

2013 discharge: European Insurance and Occupational Pensions Authority (EIOPA)

2014/2121(DEC) - 08/07/2014 - 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 (EIOPA) for the year 2013, together with the EIOPA's reply.

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).

Statement of assurance: pursuant to the provisions of Article 287 of the Treaty on the Functioning of the European Union (TFEU), the Court has audited:

- the annual accounts of the Authority, which comprise the financial statements and the reports on the implementation of the budget for the financial year ended 31 December 2013;
- the legality and regularity of the transactions underlying those accounts.

Opinion on the reliability of the accounts: in the Court's opinion, the Authority's annual accounts present fairly, in all material respects, its financial position as at 31 December 2013 and the results of its operations and its cash flows for the year then ended, in accordance with the provisions of its Financial Regulation and the accounting rules adopted by the Commission's accounting officer.

Opinion on the legality and regularity of the transactions underlying the accounts: in the Court's opinion, the transactions underlying the annual accounts for the year ended 31 December 2013 are legal and regular in all material respects.

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:

The Court's observations:

- **internal controls:** the Court noted that legal commitments were not always authorised by officers with a proper delegation and were not always preceded by a properly authorised budgetary commitment. This shows the need to improve the definition of, and compliance with, financial circuits in accordance with the Financial Regulation;
- **budgetary management:** the level of committed appropriations carried over further increased as compared with previous years and was high at EUR 5.2 million (28%). This mainly resulted from specific contracts with a cumulative value of EUR 3 million signed late in the year, particularly for the development and maintenance of a European database and other IT services to be provided in 2014. Although the related commitments are legal and regular and low cancellation rates for carry-overs from 2012 confirmed sound estimations, the extent to which 2013 appropriations were used to cover 2014 activities is at odds with the budgetary principle of annuality.

The Authority's reply:

- **internal controls:** with regard to the legal commitments, EIOPA has put in place extra approval arrangements taking away any ambiguity regarding the duly authorisation of these commitments. The corrective measures that have been taken are: regular revisions of EIOPA's financial circuits, strengthened finance and budget processes with a focus on compliance to the financial circuits as well as, in regular intervals, specific finance and procurement training for all EIOPA officials involved in the financial circuits;
- **budgetary management:** the Authority has developed a multi-annual IT strategy and implementation plan (including data standardisation, data collection, storage and analysis solutions as well as online communication and collaboration tools). Yet, as these carried over commitments are critical to the further implementation of the IT plan in accordance with the agreed timing, their execution rate will be again very high. Measures are needed to reduce the carry-over percentages in the next years.

Lastly, the Court of Auditors' report contains **a summary of the Authority's activities in 2013**. This is focused on the following:

Budget: EUR 18 767 470.

Activities:

- regulatory tasks: Quantitative impact study in the area of occupational pensions, professional secrecy & gap analysis reports for Australia, Chile, China, Hong Kong, Israel, Mexico, Singapore, South Africa;
- supervisory tasks: collection and dissemination of practical solutions and practical examples (PSEs), Action Plan for Colleges;
- consumer protection and financial innovation: reports on best practices by Insurance Intermediaries in handling complaints;
- common supervisory culture: peer reviews;
- financial stability: completion of the Long-Term Guarantee Assessment exercise;
- crisis management: finalisation of a comprehensive, decision-making framework setting out in detail the processes that the Authority will follow in discharging its crisis pre-emption and management responsibilities;
- conferences/other public events.