



Plenary sitting

A8-0128/2017

30.3.2017

REPORT

on discharge in respect of the implementation of the budget of the European
Railway Agency (now European Union Agency for Railways) for the financial
year 2015
(2016/2177(DEC))

Committee on Budgetary Control

Rapporteur: Inés Ayala Sender

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1. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

on discharge in respect of the implementation of the budget of the European Railway Agency (now European Union Agency for Railways) for the financial year 2015 (2016/2177(DEC))

The European Parliament,

- having regard to the final annual accounts of the European Railway Agency for the financial year 2015,
- having regard to the Court of Auditors' report on the annual accounts of the European Railway Agency for the financial year 2015, together with the Agency's reply¹,
- 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 2015, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendation of 21 February 2017 on discharge to be given to the Agency in respect of the implementation of the budget for the financial year 2015 (05873/2017 – C8-0063/2017),
- 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 1605/2002³, and in particular Article 208 thereof,
- having regard to Regulation (EC) No 881/2004 of the European Parliament and of the Council of 29 April 2004 establishing a European Railway Agency⁴, and in particular Article 39 thereof,
- having regard to Regulation (EU) 2016/796 of the European Parliament and of the Council of 11 May 2016 on the European Union Agency for Railways and repealing Regulation (EC) No 881/2004⁵, and in particular Article 65 thereof,
- 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 Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council⁶, and in particular Article 108 thereof,
- having regard to Rule 94 of and Annex IV to its Rules of Procedure,

¹ OJ C 449, 1.12.2016, p. 151.

² OJ C 449, 1.12.2016, p. 151.

³ OJ L 298, 26.10.2012, p. 1.

⁴ OJ L 164, 30.4.2004, p. 1.

⁵ OJ L 138, 26.5.2016, p. 1.

⁶ OJ L 328, 7.12.2013, p. 42.

- having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Transport and Tourism (A8-0128/2017),
- 1. Grants the Executive Director of the European Union Agency for Railways discharge in respect of the implementation of the Agency's budget for the financial year 2015;
- 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 Union Agency for Railways, 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).

2. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

**on the closure of the accounts of the European Railway Agency (now European Union Agency for Railways)) for the financial year 2015
(2016/2177(DEC))**

The European Parliament,

- having regard to the final annual accounts of the European Railway Agency for the financial year 2015,
- having regard to the Court of Auditors' report on the annual accounts of the European Railway Agency for the financial year 2015, together with the Agency's reply¹,
- 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 2015, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendation of 21 February 2017 on discharge to be given to the Agency in respect of the implementation of the budget for the financial year 2015 (05873/2017 – C8-0063/2017),
- 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 1605/2002³, and in particular Article 208 thereof,
- having regard to Regulation (EC) No 881/2004 of the European Parliament and of the Council of 29 April 2004 establishing a European Railway Agency⁴, and in particular Article 39 thereof,
- having regard to Regulation (EU) 2016/796 of the European Parliament and of the Council of 11 May 2016 on the European Union Agency for Railways and repealing Regulation (EC) No 881/2004⁵, and in particular Article 65 thereof,
- 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 Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council⁶, and in particular Article 108 thereof,
- having regard to Rule 94 of and Annex IV to its Rules of Procedure,

¹ OJ C 449, 1.12.2016, p. 151.

² OJ C 449, 1.12.2016, p. 151.

³ OJ L 298, 26.10.2012, p. 1.

⁴ OJ L 164, 30.4.2004, p. 1.

⁵ OJ L 138, 26.5.2016, p. 1.

⁶ OJ L 328, 7.12.2013, p. 42.

- having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Transport and Tourism (A8-0128/2017),
- 1. Approves the closure of the accounts of the European Railway Agency for the financial year 2015;
- 2. Instructs its President to forward this decision to the Executive Director of the European Union Agency for Railways, 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 Railway Agency (now European Union Agency for Railways)) for the financial year 2015 (2016/2177(DEC))

The European Parliament,

- having regard to its decision on discharge in respect of the implementation of the budget of the European Railway Agency for the financial year 2015,
 - having regard to Rule 94 of and Annex IV to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Transport and Tourism (A8-0128/2017),
- A. whereas, according to its financial statements, the final budget of the European Railway Agency (“the Agency”) for the financial year 2015 was EUR 26 345 000, representing an increase of 2,45 % compared to 2014; whereas the entire budget of the Agency derives from the Union budget,
- B. whereas the Court of Auditors, in its report on the annual accounts of the European Railway Agency for the financial year 2015 ("the Court's report"), stated that it has obtained reasonable assurances that the Agency's annual accounts are reliable and that the underlying transactions are legal and regular,
- C. whereas in the context of the discharge procedure, Parliament stresses the special importance of further strengthening the democratic legitimacy of the institutions of the Union by improving transparency and accountability, implementing the concept of performance based budgeting and good governance of human resources,

