



Plenary sitting

A8-0101/2017

28.3.2017

REPORT

on discharge in respect of the implementation of the budget of the European Insurance and Occupational Pensions Authority for the financial year 2015 (2016/2187(DEC))

Committee on Budgetary Control

Rapporteur: Inés Ayala Sender

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1. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

on discharge in respect of the implementation of the budget of the European Insurance and Occupational Pensions Authority for the financial year 2015 (2016/2187(DEC))

The European Parliament,

- having regard to the final annual accounts of the European Insurance and Occupational Pensions Authority for the financial year 2015,
- having regard to the Court of Auditors' report on the annual accounts of the European Insurance and Occupational Pensions Authority for the financial year 2015, together with the Authority's reply¹,
- having regard to the statement of assurance² as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2015, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendation of 21 February 2017 on discharge to be given to the Authority in respect of the implementation of the budget for the financial year 2015 (05873/2017 – C8-0073/2017),
- having regard to Article 319 of the Treaty on the Functioning of the European Union,
- having regard to Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002³, and in particular Article 208 thereof,
- having regard to Regulation (EU) No 1094/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Insurance and Occupational Pensions Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/79/EC⁴, and in particular Article 64 thereof,
- having regard to Commission Delegated Regulation (EU) No 1271/2013 of 30 September 2013 on the framework financial regulation for the bodies referred to in Article 208 of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council⁵, and in particular Article 108 thereof,
- having regard to Rule 94 of and Annex IV to its Rules of Procedure,

¹ OJ C 449, 1.12.2016, p. 107.

² OJ C 449, 1.12.2016, p. 107.

³ OJ L 298, 26.10.2012, p. 1.

⁴ OJ L 331, 15.12.2010, p. 48.

⁵ OJ L 328, 7.12.2013, p. 42.

- having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Economic and Monetary Affairs (A8-0101/2017),
- 1. Grants the Executive Director of the European Insurance and Occupational Pensions Authority discharge in respect of the implementation of the Authority's budget for the financial year 2015;
- 2. Sets out its observations in the resolution below;
- 3. Instructs its President to forward this decision, and the resolution forming an integral part of it, to the Executive Director of the European Insurance and Occupational Pensions Authority, the Council, the Commission and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).

2. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

**on the closure of the accounts of the European Insurance and Occupational Pensions Authority for the financial year 2015
(2016/2187(DEC))**

The European Parliament,

- having regard to the final annual accounts of the European Insurance and Occupational Pensions Authority for the financial year 2015,
- having regard to the Court of Auditors' report on the annual accounts of the European Insurance and Occupational Pensions Authority for the financial year 2015, together with the Authority's reply¹,
- having regard to the statement of assurance² as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2015, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendation of 21 February 2017 on discharge to be given to the Authority in respect of the implementation of the budget for the financial year 2015 (05873/2017 – C8-0073/2017),
- having regard to Article 319 of the Treaty on the Functioning of the European Union,
- having regard to Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002³, and in particular Article 208 thereof,
- having regard to Regulation (EU) No 1094/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Insurance and Occupational Pensions Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/79/EC⁴, and in particular Article 64 thereof,
- having regard to Commission Delegated Regulation (EU) No 1271/2013 of 30 September 2013 on the framework financial regulation for the bodies referred to in Article 208 of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council⁵, and in particular Article 108 thereof,
- having regard to Rule 94 of and Annex IV to its Rules of Procedure,

¹ OJ C 449, 1.12.2016, p. 107.

² OJ C 449, 1.12.2016, p. 107.

³ OJ L 298, 26.10.2012, p. 1.

⁴ OJ L 331, 15.12.2010, p. 48.

⁵ OJ L 328, 7.12.2013, p. 42.

- having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Economic and Monetary Affairs (A8-0101/2017),
- 1. Approves the closure of the accounts of the European Insurance and Occupational Pensions Authority for the financial year 2015;
- 2. Instructs its President to forward this decision to the Executive Director of the European Insurance and Occupational Pensions Authority, the Council, the Commission and the Court of Auditors, and to arrange for its publication in the *Official Journal of the European Union* (L series).

3. MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

with observations forming an integral part of the decision on discharge in respect of the implementation of the budget of the European Insurance and Occupational Pensions Authority for the financial year 2015 (2016/2187(DEC))

The European Parliament,

- having regard to its decision on discharge in respect of the implementation of the budget of the European Insurance and Occupational Pensions Authority for the financial year 2015,
 - having regard to Rule 94 of and Annex IV to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Economic and Monetary Affairs (A8-0101/2017),
- A. whereas, according to its financial statements, the final budget of the European Insurance and Occupational Pensions Authority (the ‘Authority’) for the financial year 2015 was EUR 20 212 701, representing a decrease of 6,35 % compared to 2014; whereas 40 % of the Authority’s budget derives from the Union budget,
- B. whereas the Court of Auditors (the “Court”), in its report on the annual accounts of the Authority for the 2015 financial year (the “Court's report”), has stated that it has obtained reasonable assurances that the Authority’s annual accounts for the financial year 2015 are reliable and that the underlying transactions are legal and regular,
- C. whereas in the context of the discharge procedure, the discharge authority stresses the special importance of further strengthening the democratic legitimacy of the institutions of the Union by improving transparency and accountability, implementing the concept of performance based budgeting and good governance of human resources,
1. Underlines that the Authority's role is essential in fostering the consistent application of Union law and better coordination between national authorities, and in ensuring financial stability, transparency, better integrated and safer financial markets, as well as a high degree of consumer protection and convergent supervisory practices in this area;
 2. Recalls that the European Parliament was a driving force behind the establishment of a new and comprehensive European System of Financial Supervision (ESFS), including the three European Supervisory Authorities (ESAs), to ensure a better financial supervision system after the financial crisis;

Follow-up of 2014 discharge

3. Notes from the Court’s report that, in respect of the two comments regarding carry-overs, transfers and budget management made in the Court’s 2014 report, the status of the corrective actions is marked in the 2015 Court's report as “Ongoing”;
4. Notes that the Court has determined that the budget transfers, carry-overs and related

commitments are in line with the specific provisions of the Financial Regulation, although the extent to which 2015 activities will be covered by 2014 appropriations is at odds with the budgetary principle of annuality;

Commitments and carryovers

5. Notes that the level of committed appropriations carried over for Title III (operational expenditure) was at EUR 2 300 000 (45 % of expenditure), compared to EUR 4 700 000 (66 % of expenditure) in 2014; acknowledges that those carryovers were predominantly related to specific contracts for the Authority's multi-annual IT programme supporting the implementation of Solvency II and to contracts signed late in the year; moreover acknowledges from the Authority that the carryover appropriations were to be reduced to a satisfactory level from 2016 onwards with the advanced implementation of the Authority's IT Programme; notes that carryovers may often be partly or fully justified by the multiannual nature of agencies' operational programmes and do not necessarily indicate weaknesses in budget planning and implementation nor are they always at odds with the budgetary principle of annuality, in particular if they are planned in advance by the Authority and communicated to the Court;

Transfers

6. Notes that the variation between the initial and final budget allocated for Title I (staff costs) resulted in a slight decrease of 2,56 %, while the variation for Title II (administrative expenditure) resulted in a decrease of 9,36 %; observes that, as a result of the budget amendment and transfers made, the budget under Title III (operational expenditure) increased by 21,19 %; acknowledges that the changes in the structure of the initial budget were generally smaller than in 2014; acknowledges furthermore that the level and nature of transfers remained within the limits of the financial rules;

Budget and financial management

7. Notes that budget monitoring efforts during the financial year 2015 resulted in a budget implementation rate of 99,97 %, reaching the Authority's planned target and representing a decrease of 0,03 % compared to 2014; notes furthermore that the payment appropriations execution rate was 83,75 %, achieving its planned target and representing an increase of 9,65 % compared to 2014;
8. Notes with satisfaction that the Agency is working to develop more sophisticated and less output-focussed key performance indicators, which would provide a more valuable basis to assess whether the Authority is achieving its strategic ambitions;
9. Points out that a solution has been agreed to share any budget surplus or deficit with Member States corresponding to their contribution key; calls on the Commission to legally formalise the agreed process;
10. Stresses the importance of ensuring an appropriate level of prioritisation and efficiency as regards resource allocation and that the Authority's budget still has rationalisation potential; emphasises, therefore, that any potential increases in the Authority's means should be accompanied by adequate prioritisation measures; suggests that, as Authority's workload is increasingly shifting from legislative tasks to supervisory

convergence and enforcement, the Authority's budget and manpower should be allocated accordingly;

