



10.12.2018

# **DRAFT REPORT**

on discharge in respect of the implementation of the budget of the European  
Chemicals Agency (ECHA) for the financial year 2017  
(2018/2198(DEC))

Committee on Budgetary Control

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## 1. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

### **on discharge in respect of the implementation of the budget of the European Chemicals Agency for the financial year 2017 (2018/2198(DEC))**

*The European Parliament,*

- having regard to the final annual accounts of the European Chemicals Agency for the financial year 2017,
- having regard to the Court of Auditors' report on the annual accounts of the European Chemicals Agency for the financial year 2017, together with the Agency's reply<sup>1</sup>,
- having regard to the statement of assurance<sup>2</sup> as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2017, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendation of 20 February 2019 on discharge to be given to the Agency in respect of the implementation of the budget for the financial year 2017 (00000/2019 – C8-0000/2019),
- having regard to Article 319 of the Treaty on the Functioning of the European Union,
- having regard to Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002<sup>3</sup>, and in particular Article 208 thereof,
- having regard to Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012<sup>4</sup>, and in particular Article 70 thereof,
- having regard to Regulation (EC) No 1907/2006 of the European Parliament and of the Council of 18 December 2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH), establishing a European Chemicals Agency, amending Directive 1999/45/EC and repealing Council Regulation (EEC) No 793/93 and Commission Regulation (EC) No 1488/94 as well as Council Directive 76/769/EEC and Commission Directives 91/155/EEC, 93/67/EEC, 93/105/EC and 2000/21/EC<sup>5</sup>, and in particular Article 97 thereof,

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<sup>1</sup> OJ C ..., ..., p. ....

<sup>2</sup> OJ C ..., ..., p. ....

<sup>3</sup> OJ L 298, 26.10.2012, p. 1.

<sup>4</sup> OJ L 193, 30.7.2018, p. 1.

<sup>5</sup> OJ L 396, 30.12.2006, p. 1.

- having regard to Commission Delegated Regulation (EU) No 1271/2013 of 30 September 2013 on the framework financial regulation for the bodies referred to in Article 208 of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council<sup>1</sup>, and in particular Article 108 thereof,
  - having regard to Rule 94 of and Annex IV to its Rules of Procedure,
  - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on the Environment, Public Health and Food Safety (A8-0000/2019),
1. Grants the Executive Director of the European Chemicals Agency discharge in respect of the implementation of the Agency’s budget for the financial year 2017;
  2. Sets out its observations in the resolution below;
  3. Instructs its President to forward this decision, and the resolution forming an integral part of it, to the Executive Director of the European Chemicals Agency, the Council, the Commission and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).

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<sup>1</sup> OJ L 328, 7.12.2013, p. 42.

## 2. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

### on the closure of the accounts of the European Chemicals Agency for the financial year 2017 (2018/2198(DEC))

*The European Parliament,*

- having regard to the final annual accounts of the European Chemicals Agency for the financial year 2017,
- having regard to the Court of Auditors' report on the annual accounts of the European Chemicals Agency for the financial year 2017, together with the Agency's reply<sup>1</sup>,
- having regard to the statement of assurance<sup>2</sup> as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2017, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendation of 20 February 2019 on discharge to be given to the Agency in respect of the implementation of the budget for the financial year 2017 (00000/2019 – C8-0000/2019),
- having regard to Article 319 of the Treaty on the Functioning of the European Union,
- having regard to Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002<sup>3</sup>, and in particular Article 208 thereof,
- having regard to Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012<sup>4</sup>, and in particular Article 70 thereof,
- having regard to Regulation (EC) No 1907/2006 of the European Parliament and of the Council of 18 December 2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH), establishing a European Chemicals Agency, amending Directive 1999/45/EC and repealing Council Regulation (EEC) No 793/93 and Commission Regulation (EC) No 1488/94 as well as Council Directive 76/769/EEC and Commission Directives 91/155/EEC, 93/67/EEC, 93/105/EC and 2000/21/EC<sup>5</sup>, and in particular Article 97 thereof,

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<sup>1</sup> OJ C ..., ..., p. ....

<sup>2</sup> OJ C ..., ..., p. ....

<sup>3</sup> OJ L 298, 26.10.2012, p. 1.

<sup>4</sup> OJ L 193, 30.7.2018, p. 1.

<sup>5</sup> OJ L 396, 30.12.2006, p. 1.

- having regard to Commission Delegated Regulation (EU) No 1271/2013 of 30 September 2013 on the framework financial regulation for the bodies referred to in Article 208 of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council<sup>1</sup>, and in particular Article 108 thereof,
  - having regard to Rule 94 of and Annex IV to its Rules of Procedure,
  - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on the Environment, Public Health and Food Safety (A8-0000/2019),
1. Approves the closure of the accounts of the European Chemicals Agency for the financial year 2017;
  2. Instructs its President to forward this decision to the Executive Director of the European Chemicals Agency, the Council, the Commission and the Court of Auditors, and to arrange for its publication in the *Official Journal of the European Union* (L series).

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<sup>1</sup> OJ L 328, 7.12.2013, p. 42.

