2017 discharge: European Banking Authority (EBA)

2018/2202(DEC) - 18/09/2018

PURPOSE: presentation of the EU Court of Auditors' report on the annual accounts of the European Banking Authority for the financial year 2017, together with the Authority's reply.

CONTENT: the Court of Auditors carried out the audit on the annual accounts of the European Banking Authority (EBA).

In brief, the Authority's task is to contribute to the establishment of high-quality common regulatory and supervisory standards and practices, to contribute to the consistent application of legally binding Union acts, to stimulate and facilitate the delegation of tasks and responsibilities among competent authorities, to monitor and assess market developments in the area of its competence and to foster depositor and investor protection.

Statement of assurance and reliability of the accounts

The Court considered that:

- the Authority's annual accounts present fairly, in all material respects, its financial position as at 31 December 2017 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 transactions underlying the annual accounts for the year ended 31 December 2017 are legal and regular in all material respects.

Emphasis of matter

They drew attention to the fact that the United Kingdom (UK) notified the European Council on 29 March 2017 of its decision to withdraw from the European Union. An agreement setting out the arrangements for its withdrawal is currently being negotiated. The accounts and related notes of the Authority, which is located in London, were prepared using the information available at the date of signature (3 May 2018).

On 20 November 2017, the General Affairs Council of the European Union agreed to move the seat of the Authority to Paris, France. The removal is planned for the beginning of 2019 and 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.

Furthermore, the Authority's budget is financed by 40 % from European Union funds and by 60 % through direct contributions from EU Member States. A future decrease of the Authority's revenue resulting from the UK's decision to leave the EU is possible.

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

Financial management and performance

In four out of five audited open procurement procedures only one tenderer met the award criteria on quality and all other tenderers were excluded. This situation indicates that the Authority puts an over-emphasis on quality criteria.

Agencies should introduce a single solution for the electronic exchange and storage of information with third parties participating in public procurement procedures (e-procurement). As the same requirement exists for all EU Institutions, the Commission is developing a comprehensive IT solution covering all phases of public procurement procedures. The Commission launched tools for electronic invoicing (e-invoicing), for the electronic publication of documents related to contract notices (e-tendering) and for the electronic submission of tenders (e-submission). By the end of 2017, the Authority had introduced e-invoicing and e-tendering for certain procedures, but not e-submission.

The Authority's reply

Financial management and performance

When running procurement procedures, the EBA seeks to use all the tools at its disposal to maximise competition. In four of the five procedures the quality: price weighting was 60:40 and it was 50:50 in the other. It considered that the low level of participation in the financial evaluation cited by the Court was attributable to factors outside the control of the EBA, including low bidding interest (driven by exchange rate risk, contract size, high tendering costs and low profit margins) and the poor quality of technical proposals.

The EBA will implement e-Submission in 2019.

Lastly, the Court of Auditors' report also contained a summary of the key figures in 2017:

Budget

EUR 38 million (in payment appropriations).

Staff

190 including officials, temporary and contract staff and seconded national experts.