Follow-up of 2014 discharge

1. Acknowledges the fact that the Agency re-launched negotiations with the government of its host Member State on its headquarters agreement, which should lead to centralising all the Agency’s operations into one location and reducing of the costs; calls on the Agency to inform the discharge authority on the progress of the negotiations;

Budget and financial management

2. Notes that the budget monitoring efforts during the financial year 2015 resulted in a budget implementation rate of 99,10 %, representing an increase of 1,76 % compared to 2014 and that the payment appropriations execution rate was 89,78 %, representing an increase of 3,96 % compared to 2014;
3. Notes that, in accordance with the provisions of the new Agency Regulation that entered into force in June 2016, the Agency is authorised to charge fees for some of its new competences including the issuing of safety certificates, vehicle authorisations and

pre-approval of ERTMS trackside projects; notes that the Agency is establishing a fee mechanism and is taking into account the practices of other agencies and relevant national bodies; asks the Agency to keep the discharge authority informed on the development and implementation of this new mechanism;

Commitments and carry-overs

4. Notes that, according to the Agency, the level of the carry-overs were below the indicative ceilings used by the Court of Auditors to assess the budget execution (i.e. 10 % for Title 1, 20 % for Title 2 and 30 % for Title 3) for all budgetary titles;
5. Notes an improvement compared to 2014 with regard to the carry-overs (18,98% for Title II compared to 24,53% in 2014 and 29,42% compared to 37,93% in 2014 for Title III); welcomes the fact that the indicative ceilings used by the Court of Auditors to assess the budget execution at the level of carry-overs (10% for Title 1, 20% for Title 2 and 30% for Title 3) have been reached;

Procurement and recruitment procedures

6. Notes that, at the end of 2015, the Agency employed 154 permanent staff, of which 134 were temporary agents, 20 were contract agents and 3 were seconded national experts, compared to 151 members of permanent staff at the end of 2014; notes, moreover, according to the Agency, that 62 % of its staff is male and 38 % female; observes that, according to the Agency's job screening exercise, 64,61 % of the Agency's jobs are related to its operational activities (compared to 67,59 % in 2014), 21,14% are in the area of administrative support and coordination (compared to 20,72% in 2014) and 14,25% are neutral (compared to 11,69% in 2014);
7. Regrets the fact that only 92,6% of the invoices were paid within the set deadline of 30 days due to the delay in processing invoices by the Agency's staff, shortage of cash and disagreement with suppliers on the content of the invoices;

Prevention and management of conflicts of interest and transparency

8. Notes that, according to the Agency, its new policy on prevention and management of conflicts of interest for its Administrative Board members was approved; takes note that the Agency consequently published the declarations of absence of conflicts of interests and CVs of its Administrative Board members on its website; notes furthermore that an action for publishing the CVs and declarations of interest of the Agency's Management board will follow once the policy on conflict of interests is revised in 2017; calls on the Agency to publish CVs and declarations of interests of its Management Board members on Agency's website without further delay and carry out the revision of the policy parallel to it; calls on the Agency to report to the discharge authority on the result of the action;
9. Notes that the rules on protection of whistleblowers will be adopted in 2017; asks the Agency to inform the discharge authority on the implementation of these rulesNotes that the rules on protection of whistleblowers will be adopted in 2017; asks the Agency to inform the discharge authority on the implementation of these rules;

10. Notes that, according to the Agency, it started to implement the action plan defined in the Agency's Antifraud Strategy; notes in particular that the Agency organized two training sessions on ethics and integrity covering ethical values and on fraud prevention; notes that the attendance rate of the Agency's management was high, but was relatively low for the rest of the staff; notes that the training was to continue in 2016;
11. Notes that no cases of suspicion of fraud were transmitted by the Agency to the European Anti-Fraud Office (OLAF) in 2015; calls upon the Agency to inform the discharge authority on the results of OLAF's investigation and findings;

