



Plenary sitting

A9-0101/2022

7.4.2022

REPORT

on discharge in respect of the implementation of the budget of the European Insurance and Occupational Pensions Authority for the financial year 2020 (2021/2130(DEC))

Committee on Budgetary Control

Rapporteur: Lefteris Christoforou

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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 2020 (2021/2130(DEC))

The European Parliament,

- having regard to the final annual accounts of the European Insurance and Occupational Pensions Authority for the financial year 2020,
- having regard to the Court of Auditors' annual report on EU agencies for the financial year 2020, together with the agencies' replies¹,
- 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 2020, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendation of 28 February 2022 on discharge to be given to the Authority in respect of the implementation of the budget for the financial year 2020 (06003/2022– C9-0085/2022),
- having regard to Article 319 of the Treaty on the Functioning of the European Union,
- having regard to Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012³, and in particular Article 70 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) 2019/715 of 18 December 2018 on the framework financial regulation for the bodies set up under the TFEU and Euratom Treaty and referred to in Article 70 of Regulation (EU, Euratom) 2018/1046 of

¹ OJ C 439, 29.10.2021, p. 3. ECA annual report on EU agencies for the 2020 financial year: <https://www.eca.europa.eu/en/Pages/DocItem.aspx?did=59697>.

² OJ C 439, 29.10.2021, p. 3. ECA annual report on EU agencies for the 2020 financial year: <https://www.eca.europa.eu/en/Pages/DocItem.aspx?did=59697>.

³ OJ L 193, 30.7.2018, p. 1.

⁴ OJ L 331, 15.12.2010, p. 48.

the European Parliament and of the Council⁵, and in particular Article 105 thereof,

- having regard to Rule 100 of and Annex V to its Rules of Procedure,
- having regard to the report of the Committee on Budgetary Control (A9-0101/2022),
- 1. Grants the Executive Director of the European Insurance and Occupational Pensions Authority discharge in respect of the implementation of the budget of the Authority for the financial year 2020;
- 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).

⁵ OJ L 122, 10.5.2019, p. 1.

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 2020 (2021/2130(DEC))

The European Parliament,

- having regard to the final annual accounts of the European Insurance and Occupational Pensions Authority for the financial year 2020,
- having regard to the Court of Auditors' annual report on EU agencies for the financial year 2020, together with the agencies' replies¹,
- 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 2020, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendation of 28 February 2022 on discharge to be given to the Authority in respect of the implementation of the budget for the financial year 2020 (06003/2022– C9-0085/2022),
- having regard to Article 319 of the Treaty on the Functioning of the European Union,
- having regard to Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012³, and in particular Article 70 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) 2019/715 of 18 December 2018 on the framework financial regulation for the bodies set up under the TFEU and Euratom Treaty and referred to in Article 70 of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council⁵, and in particular Article 105 thereof,

¹ OJ C 439, 29.10.2021, p. 3. ECA annual report on EU agencies for the 2020 financial year: <https://www.eca.europa.eu/en/Pages/DocItem.aspx?did=59697>.

² OJ C 439, 29.10.2021, p. 3. ECA annual report on EU agencies for the 2020 financial year: <https://www.eca.europa.eu/en/Pages/DocItem.aspx?did=59697>.

³ OJ L 193, 30.7.2018, p. 1.

⁴ OJ L 331, 15.12.2010, p. 48.

⁵ OJ L 122, 10.5.2019, p. 1.

- having regard to Rule 100 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control (A9-0101/2022),
1. Approves the closure of the accounts of the European Insurance and Occupational Pensions Authority for the financial year 2020;
 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 2020 (2021/2130(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 2020,
 - having regard to Rule 100 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control (A9-0101/2022),
- A. whereas, according to its statement of revenue and expenditure¹, the final budget of the European Insurance and Occupational Pensions Authority (the 'Authority') for the financial year 2020 was EUR 28 386 398, representing an increase of 4,60 % compared to 2019; whereas the Authority is financed by a contribution from the Union (EUR 10 489 363, representing 36,59 %) and contributions from national supervisory authorities from the Member States (EUR 17 491 035, representing 61,63 %);
- 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 2020 (the 'Court's report'), states that it has obtained reasonable assurance that the Authority's annual accounts are reliable and that the underlying transactions are legal and regular;

Budget and financial management

1. Notes with appreciation that budget monitoring efforts during the financial year 2020 resulted in a budget implementation rate of 100 %, similar to 2019; notes that the payment appropriations execution rate was 82,80 %, representing a decrease of 2,83 % compared to 2019;
2. Notes the Court's observation that the Authority did not apply the late interest specified in the Financial Regulation to late payments of 2020 contributions received from a number of Member States' and EFTA countries' national competent authorities (NCAs) with the amount of outstanding interest determined by the Court at EUR 9 952; notes that the Authority, after consulting with the Commission, decided to apply the late payment interest and that it informed the NCAs about that in the letters sent to them about their 2021 contributions; welcomes the Authority's corrective actions in that regard;

Performance

¹ OJ C 114, 31.03.2021, p. 161.

