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*Committee on Budgetary Control*

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**2014/2121(DEC)**

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## **DRAFT REPORT**

on discharge in respect of the implementation of the budget of the European Insurance and Occupational Pensions Authority for the financial year 2013 (2014/2121(DEC))

Committee on Budgetary Control

Rapporteur: Ryszard Czarnecki

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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 2013 (2014/2121(DEC))**

*The European Parliament,*

- having regard to the final annual accounts of the European Insurance and Occupational Pensions Authority for the financial year 2013,
- having regard to the Court of Auditors' report on the annual accounts of the European Insurance and Occupational Pensions Authority for the financial year 2013, together with the Authority's replies<sup>1</sup>,
- having regard to the statement of assurance<sup>2</sup> 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 2013, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendation of ... on discharge to be given to the Authority in respect of the implementation of the budget for the financial year 2013 (00000/2015 – C8-0000/2015),
- having regard to Article 319 of the Treaty on the Functioning of the European Union,
- having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities<sup>3</sup>,
- 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 1605/2002<sup>4</sup>, 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/EC<sup>5</sup>, and in particular Article 64 thereof,
- having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in

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<sup>1</sup> OJ C 442, 10.12.2014, p. 174.

<sup>2</sup> OJ C 442, 10.12.2014, p. 174.

<sup>3</sup> OJ L 248, 16.9.2002, p. 1.

<sup>4</sup> OJ L 298, 26.10.2012, p. 1.

<sup>5</sup> OJ L 331, 15.12.2010, p. 48

Article 185 of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities<sup>1</sup>,

- 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 Council<sup>2</sup>, and in particular Article 108 thereof,
  - having regard to Rule 94 of and Annex V 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 (A8-0000/2015),
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 2013; / Postpones its decision on granting 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 2013;
  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).

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<sup>1</sup> OJ L 357, 31.12.2002, p. 72.

<sup>2</sup> OJ L 328, 7.12.2013, p. 42.

## 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 2013 (2014/2121(DEC))**

*The European Parliament,*

- having regard to the final annual accounts of the European Insurance and Occupational Pensions Authority for the financial year 2013,
- having regard to the Court of Auditors' report on the annual accounts of the European Insurance and Occupational Pensions Authority for the financial year 2013, together with the Authority's replies<sup>1</sup>,
- having regard to the statement of assurance<sup>2</sup> 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 2013, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendation of ... on discharge to be given to the Authority in respect of the implementation of the budget for the financial year 2013 (00000/2015 – C8-0000/2015),
- having regard to Article 319 of the Treaty on the Functioning of the European Union,
- having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities<sup>3</sup>,
- 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 1605/2002<sup>4</sup>, 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/EC<sup>5</sup>, and in particular Article 64 thereof,
- having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in

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<sup>1</sup> OJ C 442, 10.12.2014, p. 174.

<sup>2</sup> OJ C 442, 10.12.2014, p. 174.

<sup>3</sup> OJ L 248, 16.9.2002, p. 1.

<sup>4</sup> OJ L 298, 26.10.2012, p. 1.

<sup>5</sup> OJ L 331, 15.12.2010, p. 48

Article 185 of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities<sup>1</sup>,

- 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 Council<sup>2</sup>, and in particular Article 108 thereof,
  - having regard to Rule 94 of and Annex V 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 (A8-0000/2015),
1. Notes that the final annual accounts of the European Insurance and Occupational Pensions Authority are as annexed to the Court of Auditors' report;
  2. Approves the closure of the accounts of the European Insurance and Occupational Pensions Authority for the financial year 2013; / Postpones the closure of the accounts of the European Insurance and Occupational Pensions Authority for the financial year 2013;
  3. 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).

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<sup>1</sup> OJ L 357, 31.12.2002, p. 72.

<sup>2</sup> OJ L 328, 7.12.2013, p. 42.

