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DRAFT REPORT

on discharge in respect of the implementation of the budget of the European
Banking Authority for the financial year 2014
(2015/2188(DEC))

Committee on Budgetary Control

Rapporteur: Derek Vaughan

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1. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

on discharge in respect of the implementation of the budget of the European Banking Authority for the financial year 2014 (2015/2188(DEC))

The European Parliament,

- having regard to the final annual accounts of the European Banking Authority for the financial year 2014,
- having regard to the Court of Auditors' report on the annual accounts of the European Banking Authority for the financial year 2014, together with the Authority's replies¹,
- 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 2014, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendation of xx February 2016 on discharge to be given to the Authority in respect of the implementation of the budget for the financial year 2014 (xxxx– C8-xxxx),
- having regard to Article 319 of the Treaty on the Functioning of the European Union,
- having regard to Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002³, and in particular Article 208 thereof,
- having regard to Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/78/EC⁴, and in particular Article 64 thereof,
- having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities⁵,
- 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 Council⁶, and in particular Article 108 thereof,

¹ OJ C 409, 9.12.2015, p. 111.

² OJ C 409, 9.12.2015, p. 111.

³ OJ L 298, 26.10.2012, p. 1.

⁴ OJ L 331, 15.12.2010, p. 12.

⁵ OJ L 357, 31.12.2002, p. 72.

⁶ OJ L 328, 7.12.2013, p. 42.

- having regard to Rule 94 of and Annex V 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 (A8-0000/2016),
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 2014;
 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. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

**on the closure of the accounts of the European Banking Authority for the financial year 2014
(2015/2188(DEC))**

The European Parliament,

- having regard to the final annual accounts of the European Banking Authority for the financial year 2014,
- having regard to the Court of Auditors' report on the annual accounts of the European Banking Authority for the financial year 2014, together with the Authority's replies¹,
- 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 2014, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendation of xx February 2016 on discharge to be given to the Authority in respect of the implementation of the budget for the financial year 2014 (xxxx – C8-xxxx),
- having regard to Article 319 of the Treaty on the Functioning of the European Union,
- having regard to Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002³, and in particular Article 208 thereof,
- having regard to Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/78/EC⁴, and in particular Article 64 thereof,
- having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities⁵,
- 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 Council⁶, and in particular Article 108 thereof,

¹ OJ C 409, 9.12.2015, p. 111.

² OJ C 409, 9.12.2015, p. 111.

³ OJ L 298, 26.10.2012, p. 1.

⁴ OJ L 331, 15.12.2010, p. 12.

⁵ OJ L 357, 31.12.2002, p. 72.

⁶ OJ L 328, 7.12.2013, p. 42.

- having regard to Rule 94 of and Annex V 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 (A8-0000/2016),
1. Notes that the final annual accounts of the European Banking Authority are as annexed to the Court of Auditors' report;
 2. Approves the closure of the accounts of the European Banking Authority for the financial year 2014;
 3. 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. MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

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 2014

(2015/2188(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 2014,
 - having regard to Rule 94 of and Annex V 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 (A8-0000/2016),
- A. whereas, according to its financial statements, the final budget of the European Banking Authority ('the Authority') for financial year 2014 was EUR 33 599 863 representing an increase of 29,39 % compared to 2013, due to the Authority's recently established nature; whereas the Authority is financed by the contribution of the Union (40%), and contributions from Member States (60%);
- B. whereas the Court of Auditors ('the Court'), in its report on the annual accounts of the European Banking Authority for the financial year 2014 ('the Court's report') states that it has obtained reasonable assurances that the Authority's annual accounts for the financial year 2014 are reliable and that the underlying transactions are legal and regular;

Follow-up of 2013 discharge

1. Notes from the Court's report that regarding one comment made in the Court's 2012 report and marked as 'Ongoing' in the Court's 2013 report, corrective actions were taken and for the most part finalised and the comment is now marked as 'Ongoing'; notes furthermore that two comments made in the Court's 2013 report are now marked as 'Not Applicable';

Budget and financial management

2. Notes with satisfaction that the budget monitoring efforts during the financial year 2014 resulted in a budget implementation rate of 99,81 %, representing an increase of 2,28 % compared with 2013, and that the payment appropriations execution rate was at 83,94 %, representing an increase of 8,60 %; acknowledges from the Authority that the increase in budgetary execution rates resulted from improvements in budget planning and monitoring;

Commitments and carryovers

3. Notes that the Authority further reduced the overall rate of committed appropriations carried over from 16,50 % in 2013 to 15,90 % in 2014; recognizes that the committed appropriations carried over for Title II were at EUR 3 431 070 and mainly related to the Authority's move to its new premises in December 2014;
4. Notes with satisfaction that the Authority brought its IT contracts more into line with the

financial year in order to reduce the level of carry-overs related to the planned procurement of IT infrastructure and IT services; points out that the carry-over percentage related to IT contracts decreased by 9 % compared with the year 2013;

5. Highlights the execution rate of committed appropriations carried over from 2013 which stood at 92 %; points out that the Authority's target of 95 % was not reached only due to a price reduction on its IT infrastructure services;

Transfers

6. Notes from the Authority's annual accounts that its Management Board approved the five budgetary transfers implemented during the year 2014 which exceeded the limit referred to in the Article 27 of the 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 Council¹;

Procurement and recruitment procedures

7. Notes from the Authority's annual accounts that the number of occupied posts is 146; welcomes the Authority's focus on allocating its resources to its core business areas; points out that for each four posts linked to the direct implementation of the Authority's mandate there is only one administrative post;

Prevention and management of conflicts of interests and transparency

8. Acknowledges that the declarations of intent as well as the declarations of interest of the members and observers of the Authority's Board of Supervisors, the Management Board and the Authority's management have been published on its website; notes that the declarations of interest for staff are collected annually and are evaluated by the ethics officer;
9. Notes that the Authority's anti-fraud strategy was adopted in April 2015 and will be implemented between 2015 and 2017;
10. Notes that the processes related to the policy on independence and decision-making processes were implemented by the Authority in order to ensure that the necessary declarations are provided by new members and observers; notes furthermore that the resigned members and observers are reminded about their continuing obligations;

Internal audit

11. Notes that in 2014, the Commission's Internal Audit Service performed a limited review on the Authority's IT project management; notes furthermore that out of four identified findings, none were considered as critical; acknowledges that the agreed action plan addressing these findings has already been fully implemented by the Authority; acknowledges that during the year 2014, no critical recommendations were issued or closed and on 1 January 2015 there was no open critical recommendation;

¹ OJ L 328, 7.12.2013, p. 42.

Performance

12. Takes note that the Authority closely cooperates with the European Insurance and Occupational Pensions Authority and the European Securities and Markets Authority across all support functions in order to reduce administrative costs where possible, to leverage synergies and to share best practices; looks forward to further efforts from the Authority to enhance cooperation with other decentralised agencies;
13. Notes that the Authority uses the accounting systems provided by the Commission, which were validated by the accounting officer on the basis of work carried out by an independent accounting firm covering the systems, the financial circuits and a review of the accounting schemes; notes moreover that during the year 2014 and with a view to increasing efficiency to these systems, the changes to the implementation of mass payments for missions were implemented and the electronic receipt of invoices was introduced and successfully tested;
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14. Refers, for other observations of a cross-cutting nature accompanying its decision on discharge, to its resolution of [xx xxxx 2016]¹ [on the performance, financial management and control of the agencies].).

¹ Texts adopted of that date, P[8_TA(-PROV)(2016)0000].