2014 discharge: European Securities and Markets Authority (ESMA)

2015/2190(DEC) - 28/04/2016 - Text adopted by Parliament, single reading

The European Parliament decided to grant the Executive Director of the European Securities and Markets Authority (ESMA) discharge in respect of the implementation of ESMA's budget for the financial year 2014. The vote on the decision on discharge covers the closure of the accounts (in accordance with Annex 5, Article 5 (1) (a) to Parliament's Rules of Procedure.

Noting that the Court of Auditors has stated that it has obtained reasonable assurances that ESMA's annual accounts for the financial year 2014 are reliable and that the underlying transactions are legal and regular, Parliament adopted by 516 votes to 113 with 8 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**: Parliament noted that the final budget of the Agency for the financial year 2014 was EUR 33 267 143, representing an increase of 18.02% compared to 2013, which can be explained by the new tasks given to the Agency.
- **Reliability of the accounts**: Parliament noted that the fees the Authority charged to its supervised entities, appearing as revenue in the provisional statement of financial performance, were based on estimated rather than actual costs. It acknowledged that in 2014 the Authority developed an activity-based costing model which will allow accurate follow up of the expenditure of its supervision activities, and also noted that the Authority has been applying this model from 2015 resulting in the supervisory fees being **calculated according to the actual cost.**
- **Legality and regularity of operations**: Parliament noted that the Authority inherited a number of IT framework contracts from its predecessor body, the Committee of European Securities Regulators (CESR) and that those contracts were not replaced with timely calls for tender which led to two contracts being extended beyond their original duration. This resulted in the Authority procuring IT services, furniture and stationery for the amount of EUR 956 000 for 2014 which was not in compliance with the Financial Regulation.

Parliament also made a series of observations on budgetary and financial management, transfers, commitments and carryovers, procurement and recruitment procedures as well as issues on prevention and management of conflicts of interests and internal audit.

Parliament noted that the Authority has put in place different actions in order to tackle the issue of late payments, which in 2013 constituted 27 % of all payments for goods and services received. These actions resulted in the late payments rate being reduced to below 1 % in 2015.

Lastly, Parliament stressed that, when drafting implementing legislation or similar texts, ESMA must always respect the mandate attributed by the Union legislator and must **not seek to de facto broaden its mandate beyond those assignments.** It also emphasised that when carrying out its work and in particular when drafting technical standards, the Authority needs to comprehensively inform the Parliament about its activities, regretting that this has in the past not always been done.