2016 discharge: European Medicines Agency (EMA)

2017/2154(DEC) - 26/03/2018 - Committee report tabled for plenary, single reading

The Committee on Budgetary Control adopted the report by Bart STAES (Greens/EFA, BE) on discharge in respect of the implementation of the budget of the European Medicines Agency (EMA) for the financial year 2016.

The committee called on the European Parliament to grant the Executive Director of the Agency discharge in respect of the implementation of the agencys budget for the financial year 2016.

Noting that the Court of Auditors stated that it had obtained reasonable assurance that the annual accounts of the Agency for the financial year 2016 were reliable and that the underlying transactions were legal and regular, Members called on Parliament to approve the closure of the Agencys accounts.

They made, however, a number of recommendations that needed to be taken into account when the discharge is granted, in addition to the general recommendations that appear in the draft resolution on performance, financial management and control of EU agencies:

- Agencys financial statements: the European Medicines Agencys final budget for the financial year 2016 was EUR 308 422 000, representing an increase of 0.1 % compared to 2015. As a reminder, the Agency is a fee-funded agency, with 89.34% of its 2016 revenue stemming from fees paid by the pharmaceutical industry, for services provided, 5.49% stemming from the Union budget to fund various public health and harmonisation activities, and 5.01% stemming from external assigned revenue.
- Reliability of the accounts: according to the Courts report, since the introduction of a new IT accounting system in 2011, reporting on commitment workflow and consumption has not been sufficiently transparent. Members noted with regret that, although the matter was repeatedly raised with the Agency, no corrective action has been taken. They called on the Agency to implement corrective actions as soon as possible in 2018.
- Legality and regularity of transactions: irregularities concerned corporate rate agreements for the provision of accommodation for experts with 25 hotels in London without using a competitive procurement procedure. For six hotels, payments made in 2016 were above the Financial Regulations threshold for which an open or restricted competitive procurement procedure is required. The six corporate rate agreements and the related 2016 payments, amounting to some EUR 2.1 million are therefore irregular.
- Budget and financial management: budget monitoring efforts during the financial year 2016 resulted in a budget implementation rate of 96.30 %, representing an increase of 2.25 % compared with the previous year. It was highlighted that Agency was not allowed to create a 'Brexit' contingency reserve.
- Prevention and management of conflicts of interests and transparency and democracy: the report noted that the revised policy on the handling of competing interests of the Management Board members came into effect on 1 May 2016 and was further revised in October 2016. The implementation of the revised policy now includes an ex ante evaluation which is performed to compare the details contained in each new declaration, with those of the previous declaration, and with the CV of each board member provided.

Impact of Brexit: Members stressed that the Agency will be facing an additional workload and additional budgetary needs throughout the 2018-2020 relocation and transition period, as a consequence of the decision of the United Kingdom (UK) to withdraw from the Union. The Commission is called on to provide adequate staff and budgetary resources in preparation for its relocation in 2019. They proposed in addition that the Agency be authorised to maintain a budgetary reserve generated from revenue fees to respond to unforeseen costs and unfavourable exchange rate fluctuations that may be incurred in 2018 and beyond. They also stressed the need for the accelerated building approval so as to avoid any delays in the start of the construction of the new Agencys premises in Amsterdam. The Agency has disclosed in its financial statements an estimated EUR 448 million in rent for the remaining rental period between 2017 and 2039 as a contingent liability, as the rental contract does not include any exit clause.