2011 discharge: European Insurance and Occupational Pensions Authority (EIOPA)

2012/2208(DEC) - 11/09/2012 - Court of Auditors: opinion, report

PURPOSE: presentation of the EU Court of Auditors' report on the annual accounts of the European Insurance and Occupational Pensions Authority for the financial year 2011, together with the Authority's replies.

CONTENT: in accordance with the tasks conferred on the Court of Auditors by the Treaty on the Functioning of the European Union, the Court presents to the European Parliament and to the Council, in the context of the discharge procedure, a Statement of Assurance as to the reliability of the annual accounts of each institution, body or agency of the EU, and the legality and regularity of the transactions underlying them, on the basis of an independent external audit.

This audit concerned, amongst others, the annual accounts of the European Insurance and Occupational Pensions Authority (EIOPA).

In the Court's opinion, the **Authority's Annual Accounts fairly present, in all material respects, its financial position as of 31 December 2011** and the results of its operations and its cash flows for the year then ended, in accordance with the provisions of its Financial Regulation.

The Court also considers that the **transactions underlying the annual accounts** of the Authority for the financial year ended 31 December 2011 are, in all material respects, **legal and regular**.

The report confirms that the Authority's 2011 budget amounted to EUR 10.66 million. The number of staff employed by the Authority at the end of the year was 56.

The report also makes a series of observations on the budgetary and financial management of the Authority, accompanied by the latter's response. The main observations may be summarised as follows:

Court's comments:

- budget implementation: the Court notes that the commitment rates were low. At the end of 2011 the Authority recorded a positive budget outturn of EUR 2.8 million. In compliance with its Financial Regulation the full amount was then recorded in the accounts as a liability towards the European Commission;
- public procurement: the Court states that the audited procurement procedures were not fully consistent with the provisions of the general Financial Regulation. The Authority should ensure that all new contracts are awarded in full compliance with the EU procurement rules;
- recruitment: the Authority needs to improve the transparency of recruitment procedures.

Authority's replies:

- the Authority confirms that during the first year of EIOPA the execution rate was low. The rationale for this was triggered by a conscious decision from the Executive Director of not committing (and not spending) the budgeted amount for IT (30 % of the total EIOPA budget), following a lack of a strategic orientation from EIOPA's Board of Supervisors during 2011. EIOPA acknowledges that the Financial Regulation requires the full surplus to be accounted as a liability towards the European Commission;
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it is taking all the measures needed to ensure that in the future all contracts are awarded in full compliance with the Financial Regulation;
- the Authority states that a procurement officer was recruited and that in general recruitment procedures will be further improved.

Lastly, the Court of Auditors' report contains a summary of the **Authority's activities in 2011**. This is focused on the following:

- regulatory and supervisory tasks;
- consumer protection and financial innovation and input to the Commission's revision of the Insurance Mediation Directive (IMD);
- common supervisory culture and a series of satellite exercises;
- setting up of a Pilot Risk Dashboard;
- crisis management;
- regulatory and supervisory dialogues with US National Association of Insurance Commissioners (NAIC), the China Insurance Regulatory Commission (CIRC), the Japanese Financial Services Authority (Japanese FSA), the Latin American Association of Insurance Supervisors (ASSAL), the Brazilian competent supervisory authority for the private insurance sector (SUSEP) and the US Federal Insurance Office (FIO);
- conferences and public events in 2011.