











Procedure file

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

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	 Budgetary Control	 SARVAMAA Petri	25/07/2018
		Shadow rapporteur	
		 KADENBACH Karin	
		 CZARNECKI Ryszard	
		 ALI Nedzhmi	
		 STAES Bart	
		 KAPPEL Barbara	
	Committee for opinion	Rapporteur for opinion	Appointed
	 Economic and Monetary Affairs	 FRUNZULICĂ Doru-Claudian	13/09/2018
European Commission	Commission DG	Commissioner	
	Budget	OETTINGER Günther	

Key events			
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	Results of vote in Parliament		
26/03/2019	Debate in Parliament		
26/03/2019	Decision by Parliament	T8-0262/2019	Summary

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 159
Stage reached in procedure	Procedure completed
Committee dossier	CONT/8/14323

Documentation gateway

Non-legislative basic document		COM(2018)0521	28/06/2018	EC	Summary
Court of Auditors: opinion, report		N8-0012/2019 OJ C 434 30.11.2018, p. 0001	18/09/2018	CofA	Summary
Committee draft report		PE626.790	10/12/2018	EP	
Committee opinion	ECON	PE629.651	24/01/2019	EP	
Supplementary non-legislative basic document		05825/2019	31/01/2019	CSL	Summary
Amendments tabled in committee		PE634.466	31/01/2019	EP	
Committee report tabled for plenary, single reading		A8-0124/2019	01/03/2019	EP	Summary
Text adopted by Parliament, single reading		T8-0262/2019	26/03/2019	EP	Summary

Final act

Budget 2019/1458
[OJ L 249 27.09.2019, p. 0189](#)

2017 discharge: European Banking Authority (EBA)

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)

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)

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)

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 %).

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- 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.