

2016 discharge: European Chemicals Agency (ECHA)

2017/2167(DEC) - 12/09/2017 - Court of Auditors: opinion, report

PURPOSE: presentation of the EU Court of Auditors' report on the annual accounts of the European Chemicals Agency (ECHA) for the financial year 2016, together with the Agency's reply.

CONTENT: in accordance with the tasks conferred on the Court of Auditors by the Treaty on the Functioning of the European Union, the Court presents to the European Parliament and to the Council, in the context of the discharge procedure, a Statement of Assurance as to the reliability of the annual accounts of each institution, body or agency of the EU, and the legality and regularity of the transactions underlying them, on the basis of an independent external audit.

This audit focused on the annual accounts of the European Chemicals Agency (ECHA). To recall, its main tasks are to ensure a high level of protection of human health and the environment as well as the free movement of substances on the internal market while enhancing competitiveness and innovation. It also seeks to promote the development of alternative methods for the assessment of hazards relating to substances.

Statement of Assurance: pursuant to the provisions of Article 287 of the Treaty on the Functioning of the European Union (TFEU), the Court has audited:

- the annual accounts of the Agency, which comprise the financial statements and the reports on the implementation of the budget for the financial year ended 31 December 2016;
- the legality and regularity of the transactions underlying those accounts.

Opinion on the reliability of the accounts: in the Court's opinion, the Agency's annual accounts present fairly, in all material respects, its financial position as at 31 December 2016 and the results of its operations and its cash flows for the year then ended, in accordance with the provisions of its Financial Regulation and the accounting rules adopted by the Commission's accounting officer.

Opinion on the legality and regularity of the transactions underlying the accounts: the Court considers that the transactions underlying the annual accounts for the year ended 31 December 2016 are legal and regular in all material respects.

The report made a series of observations on the budgetary and financial management of the Agency, accompanied by the latter's response. The main observations may be summarised as follows:

The Court's observations:

- **budgetary management:** the Court noted that carry-overs of committed appropriations remained high for REACH operational expenditure at EUR 10.1 million and are even higher for biocides operational expenditure at EUR 1.3 million. Such high level of carry-overs is in contradiction with the budgetary principle of annuality. The Agency may consider increasing the use of differentiated budget appropriations to better reflect the multiannual nature of operations and unavoidable delays between the signature of contracts, deliveries and payments.

The Agency's reply:

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- **budgetary management:** the ECHA noted that the highest carry-over amounts stem from multiannual IT development projects and rapporteur contracts for substance evaluation which entail a statutory 12-month period starting from the adoption of the Community rolling action plan in March. The Agency has also created a differentiated budget line for 2017, which will reduce the nominal carry-over rate for 2017 and beyond. For IT expenditure, ECHA will also consider the possibility of using differentiated budget lines going forward.

Lastly, the Court of Auditors' report also contained a **summary of the Agency's key figures in 2016:**

Budget: EUR 110.1 million (payment appropriations).

Staff: 578 including officials, temporary and contract staff and seconded national experts.