2012 discharge: European Banking Authority (EBA)

2013/2237(DEC) - 10/09/2013 - Court of Auditors: opinion, report

PURPOSE: presentation of the EU Court of Auditors' report on the annual accounts of the European Banking Authoritiy (EBA) for the year 2012, together with the EBA'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 EBA**'s Annual Accounts fairly present, in all material respects, its financial position as of 31 December 2012** 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.

The Court also considers that the **transactions underlying the annual accounts** of the Authority for the financial year ended 31 December 2012 are, in all material respects, **legal and regular.**

The report confirms that the Authority's 2012 budget amounted to EUR 20.7 million.

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

The Court's observations:

- internal controls: the EBA's IT core application systems were outsourced to an external IT provider until December 2013. This poses risks related to the Authority's limited control and supervision over its IT systems;

- budgetary management: the Court notes large carry-overs;

- recruitment procedures: the Court identified weaknesses in the audited recruitment procedures affecting transparency and equal treatment:

The Authority's reply:

- in case of IT related carry-overs, this can be attributed to the start up stage of the Authority;

- the EBA acknowledges the weaknesses identified by the Court and has promptly implemented the corrective measures. Since January 2013, candidates are given a score for each of the selection criteria and evidence that the questions and tests have been set before the date of the examinations is systematically included in the recruitment files.

Lastly, the Court of Auditors' report contains **a summary of the Authority's activities in 2012**. This is focused on the following:

- public consultations on 23 draft regulatory and implementing technical standards;
- submission to the Commission of the first draft regulatory technical standards on capital requirements for central counterparties under European Market Infra-structure Regulation ;
- issuance of six Guidelines, four Discussion Papers and 14 Consultation Papers ;
- provision of 7 Opinions addressed to the Commission, European Parliament and Council, three comment letters on accounting issues to the IASB/IFRS Foundation ;
- drawing-up expert reports ;
- performance of risk analysis, assessment and monitoring, and presenting risk reports to a wide range of stakeholders.