

Basic information	
2018/2202(DEC) DEC - Discharge procedure	Procedure completed
2017 discharge: European Banking Authority (EBA)	
Subject 8.70.03.02 2017 discharge	

Key players			
European Parliament	Committee responsible		Rapporteur
	CONT Budgetary Control		SARVAMAA Petri (PPE)
			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
	ECON Economic and Monetary Affairs		FRUNZULICĂ Doru-Claudian (S&D)
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	A8-0124/2019	Summary
26/03/2019	Decision by Parliament	T8-0262/2019	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	2018/2202(DEC)
Procedure type	DEC - Discharge procedure
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Procedure completed
Committee dossier	CONT/8/14323

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE626.790	10/12/2018	
Committee opinion	ECON	PE629.651	24/01/2019	
Amendments tabled in committee		PE634.466	31/01/2019	
Committee report tabled for plenary, single reading		A8-0124/2019	01/03/2019	Summary
Text adopted by Parliament, single reading		T8-0262/2019	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

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Additional information		
Source	Document	Date
European Commission	EUR-Lex	

Final act
Budget 2019/1458 OJ L 249 27.09.2019, p. 0189

2017 discharge: European Banking Authority (EBA)

2018/2202(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 Banking Authority (EBA)**.

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 Banking Authority: the EBA, which is located in London (UK), was established by [Regulation \(EU\) No 1093/2010](#) of the European Parliament and of the Council and has the aim of protecting the public interest and contributing to the stability and efficiency of the banking system in the short, medium and long term for the economy of the European Union.

As regards the accounts, the EBA budget execution in 2017 was 96%, which the EBA considers to be an acceptable result in the context of the **Brexit impact** on staffing and on-going exchange rate volatility. The political uncertainty negatively affected both the EBA recruitment plan and retention of existing staff, and thus budgetary expenditure on staff. It should be noted that the EBA expends 66% of its budget on staff costs.

Commitment appropriations:

- available: EUR 38 million;
- made: EUR 37 million.

Payment appropriations:

- available: EUR 41 million;
- paid: EUR 35 million.

For further details on expenditure, please refer to the [2017 consolidated annual accounts](#) of the European Banking Authority.

2017 discharge: European Banking Authority (EBA)

2018/2202(DEC) - 26/03/2019 - Text adopted by Parliament, single reading

The European Parliament decided to grant discharge to the Executive Director of the European Banking Authority (EBA) 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 Authority's annual accounts for the financial year 2017 are reliable and that the underlying transactions are legal and regular, Parliament adopted by 490 votes to 119 with 20 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 [draft resolution on performance, financial management and control of EU agencies](#):

Authority's financial statements

The final budget of the Authority for the financial year 2017 was EUR 38 419 554 representing an increase of 5.28 % compared to 2016. The Authority is financed by a contribution from the Union (EUR 14 543 000, representing 38 %), and contributions from national supervisory authorities of the Member States and observers (EUR 23 876 555 representing 62 %).

Budget and financial management

The budget monitoring efforts during the financial year 2017 resulted in a budget implementation rate of 95.90 %, representing a decrease of 0.85 % compared to 2016. The rate of execution of payment appropriations was 87.27 %, representing a decrease of 1.41 % compared to the previous year.

As the Authority's workload is increasingly shifting from regulatory tasks to enforcing and applying the Union law, the Authority's budgetary and personnel resources should be reallocated internally. They need to ensure an appropriate level of prioritisation as regards resource allocation.

The cancellation of carry-overs from 2016 to 2017 amounted to EUR 76 566, representing 2.6 % of the total amount carried over, showing a notable decrease of 7.13 % compared to 2016.

Members also made a series of observations regarding performance, staff policy, procurement and conflicts of interest.

