RESOLUTION (EU) 2021/1639 OF THE EUROPEAN PARLIAMENT

of 29 April 2021

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 2019

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 2019,

— having regard to Rule 100 of and Annex V to its Rules of Procedure,

— having regard to the opinion of the Committee on Economic and Monetary Affairs,

— having regard to the report of the Committee on Budgetary Control (A9-0079/2021),

A. whereas, according to its statement of revenue and expenditure ([1]), the final budget of the European Insurance and Occupational Pensions Authority (the 'Authority') for the financial year 2019 was EUR 27 138 027,61, representing an increase of 7,66 % compared to 2018; whereas the Authority is financed by a contribution from the Union (EUR 10 083 336, representing 37,16 %) and contributions from national supervisory authorities from the Member States (EUR 17 054 691,61, representing 62,84 %);

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 2019 (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 2019 resulted in a budget implementation rate of 100 %, similar to 2018; notes furthermore that the payment appropriations execution rate was at 85,63 %, representing an increase of 0,15 % compared to 2018;

2. Notes that, according to the Court's report, the budget documents of 2019 do not fully describe how the contributions from the Union and EFTA Members' national competent authorities (NCAs) were calculated and that the estimated value of NCAs' contributions for employer's pensions' contributions paid by the employer was not adjusted to the actual amount in 2019 resulting in a higher contribution than required; notes from the Authority's reply that its founding regulation (in particular, Article 62) determines the funding key for the Union and the NCAs' contributions, which is calculated according to a defined weighting factor, and that the actual pension figures are only known in December making remaining time until the year-end insufficient to prepare a budget amendment to reflect the actual amount;

3. Notes that, according to the Court's report, the contribution percentage for the NCAs and the Union is not consistent with the contributions made in 2017 (Union 37,16 % and the NCAs 62,84 %) and the surplus from 2017 was distributed in 2019 (Union 40 % and the NCAs 60 %); notes from the Authority's reply that its founding regulation determines the funding key for the Union (40 %) and the NCAs (60 %), however, due to a misconception, in 2017 and 2019 the total percentage for the recovery from the NCAs was greater than that from the Union; notes that the Authority reimbursed the full budgetary surplus of 2017 to the Union and the Union payed it back to the Authority in 2019, applying the original 40/60 funding key; calls on the Authority to improve its reporting policies to avoid substantial inconsistencies in the future;

([1]) OJ C 391, 18.11.2019, p. 29.

Performance

4. Notes with satisfaction 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, such as an average number of respondents for relevant public consultations on consumer protection topics and a 99 % budget implementation rate; notes with satisfaction that the Authority achieved its target for all key performance indicators;

5. Notes that 91 % of the Authority's work programme, including 303 different products and services, was delivered successfully and that remaining 9 % experienced minor delays as a result of prioritisation of other more pressing demands, dependencies on external parties and changing requirements;

6. Notes that the Authority is replacing its current e-human resources management system with Sysper, provided by the Commission; acknowledges that the Authority will benefit from lower costs, efficiency and synergies; notes that the project delays linked to the size of the project have been resolved and that it was expected to be implemented in 2020; calls on the Authority to report to the discharge authority on the concrete results in this regard;

7. Notes with satisfaction that the Authority is proactive in identifying opportunities for efficiency and synergies with other agencies, in particular with the European Banking Authority and the European Securities and Markets Authority through the European Supervisory Authorities' Joint Committee and through joint procurement procedures; welcomes the news that the Authority has been engaged with other agencies on areas related to FinTech, innovation and cyber resilience; strongly encourages the Authority to actively seek further and broader cooperation with all Union agencies;

8. Encourages the Authority to pursue the digitalisation of its services, as a way to reduce bureaucracy;

9. Welcomes the Authority's efforts towards a more coordinated supervisory regime across the European financial system; underlines its role of ensuring a stable, well-integrated, efficient and safe financial market; highlights the importance of consumer protection in the Union by promoting fairness and transparency on the product and financial services market, and looks forward to receiving an update on future measures taken in this direction, including also responses to the challenges of the digitalisation of the economy and sustainability measures;

