











# Procedure file

Basic information		
DEC - Discharge procedure	2016/2186(DEC)	Procedure completed
2015 discharge: European Banking Authority (EBA)		
Subject 8.70.03.05 2015 discharge		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	<b>CONT</b> Budgetary Control	 <a href="#">AYALA SENDER Inés</a> Shadow rapporteur  <a href="#">ZDECHOVSKÝ Tomáš</a>  <a href="#">FITTO Raffaele</a>  <a href="#">ALI Nedzhmi</a>  <a href="#">JÁVOR Benedek</a>  <a href="#">VALLI Marco</a>  <a href="#">KAPPEL Barbara</a>	05/08/2016
European Commission	Committee for opinion	Rapporteur for opinion	Appointed
	<b>ECON</b> Economic and Monetary Affairs	 <a href="#">LOONES Sander</a>	15/09/2016
	Commission DG <a href="#">Budget</a>	Commissioner GEORGIEVA Kristalina	

Key events			
11/07/2016	Non-legislative basic document published	COM(2016)0475	Summary
04/10/2016	Committee referral announced in Parliament		

22/03/2017	Vote in committee		
28/03/2017	Committee report tabled for plenary	<a href="#">A8-0079/2017</a>	
26/04/2017	Debate in Parliament		
27/04/2017	Results of vote in Parliament		
27/04/2017	Decision by Parliament	<a href="#">T8-0163/2017</a>	Summary
27/04/2017	End of procedure in Parliament		
29/09/2017	Final act published in Official Journal		

### Technical information

Procedure reference	2016/2186(DEC)
Procedure type	DEC - Discharge procedure
Stage reached in procedure	Procedure completed
Committee dossier	CONT/8/07502

### Documentation gateway

Non-legislative basic document		COM(2016)0475	11/07/2016	EC	Summary
Court of Auditors: opinion, report		N8-0115/2016 OJ C 449 01.12.2016, p. 0072	13/09/2016	CofA	Summary
Committee draft report		<a href="#">PE593.863</a>	03/02/2017	EP	
Supplementary non-legislative basic document		<a href="#">05873/2017</a>	07/02/2017	CSL	Summary
Committee opinion	<b>ECON</b>	<a href="#">PE595.630</a>	01/03/2017	EP	
Amendments tabled in committee		<a href="#">PE599.877</a>	06/03/2017	EP	
Committee report tabled for plenary, single reading		<a href="#">A8-0079/2017</a>	28/03/2017	EP	Summary
Text adopted by Parliament, single reading		<a href="#">T8-0163/2017</a>	27/04/2017	EP	Summary

### Final act

Budget 2017/1654  
OJ L 252 29.09.2017, p. 0198 Summary

## 2015 discharge: European Banking Authority (EBA)

**PURPOSE:** presentation by the Commission of the consolidated annual accounts of the European Union for the financial year 2015, as part of the 2015 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.

The EU's operational expenditure of these institutions takes different forms, depending on how the money is paid out and managed.

From 2014 onwards, the Commission classifies its expenditure as follows:

- Direct management: the budget is implemented directly by the Commission services.
- Indirect management: the Commission confers tasks of implementation of the budget to bodies of EU law or national law, such as the

EU agencies.

- Shared management: under this method of budget implementation tasks are delegated to Member States. About 80 % of the expenditure falls under this management mode covering such areas as agricultural spending and structural actions.

This Commission document concerns the EU's consolidated accounts for the year 2015 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 Banking Authority (EBA), 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 EBA.

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 EBAs accounts, these are presented in detail in the document on the consolidated annual accounts of the European Union for 2015:

Commitment appropriations:

- committed: EUR 33 million;
- paid: EUR 33 million;
- carried-over: 0.

Payment appropriations:

- committed: EUR 39 million;
- paid: EUR 35 million;
- carried-over: EUR 3 million.

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

## 2015 discharge: European Banking Authority (EBA)

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**PURPOSE:** presentation of the EU Court of Auditors report on the annual accounts of the European Banking Authority (EBA) for the financial year 2015, together with the Authority'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 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:** 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 Authority, which comprise the financial statements and the reports on the implementation of the budget for the financial year ended 31 December 2015;
- the legality and regularity of the transactions underlying those accounts.

**Opinion on the reliability of the accounts:** in the Court's opinion, the Authority's annual accounts present fairly, in all material respects, its financial position as at 31 December 2015 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 2015 are legal and regular in all material respects.

The report made 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 Courts observations:

- budgetary management: the Court noted that carry-overs of committed appropriations for administrative expenditure were high at EUR 1 487 794. They mainly concerned an unresolved issue regarding the outstanding VAT to be paid on the balancing charge of the Authority's new building and an invoice concerning business rates by the UK Valuations Office. Weaknesses were also noted in the estimation of IT needs, in particular concerning outsourced services, which affect the Authority's budgetary management of related expenses.

The Authority's reply:

- budgetary management: the Authority stated that it puts considerable effort into minimising carry-overs for justified needs. Moreover, it noted that outsourced services are governed by properly procured framework contracts. The EBA has further improved the documentation of its estimation of needs for procurement procedures and has reduced the IT appropriations by just EUR 4.3 % over the course of the year.

Lastly, the Court of Auditors report also contained a summary of the key figures in 2015:

- Budget: EUR 33.4 million (in payment appropriations).
- Staff: 156 including officials, temporary and contract staff and seconded national experts.