3. Notes that the Authority uses certain measures such as key performance indicators to assess the added value provided by its activities and other measures to improve its budget management; notes with appreciation that all but one target have been met, despite the difficulties that the COVID-19 pandemic crisis posed and the efforts that the Authority needed to invest in crisis management, in addition to implementing its work programme;
4. Notes that 295 products and services, or 88 % of the total, were delivered on time by the Authority, with a further 26 products and services experiencing minor delays and 13 not taken forward, often as a result of prioritisation of other more pressing demands caused by the COVID-19 crisis;
5. Notes the efforts invested by the Authority in crisis management due to the COVID-19 pandemic, which absorbed resources both for internal mitigating measures, such as the introduction of telework, and for crisis management in relation to its core operational processes and oversight role;
6. Stresses the important role that the Authority has in contributing actively to the development of a Union regulatory and practical framework for sustainability that is required to meet the political ambition and pressing timetable of the European Green Deal; notes in this regard the mandate given by the Commission to the Authority to investigate the environmental, social and governance (ESG) fitness of the prudential regime of Solvency II, and assess the current suitability of Directive (EU) 2016/2341 of the European Parliament and of the Council (IORP II Directive) regarding a long-term perspective; emphasises that the Authority's mandate on sustainability includes contributing to safeguarding the financial system's resilience against physical risks (such as natural disasters) as well; welcomes the Authority's work on the management of sustainability risks throughout 2020, for instance via sensitivity analyses, discussion papers, reports, workshops and consultations;

Staff policy

7. Notes the reappointment of the Authority's Executive Director for a second five-year term on 29 September 2020;
8. Notes that, on 31 December 2020, 100% of the establishment plan was implemented, with 127 temporary agents appointed out of 127 temporary agents authorised under the Union budget (compared to 115 authorised posts in 2019); notes that, in addition, 29 contract agents and 19 seconded national experts were employed by the Authority in 2020 (with 39 and 27 posts authorised respectively);
9. Welcomes the fact that the Authority, while working remotely, also performed its recruitment remotely, continued to put its focus on having the right profiles to ensure continued delivery of the Authority's mandate, and that the Authority continued integrating newcomers throughout the year by providing them with specific induction sessions and necessary support when joining the Authority remotely;
10. Notes that the Authority has six men (75 %) and two women (25 %) in senior management positions, four men (57,1 %) and three women (42,9 %) on its management board, and 81 men (48,5 %) and 86 women (51,5 %) in its overall staff; regrets the gender imbalance at senior management level and asks the Authority to

ensure gender balance at the management levels in the future;

11. Notes that an internal re-organisation took place in the Authority to strengthen its supervisory role by moving some teams across departments and transferring some teams to units in the Supervisory Processes Department and in the Oversight Department;

Procurement

12. Notes from the Court's report that on 19 May 2020 the Authority signed a contract for the provision of in-person training courses with an estimated maximum contract value of EUR 1 050 000; notes the Court's observation that despite the unfolding of the COVID-19 pandemic crisis at that time, and the limitations on events requiring presence in person, the Authority signed the contract and subsequently signed an amendment to the contract in August 2020 that included new contract items such as the provision of virtual training courses; notes that these virtual courses were set at fixed prices which were higher than the price of onsite training courses agreed in the initial contract, with those changes constituting new contract conditions that, had they been part of the initial procurement procedure, could have potentially attracted additional bidders without any geographical limitation imposed by the need for in-person training, at a more competitive cost; notes the Court's conclusion that the scope of the tender had been extended considerably, and that the amendment to the contract was substantial, thereby contravening Article 72(4)(a) and (c) of Directive No 2014/24/EU78, resulting in the Court declaring the amendment to the contract and all related payments before VAT of EUR 3 850 in 2020 irregular; welcomes the corrective actions taken in that regard by the Authority;

Prevention and management of conflicts of interest, and transparency

13. Notes that the Authority's report stated that all members and alternates of governing bodies shall duly sign a declaration of intention and a declaration of interest before being admitted to these governing bodies, and that there shall be bi-annual renewals of these declarations after admission, and that the Authority has procedures in place to identify, handle and mitigate any potential and actual conflicts of interests related to members and alternates; notes that both aforementioned declarations are published without undue delay on the Authority's website for transparency reasons and that it is also clearly indicated on the Authority's website that board of supervisors' members or alternates also serve as management board members or alternates; welcomes the fact that the Authority publishes the CVs of members and alternates on its website;