Internal audit

12. Acknowledges that no critical or very important recommendations were addressed to the Agency by the Commission's Internal Audit Service (IAS); notes that the IAS conducted an audit on Stakeholder Relationship Management and External Communication; takes note that as a result, the IAS issued four important recommendations; acknowledges from the Agency that the recommendations were in progress to be implemented in a timely manner within the framework of the Agency's Communication Strategy;
13. Notes that regarding the previous audits on Expert management in Interoperability, Annual Activity Reports and on The Planning and Budgeting Process the IAS concluded that all except one recommendation were implemented by the Agency, notes furthermore that regarding the only still open recommendation marked as 'very important' on reinforcement of recruitment procedure, the Agency revised its Selection procedure and introduced as a temporary measure ex-ante control of all selection procedures by its Internal Control Coordinator; acknowledges that the results of the ex-ante control were to be provided to the IAS as supportive evidence for the closure of the recommendation and looks forward to its evaluation;

Internal controls

14. Notes that the Agency has not yet fully complied with all the Internal Control Standards (ICS) in 2015; notes in particular that six of the ICS (namely No 2 'Ethics & Values', No 3 'Staff recruitment mobility, turn over', No 4 'Staff performance, management & development', No 9 'Management supervision', No 10 'Business continuity', and No 11 'Document management') were in the process of being implemented and that the ICS No 8 'Process and procedures' was already partially implemented; notes with satisfaction that the ICS No 12 on 'Information and communication' was implemented in 2015;
15. Notes that the Agency has adopted an Integrated Management System based on requirements specified in the Internal Control Standards and ISO 9001 series standards;
16. Notes that the 2015 risk assessment exercise highlighted risks related to the extension of the Agency's mandate in view of the entry into force of the technical pillar of the Fourth Railway Package as well as risks regarding potential security issues impacting interoperability and innovation challenges affecting railway competitiveness;

Communication policy

17. Notes with satisfaction that, in 2015, the Agency adopted a communication strategy that aimed to increase social media activities, to re-launch its public newsletter and its corporate design, to build up a repository of digital images to illustrate the Agency's work and accentuate its claim to work "for society"; notes that the Agency will present a new public website (in line with the Single Programming Document 2017) by early 2017;
18. Notes with satisfaction that in 2016 the Agency undertook several actions in order to communicate its activities, achievements and added value to the outside world through several public events, including the InnoTrans fair in September 2016, a forum on digitalisation of railways in Florence, a celebration on the occasion of the positive vote on the 4th Railway Package and its subsequent name change and numerous workshops organised by its operational units across Europe;

Other comments

19. Notes with concern a significant gender imbalance of 86 % / 14 % in the Agency's senior management team and 85 % / 15 % in its management board members; urges the Agency for these imbalances to be corrected and the results communicated to the discharge authority as quickly as possible;
20. Notes that 43 staff members participated in 2015 in away days for which the cost was EUR 5000 (EUR 116 per person) and 320 staff members participated in "Other events" (total EUR 21000, EUR 65 per person);
21. Highlights the Agency's strategic role in improving competitiveness of rail with other modes of transport, by reducing administrative and technical barriers, encouraging market entry and ensuring non-discrimination, spending public money more efficiently on public rail transport services and through better governance of the infrastructure;
22. Highlights the Agency's role in ensuring the safety and interoperability of European rail system; welcomes the Agency's role in the follow-up of the development, testing and implementation of European Railway Traffic Management System (ERTMS), as well as in evaluating the specific ERTMS projects; notes furthermore that a review of the Agency's role (e.g. one-stop-shop for vehicle authorisation and safety certification) and powers forms part of the Fourth Railway Package; stresses that, as the Agency receives greater responsibilities, it will need to be given the necessary financial, material and human resources to perform its new and additional tasks effectively and efficiently; notes, with concern, the contradiction between the recently approved legislation extending the scope of the Agency's mission and the budgetary cuts related to the Agency to be implemented within the scope of the multi-annual financial framework 2014-2020;
23. Supports the initiative taken by the Agency in 2015 to put in place a new process to get stronger engagement from Member States and stakeholders in the development of the 2016 work programme; welcomes the launch of the ERTMS Stakeholder platform and recalls that ERTMS is crucial for achieving a Single European Railway Area; stresses, therefore, that an optimised coordination of ERTMS development and deployment that ensures a single, transparent, stable, affordable, and interoperable ERTMS system throughout Europe is a key priority;

24. Welcomes the proactive approach of the Agency, which in 2016 has set up a task force in preparation for the adoption of the Fourth Railway Package and the new status of the Agency and its expanding role;
25. Welcomes the focused programme on the cleaning-up of national rules in order to reduce the impact or eliminate the existing barriers between Member States;
26. Supports the progress of the Agency towards an increased cooperation with the European Maritime Safety Agency (EMSA) and the European Aviation Safety Agency (EASA) in order to develop a common safety culture;
27. Recalls the European Parliament's position in budgetary procedure for recovering of total amounts relocated from the Connecting Europe Facility to the European Fund for Strategic Investments;
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 - ◦
28. Refers, for other observations of a cross-cutting nature accompanying its decision on discharge, to its resolution of [xx xxxx 2017]¹ [on the performance, financial management and control of the agencies].).

