



**2015/2189(DEC)**

29.1.2016

# DRAFT REPORT

on discharge in respect of the implementation of the budget of the European Insurance and Occupational Pensions Authority for the financial year 2014 (2015/2189(DEC))

Committee on Budgetary Control

Rapporteur: Derek Vaughan

## CONTENTS

	<b>Page</b>
1. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION .....	3
2. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION .....	5
3. MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION .....	7

## 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 2014 (2015/2189(DEC))**

*The European Parliament,*

- having regard to the final annual accounts of the European Insurance and Occupational Pensions Authority for the financial year 2014,
- having regard to the Court of Auditors' report on the annual accounts of the European Insurance and Occupational Pensions Authority for the financial year 2014, 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 2014, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendation of xx February 2016 on discharge to be given to the Authority in respect of the implementation of the budget for the financial year 2014 (xxxxxx/2016 – C8-xxxx/2016),
- 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 1605/2002<sup>3</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>4</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 Article 185 of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities<sup>5</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

---

<sup>1</sup> OJ C 409, 9.12.2015, p. 175.

<sup>2</sup> OJ C 409, 9.12.2015, p. 175.

<sup>3</sup> OJ L 298, 26.10.2012, p. 1.

<sup>4</sup> OJ L 331, 15.12.2010, p. 48

<sup>5</sup> OJ L 357, 31.12.2002, p. 72.

Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council<sup>1</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 (A8-0000/2016),
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 2014;
  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).

---

<sup>1</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 2014  
(2015/2189(DEC))**

*The European Parliament,*

- having regard to the final annual accounts of the European Insurance and Occupational Pensions Authority for the financial year 2014,
- having regard to the Court of Auditors' report on the annual accounts of the European Insurance and Occupational Pensions Authority for the financial year 2014, 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 2014, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendation of xx February 2016 on discharge to be given to the Authority in respect of the implementation of the budget for the financial year 2014 (xxxxxx/2016 – C8-xxxx/2016),
- 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 1605/2002<sup>3</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>4</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 Article 185 of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities<sup>5</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

---

<sup>1</sup> OJ C 409, 9.12.2015, p. 175.

<sup>2</sup> OJ C 409, 9.12.2015, p. 175.

<sup>3</sup> OJ L 298, 26.10.2012, p. 1.

<sup>4</sup> OJ L 331, 15.12.2010, p. 48

<sup>5</sup> OJ L 357, 31.12.2002, p. 72.

Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council<sup>1</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 (A8-0000/2016),
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 2014;
  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).

---

<sup>1</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 2014 (2015/2189(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 2014,
  - 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 (A8-0000/2016),
- A. whereas, according to its financial statements, the final budget of the European Insurance and Occupational Pensions Authority ('the Authority') for the financial year 2014 was EUR 21 582 772, representing an increase of 15 % compared to 2013 due to the Authority's recently established nature; whereas 40 % of the budget of the Authority derives from the Union budget,
- B. whereas the Court of Auditors ('the Court'), in its report on the annual accounts of the European Insurance and Occupational Pensions Authority for the financial year 2014 ('the Court's report'), states that it has obtained reasonable assurances that the Authority's annual accounts for the financial year 2014 are reliable and that the underlying transactions are legal and regular.

#### ***Follow-up of 2013 discharge***

1. Notes from the Court's report that one comment made in the Court's 2012 report and marked as 'Outstanding' in the Court's 2013 report is now marked in the Court's report as 'Not Applicable'; notes furthermore that, regarding two comments made in the Court's 2013 report, corrective actions have been taken and those two comments are now marked as 'Completed' while one is marked as 'Not Applicable';
2. Acknowledges from the Authority that it has put in place extra approval arrangements to avoid ambiguity in the authorisation of legal commitments; notes in particular the regular revision of the Authority's financial circuits, introduction of specific finance and procurement training for all the Authority's staff involved in financial circuits as well as strengthening of finance and budget processes with a focus on compliance to the financial circuits;

