

2011 discharge: European Banking Authority (EBA)

2012/2207(DEC) - 11/09/2012 - Court of Auditors: opinion, report

PURPOSE: presentation of the EU Court of Auditors' report on the annual accounts of the European Banking Authority for the financial year 2011, together with the Agency'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 concerned, amongst others, the annual accounts of the European Banking Authority (EBA).

In the Court's opinion, the **Authority's Annual Accounts fairly present, in all material respects, its financial position as of 31 December 2011** and the results of its operations and its cash flows for the year then ended, in accordance with the provisions of its Financial Regulation.

The Court also considers that the **transactions underlying the annual accounts** of the Authority for the financial year ended 31 December 2011 are, in all material respects, **legal and regular**.

The report confirms that the Authority's 2011 budget amounted to EUR 12.7 million and that the number of staff employed by the Authority at the end of the year was 51.

The report also makes a series of observations on the budgetary and financial management of the Agency, accompanied by the latter's response. The main observations may be summarised as follows:

Court's observations:

- execution rates: the Court states that the commitment rates were low especially for Administrative and operational expenditure. At the end of 2011, the Authority recorded a positive budget outturn of EUR 3.6 million. The full amount was then recorded in the accounts as a liability towards the European Commission;
- public procurement: the Court notes that not all the audited procurement procedures were fully consistent with the provisions of the general Financial Regulation;
- recruitment: the Authority needs to improve the transparency of recruitment procedures: weightings for selection criteria and threshold scores for being invited to interviews or for inclusion in the list of suitable candidates were not set before the examination of applications.

Agency's replies:

- the Agency states that 2011 was the first year of activity for the EBA, whose Founding Regulation was published only on 15 December 2010. The late publication did not allow for the timely recruitment of the necessary staff, and thus for the full implementation of the EBA's work programme;
- as regards procurement: the EBA states that it inherited the majority of its procurement arrangements from its predecessor, CEBS Secretariat Ltd. Due to the heavy workload and to the lack of resources during 2011, it was not possible to ensure full compliance with the EU

procurement rules in the first year of the EBA's activity. The lack of full compliance with procurement rules in 2011 was acknowledged by the management, and appropriate exception notes were signed, where needed. A procurement plan setting priorities, has been drawn up, and the correction of the non compliance is a major objective for 2012;

- in terms of recruitment: the EBA agrees with the comments and has taken the necessary corrective measures by implementing weightings for the selection criteria and threshold scores for inclusion, in the list, of suitable candidates.

Lastly, the Court of Auditors' report contains a summary of the **Authority's activities in 2011**. This is focused on the following:

- EU-wide stress test of 90 banks across 21 countries;
- informal technical advice to the European Commission on its proposal for a single rule book in relation to Capital Requirements Directive (CRD) and Capital Requirements Regulation (CRR) and other legislative proposals;
- guidelines on Internal Governance aiming at enhancing and consolidating supervisory expectations;
- guidelines on data collection on remuneration practices;
- established a new Standing Committee for Financial Innovation to assist the Authority in fulfilling its tasks and responsibilities related to consumer protection;
- organised over 180 meetings with external participants.