

Procedure file

Basic information		
DEC - Discharge procedure	2017/2171(DEC)	Procedure completed
2016 discharge: European Banking Authority (EBA)		
Subject 8.70.03.06 2016 discharge		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	CONT Budgetary Control	 STAES Bart Shadow rapporteur  SARVAMAA Petri  LIBERADZKI Boguslaw  MARIAS Notis  ALI Nedzhmi  VALLI Marco  KAPPEL Barbara	14/09/2017
European Commission	Committee for opinion	Rapporteur for opinion	Appointed
	ECON Economic and Monetary Affairs	 SWINBURNE Kay	05/10/2017
	Commission DG Budget	Commissioner OETTINGER Günther	

Key events			
26/06/2017	Non-legislative basic document published	COM(2017)0365	Summary
13/09/2017	Committee referral announced in Parliament		
20/03/2018	Vote in committee		

22/03/2018	Committee report tabled for plenary	A8-0067/2018	Summary
18/04/2018	Results of vote in Parliament		
18/04/2018	Debate in Parliament		
18/04/2018	Decision by Parliament	T8-0141/2018	Summary
18/04/2018	End of procedure in Parliament		
03/10/2018	Final act published in Official Journal		

Technical information

Procedure reference	2017/2171(DEC)
Procedure type	DEC - Discharge procedure
Stage reached in procedure	Procedure completed
Committee dossier	CONT/8/10823

Documentation gateway

Non-legislative basic document		COM(2017)0365	26/06/2017	EC	Summary
Court of Auditors: opinion, report		N8-0019/2018 OJ C 417 06.12.2017, p. 0087	12/09/2017	CofA	Summary
Committee draft report		PE613.472	24/01/2018	EP	
Supplementary non-legislative basic document		05941/2018	09/02/2018	CSL	Summary
Committee opinion	ECON	PE613.563	01/03/2018	EP	
Amendments tabled in committee		PE618.241	02/03/2018	EP	
Committee report tabled for plenary, single reading		A8-0067/2018	22/03/2018	EP	Summary
Text adopted by Parliament, single reading		T8-0141/2018	18/04/2018	EP	Summary

Final act

Budget 2018/1361
[OJ L 248 03.10.2018, p. 0203](#) Summary

2016 discharge: European Banking Authority (EBA)

PURPOSE: presentation by the Commission of the consolidated annual accounts of the European Union for the financial year 2016, as part of the 2016 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 2016 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 accounts, the EBA budget execution in 2016 was 96.8%. The EBA considered this an acceptable result as 2016 was a difficult year for its budget management, principally due to the UK referendum on EU membership. The political uncertainty also negatively impacted the EBA recruitment plans and thus expenditure on staff.

Commitment appropriations:

- available: EUR 36 million;
- made: EUR 35 million.

Payment appropriations:

- available: EUR 40 million;
- paid: EUR 35 million.

For further details on expenditure, please refer to the [2016 consolidated annual accounts](#) of the European Banking Authority.

2016 discharge: European Banking Authority (EBA)

PURPOSE: presentation of the EU Court of Auditors report on the annual accounts of the European Banking Authority (EBA) for the financial year 2016, 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 2016;
- 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 2016 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 2016 are legal and regular in all material respects.

The Court's observations: without calling into question its opinion, the Court draws 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 will be negotiated. The provisional accounts and related notes of the Authority, which is located in London, were prepared using the limited information available at the date of signature (28 February 2017).

In view of upcoming decisions on the future location of the Authority, it has disclosed as contingent liabilities in the Financial Statements its residual EUR 14 million cost related to the office lease contract (assuming its cancellation by the end of 2020) and the fact that other potential cost associated with a removal such as, for example, the relocation of staff together with their families cannot yet be estimated. 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 Court did not make any other particular comment on the Agency's budgetary management.

Lastly, the Court of Auditors report also contained a summary of the key figures in 2016:

- Budget: EUR 36.5 million (in payment appropriations).
- Staff: 161 including officials, temporary and contract staff and seconded national experts.

2016 discharge: European Banking Authority (EBA)

Having examined the revenue and expenditure accounts for the financial year 2016 and the balance sheet as at 31 December 2016 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 2016, 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 2016.

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 2016 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 2016 are legal and regular in all material respects.

Nevertheless, the following observation was 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.

2016 discharge: European Banking Authority (EBA)

The Committee on Budgetary Control adopted the report by Bart STAES (Greens/EFA, BE) on discharge in respect of the implementation of the budget of the European Banking Authority (EBA) for the financial year 2016.

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 2016.

Noting that the Court of Auditors stated that it had obtained reasonable assurance that the annual accounts of the Authority for the financial year 2016 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 2016 was EUR 36 491 378, representing an increase of 9.19 % compared to 2015. As a reminder, the Authority is financed by a contribution from the Union (EUR 14 071 959, representing 40 %), and contributions from national supervisory authorities of the Member States and observers (EUR 22 419 419, representing 60 %).
- Budget and financial management: Members acknowledged that the budget monitoring efforts during the financial year 2016 resulted in a budget implementation rate of 96.76 %, representing a decrease of 2.58 % compared to 2015, and that the rate of execution of payment appropriations was 88.67 %, representing a decrease of 1.03 %. They acknowledged from the Authority that this continued high rate of execution is due to good budget planning and monitoring.
- They also noted that, due to the increase in the value of the Euro against the British Pound in 2016, the Authority requested a decreasing amending budget of EUR 1 572 000.
- Commitments and carryovers: the overall rate of committed appropriations carried over from 10 % in 2015 to 8% in 2016, its lowest level ever in the context of a 9% increase in total budget between the two years. Carry-overs are often justified and do not necessarily indicate weaknesses in budget planning and implementation.