10. Welcomes the Authority's new measures with a view to increased consumer protection, including bilateral country visits with a focus on conduct issues, supporting national competent authorities, and the development of cooperation platforms focusing on cross-border issues in order to address the need for closer supervision in certain Member States thereby addressing vulnerabilities in the insurance markets and protecting consumers from unfair practices of multinational insurance companies;

11. Underlines the duty of the financial system to respond appropriately to financial sustainability challenges, the European Green Deal, and the Paris Agreement;

12. Considers that the responsibilities of the Authority have progressively increased since its creation; notes that budget increases should be gradual and continuous over time in line with the increase in competences; considers that future responsibilities arising, inter alia, from the Digital Finance Strategy as well as the responsibilities inherent in the fight against money laundering require an adaptation of the Authority's financing;

13. Underlines that in certain cases the mandates adopted at level 1 of the legislation do not take into account the minimum timeframes required for the Authority to carry out the necessary work to develop and adopt level 2 measures, thereby requiring reallocations of resources and causing delays in the implementation of certain measures;

14. Notes that, as the Authority's workload is increasingly shifting from regulatory tasks to enforcing and applying Union law, budgetary and personnel resources have to be reallocated internally; points out that a strict focus on the mandate assigned by the Union legislator will ensure a more effective and more efficient use of resources; considers that further efforts are needed in terms of budget and recruitment and governance of management and procedures in order to foster supervisory convergence, thereby contributing to the functioning of the internal market; stresses the urgency of allocating sufficient resources to the Authority to allow it to carry out its allocated tasks in an adequate and efficient manner;

15. Believes that the Authority should take account of new digital challenges and those related to sustainability; considers that the fulfilment of these established objectives and their integration into the regulatory and supervisory framework must always be in line with the strengthening of the market, without undermining its competitiveness and without placing an excessive burden on market actors, especially small and medium-sized ones; considers that the monitoring of the implementation of these objectives must be met with adequate resources;

16. Points out that the Authority, when carrying out its activities, needs to pay attention to ensuring compliance with Union law, to respecting the principle of proportionality as a guiding principle and to complying with the fundamental principles which govern the internal market;

17. Calls on the Authority to ensure a proper follow-up and implementation of the Court's recommendations;

18. Calls on the Authority to address the long-term systemic challenges arising from the low real interest rate environment, which are particularly relevant for funded pension schemes and for some life insurance and insurance-based investment products, and also to inquire into potential solutions at Union level that would benefit consumers/investors and ensure financial stability of service providers;

19. Asks the Authority to address proactively sustainability and heterogeneity issues of private funded pension schemes in the Union in a way that protects consumers/investors as well as market integrity;

Staff policy

20. Notes that, on 31 December 2019, the establishment plan was 98,26 % implemented, with 113 temporary agents appointed out of 115 temporary agents authorised under the Union budget (compared to 112 authorised posts in 2018); notes that, in addition, 36 contract agents and 17 seconded national experts worked for the Authority in 2019;

21. Notes the lack of gender balance reported for 2019 with regard to the senior managers (six men and three women) and the management board (five men and three women); asks the Authority to ensure gender balance at the senior management level in the future; welcomes the Authority's intention to publish a shortlist consisting of at least one woman and one man for nomination as its Chair; calls on the Authority to draw inspiration from the European Central Bank's initiatives to propose internal programmes for the promotion of women and for greater diversity among its staff; welcomes the staff's geographical representation within the Authority;

22. Notes with regard to the follow-up on the previous year's Court report, that the Authority has not yet accomplished the shift from regulatory to supervisory tasks and that the Authority should strengthen human resources assigned to its supervisory tasks; notes that in 2021, the Authority plans to allocate 59,75 of available full-time equivalents (FTEs) to core supervisory tasks; calls the Authority to report to the discharge authority on the progress made;

23. Considers that the Authority should have some flexibility in the recruitment of its staff and the management of its resources, as it has to respond to the urgent, precise and technical needs of the sectors which it supervises;

24. Acknowledges that the composition of the Authority's board of supervisors seems appropriate to deal with the Authority's rulemaking responsibilities, but less so for its supervisory roles; reiterates its concern that national supervisors have a decisive say in the Authority's main governing body, which means that they are in a position to decide the scope of the Authority's action to review their own effectiveness (peer reviews); stresses that the lack of resources prevents the Authority from fulfilling its duties independently from Member States ([2]);