Internal control

14. Welcomes the fact that the Authority has implemented all critical and very important recommendations of the Commission's Internal Audit Service (IAS) and that it closely follows the implementation of the remaining recommendations;
15. Notes the Court's observation that the Authority has neither an ex ante nor an ex post control system in place to verify whether the amount of costs reimbursed to and requested by the national authorities for seconded national experts (SNEs) is as agreed; notes in relation to this that in 2020 the Authority reimbursed the gross salary of two SNEs from two different national authorities for the full period of their secondment, with the concerned the amounts of EUR 71 875 and EUR 74 880 paid in advance to the

respective national authorities without appropriate verification of the correctness of the amount reimbursed, thus exposing the Authority to the risk that the reimbursement for the staff cost of SNEs may be calculated on the basis of inaccurate costs, or that subsequent staff cost changes may not be captured and addressed on time; welcomes the Authority's response to the Court's observations by enhancing the controls for future SNEs' agreements;

16. Notes that the Authority carried out the annual assessment of its Internal Control Framework, concluding that all components and principles are implemented and function is as intended, with a number of improvements required; recalls the Court's finding on the amount of costs reimbursed to and requested by the national authorities for SNEs and notes that this finding of the Court, which was accepted by the Authority, potentially constitutes a weakness in internal control principle 10 (Select and develop control activities that mitigate risks) and principle 12 (Deploy control activities through policies and procedures), which potentially call into question the functioning of internal control component 3 (Control activities); further recalls the finding of the Court on procurement, that also potentially constitutes a weakness in the same internal control principles; calls on the Authority to explain to the discharge authority how the weaknesses identified by the Court were considered in the Authority's internal control assessment and why it still concluded that all components and principles function as intended;

COVID-19 response and business continuity

17. Notes that the Authority has put in place different measures regarding staff, visitors and Board members to slow down the spread of the COVID-19 virus and to ensure business continuity and notes in particular that all of the Authority's staff, governing bodies and working groups continued to work remotely, benefiting from the automatic workflows already in place; notes that the Authority reported budget savings of around EUR 1 000 000, primarily as a result of suspension of staff travel and exclusively remote meetings of staff, the management board and board of supervisors;

Other comments

18. Notes that, in 2020, the Agency provided factsheets for the general public, disseminated through the website and social media, including information on what consumers could expect from their insurance company in the context of the COVID-19 crisis, and what consumers should think about in the context of the UK's withdrawal from the Union;
19. Welcomes the continuing collaboration of the Authority with other agencies in the field of information technology; notes the rollout of SYSPER in September 2020, the work on an online voting tool for Board meetings based on software already chosen by other agencies and the jointly negotiated implementation of several important security initiatives; asks the Authority to report on the progress regarding the planning of a shared Security Operations Centre with the European Banking Authority, and the planning of a shared communication and collaboration space for the European Supervisory Authorities and all their stakeholders;

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20. Refers, for other observations of a cross-cutting nature accompanying its decision on discharge, to its resolution of [...] 2022² on the performance, financial management and control of the agencies.

² Texts adopted, P9_TA (2022)0000.

INFORMATION ON ADOPTION IN COMMITTEE RESPONSIBLE

Date adopted	31.3.2022
Result of final vote	+: 26 -: 1 0: 3
Members present for the final vote	Matteo Adinolfi, Gilles Boyer, Olivier Chastel, Caterina Chinnici, Lefteris Christoforou, Corina Crețu, Ryszard Czarnecki, José Manuel Fernandes, Raffaele Fitto, Luke Ming Flanagan, Isabel García Muñoz, Monika Hohlmeier, Jean-François Jalkh, Pierre Karleskind, Mislav Kolakušić, Joachim Kuhs, Ryszard Antoni Legutko, Claudiu Manda, Alin Mituța, Jan Olbrycht, Younous Omarjee, Markus Pieper, Michèle Rivasi, Petri Sarvamaa, Angelika Winzig, Lara Wolters, Tomáš Zdechovský
Substitutes present for the final vote	Bas Eickhout, Tsvetelina Penkova, Viola Von Cramon-Taubadel

FINAL VOTE BY ROLL CALL IN COMMITTEE RESPONSIBLE

26	+
ECR	Ryszard Czarnecki, Raffaele Fitto, Ryszard Antoni Legutko
PPE	Lefteris Christoforou, José Manuel Fernandes, Monika Hohlmeier, Jan Olbrycht, Markus Pieper, Petri Sarvamaa, Angelika Winzig, Tomáš Zdechovský
Renew	Gilles Boyer, Olivier Chastel, Pierre Karleskind, Alin Mituța
S&D	Caterina Chinnici, Corina Crețu, Isabel García Muñoz, Claudiu Manda, Tsvetelina Penkova, Lara Wolters
The Left	Luke Ming Flanagan, Younous Omarjee
Verts/ALE	Bas Eickhout, Michèle Rivasi, Viola Von Cramon-Taubadel

1	-
ID	Matteo Adinolfi

3	0
ID	Jean-François Jalkh, Joachim Kuhs
NI	Mislav Kolakušić

Key to symbols:

+ : grants discharge

- : postpones discharge

0 : abstention