Basic information

2017/2167(DEC) DEC - Discharge procedure	Procedure completed
2016 discharge: European Chemicals Agency (ECHA) **Subject** 8.70.03.06 2016 discharge	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
CONT Budgetary Control	STAES Bart (Verts/ALE)	14/09/2017
	Shadow rapporteur SARVAMAA Petri (PPE) LIBERADZKI Bogusław (S&D) FITTO Raffaele (ECR) ALI Nedzhmi (ALDE) DE JONG Dennis (GUE/NGL) VALLI Marco (EFDD) KAPPEL Barbara (ENF)	

Committee for opinion	Rapporteur for opinion	Appointed
ENVI Environment, Public Health and Food Safety	VĂLEAN Adina (PPE)	31/08/2017

European Commission

Commission DG	Commissioner
Budget	OETTINGER Günther

Key events

Date	Event	Reference	Summary
26/06/2017	Non-legislative basic document published	COM(2017)0365	Summary
13/09/2017	Committee referral announced in Parliament		

20/03/2018	Vote in committee		
23/03/2018	Committee report tabled for plenary	A8-0086/2018	Summary
18/04/2018	Decision by Parliament	T8-0143/2018	Summary
18/04/2018	Results of vote in Parliament		
18/04/2018	Debate in Parliament		
18/04/2018	End of procedure in Parliament		
03/10/2018	Final act published in Official Journal		

Technical information

Procedure reference	2017/2167(DEC)
Procedure type	DEC - Discharge procedure
Stage reached in procedure	Procedure completed
Committee dossier	CONT/8/10815

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee opinion	ENVI	PE612.236	24/01/2018	
Committee draft report		PE613.473	25/01/2018	
Amendments tabled in committee		PE618.244	02/03/2018	
Committee report tabled for plenary, single reading		A8-0086/2018	23/03/2018	Summary
Text adopted by Parliament, single reading		T8-0143/2018	18/04/2018	Summary

Council of the EU

Document type	Reference	Date	Summary
Supplementary non-legislative basic document	05941/2018	09/02/2018	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(2017)0365	26/06/2017	Summary

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
CofA	Court of Auditors: opinion, report	N8-0021/2018 OJ C 417 06.12.2017, p. 0098	12/09/2017	Summary

EU	Follow-up document	52018BP1368R(01) OJ L 006 09.01.2019, p. 0013	18/04/2018	

Additional information		
Source	**Document**	**Date**
European Commission	EUR-Lex	

Final act	
Budget 2018/1367 OJ L 248 03.10.2018, p. 0215	Summary

2016 discharge: European Chemicals Agency (ECHA)

2017/2167(DEC) - 03/10/2018 - Final act

PURPOSE: to grant discharge to the European Chemicals Agency (ECHA) for the financial year 2016.

NON-LEGISLATIVE ACT: Decision (EU) 2018/1367 of the European Parliament on discharge in respect of the implementation of the budget of the European Chemicals Agency for the financial year 2016.

CONTENT: the European Parliament decided to **grant discharge** to the Executive Director of the European Chemicals Agency discharge in respect of the implementation of the Agency's budget for the financial year 2016.

This decision is accompanied by a resolution of the European Parliament containing the observations which form an integral part of the discharge decision in respect of the implementation of the general budget of the European Union for the financial year 2016 (*please refer to the summary dated 18.4.2018*).

In this resolution, Parliament noted with satisfaction that the Agency:

- has included in its 2016 annual report a separate chapter on transparency, accountability and integrity;
- redesigned its dissemination portal and a microsite for informing consumers about chemicals;
- started together with EFSA to draft guidance in identifying chemicals with endocrine disrupting properties.

Parliament noted that a future decrease of the Agency’s revenue resulting from the United Kingdom’s decision to leave the Union is possible. Therefore, it called on the Agency to report to the discharge authority on the mitigating measures that may be adopted. It noted that the United Kingdom’s decision to leave the Union also poses operational risks for the Agency since the Union chemicals legislation which the Agency manages are also internal market regulatory laws.

The Agency is urged to take all measures in order to be sufficiently prepared to minimise any negative operational or financial impact that may occur.

2016 discharge: European Chemicals Agency (ECHA)

2017/2167(DEC) - 18/04/2018 - Text adopted by Parliament, single reading

The European Parliament decided to **grant discharge** to the Executive Director of the European Chemicals Agency (ECHA) in respect of the implementation of the Agency’s budget for the financial year 2016, and to approve the closure of the accounts for the financial year in question.

Noting that the Court of Auditors has stated that it has obtained reasonable assurances that the agency’s annual accounts for the financial year 2016 are reliable and that the underlying transactions are **legal and regular**, Parliament adopted by 564 votes to 128 with 7 abstentions, a resolution containing a series of recommendations, which form an integral part of the decision on discharge and which add to the general recommendations set out in the resolution on performance, financial management and control of EU agencies:

- **Agency’s financial statements**: the final budget of the Agency for the financial year 2016 was EUR 110 840 957, representing a decrease of 7.82 % compared to 2015.