¹ Texts adopted of that date, P[8_TA(-PROV)(2017)0000].

28.2.2017

OPINION OF THE COMMITTEE ON TRANSPORT AND TOURISM

for the Committee on Budgetary Control

on discharge in respect of the implementation of the budget of the European Railway Agency
for the financial year 2015
(2016/2177(DEC))

Rapporteur: Claudia Schmidt

SUGGESTIONS

The Committee on Transport and Tourism calls on the Committee on Budgetary Control, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

1. Welcomes the finding of the Court of Auditors that the accounts of the European Railway Agency ('the Agency') for the 2015 financial year are legal and regular in all material aspects;
2. Notes that the Agency's annual budget for 2015 was EUR 26.3 million in commitment and payment appropriations and that the average implementation rates were 99.1% in commitment (including carry-overs) and 89,78% in payment appropriations (90,59% of the appropriations committed in 2015); further notes that 10, 07% carried over to 2016 mainly concern operational expenditures and that 96,3% of the appropriations carried over from 2014 have been executed;
3. Notes an improvement compared to 2014 with regard to the carry-overs (18,98% for Title II compared to 24,53% in 2014 and 29,42% compared to 37,93% in 2014 for Title III); welcomes the fact that the indicative ceilings used by the Court of Auditors to assess the budget execution at the level of carry-overs (10% for Title 1, 20% for Title 2 and 30% for Title 3) have been reached;
4. Regrets the fact that only 92,6% of the invoices were paid within the set deadline of 30 days due to the delay in processing invoices by the Agency's staff, shortage of cash and disagreement with suppliers on the content of the invoices;
5. Regrets that corrective actions regarding the Court's comments of 2013 regarding the double location of the Agency in Lille and Valenciennes have not yet been implemented;

regrets also that the recommendation on the reinforcement of the recruitment procedures have also not yet been implemented;

6. Regrets that full compliance with the Internal Control Standards has not yet been reached and that several activities with priority for 2015 are yet to be finalised, such as for example a procedure for job description, a competence management system, an incident management procedure;
7. Notes the results of the second benchmarking exercise on the Agency's posts, with 21,14% of the jobs dedicated to administrative support and coordination, 64,61% to operational tasks and 14,25% to control and financial tasks; regrets the decrease of proportion of staff directly affected to operational tasks;
8. Highlights the Agency's strategic role in improving competitiveness of rail with other modes of transport, by reducing administrative and technical barriers, encouraging market entry and ensuring non-discrimination, spending public money more efficiently on public rail transport services and through better governance of the infrastructure;
9. Highlights the Agency's role in ensuring the safety and interoperability of European rail system; welcomes the Agency's role in the follow-up of the development, testing and implementation of European Railway Traffic Management System (ERTMS), as well as in evaluating the specific ERTMS projects; notes furthermore that a review of the Agency's role (e.g. one-stop-shop for vehicle authorisation and safety certification) and powers forms part of the Fourth Railway Package; stresses that, as the Agency receives greater responsibilities, it will need to be given the necessary financial, material and human resources to perform its new and additional tasks effectively and efficiently; notes, with concern, the contradiction between the recently approved legislation extending the scope of the Agency's mission and the budgetary cuts related to the Agency to be implemented within the scope of the multi-annual financial framework 2014-2020;
10. Supports the initiative taken by the Agency in 2015 to put in place a new process to get stronger engagement from Member States and stakeholders in the development of the 2016 work programme; welcomes the launch of the ERTMS Stakeholder platform and recalls that ERTMS is crucial for achieving a Single European Railway Area; stresses, therefore, that an optimised coordination of ERTMS development and deployment that ensures a single, transparent, stable, affordable, and interoperable ERTMS system throughout Europe is a key priority;
11. Welcomes the proactive approach of the Agency, which has set up a task force in preparation for the likely adoption, in 2016, of the Fourth Railway Package and the new status of the Agency and its expanding role;
12. Welcomes the focused programme on the cleaning-up of national rules in order to reduce the impact or eliminate the existing barriers between Member States;
13. Supports the progress of the Agency towards an increased cooperation with the European Maritime Safety Agency (EMSA) and the European Aviation Safety Agency (EASA) in order to develop a common safety culture;
14. Recalls the European Parliament's position in budgetary procedure for recovering of total

amounts relocated from the Connecting Europe Facility to the European Fund for Strategic Investments;

