Part IV – Management assurance

Review of the elements supporting assurance

The building blocks of assurance that are normally in place and were available to the Executive Director in 2023 are outlined below:

- **Audits:** throughout 2023 the audit report on the Internal Control Framework and Risk Management has been validated, out of which two recommendations have already been submitted to the IAS for closure, with the two remaining recommendations (one of them classified as very important) being on track to be implemented by the end of April 2024. The fieldwork on HR management and ethics has been finalised with the final report expected in Q1 2024.
- **Monitoring and reporting:** this includes, for example, a thorough planning cycle with meetings with all units and reports to the Management Board; regular administrative and operational reports to the Management Board; monthly, quarterly and ad hoc internal reporting; and regular ex post control exercises on selected samples of transactions.
- Certification of the Authority's year-end accounts by the Accounting Officer: the Accounting Officer's certification of the provisional accounts by 1 March 2024 provided reasonable assurance to the Executive Director that the accounts present a true and fair view of the financial situation of the Authority.
- **Internal controls**: the Internal Control Coordinator ensures the effectiveness of the Authority's internal control systems, which was attested by the Internal Audit Service. The current Internal Control Framework of the EBA is designed to provide reasonable assurance regarding the achievement of five objectives set in Article 30(2) of the Financial Regulation: (1) effectiveness, efficiency and economy of operations; (2) reliability of reporting; (3) safeguarding of assets and information; (4) prevention, detection, correction and follow-up of fraud and irregularities; and (5) adequate management of the risks relating to the legality and regularity of the underlying transactions. The revised framework supplements the Financial Regulation and other

applicable rules and regulations with a view to aligning EBA standards to the Commission standards, which are based on the highest international standards set by the Committee of Sponsoring Organisations of the Treadway Commission (COSO) framework.

- **The discharge** granted by the European Parliament and the related report further supports management assurance. In particular as regards the latter the observations issued by the discharge authority in the 2021 report and 2022 reports did not raise any substantial issues. Where concerns were noted in the report(s), these had already been resolved to the extent that generally were raised in the context of evaluations of the Court or IAS and could thus be addressed as part of the follow-up actions taken in response to these .There were no significant weaknesses reported from these building blocks of assurance that are considered to be of such a significance that they would have an impact on the Executive Director's Declaration of Assurance.

Reservations

Materiality criteria used regarding reservations

The concept of materiality provides the authorising officer with a basis for determining if an identified weakness should be subject to a formal reservation in the declaration of assurance. Qualitative criteria:

- Weakness leading to critical operational damage
- Weakness leading to critical reputational damage
- Critical observations by auditors or OLAF

Quantitative criteria

In accordance with the Commission's guidelines on the preparation of annual activity reports, the ECA uses a 2 % materiality threshold. The EBA has therefore set the quantitative criterion of materiality at 2 % of its total budget.

Overall conclusions on assurance

Taking into account the review of the elements supporting assurance, the Executive Director, in his capacity as Authorising Officer, is of the opinion that the management and control systems in place at the EBA are working as intended, that risks are appropriately monitored and mitigated, and necessary improvements are being implemented.

Based on all of the facts presented in the report, and in the light of the opinions expressed by the ECA and reliability of the accounts and the legality and regularity of the transactions underlying the accounts, the EBA can conclude that the systems in place provide reasonable assurance that the resources under the responsibility of the Executive Director were used for their intended purposes and in accordance with the principles of sound financial management.