25. Is of the opinion that the combination of public-private experience that its staff brings is beneficial to the Authority; considers that systems should be explored to attract talent from the private sector to the public sector and vice versa, with minimum safeguards in place to promote the independence of both sectors; believes that the implementation of the rules in this area should be monitored by common bodies of the Union and should take into account the specific circumstances of each case;

Prevention and management of conflicts of interest and transparency

26. Takes note of the measures the Authority already has in place and its ongoing efforts to secure transparency, to prevent and manage conflicts of interest, and to protect whistleblowers; notes that the Authority publishes a register of meetings with external stakeholders on its website; notes that one case of conflict of interest was investigated in 2019; notes that some of the Authority's board of supervisors members' CVs and declarations of interest are not published on the Authority's website, and neither are those of the members of the management board; calls on the Authority to publish the CVs and declarations of interest of the members of the management board and to report to the discharge authority on the measures taken in this regard;

27. Notes previous years' comments about the problem of conflicts of interest arising from 'revolving door' situations and stresses the need for a unified approach among the agencies; notes that the Authority's ethics rules were revised and are being approved by the Commission; calls on the Authority to devote its best efforts to prevent 'revolving doors' situations; calls on the Authority to diligently inform the discharge authority about the status of the approval request for the revised ethics rules;

28. Calls on the Authority to implement the recommendations of the European Ombudsman in case 2168/2019/KR, in particular, where necessary, by invoking the option of forbidding its senior staff from taking up certain positions after the end of their term in office, setting out criteria for the possibility for staff to move to the private sector, informing applicants for senior posts of the Authority of the criteria when they apply, and putting in place internal procedures to ensure that when a member of its staff moves to another job, his or her access to the confidential information is withdrawn with immediate effect; further calls on the Authority to consider extending the 12-month mandatory cooling-off period for senior members of staff that contemplate a move that may give rise to post-public employment conflicts of interest;

29. Calls on the Authority to draw inspiration from the publication by the European Central Bank's ethics committee of its opinions on cases of conflicts of interest and post-mandate gainful employment, in order to increase transparency on potential conflicts of interest and on post-mandate gainful employment;

Internal Controls

30. Notes that the Commission's Internal Audit Service (IAS) issued an audit report on 'HR Management and Ethics' which led to six recommendations for improvement and the implementation of an action plan; notes that at the end of 2019 four important recommendations were still open; urges the Authority to inform the discharge authority about the status of implementation of those recommendations;

([2]) See special report of the Court of Auditors: 'In all its activities, EIOPA relies largely on co-operation with NCAs [national competent authorities], but it does not always receive their full support.(…) With only 20 staff members working on oversight issues and a further seven on related topics, EIOPA is faced with a real challenge in terms of carrying out the broad range of complex tasks for which it is responsible' https://www.eca.europa.eu/Lists/ECADocuments/SR18_29/SR_EIOPA_EN.pdf

31. Notes that IAS started a comprehensive audit on the oversight tools in the consumer protection area; notes that the outcome of that audit and consequent action plan was to be available by the end of 2020; calls on the Authority to report to the discharge authority on the outcome of the audit;

32. Notes that the Authority's new internal control framework was adopted by the management board in November 2018 and has been applied since January 2019; notes that the Authority's internal control function ran the first annual assessment of the entire system under the new internal control framework and concluded that all components and principles were implemented and function as intended; calls on the Authority to report how the calculation errors for the determination of the Union and EFTA Members' NCAs' contributions have been taken into account in the assessment and why this did not result in the identification of a deficiency in internal control principles 12 or 13;

Other comments

33. Notes, with regard to the UK's withdrawal from the Union, that the Authority issued recommendations in February 2019 on the treatment of cross-border business from residual contracts after the withdrawal date and that the Authority continued to closely monitor the developments and compliance with opinions and recommendations for the insurance sector;

34. Welcomes the efforts made to increase the Authority's cyber security and data protection;

35. Welcomes the Authority's efforts to provide a cost-effective and environmentally-friendly workplace and to reduce and offset its CO_2 emissions in the areas of premises and travel;

36. Refers, for other observations of a cross-cutting nature accompanying its decision on discharge, to its resolution of 29 April 2021 ([3]) on the performance, financial management and control of the agencies.

([3]) Texts adopted, P9_TA(2021)0215.