Members also made a series of observations regarding transfers, procurement, staff policy, the prevention and management of conflicts of interests and internal audits.

They stated that the Court issued an 'emphasis of matter paragraph' for the two London-based agencies, concerning the United Kingdoms decision to withdraw from the Union. Members noted that, in view of the decision on its future location, the Authority has disclosed as contingent liabilities in its financial statements the residual EUR 14 000 000 cost related to the office lease contract (assuming its cancellation by the end of 2020) and the fact that other potential costs associated with relocation, such as the relocation of staff together with their families, cannot yet be estimated. A future decrease in the Authority's revenue resulting from the United Kingdoms decision to withdraw from the Union is possible. The EBA is called on to report to the discharge authority on the costs of the relocation.

The report highlighted that, as the Authority's workload is increasingly shifting from regulatory tasks to enforcing and applying the Union law, the Authority's budget and manpower should be reallocated internally.

2016 discharge: European Banking Authority (EBA)

The European Parliament decided to grant discharge to the Executive Director of the European Banking Authority in respect of the implementation of the Agency's budget for the financial year 2016, 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 2016 are reliable and that the underlying transactions are legal and regular, Parliament adopted by 566 votes to 106 with 12 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](#):

- Authority's financial statements: the final budget of the Authority for the financial year 2016 was EUR 36 491 378, representing an increase of 9.19 % compared to 2015. As a reminder, the Authority is financed by a contribution from the Union (EUR 14 071 959, representing 40 %), and contributions from national supervisory authorities of the Member States and observers (EUR 22 419 419, representing 60 %).
- Budget and financial management: Members acknowledged that the budget monitoring efforts during the financial year 2016 resulted in a budget implementation rate of 96.76 %, representing a decrease of 2.58 % compared to 2015, and that the rate of execution of

payment appropriations was 88.67 %, representing a decrease of 1.03 %. They acknowledged from the Authority that this continued high rate of execution is due to good budget planning and monitoring.

- They also noted that, due to the increase in the value of the Euro against the British Pound in 2016, the Authority requested a decreasing amending budget of EUR 1 572 000.
- Commitments and carryovers: the overall rate of committed appropriations carried over from 10 % in 2015 to 8% in 2016, its lowest level ever in the context of a 9% increase in total budget between the two years. Carry-overs are often justified and do not necessarily indicate weaknesses in budget planning and implementation.

Members also made a series of observations regarding transfers, procurement, staff policy, the prevention and management of conflicts of interests and internal audits. They noted that the breakdown of the staff by gender is well balanced (50.3 % females and 49.7 % males) and called on the Authority to report to the discharge authority on future developments in its recruitment plans.

Conflicts of interests: 17 cases of conflicts of interest were reported those cases concerned two types of situations, the holding of shares and former employment. All members of staff who reported holding shares in institutions had acquired them before joining the Authority and were asked to divest themselves of those shares. Members insisted on the need to establish an independent body with sufficient budgetary resources to help whistleblowers to disclose information about possible irregularities affecting the Union's financial interests, while protecting their confidentiality.

Consequences of Brexit: the Court issued an 'emphasis of matter paragraph' for the two London-based agencies, concerning the United Kingdoms decision to withdraw from the Union. Members noted that, in view of the decision on its future location, the Authority has disclosed as contingent liabilities in its financial statements the residual EUR 14 000 000 cost related to the office lease contract (assuming its cancellation by the end of 2020) and the fact that other potential costs associated with relocation, such as the relocation of staff together with their families, cannot yet be estimated. A future decrease in the Authority's revenue resulting from the United Kingdoms decision to withdraw from the Union is possible. The EBA was called on to report to the discharge authority on the costs of the relocation.

Parliament stressed that, as the Authority's workload is increasingly shifting from regulatory tasks to enforcing and applying the Union law, the Authority's budget and manpower should be reallocated internally.

2016 discharge: European Banking Authority (EBA)

PURPOSE: to grant discharge to the European Banking Authority (EBA) for the financial year 2016.

NON-LEGISLATIVE ACT: Decision (EU) 2018/1361 of the European Parliament on discharge in respect of the implementation of the budget of the European Banking Authority for the financial year 2016.

CONTENT: the European Parliament decided to grant discharge to the Executive Director of the European Banking Authority for the implementation of its budget for the financial year 2016.

This decision is accompanied by a resolution of the European Parliament containing the observations which form an integral part of the discharge decision in respect of the implementation of the general budget of the European Union for the financial year 2016 (please refer to the summary dated 18.4.2018).

In this resolution, Parliament observed with satisfaction that the Commission is keeping the Authority updated on the developments related to the United Kingdoms decision to withdraw from the Union which affect the Authority. It observed that the functioning of the Authority must be ensured during the transition period.

Parliament noted that, as the Authority's workload is increasingly shifting from regulatory tasks to enforcing and applying the Union law, the Authority's budget and manpower should be reallocated internally. It regarded it as essential that the Authority have sufficient resources to carry out its assignments in full.

Lastly, the Authority is called on to provide Parliament and the Council with up-to-date and comprehensive information about its work on a regular basis, in particular in connection with the establishment of binding technical standards, opinions and rules, in order to exhibit transparency to Union citizens and to demonstrate its priority to protect consumers.