Discharge 2017: European Banking Authority (EBA)

1. European Parliament decision of 26 March 2019 on discharge in respect of the implementation of the budget of the European Banking Authority (EBA) for the financial year 2017 (2018/2202(DEC))

The European Parliament,

– having regard to the final annual accounts of the European Banking Authority for the financial year 2017,

– having regard to the Court of Auditors’ report on the annual accounts of the European Banking Authority for the financial year 2017, together with the Authority’s reply\(^1\),

– having regard to the statement of assurance\(^2\) as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2017, pursuant to Article 287 of the Treaty on the Functioning of the European Union,

– having regard to the Council’s recommendation of 12 February 2019 on discharge to be given to the Authority in respect of the implementation of the budget for the financial year 2017 (05825/2019 – C8-0092/2019),

– having regard to Article 319 of the Treaty on the Functioning of the European Union,


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\(^1\) OJ C 434, 30.11.2018, p. 51.
Regulation (EU, Euratom) No 966/2012\(^1\), and in particular Article 70 thereof,


– having regard to Commission Delegated Regulation (EU) No 1271/2013 of 30 September 2013 on the framework financial regulation for the bodies referred to in Article 208 of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council\(^3\), and in particular Article 108 thereof,

– having regard to Rule 94 of and Annex IV to its Rules of Procedure,

– having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Economic and Monetary Affairs (A8-0124/2019),

1. Grants the Executive Director of the European Banking Authority discharge in respect of the implementation of the Authority’s budget for the financial year 2017;

2. Sets out its observations in the resolution below;

3. Instructs its President to forward this decision, and the resolution forming an integral part of it, to the Executive Director of the European Banking Authority, the Council, the Commission and the Court of Auditors, and to arrange for their publication in the Official Journal of the European Union (L series).


2. European Parliament decision of 26 March 2019 on the closure of the accounts of the European Banking Authority for the financial year 2017 (2018/2202(DEC))

The European Parliament,

– having regard to the final annual accounts of the European Banking Authority for the financial year 2017,

– having regard to the Court of Auditors’ report on the annual accounts of the European Banking Authority for the financial year 2017, together with the Authority’s reply¹,

– having regard to the statement of assurance² as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2017, pursuant to Article 287 of the Treaty on the Functioning of the European Union,

– having regard to the Council’s recommendation of 12 February 2019 on discharge to be given to the Authority in respect of the implementation of the budget for the financial year 2017 (05825/2019 – C8-0092/2019),

– having regard to Article 319 of the Treaty on the Functioning of the European Union,


– having regard to Rule 94 of and Annex IV to its Rules of Procedure,

having regard to the report of the Committee on Budgetary Control and the opinion of
the Committee on Economic and Monetary Affairs (A8-0124/2019),

1. Approves the closure of the accounts of the European Banking Authority for the
financial year 2017;

2. Instructs its President to forward this decision to the Executive Director of the European
Banking Authority, the Council, the Commission and the Court of Auditors, and to
arrange for its publication in the *Official Journal of the European Union* (L series).
3. European Parliament resolution of 26 March 2019 with observations forming an integral part of the decision on discharge in respect of the implementation of the budget of the European Banking Authority for the financial year 2017 (2018/2202(DEC))

The European Parliament,

– having regard to its decision on discharge in respect of the implementation of the budget of the European Banking Authority for the financial year 2017,

– having regard to Rule 94 of and Annex IV to its Rules of Procedure,

– having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Economic and Monetary Affairs (A8-0124/2019),

A. whereas, according to its statement of revenue and expenditure\(^1\), the final budget of the European Banking Authority (the ‘Authority’) for the financial year 2017 was EUR 38 419 554 representing an increase of 5.28 % compared to 2016; whereas 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 %);

B. whereas the Court of Auditors (the ‘Court’), in its report on the annual accounts of the Authority for the financial year 2017 (the ‘Court’s report’) has stated that it has obtained reasonable assurances that the Authority’s annual accounts are reliable and that the underlying transactions are legal and regular;

**Budget and financial management**

1. Observes 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; notes that the rate of execution of payment appropriations was 87.27 %, representing a decrease of 1.41 % compared to the previous year;

2. Notes that, 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; stresses, in this respect, the need to ensure an appropriate level of prioritisation as regards resource allocation;

**Cancellation of carry-overs**

3. Acknowledges that 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;

**Performance**

4. Notes with satisfaction that the Authority uses 14 key performance indicators to assess the results of its activities, as far as the limitations of the Authority to control these

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\(^1\) OJ C 108, 22.3.2018, p. 248.
results allow, and to improve its budget management;

5. Notes with satisfaction that the Authority delivered the regulatory products in line with its Work Programme and achieved all the targets stated in the applications of the Authority’s service level agreements;