- **Budget and financial management**: budget monitoring efforts during the financial year 2016 resulted in a budget implementation rate of 97 %, representing a decrease of 1.48 %. In 2016, the **fees and charges collected** covered **46 % of the Agency's expenditure** including for the first time a high proportion of fees from authorisation applications. Members called in this respect for safeguards to be built into the Agency's work so that it can remain independent vis-à-vis the industry, and, in particular, to retain a critical, independent attitude towards industry´s own research.
- The Union regulatory agencies responsible for the risk assessment of regulated products, in particular the Agency and the European Food Safety Authority (EFSA), **do not have sufficient resources** to effectively fulfil certain responsibilities. The Agency and EFSA should therefore be granted sufficient resources in order to carry out their specific responsibilities.
- **Commitments and carry-overs**: carry-overs of committed appropriations remained high for REACH operational expenditure at **EUR 10.1 million** , i.e. 39 % (compared to EUR 7.3 million in 2015, i.e. 32 %) and are even higher for biocides operational expenditure at **EUR 1.3 million**, i.e. 68 % (compared to EUR 1.5 million in 2015, i.e. 74 %). Members drew attention to the Court of Auditors' comment advising the Agency to consider increasing the use of **differentiated budget appropriations** to better reflect the multi-annual nature of operations and unavoidable delays between the signature of contracts, deliveries and payments. The Agency has already created a differentiated budget line for 2017, which will reduce the nominal carry-over rate for 2017 and beyond.

Staff policy and prevention of conflicts of interests: Parliament noted with appreciation that by the number of posts occupied on 31 December 2016 gender balance has been met since the ratio is 53 % female to 47 % male. The Agency has implemented an approach that involves a **systematic check** for potential conflicts before assigning tasks to members of staff. However, Members insisted on the need to establish an independent body with sufficient budgetary resources to help whistleblowers to disclose information about possible irregularities affecting the Union's financial interests, while protecting their confidentiality.

Performance: Members highlighted that in December 2016 the Agency started together with European Food Safety Authority to draft guidance in identifying **chemicals with endocrine disrupting properties.**

Members called on the Commission to launch a policy debate with relevant stakeholders in order to review Union legislation related to risk assessment for food, chemicals and related products and the effectiveness of such legislation.

Brexit: the resolution stressed that a future decrease of the Agency's revenue resulting from the United Kingdom's decision to leave the Union is possible. It called on the Agency to report to the discharge authority on the **mitigating measures** that may be adopted.

Members noted that the United Kingdom's decision to leave the Union also poses **operational risks for the Agency** since the Union chemicals legislation which the Agency manages are also internal market regulatory laws. Reducing the jurisdiction to which these regulations apply to EU-27 will create an additional workload for providing advice and assistance to the United Kingdom's companies which will be in a 'third country' as well as a transitional workload caused by transferring regulatory work from the United Kingdom to the EU27.

The Agency was called on to proactively plan and prepare for any and all such potential losses.

2016 discharge: European Chemicals Agency (ECHA)

2017/2167(DEC) - 26/06/2017 - Non-legislative basic document

PURPOSE: presentation by the Commission of the consolidated annual accounts of the European Union for the financial year 2016, as part of the 2016 discharge procedure.

Analysis of the accounts of the **European Chemicals Agency (ECHA)**.

CONTENT: the organisational governance of the EU consists of institutions, agencies and other EU bodies whose expenditure is included in the general budget of the Union.

This Commission document concerns the EU's consolidated accounts for the year 2016 and details how spending by the EU institutions and bodies was carried out. The consolidated annual accounts of the EU provide financial information on the activities of the institutions, agencies and other bodies of the EU from an accrual accounting and budgetary perspective.

It is the responsibility of the Commission's Accounting Officer to prepare the EU's consolidated annual accounts and ensure that they present fairly, in all material aspects, the financial position, the result of the operations and the cash flows of the EU institutions and bodies, including the **European Chemicals Agency** (ECHA), with a view to granting discharge.

Discharge procedure: the final step of a budget lifecycle is the discharge of the budget for a given financial year. It represents the political aspect of the external control of budget implementation and is the decision by which the European Parliament, acting on a Council recommendation, "**releases**" the Commission (and other EU bodies) from its responsibility for management of a given budget by marking the end of that budget's existence. The European Parliament is the discharge authority within the EU.

The discharge procedure may produce three outcomes: (i) the granting; (ii) postponement or; (iii) the refusal of the discharge.

The final discharge report including specific recommendations to the Commission for action is adopted in plenary by the European Parliament and are subject to an annual follow up report in which the Commission outlines the concrete actions it has taken to implement the recommendations made.

Each agency is subject to its own discharge procedure, including the **ECHA**.

The European Chemicals Agency: the Agency, which is located in Helsinki (FI), was created by Council Regulation (EC) No 1907/2006 to manage and steer the implementation of the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) regulation.

