Basic information

2018/2198(DEC) DEC - Discharge procedure	Procedure completed
2017 discharge: European Chemicals Agency (ECHA) **Subject** 8.70.03.02 2017 discharge	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
CONT Budgetary Control	SARVAMAA Petri (PPE)	25/07/2018
	Shadow rapporteur KADENBACH Karin (S&D) CZARNECKI Ryszard (ECR) ALI Nedzhmi (ALDE) DE JONG Dennis (GUE/NGL) STAES Bart (Verts/ALE) KAPPEL Barbara (ENF)	

Committee for opinion	Rapporteur for opinion	Appointed
ENVI Environment, Public Health and Food Safety	VĂLEAN Adina (PPE)	30/08/2018

European Commission

Commission DG	Commissioner
Budget	OETTINGER Günther

Key events

Date	Event	Reference	Summary
28/06/2018	Non-legislative basic document published	COM(2018)0521	Summary
11/09/2018	Committee referral announced in Parliament		
20/02/2019	Vote in committee		

01/03/2019	Committee report tabled for plenary	A8-0125/2019	Summary
26/03/2019	Decision by Parliament	T8-0264/2019	Summary
26/03/2019	Results of vote in Parliament		
26/03/2019	Debate in Parliament		
26/03/2019	End of procedure in Parliament		
27/09/2019	Final act published in Official Journal		

Technical information

Procedure reference	2018/2198(DEC)
Procedure type	DEC - Discharge procedure
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Procedure completed
Committee dossier	CONT/8/14314

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE626.792	10/12/2018	
Committee opinion	ENVI	PE627.810	24/01/2019	
Amendments tabled in committee		PE634.469	31/01/2019	
Committee report tabled for plenary, single reading		A8-0125/2019	01/03/2019	Summary
Text adopted by Parliament, single reading		T8-0264/2019	26/03/2019	Summary

Council of the EU

Document type	Reference	Date	Summary
Supplementary non-legislative basic document	05825/2019	31/01/2019	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(2018)0521	28/06/2018	Summary

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
CofA	Court of Auditors: opinion, report	N8-0012/2019 OJ C 434 30.11.2018, p. 0001	18/09/2018	Summary

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

Final act
Budget 2019/1464 OJ L 249 27.09.2019, p. 0199

2017 discharge: European Chemicals Agency (ECHA)

2018/2198(DEC) - 26/03/2019 - Text adopted by Parliament, single reading

The European Parliament decided to grant discharge to the Executive Director of the European Chemicals Agency (ECHA) for the financial year 2017 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 2017 are reliable and that the underlying transactions are legal and regular, Parliament adopted by 509 votes to 125 with 1 abstention, 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 draft resolution on performance, financial management and control of EU agencies:

Agency's financial statements

The final budget of the Agency for the financial year 2017 was EUR 110 530 554 representing a slight decrease of 0.28 % compared to 2016.

Budget and financial management

Budget monitoring efforts during the financial year 2017 resulted in a budget implementation rate of 98 %, representing an increase of 1 % compared to 2016. Payment appropriations execution rate was 87 %, also representing an increase of 1 % in comparison to 2016.

Parliament noted that thanks to the Agency's effective system of ex-post verifications, the Agency identified that some 55 % of the micro companies and SMEs had categorised their size incorrectly resulting in lower fees. It urged the national enforcement authorities to enhance the verification systems of the volumes declared by the companies. The Agency should report to the discharge authority on its efforts, and on the achieved results, to reduce the considerable verification backlog and to implement the fee corrections.

Members also noted with concern that as the third registration deadline for chemicals under the REACH Regulation expires in 2018, income from fees and charges is expected to drop from 2019 onwards and the Agency will become more reliant on the Union budget to finance its operations.

The cancellation of carry-overs from 2016 to 2017 amounted to EUR 364 031, representing 2.64 % of the total amount carried over, showing a decrease of 5.23 % in comparison to 2016.

Members also made a series of observations regarding performance, staff policy, procurement and internal controls.