15. Regrets that declarations of interests are still missing for several Members of the Board and urges the Agency to make them public without delay;
16. Welcomes the fact that the Agency has started the implementation of the action plan defined in the Agency Antifraud Strategy; deplores the fact, however, that , with the exception of management, the attendance rate of staffon training activities on fraud prevention was low;
17. Notes that the Agency has adopted an Integrated Management System based on requirements specified in the Internal Control Standards and ISO 9001 series standards;
18. Notes that the 2015 risk assessment exercise highlighted risks related to the extension of the Agency's mandate in view of the entry into force of the technical pillar of the Fourth Railway Package as well as risks regarding potential security issues impacting interoperability and innovation challenges affecting railway competitiveness;
19. Proposes that Parliament grants discharge to the Executive Director of the Agency in respect of the implementation of the Agency's budget for the financial year 2015.

RESULT OF FINAL VOTE IN COMMITTEE ASKED FOR OPINION

Date adopted	28.2.2017
Result of final vote	+: 38 -: 7 0: 0
Members present for the final vote	Daniela Aiuto, Lucy Anderson, Marie-Christine Arnautu, Georges Bach, Izaskun Bilbao Barandica, Luis de Grandes Pascual, Andor Deli, Karima Delli, Isabella De Monte, Ismail Ertug, Jacqueline Foster, Bruno Gollnisch, Dieter-Lebrecht Koch, Merja Kyllönen, Miltiadis Kyrkos, Bogusław Liberadzki, Peter Lundgren, Marian-Jean Marinescu, Georg Mayer, Gesine Meissner, Cláudia Monteiro de Aguiar, Jens Nilsson, Markus Pieper, Salvatore Domenico Pogliese, Tomasz Piotr Poręba, Gabriele Preuß, Christine Revault D'Allonnes Bonnefoy, Dominique Riquet, Massimiliano Salini, Claudia Schmidt, Jill Seymour, Claudia Țapardel, Keith Taylor, Pavel Telička, István Ujhelyi, Wim van de Camp, Janusz Zemke, Roberts Zīle, Kosma Złotowski
Substitutes present for the final vote	Jakop Dalunde, Mark Demesmaeker, Markus Ferber, Karoline Graswander-Hainz, Kateřina Konečná, Franck Proust

INFORMATION ON ADOPTION IN COMMITTEE RESPONSIBLE

Date adopted	22.3.2017
Result of final vote	+: 24 -: 5 0: 0
Members present for the final vote	Inés Ayala Sender, Dennis de Jong, Tamás Deutsch, Martina Dlabajová, Luke Ming Flanagan, Ingeborg Gräßle, Cătălin Sorin Ivan, Jean-François Jalkh, Bogusław Liberadzki, Monica Macovei, Notis Marias, José Ignacio Salafranca Sánchez-Neyra, Petri Sarvamaa, Claudia Schmidt, Bart Staes, Hannu Takkula, Derek Vaughan, Joachim Zeller
Substitutes present for the final vote	Richard Ashworth, Gerben-Jan Gerbrandy, Benedek Jávor, Karin Kadenbach, Julia Pitera, Patricija Šulin
Substitutes under Rule 200(2) present for the final vote	Raymond Finch, Jens Geier, Susanne Melior, Piernicola Pedicini, Janusz Zemke

FINAL VOTE BY ROLL CALL IN COMMITTEE RESPONSIBLE

24	+
ALDE	Martina Dlabajová, Gerben-Jan Gerbrandy, Hannu Takkula
ECR	Monica Macovei
GUE/NGL	Luke Ming Flanagan, Dennis de Jong
PPE	Tamás Deutsch, Ingeborg Gräßle, Julia Pitera, José Ignacio Salafranca Sánchez-Neyra, Petri Sarvamaa, Claudia Schmidt, Joachim Zeller, Patricija Šulin
S&D	Inés Ayala Sender, Jens Geier, Cătălin Sorin Ivan, Karin Kadenbach, Bogusław Liberadzki, Susanne Melior, Derek Vaughan, Janusz Zemke
VERTS/ALE	Benedek Jávor, Bart Staes

5	-
ECR	Richard Ashworth, Notis Marias
EFDD	Raymond Finch, Piernicola Pedicini
ENF	Jean-François Jalkh

	0

Key to symbols:

+ : in favour

- : against

0 : abstention