11. Concludes that the Authority's financing arrangement is to be reviewed; calls on the Commission to examine the possibility of modifying the current financing arrangement by introducing appropriately and proportionately calibrated fees for market participants, possibly replacing the contributions of national competent authorities whilst ensuring its autonomy and supervisory action;

Procurement and recruitment procedures

12. Notes from the Authority that it ran 26 recruitment campaigns in 2015 and filled 95,6 % of its establishment plan positions by year-end, lower than the Authority's target of 100 %; acknowledges from the Authority that the target was not reached mainly due to a high turnover rate, unsuccessful recruitment campaigns and non-acceptance of contract offers by selected candidates;
13. Notes from the Authority that the issues regarding recruitment might be related to the high cost of housing at its seat in Frankfurt, as well as to the limited financial attractiveness of the Authority compared to other European bodies, such as the European Central Bank and the Single Supervisory Mechanism; acknowledges from the Authority that it has revised the relevant human resources processes in order to make them more efficient;

Prevention and management of conflicts of interest and transparency

14. Notes that the Authority was expected to establish internal rules on whistleblowing by the beginning of 2017; asks the Authority to report to the discharge authority on the establishment and implementation of its whistleblowing rules;
15. Notes with concern that, with the exception of the CVs of the Senior Management, the CVs and declarations of interest of the members of the Management Board and the Board of Supervisors of the Authority are not published on the Authority's website; calls on the Authority to remedy the situation by publishing those documents to ensure necessary public oversight and scrutiny of its management;
16. Notes with satisfaction that measures to increase transparency in dealing with lobbyists and stakeholders are included in the Authority's ethics rules and that, through those rules, staff are advised and guided on how to avoid being unduly influenced by any stakeholder or group of stakeholders; observes also that from July 2016 the Authority publishes on its website details on its meetings with external stakeholders, media representatives and other Institutions and relevant activities;
17. Considers that the minutes of meetings of the Board of Supervisors and of the Stakeholder Groups, which are publicly available, should be published immediately after the meeting to reduce the current time lag of up to three months between meetings and disclosure of minutes and to provide better insight into the discussions held, members' positions and voting behaviour; believes that outreach to Union citizens could also be enhanced by web streaming events; is concerned about *de facto* unequal accessibility of documents and information from internal meetings to different

stakeholders, including the European Parliament; is of the opinion that the Authority should establish a secure channel for whistle-blowers in the framework of its action plan for the years to come.

Internal controls

18. Notes that the Commission's Internal Audit Service (IAS) closed the recommendations on the Internal Control Standard (ICS) 10 on 'Business Continuity' and ICS 11 on 'Document Management' in April 2016;
19. Takes note that in 2015, the Authority's ICSs were reviewed to align them with the ICS of the Commission; notes moreover that all ICSs were duly implemented by the end of 2015, including the two ICSs on the implementation of Document Management procedures and the implementation of the remaining blocks of the Authority's business continuity capability; acknowledges that a formal decision by the IAS on the full implementation of the ICS was expected in 2016; looks forward to the confirmation of the successful implementation of the ICSs and subsequent reporting by the Authority in its next annual report;

Internal audit

20. Notes that an audit on 'Promoting colleges of supervisors and building a common supervisory culture in EIOPA' was performed by the IAS in 2015; notes moreover that none of the recommendations made by the IAS were categorised as critical or very important; acknowledges from the Authority that, in response to the audit report, it developed an action plan in order to address all recommendations made by the IAS, which was subsequently adopted by its Management Board;

Communication

21. Notes that, in the course of 2015, new communication measures were implemented, which mainly concern accessibility, social networks, tutorials on key topics and increased participation of the Authority's management and experts in relevant events; notes that in 2016 the communication strategy was reviewed with the aim to provide more accessible and easily understandable information in particular for consumers and the public at large, with the review and redesign of the Authority's website being one of the key objectives; invites the Agency to implement the new strategy as soon as possible;

Other issues

22. Takes note that 41 staff members participated in 2015 in away days for which the total cost was EUR 9 174 or EUR 223 per person and 120 staff members in other events, for which the total cost was EUR 9 900 or EUR 82,5 per person;
23. Notes that the Court's assessment is very brief and offers few suggestions for improving the efficiency of the Authority's budget management; regrets that some Member States had not paid their 2015 contribution in full by the end of that year; notes that progress has been made in this regard compared to 2014;

