



Press Release
Luxembourg, 14 January 2019

European Central Bank must allow full scrutiny of banking supervision, say Auditors

The European Court of Auditors has called on the Union's legislators to intervene and ensure the European Central Bank allows full access to documents for audits related to banking supervision. In a letter to the European Parliament, the auditors express concern that the ECB's current position regarding access to documents and information prevents them from carrying out their work properly. Banking supervision entails significant risks to the public purse, say the auditors, but they will not be in a position to carry out a proper audit of these activities unless the ECB adjusts its stance regarding access rights.

The auditors say that there has been a lack of progress in their discussions with the ECB. They call on the European Parliament and the Council to express full support for their rights to access banking supervision documents and, if considered necessary, to amend the current regulations, clarifying that they can access any documents they consider necessary.

"We are not seeking to audit monetary policy," said Klaus-Heiner Lehne, the President of the European Court of Auditors. "But it is essential that we have full powers to audit the ECB's supervisory activities. This is particularly important given the high risks to public funds from banking failures and the complexity of the new supervisory mechanisms."

Writing in response to a request from the Parliament, the auditors highlight three occasions when they have been denied access to important information. Their 2016 audit of the Single Supervisory Mechanism faced severe difficulties in obtaining audit evidence. During work on their 2017 special report on the Single Resolution Board, the Board insisted on removing any data originating from the ECB. Then, in January 2018, when the auditors reported on the ECB's crisis management role in relation to banking supervision, the ECB again denied access to the documents needed to carry out the audit work as initially planned.

The EU Auditors' letter follows [a call](#) in November 2018 by the heads of the supreme audit institutions (SAIs) of the EU and its Member States to clarify and harmonise the audit mandates of the national SAIs. The SAIs asked national governments and parliaments to address a number of deficiencies in the accountability and audit arrangements for EU banking supervision in view of the current efforts to complete the Banking Union.

The full communication is available on www.eca.europa.eu in English. Other languages will be added shortly.

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Notes to Editors

Since the entry into force of the Single Supervisory Mechanism (SSM), the European Central Bank (ECB) has been exclusively responsible for the supervision of large banks in euro area Member States. The SSM has a common system involving both National Competent Authorities (NCAs) and the ECB. In total, there are about 130 such banks, representing about 80 per cent of bank assets EU-wide. Medium-sized and small banks are supervised directly by the NCAs. The ECB, however, maintains final supervisory authority and ensures that supervisory requirements are consistent (e.g. methodology, manuals, etc.).

As a consequence of the SSM, audit responsibilities for banking supervision have also changed:

- Audit responsibility regarding direct banking supervision by the ECB – i.e. of the largest banks – no longer lies with the national audit institutions, but has become part of the audit mandate of the European Court of Auditors. The loss of mandate by these national audit institutions has not been adequately compensated for, due to the current position of the ECB regarding the ECA's audit mandate (e.g. denial of access to relevant information).
- Audit responsibility regarding the national supervisors of medium and small banks remains with national audit institutions, although some have only a limited - or no - mandate in this regard. Most national audit institutions in the euro area face difficulties in exercising this right comprehensively. As a result, supervision of small and medium-sized banks in these countries is not fully subject to external audit.

ECA special report 29/2016 examined the Single Supervisory Mechanism, set up after the banking crisis to take over much of the supervisory work previously done by national authorities. The Mechanism is under the authority of the European Central Bank.

Special report 23/2017 looked at the work of the Single Resolution Board, which was established to manage the resolution of failing banks in the EU. Special report 02/2018 considered the ECB's operational efficiency with regard to its crisis management procedures for banks.