General comments on the majority of EU agencies: the Parliament notes that the budgets of the 24 agencies and other satellite bodies audited by the Court of Auditors totalled **more than EUR 1 billion** and that the number of agencies is constantly increasing. The number of agencies subject to the discharge procedure evolved from 8 in 2000 to 20 in 2006. It concludes therefore that the auditing/discharge process has become cumbersome and disproportionate compared to the relative size of the agencies and that, in the future, this type of procedure should be simplified and rationalised for decentralised agencies.

On the basis of the financial analysis, the Parliament is of the following opinion:

- **Fundamental considerations**: given the constantly increasing number of agencies, the Parliament requests that, before the creation of a new agency, the Commission provide clear explanations regarding agency type, objectives of the agency, internal governance structure, products, services, clients and stakeholders of the agency, formal relationship with external actors, budget responsibility, financial planning, and personnel and staffing policy. It also requests that each agency be governed by a yearly performance agreement which should contain the main objectives for the coming year and that the performance of the agencies be regularly audited by the Court of Auditors (and extend the financial analysis of expenditure to also cover administrative efficiency and effectiveness). More generally, the Parliament takes the view that, in the case of agencies, which are continually overestimating their respective budget needs, technical abatement should be made on the basis of vacant posts in order to reduce the assigned revenue for the agencies and therefore also lower administrative costs of the EU. It recalls that it is a serious problem that a number of agencies is criticised for not following rules on public procurement, the Financial Regulation, the Staff Regulations etc., and considers that the principal reason for this is that most regulations and the Financial Regulation are designed for bigger institutions rather than for small agencies. Therefore, it is necessary to seek a rapid solution in order to enhance the effectiveness of the legislation by grouping the administrative functions of various agencies together or by establishing implementing rules which are better adapted to the agencies. The Parliament also insists that the Commission, when drafting the Preliminary Draft Budget, take into consideration the results of budget implementation by the individual agencies in former years and revise the budget requested by the particular agency accordingly. If the Commission does not undertake this revision, the Parliament invites **the competent committee to revise, itself, the budget in question to a realistic level**. At the same time, the Parliament recalls that it expects the Commission to present every five years a study on the added value of every existing agency and to not hesitate to close an agency if it is deemed useless by the analysis. Such an assessment is expected as soon as possible given that this type of assessment has yet to be presented. Furthermore, the Parliament insists that recommendations of the Court of Auditors should be promptly implemented and the level of subsidies paid to the agencies should be aligned with their real cash requirements.
- **Presentation of reporting data**: noting that there is no standard approach among the agencies with regard to the presentation of information, the Parliament recalls that it already invited the directors of the agencies to accompany their annual activity report with a declaration of assurance concerning the legality and regularity of operations, similar to the declarations signed by the Directors General of the Commission. It therefore asks the Commission to amend its standing instructions to the agencies and to produce a harmonised model for presenting information, including: i) an annual report intended for a general readership on the body's operations, work and achievements; ii) financial statements and a report on implementation of the agency’s budget; iii) an activity report of the Directors of the agency (as requested by the Parliament since 2005); iv) a declaration of assurance signed by the body's director.

- **General findings by the Court of Auditors**: the Parliament refers to certain recurring findings by the Court, including the disbursement of subsidies paid by the Commission (not sufficiently justified estimates of the agencies' cash requirements), the non implementation of the ABAC accounting system by some agencies or the accrued charges for untaken leave which are accounted for by some agencies. It calls for

rapid measures in these areas as well as improvements to the internal audit procedures of the agencies. The Parliament also calls on the agencies to consider an inter-agency disciplinary board, as some individual agencies have difficulty in setting up their own disciplinary boards due to their size.

- **Draft inter-institutional agreement**: the Parliament recalls the Commission's draft Interinstitutional agreement on the operating framework for the European regulatory agencies (see ACI/2005/2035), which was intended to create a framework for the creation, structure, operation, evaluation and control of the European regulatory agencies, and awaits its adoption as soon as possible. It particularly welcomes the Commission's commitment to bring forward a Communication on the future of the regulatory agencies during the course of 2008.