### 3. MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

**with observations forming an integral part of the decision on discharge in respect of the implementation of the budget of the European Chemicals Agency for the financial year 2017  
(2018/2198(DEC))**

*The European Parliament,*

- having regard to its decision on discharge in respect of the implementation of the budget of the European Chemicals Agency for the financial year 2017,
  - having regard to Rule 94 of and Annex IV to its Rules of Procedure,
  - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on the Environment, Public Health and Food Safety (A8-0000/2019),
- A. whereas, according to its statement of revenue and expenditure<sup>1</sup>, the final budget of the European Chemicals Agency (the “Agency”) for the financial year 2017 was EUR 110 530 554 representing a slight decrease of 0,28 % compared to 2016; whereas the Agency received Union subsidies of EUR 69 340 298 (62,7 % of the total budget); whereas rest of the Agency’s budget derives from income from fees and charges;
- B. whereas the Court of Auditors (the “Court”) in its report on the annual accounts of the Agency for the financial year 2017 (the “Court's report”), states that it has obtained reasonable assurances that the Agency’s annual accounts are reliable and that the underlying transactions are legal and regular;

#### ***Budget and financial management***

1. Acknowledges that budget monitoring efforts during the financial year 2017 resulted in a budget implementation rate of 98 %, representing an increase of 1 % compared to 2016; notes moreover that the payment appropriations execution rate was 87 %, representing an increase of 1 % in comparison to 2016;
2. Emphasises that the Agency is partly self-financed and receives fees from companies requesting the registration of chemicals as required under the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) Regulation; notes that the applicable fees depend on the size of the companies and the volume of chemicals registered; according to the Court’s report, since the first registrations in 2009, some 30 % of the companies claimed to be micro, small or medium size; notes with concern however that, thanks to the Agency’s effective system of ex-post verifications, the Agency identified that some 55 % of the micro, small or medium size companies had categorised their size incorrectly resulting in lower fees; endorses the measures taken by the Agency to have invoiced particularly high fee corrections amounting to EUR 16,4 million; furthermore, urges the national enforcement authorities to enhance the verification systems of the volumes declared by the companies, and to fully and effectively implement the “Strategies and minimum criteria for enforcement of

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<sup>1</sup> OJ C 415/04, 5.12..2017, p. 12

Chemical Regulations” framework; calls on the Agency to 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;

3. Notes with concern that according to the Court’s report, 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; takes note, however, that according to the Agency’s reply, it has made alternative proposals to the Commission and that the Commission committed itself to assess alternatives to ensure the financing of the Agency; calls on the Agency to keep the discharge authority updated on the developments in this regard;

### ***Cancellation of carry-overs***

4. Acknowledges that 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;

### ***Performance***

5. Acknowledges that the Agency uses Key Performance Indicators (KPIs) and furthermore introduced new efficiency performance indicators and improved the workload KPIs in order to enhance the oversight of each activity from output, resources, performance and efficiency point of view; takes note that the Agency uses certain budgetary rates as KPIs in order to enhance its budget management; invites the Agency to develop more outcome and impact focused KPIs assessing the added value provided by the Agency’s activities in its revision of the overall performance management system; calls on the Agency to report to the discharge authority on the progress made in this regard;
6. Acknowledges that, despite the risks and constraints in some areas, the Agency reached 70 out of 79 of its KPI targets, and that it kept implementing both the improvement actions in the application for authorisation and its integrated regulatory strategy;
7. Notes with appreciation that the Agency shares its Internal Audit Capability with the European Global Navigation Satellite Systems Agency and closely collaborates with other agencies, including the sharing of services, under the roof of inter-agency network and through Memoranda of Understanding with multiple agencies;
8. According to the Court’s report, unlike most other agencies, the Agency’s founding regulation does not explicitly require periodical external evaluations of its activities, which are key elements to assess performance; encourages the Agency to undertake an external evaluation at least every five years;

### ***Staff policy***

9. Notes that, 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 (compared with 455 authorised posts in 2016); notes that in addition, 119



contract agents and 8 seconded national experts worked for the Agency in 2017;

10. Notes that the Agency has an anti-harassment policy and respective guidelines in place; acknowledges that it organised training sessions and enabled confidential counselling;
11. Welcomes the suggestion of the Court to publish vacancy notices also on the website of the European Personnel Selection Office (EPSO) in order to increase their publicity; takes note of the Agency's suggestion for EPSO to promote also the interagency job board developed by the EU Agencies Network;

### ***Prevention and management of conflicts of interests and transparency***

12. According to the Agency, its budgeted fee income for 2017 represents 35 % of the total income; acknowledges the Agency's exemplary system of monitoring and preventing any conflicts of interest and its view that there is no danger of such conflicts due to the cost-covering purpose of the fees and the regular assessment of the Agency's staff involved in the opinion making to ensure independence; notes that the Agency would welcome a solution where the Commission collected the fees on behalf of the Agency, which would facilitate the Agency's financial management and help in mitigating the risks of shortfalls;
13. Acknowledges the Agency's existing measures and ongoing efforts to secure transparency and whistleblower protection; according to the Agency, all meetings of its senior management with interest groups are registered and published on its website to ensure full transparency;

### ***Internal audit***

14. Notes that the Commission's Internal Audit Service (IAS) carried out a risk assessment and prepared the IAS strategic audit plan for 2018-2020 and furthermore, conducted preliminary interviews for an audit on conflicts of interest and ethics in October 2017; calls on the Agency to report to the discharge authority on the outcome of that audit and any respective actions taken as a response to the recommendations;

### ***Other comments***

15. Notes that, 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; notes that that move is due to the partial malfunctioning of its current building, particularly as regards the air quality issues in the current premises;

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16. Refers, for other observations of a cross-cutting nature accompanying its decision on discharge, to its resolution of ... 2019<sup>1</sup> on the performance, financial management and control of the agencies.

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<sup>1</sup> Texts adopted, P8\_TA-PROV(2019)0000.