## 2015 discharge: European Banking Authority (EBA)

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Having examined the revenue and expenditure accounts for the financial year 2015 and the balance sheet as at 31 December 2015 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 2015, 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 2015.

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 2015 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 2015 are legal and regular in all material respects.

Nevertheless, it made the following remark:

- financial programming: the Council noted that a high level of commitment appropriations was carried over to 2016. It encouraged the Authority to continue improving its financial programming and monitoring of the budget implementation, in order to reduce the level of commitments carried over to the following financial year to the minimum strictly necessary and to continue refining the estimation of needs in order to avoid in the future the weaknesses observed by the Court.

## 2015 discharge: European Banking Authority (EBA)

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The European Parliament decided to grant the Executive Director of the European Banking Authority (EBA) discharge in respect of the implementation of EBA's budget for the financial year 2015.

The vote on the decision on discharge covers the closure of the accounts (in accordance with Annex IV, 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 EBA's annual accounts for the financial year 2015 are reliable and that the underlying transactions are legal and regular, Parliament adopted by 505 votes to 122 with 5 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](#).

These recommendations may be summarised as follows:

- Authority's financial statements: Parliament noted that the final budget of the Authority for the financial year 2015 was EUR 33 419 863, representing a decrease of 0.54 % compared to 2014. This was due to the Authority's recently established nature.
- Budget and financial management: Parliament emphasised that any potential increases in the Authority's means must be accompanied by adequate prioritisation measures. It suggested that, as the Authority's workload is increasingly shifting from legislative tasks to supervisory convergence and enforcement, the Authority's budget and manpower should be allocated accordingly.

Parliament also made a series of observations regarding commitments, carry-overs, transfers, procurement, recruitment procedures, the prevention and management of conflicts of interests and internal audits.

As regards performance, it took note that the Authority closely cooperates with the European Insurance and Occupational Pensions Authority (EIOPA) and the European Securities and Markets Authority (ESMA) across all support functions in order to reduce administrative costs. It looks forward to further efforts from the Authority to enhance cooperation with other decentralised agencies and further reduce overhead and administrative costs.

It noted that it was a driving force behind the establishment of a new and comprehensive European System of Financial Supervision (ESFS), including the three European Supervisory Authorities (ESAs), to ensure better financial supervision system after the financial crisis.

Effects of Brexit: Parliament recalled that, on 23 June 2016, the citizens of the United Kingdom voted to leave the European Union. Following the outcome of the UK referendum, the Authority, whose headquarters is in London, drafted impact assessments for all support areas, namely IT, human resources, procurement, corporate services and communications, which will be updated according to developments.

It noted that, excluding the rental contract, there would be no financial penalties for early termination of these contracts if the applicable notice periods of between one and three months are observed. However, Parliament expressed concern regarding the potential operational and

business continuity risks and related costs of a relocation decision.

Parliament also noted that the Authority signed a 12-year-lease with an end date of 8 December 2026 and that, under normal contractual conditions, there is a liability to pay the full rent for the entire period. It observed, however, that the Authority negotiated a break-out clause at the midway point of the contract, meaning that if the clause is exercised, the Authority would be relieved of the obligation to pay the rent for the final six years.

It called on the Commission and the Council, following the triggering of the Article 50 by the Government of the United Kingdom, to make the merits and the decision making process on the Authority's reallocation destination transparent and democratic.

Financial contribution of the Authority: lastly, Parliament recalled that the Authority's mixed financing arrangement, which relies heavily on contributions from national competent authorities, is inadequate, inflexible, burdensome and a potential threat to its independence. It therefore called on the Commission, in the White Paper planned for the second quarter of 2016 and in a legislative proposal to be presented by 2017, to launch a different financing arrangement based on a separate budget line in the budget of the Union and on the complete replacement of the contributions from national authorities by fees paid by market participants.

## 2015 discharge: European Banking Authority (EBA)

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**PURPOSE:** to grant discharge to the European Banking Authority (EBA) for the financial year 2015.

**NON-LEGISLATIVE ACT:** Decision (EU) 2017/1654 of the European Parliament on discharge in respect of the implementation of the budget of the European Banking Authority for the financial year 2015.

**CONTENT:** with the present decision, the European Parliament grants discharge to the Executive Director of the European Banking Authority for the implementation of its budget for the financial year 2015.

This decision is in line with the European Parliament's resolution adopted on 27 April 2017 and comprises a series of observations that form an integral part of the discharge decision (please refer to the summary of the opinion of 27 April 2017).

Amongst Parliament's main observations in the resolution accompanying the discharge decision, the latter acknowledged furthermore that the euro lost significant value against the pound sterling over the course of the year, forcing the Authority to request an amending budget of EUR 1.9 million, which was adopted in August 2015, in order to enable it to meet its financial obligations.

Parliament also stressed that the Authority should establish a secure channel for whistleblowers in the framework of its action plan for the years to come.

**Effects of Brexit:** Parliament welcomed the detailed information provided by the Authority to the discharge authority on its current contractual commitments and liabilities linked to its physical presence in the UK. It noted that, excluding the rental contract, the Authority's maximum potential contractual commitment or liability is EUR 33.16 million, but that there would be no financial penalties for early termination of these contracts if the applicable notice periods of between one and three months are observed.

It expressed concern, however, regarding the potential operational and business continuity risks and related costs of a relocation decision, such as the extra procurement work that may need to be carried out at short notice if the timing does not provide for a sufficient transition to a new location.