In particular, they noted that:

- that approximately 15 900 registration dossiers were received in 2017 (out of which 8 500 generating a fee), which represents an increase of 48.6 % compared to 2016. This increase in registration activity is directly linked to the last REACH registration deadline of 1 June 2018;

on 31 December 2017, the establishment plan was 96.52 % executed, with 444 temporary agents appointed out of 460 temporary agents authorised under the Union budget;

- having selected the new building and having signed a lease contract in 2017, the Agency is planning to move to new premises in Helsinki in January 2020. This move is due to the partial malfunctioning of its current building, particularly as regards the air quality issues in the current premises.

2017 discharge: European Chemicals Agency (ECHA)

2018/2198(DEC) - 31/01/2019 - Supplementary non-legislative basic document

Having examined the revenue and expenditure accounts for the financial year 2017 and the balance sheet as at 31 December 2017 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 2017, 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 2017.

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 2017 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 2017 are legal and regular in all material respects.

Nevertheless, the following observations were made:

- ***financial management***: while welcoming the progress made by the Agency through ex-post verifications to check the claimed size of smaller companies, the Council urged the Agency to rapidly address the considerable verification backlog and to improve the process to recover the administrative charges invoiced to companies who have declared the wrong size. The Council acknowledged that the accuracy of the fee calculation is based on the verification of the declared volumes of chemicals, which is under the solely responsibility of Member States' national enforcement authorities. Therefore, it encouraged the Agency to continue its efforts to ensure the collection of the appropriate level of fee income. The Council is concerned about the mismatch between the Agency's expenditures and revenues, as well as the expected drop in revenues from 2019 onwards. It calls on the Agency to take corrective measures to reduce administrative expenditure;

- ***Brexit***: the Council invited the Agency to continue measuring the possible future decrease of part of its revenues resulting from the withdrawal of the United Kingdom from the EU.

2017 discharge: European Chemicals Agency (ECHA)

2018/2198(DEC) - 28/06/2018 - Non-legislative basic document

PURPOSE: presentation by the Commission of the consolidated annual accounts of the European Union for the financial year 2017, as part of the 2017 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 2017** 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 with a view to granting discharge.

Discharge procedure: **the final step of a budget lifecycle is the discharge**. It is the decision by which the European Parliament '**releases**' the Commission from its responsibility for management of a given budget by marking the end of that budget's existence. It is granted by the European Parliament on the recommendation of the Council.

The decision is based in particular on the European Court of Auditors reports, in particular its annual report, in which the Court provides a Statement of Assurance (DAS) on the legality and regularity of transactions (payments and commitments).

The procedure results in the granting, postponement or refusal of 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.

All EU institutions and other agencies, bodies and joint undertakings are subject to their own discharge procedures.

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.

ECHA marked its 10 anniversary in 2017 with a series of dedicated events. During the year, the new Executive Director maintained 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 112 million;
- made: EUR 109 million.

Payment appropriations:

- available: EUR 126 million;
- paid: EUR 110 million.

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

2017 discharge: European Chemicals Agency (ECHA)

2018/2198(DEC) - 01/03/2019 - Committee report tabled for plenary, single reading

The Committee on Budgetary Control adopted the report by Petri SARVAMAA (EPP, FI) on discharge in respect of the implementation of the budget of the European Chemicals Agency (ECHA) for the financial year 2017.

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 2017.

Noting that the Court of Auditors stated that it had obtained reasonable assurance that the annual accounts of the Agency for the financial year 2017 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

The final budget of the Agency for the financial year 2017 was EUR 110 530 554 representing a slight decrease of 0.28 % compared to 2016.

Budget and financial management

Budget monitoring efforts during the financial year 2017 resulted in a budget implementation rate of 98 %, representing an increase of 1 % compared to 2016.

Members noted that thanks to the Agency's effective system of ex-post verifications, the Agency identified that some 55 % of the micro companies and SMEs had categorised their size incorrectly resulting in lower fees. They urged the national enforcement authorities to enhance the verification systems of the volumes declared by the companies.