In particular, they noted that:

- more resources should be allocated to anti-money laundering tasks to fulfil the Authority's oversight functions and inquiries into national institutions;
- that competent authorities and credit and financial institutions apply the European Anti-Money Laundering and Countering the Financing of Terrorism (the 'AML/CFT') legislation effectively and consistently;
- the EBA should develop common guidance in cooperation with the European Securities and Markets Authority ('ESMA') and the European Insurance and Occupational Pensions Authority ('EIOPA') on how to integrate AML/CFT risks in prudential supervision;
- the Authority should conduct an inquiry into dividend arbitrage trading schemes such as cum-ex in order to assess potential threats to the integrity of financial markets and to national budgets. They should establish the nature and magnitude of actors in these schemes and assess whether there were breaches of either national or Union law;
- on 31 December 2017, the establishment plan was 100 % executed, with 134 temporary agents authorised under the Union budget, compared with 127 authorised posts in 2016;
- the EBA has developed an Anti-Fraud Strategy for the period 2015–2017;
- the Authority's revenue will decrease as a result of the United Kingdom's decision to withdraw from the Union, and stresses the need to find adequate arrangements for its funding, that would allow the Authority to fulfil its mandate consistently, independently and efficiently;
- due to the United Kingdom's decision to withdraw from the Union, the seat of the Authority will be moved to Paris, France at the beginning of 2019. The Authority's accounts include provisions for related costs amounting to EUR 6.7 million and disclose EUR 11.2 million remaining future contractual payments as scheduled for the office in London. Building costs include inter alia the continued payment of rent and building charges for the London offices until the break of the lease at the end of 2020, whereas the Authority intends to offset those costs by capitalisation of the rent-free period received from the landlord and by using the French government contribution to ensure that the Authority pays rent and charges on only one office in 2019 and 2020.

2017 discharge: European Banking Authority (EBA)

2018/2202(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 Banking Authority (EBA), as well as the Court of Auditors' report on the annual accounts of the Authority for the financial year 2017, accompanied by the Authority's replies to the Court's observations, the Council recommended the European Parliament to give a discharge to the Director of the Authority 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 Authority'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 Authority'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 programming:** the Council encouraged the Authority to continue improving its financial programming and monitoring of the budget implementation, taking into account the decision on the future location of the Authority.
- **procurement:** the Council, whilst taking note of the Authority's reply and actions taken, regretted the weaknesses found by the Court in the Authority's procurement procedures and called on the Authority to take appropriate actions in order to ensure the effectiveness of the process, competition in its procurement procedures, as well as the full implementation without unjustified delay of electronic public procurement;
- **staff:** the Council encouraged the Authority to ensure proper transparency and publicity of its vacancy notices, while avoiding unjustified costs.

2017 discharge: European Banking Authority (EBA)

2018/2202(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 Banking Authority (EBA) for the financial year 2017.

The committee called on the European Parliament to grant the Executive Director of the Authority discharge in respect of the implementation of the EBA'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 Authority 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 Authority'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](#):

Authority's financial statements

Members noted that the final budget of the Authority for the financial year 2017 was EUR 38 419 554 representing an increase of 5.28 % compared to 2016. The Authority is financed by a contribution from the Union (EUR 14 543 000, representing 38 %), and contributions from national supervisory authorities of the Member States and observers (EUR 23 876 555 representing 62 %).

Budget and financial management

Members acknowledged that the budget monitoring efforts during the financial year 2017 resulted in a budget implementation rate of 95.90 %, representing a decrease of 0.85 % compared to 2016. The rate of execution of payment appropriations was 87.27 %, representing a decrease of 1.41 % compared to the previous year.

As the Authority's workload is increasingly shifting from regulatory tasks to enforcing and applying the Union law, the Authority's budgetary and personnel resources should be reallocated internally. They need to ensure an appropriate level of prioritisation as regards resource allocation.

The cancellation of carry-overs from 2016 to 2017 amounted to EUR 76 566, representing 2.6 % of the total amount carried over, showing a notable decrease of 7.13 % compared to 2016.

Members also made a series of observations regarding performance, staff policy, procurement and conflicts of interest.