Main achievements in 2016: these include:

- further advancement in the integration of REACH and the Classification, Labelling and Packaging (CLP) regulation;
- publishing its second five years report on the operation of REACH providing input into the second review of the REACH Regulation;
- the fees and charges collected covered 46% of the Agency's expenditure including for the first time a high proportion of fees from authorisation applications. Managing the annual budget was more challenging than in previous years, as the magnitude of the fee-based financing was difficult to foresee, particularly for the biocide applications;
- signing a delegation agreement with the Commission in December 2016 to build an **EU-wide observatory for nanomaterials** that aims at giving objective and reliable information on markets and safety aspects of nanomaterials in the EU market;
- maintaining an open dialogue with the EU institutions, in particular the European Parliament.

As regards the accounts, ECHA is financed through fees paid by industry and by an EU balancing subsidy.

Commitment appropriations:

- available: EUR 113 million;
- made: EUR 110 million.

Payment appropriations:

- available: EUR 124 million;
- paid: EUR 106 million.

For further details on expenditure, please refer to the final accounts of the ECHA.

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:

- **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.

2016 discharge: European Chemicals Agency (ECHA)

2017/2167(DEC) - 23/03/2018 - 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 Chemicals Agency (ECHA) 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 agency's 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 Agency's 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:

- **Agency's financial statements**: Members noted that the final budget of the Agency for the financial year 2016 was EUR 110 840 957, representing a decrease of 7.82 % compared to 2015.
- **Budget and financial management**: budget monitoring efforts during the financial year 2016 resulted in a budget implementation rate of 97 %, representing a decrease of 1.48 %. In 2016, the fees and charges collected covered 46 % of the Agency's expenditure including for the first time a high proportion of fees from authorisation applications. Members called in this respect for safeguards to be built into the Agency's work so that it can remain independent vis-à-vis the industry, and, in particular, to retain a critical, independent attitude towards industry´s own research.
- They also noted with concern that the Union regulatory agencies responsible for the risk assessment of regulated products, in particular the Agency and the European Food Safety Authority (EFSA), do not have sufficient resources to effectively fulfil certain responsibilities. The Agency and EFSA should therefore be granted sufficient resources in order to carry out their specific responsibilities.
- **Commitments and carry-overs**: carry-overs of committed appropriations remained high for REACH operational expenditure at EUR 10.1 million, i.e. 39 % (compared to EUR 7.3 million in 2015, i.e. 32 %) and are even higher for biocides operational expenditure at EUR 1.3 million, i.e. 68 % (compared to EUR 1.5 million in 2015, i.e. 74 %). Members drew attention to the Court of Auditors' comment advising the Agency to consider increasing the use of differentiated budget appropriations to better reflect the multi-annual nature of operations and unavoidable delays between the signature of contracts, deliveries and payments. The Agency has already created a differentiated budget line for 2017, which will reduce the nominal carry-over rate for 2017 and beyond.

Members also made a series of observations regarding transfers, procurement and staff policy, the prevention and management of conflicts of interests and internal audits and controls.

On performance, Members highlighted that in December 2016 the Agency started together with European Food Safety Authority to draft guidance in identifying chemicals with endocrine disrupting properties.

Members called on the Commission to launch a policy debate with relevant stakeholders in order to review Union legislation related to risk assessment for food, chemicals and related products and the effectiveness of such legislation.

Brexit: Members stressed that a future decrease of the Agency's revenue resulting from the United Kingdom's decision to leave the Union is possible. They called on the Agency to report to the discharge authority on the mitigating measures that may be adopted.

They noted that the United Kingdom's decision to leave the Union also poses operational risks for the Agency since the Union chemicals legislation which the Agency manages (REACH, BPR, CLP and PIC Regulations) are also internal market regulatory laws. Reducing the jurisdiction to which these regulations apply to EU-27 will create an **additional workload** for providing advice and assistance to the United Kingdom's companies which will be in a 'third country' as well as a transitional workload caused by transferring regulatory work from the United Kingdom to the EU27.

The Agency is called on to proactively plan and prepare for any and all such potential losses.

2016 discharge: European Chemicals Agency (ECHA)

2017/2167(DEC) - 09/02/2018 - Supplementary non-legislative basic document

Having examined the revenue and expenditure accounts for the financial year 2016 and the balance sheet as at 31 December 2016 of the European Chemicals Agency (ECHA), as well as the Court of Auditors' report on the annual accounts of the Agency for the financial year 2016, accompanied by the Agency's replies to the Court's observations, the Council recommended the European Parliament to give a discharge to the Executive Director of the Agency in respect of the implementation of the budget for the financial year 2016.

The Council welcomed the Court's opinion that, in all material respects, the Agency's annual accounts present fairly 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 the Agency's Financial Regulation, and that the underlying transactions for 2016 are legal and regular in all material respects.

Nevertheless, the following observations were made:

- **carry-overs**: as last year, the Council regretted that a very high level of commitment appropriations was carried over to 2017. It called on the Agency to continue improving its financial programming, monitoring of the budget implementation, and further increasing the use of differentiated budget appropriations, in order to reduce the level of commitments carried over to the following financial year to the minimum strictly necessary, in line with the budgetary principle of annuality;
- **revenues**: the Council invited the Agency, in consideration of the nature of its revenues, to take due account of the **possible future decrease** of part of these revenues resulting from the United Kingdom's decision to leave the EU.