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

3. Notes from the Court's report that the overall level of committed appropriations carried over was at 26%, and in particular for Title III at 66%; points out that these carryovers were mainly related to the multi-annual IT investments intended to build the Authority's

information capability and allowing the Agency the proper implementation of the challenging timeframe of the Solvency II Directive<sup>1</sup>;

4. Notes that the substantial shortfall in the Authority's 2015 budget required the rationalisation of the 2014 budget in order to use the available resources effectively and efficiently and to minimise the impact on the ongoing IT projects;
5. Acknowledges from the Authority that the majority of issues related to carryovers will diminish during 2016 when an advanced level of maturity of the Authority's IT capability is expected; notes in particular that the majority of carryovers are related to contractual obligations which the Authority entered into in 2014, but for which services delivery partially took place in 2015; further notes that, in addition to the IT projects, the carryovers covered expert reimbursements under the "Common Supervisory Culture" project, as well as meetings, missions and translations with an operational purpose;

### ***Transfers***

6. Notes from the Court's report that part of the commitments carried over were related to budget transfers made in November and December 2014; observes that those transfers relate to an increase in the operational budget of EUR 1 100 000 (19 %), through transfers of EUR 858 828 from the staff budget and from administrative expenditure of EUR 266 360; acknowledges that those transfers were intended to compensate for shortfalls in the Authority's 2015 budget following substantial budget cuts;

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

7. Notes that budget monitoring efforts during the financial year 2014 resulted in a budget implementation rate of 100 %, reaching the Authority's planned target and representing an increase of 3,26 % compared to 2013; further notes that the execution rate of payment appropriations was 74,1 %, missing the planned target by 6 % and representing an increase of 5,21 % compared to 2013;
8. Acknowledges that the Authority's budget and procurement processes have been revised to guarantee a full integration into the overall planning and procurement processes, which should better align the budgetary funds available to a given year;

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

9. Acknowledges that the Authority achieved a 100 % fulfilment of its establishment plan ; notes that, in total, 49 recruitment campaigns were launched and 27 new staff members joined the Authority, bringing the total to 129 staff members of 26 different nationalities;
10. Notes that the target for the Key Performance Indicator (KPI) on staff training was at 100 %, although only 80 % of staff were able to attend the job related training; regrets that the staff training KPI was not continued in 2015 as a result of budget cuts impacting on the Authority's training budget and its ability to make such a commitment in the future;

### ***Prevention and management of conflicts of interests and transparency***

---

<sup>1</sup> OJ L 153, 22.05.2014, p. 1



11. Notes that the Authority has published on its website the CVs, declarations of intentions and declarations of conflict of interests of the members of its Management Board, as well as those of the members of its Board of Supervisors;

### ***Internal controls***

12. Notes that the Authority implemented all relevant recommendations issued by the Commission's Internal Audit Service (IAS) in its limited review of the implementation of the Authority's Internal Control Standards (ICS); notes the progress made by the Authority in the area of internal control, in particular the strengthened planning, evaluation and reporting processes, the additional security measures and the development of an anti-fraud strategy for 2015-2017; notes, however, that the introduction of a Document Management System with accompanying procedures as well as the implementation of the remaining blocks of the Authority's business continuity capability were to be finalised in 2015; calls on the Authority to inform the discharge authority on the progress made in implementing these actions;

### ***Internal audit***

13. Notes that, in 2014, the IAS performed an audit of the Authority's planning and budget processes, and issued six recommendations, of which one was rated as 'Very Important'; acknowledges that the Authority developed a dedicated action plan in order to address all recommendations made by the IAS;

14. Notes with satisfaction that at the end of 2014 no critical or very important actions were still open from previous audits made by the IAS;

◦  
◦      ◦

15. Refers, for other observations of a cross-cutting nature accompanying its decision on discharge, to its resolution of [xx xxxx 2016]<sup>1</sup> [on the performance, financial management and control of the agencies].).

---

<sup>1</sup> Texts adopted of that date, P[8\_TA(-PROV)(2016)0000].