2013 discharge: European Banking Authority (EBA)

2014/2120(DEC) - 01/07/2014 - Court of Auditors: opinion, report

PURPOSE: presentation of the EU Court of Auditors' report on the annual accounts of the European Banking Authority (EBA) for the year 2013, 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).

Statement of assurance: pursuant to the provisions of Article 287 of the Treaty on the Functioning of the European Union (TFEU), the Court has audited:

- the annual accounts of the Authority, which comprise the financial statements and the reports on the implementation of the budget for the financial year ended 31 December 2013;
- the legality and regularity of the transactions underlying those accounts.

Opinion on the reliability of the accounts: in the Court's opinion, the Authority's annual accounts present fairly, in all material respects, its financial position as at 31 December 2013 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.

Opinion on the legality and regularity of the transactions underlying the accounts: in the Court's opinion, the transactions underlying the annual accounts for the year ended 31 December 2013 are legal and regular in all material respects.

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:

- **budgetary management**: the Court noted that in 2013, the overall level of committed appropriations was 90%. Overall, carry-overs of committed appropriations remained relatively high for administrative expenses at 35% and operational expenses 36%. These carry-overs mainly result from the planned procurement of IT infrastructure and IT services, for which the contracts were concluded as planned in December 2013 and the related services will be provided in 2014.

The Authority's reply:

- **budgetary management**: the EBA acknowledged that, while there has been a significant decrease in the overall level of carry-overs, there is still room for further improvement. Given that the bulk of the carry-overs arises due to the timing of various annually renewable IT contracts, the EBA intends within the calendar year to pursue options to amend supplier contracts so as to change renewal periods and so reduce the level of carry-over.

Lastly, the Court of Auditors' report contains **a summary of the Authority's activities in 2013**. This is focused on the following:

Budget: EUR 26 million including a European Union subsidy of EUR 10.4 million.

Activities:

- submission of draft Regulatory Technical Standards and draft Implementing Technical Standards to the European Commission for final endorsement;
- issuance of guidelines on banking issues and recommendations to national competent authorities;
- esablishment of the Single Rulebook Questions and Answers tool on EBA website;
- issuance of an extensive number of thematic reports in various areas of EBA expertise;
- performance of risk analysis, assessment and monitoring of key risks in the EU banking sector;
- execution of the EU-wide transparency exercise providing information on EU banks that were part of the recapitalization exercise in 2012;
- preparation for the 2014 stress testing of EU banks (work on development of methodologies, scenarios and key assumptions of the stress testing).