



Auditor's involvement in the contributions to the Single Resolution Fund

Providing assurance for 2014 and 2015

SURVEY

HIGHLIGHTS

This survey demonstrates divergence across Europe regarding the performance of and reporting on the Agreed upon Procedures (AUP) by external auditors on the 2014 and 2015 contributions to the Single Resolution Fund (SRF).

Based on the information provided by the Federation's Member Bodies in all 19 countries of the Eurozone, the survey also reveals that in February 2016, for the 2015 contributions, more AUPs were performed compared to September 2015 (for the 2014 contributions).

Furthermore, the results show differences in practice when it comes to the auditors' involvement with the calculation of the contributions to the SRF, not only across the Eurozone countries, but also within countries as financial institutions had the option to choose for either AUPs or for a management sign-off.

Introduction

The Single Resolution Board (SRB) was established in 2014 by the European Union (EU) Regulation on the Single Resolution Mechanism (SRM). It is in charge of the calculation of the contributions to the Single Resolution Fund (SRF) to finance the restructuring of failing financial institutions in the 19 (Euro) Member States within the European Banking Union.

The National Resolution Authorities (NRAs) are responsible for the collection of the data and contributions from their institutions as well as the transfer to the SRF. The SRB allows the NRAs to provide an option for financial institutions to either opt for a management sign-off or for an Agreed upon Procedures (AUP) Report of factual findings by a qualified external auditor on their contributions.

The scope of the AUP includes three data-points that are used in the calculation for the contribution (based on a predetermined formula): covered deposits, derivative liabilities (leverage methodology) after floor and other deductions (if any). The objective of this survey is to take stock of the different requirements and practices across Eurozone countries and to share the key conclusions with for instance the SRB.

High level summary of the performance of and reporting on Agreed upon Procedures by external auditors on the 2014 and 2015 contributions to the SRF¹

Country	September 2015	February 2016
Austria	None	AUP
Belgium	AUP	(Optional) AUP
Cyprus	None	None
Estonia	None	None
Finland	None	(Optional) AUP
France	None	None
Germany	AUP	AUP
Greece	None	AUP
Ireland	None	AUP
Italy	None	None
Latvia	None	None
Lithuania	None	None
Luxembourg	None	None
Malta	None	None
Netherlands	None	AUP
Portugal	None	None
Slovakia	None	None
Slovenia	None	None
Spain	AUP	AUP

¹ More details are included in Appendix 1

APPENDIX 1- Detailed responses

Country	September 2015 Scope of the audit and type of report (Audit/review/AUP)	February 2016 Scope of the audit and type of report (Audit/review/AUP)	Further comments
Austria	None	Agreed-Upon Procedures	Procedures were proposed by the Chamber of Public Accountants (Banks Working Group) to the Financial Market Authority based on Agreed-Upon Procedures.
Belgium	Agreed-Upon Procedures Although “audit” and “review” were not formally excluded, the general practice was an Agreed-Upon Procedures engagement on the returns - procedures have been defined with the NRA.	Optional Agreed-Upon Procedures For entities under direct European Central Bank (ECB) supervision: Choice between sign-off by executive body or an Agreed-Upon Procedures engagement. No requirement for other entities.	
Cyprus	None	None	There is no requirement as the calculation for the contribution is performed by the Central Bank of Cyprus (CBC) which has not requested any confirmation from auditors.
Estonia	None	None	External auditors in Estonia have not been involved.
Finland	None	Optional Agreed-Upon Procedures	In 2016 there was a choice between a management representation letter by the bank or an Agreed-Upon Procedures performed by an auditor.
France	None	None	External auditors in France have not been involved so far.
Germany	Agreed-Upon Procedures	Agreed-Upon Procedures	Scope of work was discussed and specified by the Institut der Wirtschaftsprüfer (IDW) and the Federal Agency for Financial Market Stabilisation (FMSA).
Greece	None	Agreed-Upon Procedures	

Ireland	None	Agreed-Upon Procedures	Agreed-Upon Procedures were performed for some banks in Ireland in February 2016.
Italy	None	None	External auditors in Italy have not been involved in the verification of 2014 and 2015 contributions to the SRF.
Latvia	None	None	
Lithuania	None	None	In Lithuanian, consideration was given to the need for an auditors' involvement with covered deposits, but only in the long run.
Luxembourg	None	None	Potentially, external auditors will be involved in the future.
Malta	None	None	
Netherlands	None	Agreed-Upon Procedures by external auditor Management statement by Board	Only for: - Covered deposits; - Derivative adjustment; - Intragroup deductions; - Promotional loans.
Portugal	None	None	External auditors in Portugal have not been involved so far.
Slovakia	None	None	External auditors have so far not been involved in Slovakia.
Slovenia	None	None	
Spain	Agreed-Upon Procedures Scope: Review of the information provided to the local regulator (NRA) which referred to 2013 to estimate contributions to the Spanish National Resolution Fund.	Agreed-Upon Procedures Scope: Review of the information provided to local regulator (NRA) which referred to 2014 to estimate contributions to the SRF.	



Federation of European Accountants

Avenue d'Auderghem 22-28

1040 Brussels

T: +32 (0)2 893 33 60

E: secretariat@fee.be

www.fee.be



@FEE_brussels



Federation of European Accountants

WHO WE ARE

The Federation of European Accountants represents 50 professional institutes of accountants and auditors from 37 European countries, with a combined membership of almost 1 million professional accountants working in different capacities. As the voice of the European profession, the Federation recognises the public interest.

The Federation is in the EU Transparency Register (No 4713568401-18).