2) Specific points concerning the European Centre for Disease Prevention and Control: the Parliament believes that the Centre plays a constructive role in the strengthening and development of European disease surveillance systems and early warning systems, and notes that the Centre was able to develop a considerable number of products and services in 2006, so as to fulfil its mandate. It regrets, however, that nearly 45% of the Centre's commitments were carried over and that numerous transfers of appropriations were made, due mainly to imprecise estimates of staffing needs.

The Parliament also expresses concern that, once again, legal commitments were entered into in the absence of prior budgetary commitments, in breach of the Financial Regulation. It, therefore, invites the Centre to take the necessary steps, also in the area of accounting management, to improve the commitment and payment procedures.

At the same time, the Parliament recalls that the Centre's budget grew from EUR 4.53 million in 2005 to EUR 17.15 million in 2006, with an increase in staff from 43 to 85.

Lastly, the Parliament welcomes the Centre's inclusion of 24 internal control standards, believing that this is an example which could be followed by all agencies.

2006 discharge: European Centre for Disease Prevention and Control ECDC

2007/2060(DEC) - 29/01/2008

Based on the observations contained in the revenue and expenditure account and the balance sheet of the European Centre for Disease Prevention and Control for the financial year 2006, as well as on the Court of Auditor's report and the Centre's replies to the Court's observations, the Council recommends that the Parliament grant the Director of the Centre discharge in respect of the implementation of the budget for the financial year 2006.

In doing so, the Council confirms that EUR 1.1 million (78%) of the appropriations carried over from 2005 to 2006 (EUR 1.4 million) was used, that the appropriations carried over from 2006 to 2007 amount to EUR 7.1 million and that a total of EUR 0.3 million was cancelled.

Recalling that the Court of Auditors was able to obtain reasonable assurance that the Centre's annual accounts were, in all material aspects, reliable, the Council believes that there is a certain number of observations that must be taken into consideration when providing the discharge on the implementation of the 2006 budget, particularly regarding the following points:

- **Carry-overs and transfers of appropriations:** although aware of the difficulties due to the fact that 2006 was the first full year of operation of the Centre, the Council notes with concern the high carryover rate as well as the high number of transfers made without first informing the Centre' s Management Board. It calls on the Centre to take appropriate measures to improve the planning and implementation of the budget, in order to comply in full with the budgetary principles of annuality and specification;
- **Budgetary commitments:** the Council requests that the Centre respect in full the provisions of the Financial Regulation, by establishing budgetary commitments before making legal commitments;
- **Monitoring:** the Council also regrets the shortcomings noted by the Court in the recording of pre-financing in the Centre's accounts, resulting in the need to manually search for existing pre-financing during the closure-of-accounts procedure at the end of the financial year, and ultimately leading to a greater risk of error. It calls on the Centre to rectify these shortcomings and to improve its procedures and internal control systems;
- **Internal management of the Centre:** the Council also notes the Court's observations concerning the inconsistencies between authorisations granted and rights of access established in the budgetary management system as well as the lack of validation by the accounting officer of the main commitment and payment procedures;
- **Procurement:** the Council also notes anomalies highlighted in procurement procedures, in particular the lack of clear selection criteria, incorrect choice of the procedure, non respect of the procedure described in the tender notice and insufficient documentation of the procedure. The Council calls on the Centre to reinforce its internal procedures in order to comply in full with the existing rules for financial management and procurement, and to rectify all the anomalies highlighted by the Court, as soon as possible.

2006 discharge: European Centre for Disease Prevention and Control ECDC

2007/2060(DEC) - 22/04/2008 - Final act

PURPOSE: to grant discharge to the European Centre for Disease Prevention and Control for the financial year 2006.

LEGISLATIVE ACT: Decision 2009/206/EC of the European Parliament on the discharge for the implementation of the budget of the European Centre for Disease Prevention and Control for the financial year 2006.

CONTENT: with the present decision, the European Parliament grants discharge to the Director of the European Centre for Disease Prevention and Control for the implementation of the Authority's budget for the financial year 2006.

This decision is in line with the European Parliament's resolution adopted on 22 April 2008 and comprises a series of observations that form an integral part of the discharge decision (please refer to the summary of the opinion of 22/04/2008).