24. Stresses that, while ensuring that all assignments are carried out in full and within deadline, the Authority should carefully adhere to the tasks assigned to it by the European Parliament and the Council; notes that the Authority is spending significant resources on work relating to guidelines and recommendations; believes that the Authority should fully use its mandate to effectively foster proportionality in all its activities; notes that, wherever the Authority is authorised to draw up Level 2 and Level 3 measures, it should pay particular attention when drafting these standards to the specific features of the various national markets and that market participants and consumer protection organisations concerned should be involved extensively at an early stage in the standard-setting process and during drafting and implementation stages;
25. Notes with concern that the Authority does not exercise all the prerogatives established in its legal framework; underlines that the Authority should ensure that resources are maximised in order to fully fulfil its legal mandate; notes in this respect that a closer focus on the mandate given to it by the European Parliament and the Council could result in a more effective achievement of its objectives; stresses that, while carrying out its work and in particular when drafting implementing legislation, the Authority needs to inform the European Parliament and the Council about its activities in a regular and comprehensive manner;
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26. Refers, for other observations of a cross-cutting nature accompanying its decision on discharge, to its resolution of [xx xxxx 2017]¹ [on the performance, financial management and control of the agencies].).

¹ Texts adopted of that date, P[8_TA(-PROV)(2017)0000].

6.3.2017

OPINION OF THE COMMITTEE ON ECONOMIC AND MONETARY AFFAIRS

for the Committee on Budgetary Control

on discharge in respect of the implementation of the budget of the European Insurance and Occupational Pensions Authority for the financial year 2015
(2016/2187(DEC))

Rapporteur: Sander Loones

SUGGESTIONS

The Committee on Economic and Monetary Affairs calls on the Committee on Budgetary Control, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

1. Underlines that EIOPA's role is essential in fostering the consistent application of Union law and better coordination between national authorities, and in ensuring financial stability, transparency, better integrated and safer financial markets, as well as a high degree of consumer protection and convergent supervisory practices in this area;
2. Acknowledges that, in the opinion of the Court of Auditors, EIOPA's transactions underlying the annual accounts for the year ended 31 December 2015 are legal and regular in all material aspects; notes, however, that the Court of Auditors' assessment is very brief and offers few suggestions for improving the efficiency of the EIOPA's budget management; regrets that some Member States had not paid their 2015 contribution in full by the end of that year; notes that progress has been made in this area compared to 2014;
3. Recalls that the European Parliament was a driving force behind the establishment of a new and comprehensive European System of Financial Supervision (ESFS), including the three European Supervisory Authorities (ESAs), to ensure a better financial supervision system after the financial crisis;
4. Stresses that, while ensuring that all assignments are carried out in full and within deadline, EIOPA should carefully adhere to the tasks assigned to it by the European Parliament and the Council; notes that EIOPA is spending significant resources on work relating to guidelines and recommendations; believes that EIOPA should fully use its mandate to effectively foster proportionality in all its activities; notes that, wherever the EIOPA is authorised to draw up Level 2 and Level 3 measures, it should pay particular

attention when drafting these standards to the specific features of the various national markets and that market participants and consumer protection organisations concerned should be involved extensively at an early stage in the standard-setting process and during drafting and implementation stages;

5. Points out that a solution has been agreed to share any budget surplus or deficit with Member States corresponding to their contribution key; calls on the Commission to legally formalise the agreed process;
6. Notes with concern that EIOPA does not exercise all the prerogatives established in its legal framework; underlines that EIOPA should ensure that resources are maximised in order to fully fulfil its legal mandate; notes in this respect that a closer focus on the mandate given to it by the European Parliament and the Council could result in a more effective achievement of its objectives; stresses that, while carrying out its work and in particular when drafting implementing legislation, EIOPA needs to inform the European Parliament and the Council about its activities in a regular and comprehensive manner;
7. Stresses the importance of ensuring an appropriate level, prioritisation and efficiency as regards resource allocation and that the EIOPA budget still has rationalisation potential; emphasises, therefore, that any potential increases in EIOPA's means should be accompanied by adequate prioritisation measures; suggests that, as EIOPA's workload is increasingly shifting from legislative tasks to supervisory convergence and enforcement, EIOPA's budget and manpower should be allocated accordingly;
8. Concludes that EIOPA's financing arrangement is to be reviewed; calls on the Commission to examine the possibility of modifying the current financing arrangement by introducing appropriately and proportionately calibrated fees for market participants, possibly replacing the contributions of national competent authorities whilst ensuring its autonomy and supervisory action;
9. Considers that the minutes of meetings of the Board of Supervisors and of the Stakeholder Groups, which are publicly available, should be published more swiftly to reduce the current time lag of up to three months between meetings and disclosure of minutes and that they should provide better insight into the discussions held, members' positions and voting behaviour; believes that outreach to EU citizens could also be enhanced by web streaming events; deplores the de facto unequal accessibility of documents and information from internal meetings to different stakeholders, including the European Parliament; is of the opinion that EIOPA should establish a secure channel for whistle-blowers in the framework of its action plan for the years to come.