They also noted with concern that as the third registration deadline for chemicals under the REACH Regulation expires in 2018, income from fees and charges is expected to drop from 2019 onwards and the Agency will become more reliant on the Union budget to finance its operations.

The cancellation of carry-overs from 2016 to 2017 amounted to EUR 364 031, representing 2.64 % of the total amount carried over, showing a decrease of 5.23 % in comparison to 2016.

Members also made a series of observations regarding performance, staff policy, procurement and internal controls.

In particular, they noted that:

- that approximately 15 900 registration dossiers were received in 2017 (out of which 8 500 generating a fee), which represents an increase of 48.6 % compared to 2016. This increase in registration activity is directly linked to the last REACH registration deadline of 1 June 2018;

on 31 December 2017, the establishment plan was 96.52 % executed, with 444 temporary agents appointed out of 460 temporary agents authorised under the Union budget;

- having selected the new building and having signed a lease contract in 2017, the Agency is planning to move to new premises in Helsinki in January 2020. This move is due to the partial malfunctioning of its current building, particularly as regards the air quality issues in the current premises.

2017 discharge: European Chemicals Agency (ECHA)

2018/2198(DEC) - 18/09/2018

PURPOSE: presentation of the EU Court of Auditors' report on the annual accounts of the European Chemicals Agency (ECHA) for the financial year 2017, together with the Agency's reply.

CONTENT: the Court of Auditors carried out the audit on the annual accounts of the European Chemicals Agency (ECHA).

In brief, 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 and reliability of the accounts

The Court considered that:

- the Agency's annual accounts present fairly, in all material respects, its financial position as at 31 December 2017 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;

- the transactions underlying the annual accounts for the year ended 31 December 2017 are legal and regular in all material respects.

The report also makes 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

Internal controls

The Court highlighted that the Agency's ex post verifications have demonstrated that more than half of the companies who registered chemicals and claimed to be of a micro, small or medium size incorrectly declared their size. This can be partly explained by the Commission's complex rules to define the company size and partly by the financial incentive to understate it as registration fees are much higher for bigger companies. As the initial registration fees are charged on the basis of the declared company size, this can have a significantly negative impact on the Agency's revenue if it goes undetected. While the Agency checks the claimed size for smaller companies through ex post verifications, there is a significant backlog of verifications which are only finalised up to 2012. There is an urgent need to speed up and finalise the ex post verification process for later years.

Whenever errors are found, the Agency invoices the difference between the fee originally paid and the fee ultimately due, as well as an administrative charge. As of 31 December 2017, the amount to be recovered stood at EUR 4.7 million, of which EUR 3.2 million was related to overdue administrative charges. However, the Agency seems to encounter difficulties in recovering the administrative fees.

The verification of volumes declared by the companies is under the responsibility of Member States' national enforcement authorities and the Agency has no enforcement powers.

The Agency's reply

Internal controls

The Agency stressed that the relevant legislation (REACH Fee Regulation (EC) No 340/2008) does not specify that the Agency should perform an ex post verification of each SME registrant's size. The Agency's Management Board endorsed an approach whereby SME registrants with the highest financial impact (that is, the largest quantity of registrations within the highest tonnage band) are prioritised. The Agency is presently verifying the SME size of those registrants who submitted their dossiers up to 2015 and, in 2017, the Agency also approached SME registrants from the United Kingdom to verify their company size prior to the United Kingdom withdrawal from the European Union. In future, the Agency will increasingly perform SME size verifications based on the cost-benefit principle.

The relevant Regulation does not provide the Agency with the necessary tools to enforce the collection of overdue administrative charges. The Agency proactively reminds debtors of their obligation to pay and, in the event that the reminder process is unsuccessful, engages local law firms to pursue the outstanding fees and charges directly in the Member States. The law firms have, to date, contacted 74 % of companies with overdue administrative charges and the outcome of this initiative will be subject to a cost-benefit analysis to determine next steps.

Lastly, the Court of Auditors' report also contained a summary of the Agency's key figures in 2017:

Budget

EUR 112 million (payment appropriations).

Staff

563 including officials, temporary and contract staff and seconded national experts.