In particular, they noted that:

- the Authority should fulfil the tasks and the mandate assigned to it by the European Parliament and the Council and should stay within the mandate of those assignments, so as to achieve optimal use of resources and achievement of objectives;
- more resources should be allocated to anti-money laundering tasks to fulfil the Authority's oversight functions and inquiries into national institutions;
- that competent authorities and credit and financial institutions apply the European Anti-Money Laundering and Countering the Financing of Terrorism (the 'AML/CFT') legislation effectively and consistently;
- the EBA should develop common guidance in cooperation with the European Securities and Markets Authority ('ESMA') and the European Insurance and Occupational Pensions Authority ('EIOPA') on how to integrate AML/CFT risks in prudential supervision;

- on 31 December 2017, the establishment plan was 100 % executed, with 134 temporary agents authorised under the Union budget, compared with 127 authorised posts in 2016;
- the EBA has developed an Anti-Fraud Strategy for the period 2015–2017;
- the Authority's revenue will decrease as a result of the United Kingdom's decision to withdraw from the Union, and stresses the need to find adequate arrangements for its funding, that would allow the Authority to fulfil its mandate consistently, independently and efficiently;
- due to the United Kingdom's decision to withdraw from the Union, the seat of the Authority will be moved to Paris, France at the beginning of 2019. The Authority's accounts include provisions for related costs amounting to EUR 6.7 million and disclose EUR 11.2 million remaining future contractual payments as scheduled for the office in London. Building costs include inter alia the continued payment of rent and building charges for the London offices until the break of the lease at the end of 2020, whereas the Authority intends to offset those costs by capitalisation of the rent-free period received from the landlord and by using the French government contribution to ensure that the Authority pays rent and charges on only one office in 2019 and 2020.

2017 discharge: European Banking Authority (EBA)

2018/2202(DEC) - 18/09/2018

PURPOSE: presentation of the EU Court of Auditors' report on the annual accounts of the European Banking Authority for the financial year 2017, together with the Authority's reply.

CONTENT: the Court of Auditors carried out the audit on the annual accounts of the European Banking Authority (EBA).

In brief, the Authority's task is to contribute to the establishment of high-quality common regulatory and supervisory standards and practices, to contribute to the consistent application of legally binding Union acts, to stimulate and facilitate the delegation of tasks and responsibilities among competent authorities, to monitor and assess market developments in the area of its competence and to foster depositor and investor protection.

Statement of assurance and reliability of the accounts

The Court considered that:

- the Authority'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.

Emphasis of matter

They drew attention to the fact that the United Kingdom (UK) notified the European Council on 29 March 2017 of its decision to withdraw from the European Union. An agreement setting out the arrangements for its withdrawal is currently being negotiated. The accounts and related notes of the Authority, which is located in London, were prepared using the information available at the date of signature (3 May 2018).

On 20 November 2017, the General Affairs Council of the European Union agreed to move the seat of the Authority to Paris, France. The removal is planned for the beginning of 2019 and the Authority's accounts include provisions for related costs amounting to EUR 6.7 million and disclose EUR 11.2 million remaining future contractual payments as scheduled for the Office in London.

Furthermore, the Authority's budget is financed by 40 % from European Union funds and by 60 % through direct contributions from EU Member States. A future decrease of the Authority's revenue resulting from the UK's decision to leave the EU is possible.

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

The Court's observations

Financial management and performance

In four out of five audited open procurement procedures only one tenderer met the award criteria on quality and all other tenderers were excluded. This situation indicates that the Authority puts an over-emphasis on quality criteria.

Agencies should introduce a single solution for the electronic exchange and storage of information with third parties participating in public procurement procedures (e-procurement). As the same requirement exists for all EU Institutions, the Commission is developing a comprehensive IT solution covering all phases of public procurement procedures. The Commission launched tools for electronic invoicing (e-invoicing), for the electronic publication of documents related to contract notices (e-tendering) and for the electronic submission of tenders (e-submission). By the end of 2017, the Authority had introduced e-invoicing and e-tendering for certain procedures, but not e-submission.

The Authority's reply

Financial management and performance

When running procurement procedures, the EBA seeks to use all the tools at its disposal to maximise competition. In four of the five procedures the quality: price weighting was 60:40 and it was 50:50 in the other. It considered that the low level of participation in the financial evaluation cited by the Court was attributable to factors outside the control of the EBA, including low bidding interest (driven by exchange rate risk, contract size, high tendering costs and low profit margins) and the poor quality of technical proposals.

The EBA will implement e-Submission in 2019.

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

Budget

EUR 38 million (in payment appropriations).

Staff

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