RESULT OF FINAL VOTE IN COMMITTEE ASKED FOR OPINION

Date adopted	28.2.2017
Result of final vote	+: 42 -: 1 0: 4
Members present for the final vote	Gerolf Annemans, Burkhard Balz, Hugues Bayet, Esther de Lange, Fabio De Masi, Anneliese Dodds, Markus Ferber, Jonás Fernández, Sven Giegold, Sylvie Goulard, Roberto Gualtieri, Brian Hayes, Gunnar Hökmark, Danuta Maria Hübner, Cătălin Sorin Ivan, Petr Ježek, Barbara Kappel, Georgios Kyrtos, Alain Lamassoure, Sander Loones, Bernd Lucke, Olle Ludvigsson, Ivana Maletić, Notis Marias, Gabriel Mato, Costas Mavrides, Bernard Monot, Luigi Morgano, Stanisław Ożóg, Dimitrios Papadimoulis, Dariusz Rosati, Pirkko Ruohonen-Lerner, Molly Scott Cato, Pedro Silva Pereira, Peter Simon, Theodor Dumitru Stolojan, Paul Tang, Ramon Tremosa i Balcells, Tom Vandenkendelaere, Miguel Viegas, Beatrix von Storch, Jakob von Weizsäcker
Substitutes present for the final vote	Eva Joly, Thomas Mann, Joachim Starbatty, Nils Torvalds
Substitutes under Rule 200(2) present for the final vote	Cécile Kashetu Kyenge

INFORMATION ON ADOPTION IN COMMITTEE RESPONSIBLE

Date adopted	22.3.2017
Result of final vote	+: 22 -: 5 0: 0
Members present for the final vote	Inés Ayala Sender, Dennis de Jong, Tamás Deutsch, Martina Dlabajová, Luke Ming Flanagan, Ingeborg Gräßle, Cătălin Sorin Ivan, Jean-François Jalkh, Bogusław Liberadzki, Monica Macovei, Notis Marias, Petri Sarvamaa, Claudia Schmidt, Bart Staes, Hannu Takkula, Derek Vaughan, Joachim Zeller
Substitutes present for the final vote	Richard Ashworth, Gerben-Jan Gerbrandy, Benedek Jávor, Karin Kadenbach, Julia Pitera, Patricija Šulin
Substitutes under Rule 200(2) present for the final vote	Raymond Finch, Jens Geier, Piernicola Pedicini, Janusz Zemke

FINAL VOTE BY ROLL CALL IN COMMITTEE RESPONSIBLE

22	+
ALDE	Martina Dlabajová, Gerben-Jan Gerbrandy, Hannu Takkula
ECR	Monica Macovei
GUE/NGL	Luke Ming Flanagan, Dennis de Jong
PPE	Tamás Deutsch, Ingeborg Gräßle, Julia Pitera, Petri Sarvamaa, Claudia Schmidt, Joachim Zeller, Patricija Šulin
S&D	Inés Ayala Sender, Jens Geier, Cătălin Sorin Ivan, Karin Kadenbach, Bogusław Liberadzki, Derek Vaughan, Janusz Zemke
VERTS/ALE	Benedek Jávor, Bart Staes

5	-
ECR	Richard Ashworth, Notis Marias
EFDD	Raymond Finch, Piernicola Pedicini
ENF	Jean-François Jalkh

0	0

Key to symbols:

+ : in favour

- : against

0 : abstention