2006 discharge: European Centre for Disease Prevention and Control ECDC

2007/2060(DEC) - 15/11/2007

PURPOSE: to present the report of the Court of Auditors on the 2006 accounts of the European Centre for Disease Prevention and Control.
CONTENT: the report notes that the appropriations entered in the Centre's budget for the financial year in question, amount to **EUR 17.146 million**, of which EUR 16.872 million was committed and EUR 9.775 million paid. Out of this general amount, EUR 7.097 million was carried over to 2007 and EUR 274 000 was cancelled.

The Court notes that the accounts for the financial year are reliable in all material aspects and that the underlying transactions of the Agency's accounts are, on the whole, legal and regular.

Analysis of the accounts by the Court: the Court states that nearly 45 % of the commitments entered into during the year were carried over. Moreover, numerous transfers were made during the second half of 2006, due mainly to imprecise estimates of staffing needs (as a result, appropriations from title I were reduced by EUR 1.6 million). These transfers were made without the Centre's Governing Board having been informed in due time. Thus, the budgetary principles of **annuality** and **specification** were not strictly observed.

Legal commitments (value = EUR 320 000) were entered into in the absence of prior budgetary commitments, in breach of the financial regulation. The Court notes that, during the year, pre-financing items were booked as budget expenditure, and not as advance payments. No procedure existed to highlight these items. At the year-end, during the closure-of-accounts procedure, the accounting officer searched manually for any outstanding pre-financing items. This led to an increased risk of errors (EUR 40 000) in the derivation of the amount.

The Court also notes that the rules on **procurement** procedures are not strictly enforced. The following anomalies (value = EUR 230 000) were observed by the Court:

- lack of clear selection criteria;
- incorrect choice of the procedure;
- non respect of the procedure described in the tender notice;
- insufficient documentation of the procedure.

The Centre's replies: the Centre considers the criticisms point by point and notes that the year 2006 was the first full year of operation of the Centre. The unpredictability of certain developments, especially in recruitment, resulted in required budget transfers. In 2007, management paid particular attention to the planning and monitoring of workplans and budgets, in order to limit the appropriations that are carried over.

The Centre notes that, to improve the internal control systems (e.g. internal procedures, new workflows, training of staff), internal capacities have been established and measures were taken to address the identified weaknesses. It also specifies that, since the beginning of 2007, all prefinancing are directly booked as advance payment.

Lastly, in terms of procurement, the Centre notes that the referred anomalies relate to the first full year of operation. Since then, substantial progress has been made in strengthening the financial/procurement area (e.g. financial officers in the operational units, internal audit capability being set up, financial circuits reassessed, financial procedures adopted, training of staff, review contracts).

2006 discharge: European Centre for Disease Prevention and Control ECDC

2007/2060(DEC) - 30/03/2007 - Non-legislative basic document

PURPOSE: presentation of the final accounts of the European Centre for Disease Prevention and Control for the financial year 2006.

CONTENT: this document sets out a detailed account of the implementation of the 2006 budget, including the revenue and expenditure and the balance sheet for the year concerned.

The year 2006 was the first full year of operation of the Centre.

According to this document, the final budget amounted to **EUR 17.146 million** (against EUR 4.85 million in 2005) including a Community subsidy of 98%.

As regards the staffing policy, the Centre, (which is based in Stockholm) officially set out 50 posts in its establishment plan. 48 posts are currently occupied + 36 other posts totalling 84 posts assigned to operational and administrative duties. Staff expenditure amounted to EUR 5.664 million in 2006.

The activities carried out in 2006 are as follows:

- several guidelines, recommendations and risk assessments were produced, many focusing on influenza;
- evaluation and assessment of some surveillance networks;
- development of the database for routine surveillance with a core set of variables for all diseases set out for surveillance at European level (Commission Decisions 2002/253/EC and 2003/534/EC);
- epidemiological information from ECDC published in weekly electronic journal;
- in application of EC Regulation No 851/2004 and following an agreement between the ECDC and DG SANCO, the takeover of the EWRS by ECDC was organised;
- the EPIET field epidemiological training programme, initiated by the Commission, has been taken over by ECDC.

The complete version of the final accounts may be found at the following address: www.ecdc.europa.eu