6. Stresses that, while making sure that all assignments resulting from the regulatory framework laid down by the European Parliament and the Council are carried out in full and within deadline, 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; calls on the Authority to ensure a proper follow-up and implementation of the Court’s recommendations;

7. Stresses that the authority should pay particular attention to the principle of proportionality in carrying out its mandate; underlines that, in particular when formulating Level 2 and Level 3 measures, attention should be devoted to specific features of national financial markets;

8. Notes that the recent Authority stress tests have highly debatable results; calls on the Authority, the European Systemic Risk Board, the European Central Bank and the Commission to use consistent methodologies, scenarios and assumptions when defining the stress tests in order to avoid as much as possible potential distortions of the results;

9. Notes that an external evaluation of the three European Supervisory Authorities was carried out in 2017; calls on the Authority to report to the discharge authority on the measures taken (by the Authority) to address the shortcomings identified by the external evaluation;

10. Stresses the need to allocate more resources to anti-money laundering tasks to fulfil the Authority’s oversight functions and inquiries into national institutions; urges the Authority to ensure 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; requests the Authority to 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; welcomes the Commission’s proposal to extend the supervisory powers of the Authority related to AML/CFT from the banking sector to the financial sector as a whole, thereby giving it a leading role on the relevant tasks and supervisory powers; furthermore in this context welcomes the adoption of the whistleblowing policy and stresses the need for national supervisory authorities to adopt similar policies;

11. Requests the Authority to 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; to establish the nature and magnitude of actors in these schemes; to assess whether there were breaches of either national or Union law; to assess the actions taken by financial supervisors in Member States; and to make appropriate recommendations for reform and for action to the competent authorities concerned;
12. Welcomes the fact that the Authority shares practices and templates with ESMA and EIOPA, with which the Authority holds regular meetings and forms a Joint Committee;

**Staff policy**

13. Notes that, 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); notes that in addition 41 contract agents and 15 seconded national experts worked for the Authority in 2017;

14. Notes that the Authority has adopted the Commission’s model decision on the policy on protecting the dignity of the person and preventing harassment in April 2017;

15. Recalls that, following the United Kingdom’s decision to withdraw from the Union, the Authority will relocate from London to Paris; notes with concern that this relocation affected the recruitment of staff due to an increasing number of resignations in 2017; acknowledges that the Authority has published ten vacancy notices to establish a reserve list that will be used to fill any vacancies following resignations;

16. Welcomes the suggestion of the Court to publish vacancy notices on the website of the European Personnel Selection Office as well as on the website of the Authority in order to increase publicity;

**Procurement**

17. Notes with satisfaction that the Authority participates in several inter-institutional procurement procedures with Commission directorates-general and with other agencies;

18. Notes with concern that, according to the Court’s report, in four out of five audited open procurement procedures, the procedure to identify the most economically advantageous solution was not satisfactory; observes the Authority’s reply and notes its reasoning; invites the Authority to find a more balanced approach between quality and price criteria in order to improve the economy of its procurements;

19. Notes that, according to the Court’s report, by the end of 2017 the Authority was not yet using all of the tools for all its procedures, launched by the Commission aimed to introduce a single solution for the electronic exchange of information with third parties participating in public procurement procedures (e-procurement); notes from the Authority that it implemented e-submission in August 2018; calls on the Authority to report to the discharge authority on the progress made regarding the implementation of the remaining tools;

**Prevention and management of conflicts of interests and transparency**

20. Acknowledges the measures the Authority already has in place and its ongoing efforts to secure transparency, to prevent and manage conflicts of interests, and to protect whistle-blowers; welcomes the further steps taken in order to enhance the transparency of the Authority’s activities by reporting the meetings that the Authority’s staff have with external stakeholders, and their availability on the Authority’s website;

21. Notes with satisfaction that the Authority has developed an Anti-Fraud Strategy for the period 2015–2017; notes that, according to the fraud risk assessment undertaken by the
Authority, the risk is low to medium and that for thirteen scenarios the risk has been considered material or even significant; notes that the internal controls, IT security standards and other measures proposed after that evaluation aim to mitigate the risks; calls on the Authority to inform the discharge authority about the developments in this regard;

22. Considers that, while carrying out its work and in particular when drafting implementing measures, the Authority needs to regularly and comprehensively inform the European Parliament and Council about its activities; stresses that it is essential for the Authority, in view of the nature of its assignments, to exhibit transparency, not only to the European Parliament and the Council, but to the Union citizens as well;

Other Comments

23. Highlights that 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;

24. Notes that 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; notes that 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; notes that the 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;

25. Refers, for other observations of a cross-cutting nature accompanying its decision on discharge, to its resolution of 26 March 2019 on the performance, financial management and control of the agencies.

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