2010 discharge: European Chemicals Agency (ECHA)

2011/2235(DEC) - 11/04/2012 - Committee report tabled for plenary, single reading

The Committee on Budgetary Control adopted the report by Monica Luisa MACOVEI (PPE, RO) on discharge in respect of the budget of the European Chemicals Agency (ECHA) and called on the European Parliament to grant the Executive Director of the Agency discharge in respect of the implementation of the Agency's budget for the financial year 2010.

Noting that the Court of Auditors stated that it has obtained reasonable assurances that the annual accounts for the financial year 2010 are reliable and that the underlying transactions are legal and regular, Members approve the closure of the Agency’s accounts. However, they make a number of recommendations that need 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:

- **Budget and financial management**: Members observe that, according to the Court of Auditors, the Agency in 2010 the Agency became fully self-financing but that there is scope for its Financial Regulation to be revised to include a mechanism for retaining surplus from the Agency's revenue to finance its future activities. They take note of the Agency's reply which states that it will include a proposal for a mechanism to manage surplus revenue in the upcoming review of its Financial Regulation, and that the Agency has cash reserves for asset management at the European Investment Bank and the Central Bank of Finland.
- **Carryover of appropriations**: the committee establishes that the carryovers commitment and payment appropriations, of more than EUR 12million mainly relate to IT costs for support to operations as well as general administration. It also establishes that more than EUR 2 million was cancelled. Members feel that further efforts are needed. Furthermore, as the Agency works with non-dissociated credits in all its Titles, it is unrealistic to expect that all operations budgeted for one calendar year could both be committed and paid up within the same budgetary year, especially for project-type operational expenditure (e.g. IT systems developments).
- **Conflict of interests**: bearing in mind that the Agency is involved in decisions of high importance for consumers, and taking into account its exposure due to its importance to industry, the committee is looking forward to receiving and discussing the findings and recommendations of the Special Report of the Court of Auditors on conflict of interest situations to be released before the end of June 2012. It considers that, after the initial build-up phase with a focus on procedures, the Agency needs to ensure that its budget and staff are allocated in a way that allows it to deliver fully on substance, in particular regarding evaluation, restrictions and authorisation.
- **Internal audit**: Members consider that the Agency has improved its administrative processes (including financial circuits) and its operational workflow. They note that the Internal Audit Capability performed two assurance internal audits in 2010: one on “Staff back-up Process” and the other one on “Fee Invoicing Process”.
- **Performance:** the committee notes that around the end of 2010, two important deadlines passed for REACH and the Classification, Labelling and Packaging Regulation. It welcomes, therefore, the fact that the Agency successfully managed to handle the reception and processing of 25 000 registration dossiers on 4 300 chemical substances that are either commonly used in Europe or are the most hazardous and of over 3 million notifications for over 100 000 substances that are classified and have to be labelled to protect the user. It welcomes the Agency’s initiatives for enhancing its customer focus and feedback procedures, and is generally satisfied with the successful operation of the Agency in implementing the Union’s chemicals' legislation.

- **Role of coordinator of the network of agencies**: lastly, Members commend the Agency on its effective work as coordinator of the network of agencies during the 2010 discharge procedure.