### 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 2013 (2014/2121(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 2013,
  - having regard to Rule 94 of and Annex V 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 (A8-0000/2015),
- A. whereas, according to its financial statements, the final budget of the European Insurance and Occupational Pensions Authority (“the Authority”) for the financial year 2013 was EUR 18 767 470, representing an increase of 19,88 % compared to 2012, due to the Authority’s recently established nature,
- B. whereas the Court of Auditors, in its report on the annual accounts of the European Insurance and Occupational Pensions Authority for the financial year 2013 (“the Court’s report”), has stated that it has obtained reasonable assurances that the Authority’s annual accounts are reliable and that the underlying transactions are legal and regular,

#### *Follow-up of 2012 discharge*

1. Notes from the Court’s report that regarding three comments made in the Court’s 2011 report and marked as “Ongoing” in the Court’s 2012 report, corrective actions were taken and they are now marked in the Court’s report as ‘Completed’; notes, furthermore, for the three comments made in the Court’s 2012 report, corrective actions were taken and one comment is now marked as ‘Completed’, one as “Not Applicable” and one as “Outstanding”;
2. Acknowledges from the Authority that:
  - it has strengthened its procurement support capacity at corporate level, with clear definition of roles and responsibilities both for procurement officials and for operational staff, as well as with varied procurement training for all relevant staff categories;
  - it has adopted rules on management of conflicts of interests which have been revised according to the Commission Guidelines on the Prevention and Management of Conflicts of Interests in EU Decentralized Agencies;
  - the CVs of the members of the Management Board and the declaration of interests

of the Chair and of the Executive Director have been published.

Calls on the Authority to also publish the declarations of interests of the members of the Management Board as well as of the Supervisors Board;

### ***Budget and financial management***

3. Notes with concern that the level of committed appropriations carried over was high at 28 %, particularly for Title II at 30 % and Title III at 85 %, showing an increase in comparison to the previous years;

### ***Commitments and carryovers***

4. Acknowledges that the carryovers resulted from the multiannual IT strategy and implementation plan and from specific contracts with services to be provided in 2014; acknowledges, furthermore, that the related commitments are legal, regular and soundly estimated according to low cancellation rates for carryovers from 2012;
5. Strongly agrees with the Court's observation that the extent to which 2013 appropriations were used to cover 2014 activities is at odds with the budgetary principle of annuality; calls on the Authority to inform the discharge authority on the actions it will take in order to reduce the amount of carryovers;

### ***Procurement and recruitment procedures***

6. Notes that no comments were made in the Court's report as regards the Authority's recruitment procedures;

### ***Internal controls***

7. Takes note from the Court's report that the Management Board has adopted the sixteen Internal Control Standards (ICS) during 2013; ascertains that the ICS implementation is marked as ongoing on the basis of an action plan agreed with the Commission's Internal Audit Service (IAS);
8. Regrets that the Authority's legal commitments were not always authorised by officers with a proper delegation and were not consistently preceded by a properly authorised budgetary commitment; reminds the Authority that compliance with the financial circuits as defined in the Financial Regulation is fundamental; acknowledges that corrective measures were taken in order to address those deficiencies and calls on the Authority to inform the discharge authority in detail of the results of those actions regarding the management of the financial circuits;

### ***Internal audit***

9. Acknowledges from the Authority that in 2013 the IAS conducted a limited review of the implementation of the ICS, resulting from the Strategic Audit Plan as well as the previous IAS risk assessment;
10. Notes that following that review, the Authority prepared an action plan to tackle the



twenty recommendations identified by the IAS, three of which were rated as “Very Important”; acknowledges that the IAS considers that the action plan will adequately address the identified risks and will mitigate them if implemented as planned;

11. Takes note from the Authority that the IAS followed up the implementation of its earlier recommendations and that neither critical nor very important recommendations were open as at 31 December 2013.

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12. Refers, for other observations of a cross-cutting nature accompanying its decision on discharge, to its resolution of ... 2015<sup>1</sup> on the performance, financial management and control of the agencies.

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<sup>1</sup> Texts adopted of that date, P7\_TA-PROV(2015)0000.