













Procedure file

| Basic information | | |
|--|--------------------------------|---|
| DEC - Discharge procedure | 2017/2186(DEC) | Procedure completed, awaiting publication in Official Journal |
| 2016 discharge: Shift2Rail Joint Undertaking - S2R Joint Undertaking | | |
| Subject 8.70.03.06 2016 discharge | | |

| Key players | | | |
|---------------------|---|--|------------|
| European Parliament | Committee responsible | Rapporteur | Appointed |
| |  Budgetary Control |  HAYES Brian | 20/09/2017 |
| | | Shadow rapporteur | |
| | |  POCHE Miroslav | |
| | |  CZARNECKI Ryszard | |
| | |  DLABAJOVÁ Martina | |
| | |  OMARJEE Younous | |
| | |  TARAND Indrek | |
| | |  VALLI Marco | |
| | |  KAPPEL Barbara | |
| | Committee for opinion | Rapporteur for opinion | Appointed |
| |  Industry, Research and Energy | The committee decided not to give an opinion. | |
| |  Transport and Tourism | | 03/10/2017 |
| | |  FERBER Markus | |
| European Commission | Commission DG Budget | Commissioner OETTINGER Günther | |

| Key events | | | |
|------------|--|-------------------------------|---------|
| 19/06/2017 | Non-legislative basic document published | COM(2017)0365 | Summary |
| 13/09/2017 | Committee referral announced in Parliament, 1st reading/single reading | | |
| 20/03/2018 | Vote in committee, 1st reading/single reading | | |
| 23/03/2018 | Committee report tabled for plenary, single reading | A8-0076/2018 | Summary |

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|------------|--|---|---------|
| 18/04/2018 | Debate in Parliament |  | |
| 18/04/2018 | Decision by Parliament, 1st reading/single reading | T8-0173/2018 | Summary |
| 18/04/2018 | End of procedure in Parliament | | |

Technical information

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|----------------------------|---|
| Procedure reference | 2017/2186(DEC) |
| Procedure type | DEC - Discharge procedure |
| Stage reached in procedure | Procedure completed, awaiting publication in Official Journal |
| Committee dossier | CONT/8/10878 |

Documentation gateway

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|---|-------------|--|------------|------|---------|
| Non-legislative basic document | | COM(2017)0365 | 19/06/2017 | EC | Summary |
| Court of Auditors: opinion, report | | N8-0049/2018 OJ C 426 12.12.2017, p. 0064 | 19/09/2017 | CofA | Summary |
| Committee draft report | | PE613.434 | 29/01/2018 | EP | |
| Supplementary non-legislative basic document | | 05943/2018 | 09/02/2018 | CSL | Summary |
| Committee opinion | TRAN | PE613.310 | 21/02/2018 | EP | |
| Amendments tabled in committee | | PE618.283 | 01/03/2018 | EP | |
| Committee report tabled for plenary, single reading | | A8-0076/2018 | 23/03/2018 | EP | Summary |
| Text adopted by Parliament, single reading | | T8-0173/2018 | 18/04/2018 | EP | Summary |

2017/2186(DEC) - 19/06/2017 Non-legislative basic document

PURPOSE: presentation by the Commission of the consolidated annual accounts of the European Union for the financial year 2016, as part of the 2016 discharge procedure.

Analysis of the accounts of the Shift2Rail Joint Undertaking - S2R.

CONTENT: the organisational governance of the EU consists of institutions, agencies and other EU bodies whose expenditure is included in the general budget of the Union.

This Commission document concerns the EU's consolidated accounts for the year 2016 and details how spending by the EU institutions and bodies was carried out. The consolidated annual accounts of the EU provide financial information on the activities of the institutions, agencies and other bodies of the EU from an accrual accounting and budgetary perspective.

It is the responsibility of the Commission's Accounting Officer to prepare the EU's consolidated annual accounts and ensure that they present fairly, in all material aspects, the financial position, the result of the operations and the cash flows of the EU institutions and bodies, including the S2R JU, with a view to granting discharge.

Discharge procedure: the final step of a budget lifecycle is the discharge of the budget for a given financial year. It represents the political aspect of the external control of budget implementation and is the decision by which the European Parliament, acting on a Council recommendation, "releases" the Commission (and other EU bodies) from its responsibility for management of a given budget by marking the end of that budget's existence. The European Parliament is the discharge authority within the EU.

The discharge procedure may produce three outcomes: (i) the granting; (ii) postponement or; (iii) the refusal of the discharge.

The final discharge report including specific recommendations to the Commission for action is adopted in plenary by the European Parliament and are subject to an annual follow up report in which the Commission outlines the concrete actions it has taken to implement the recommendations made.

Each agency is subject to its own discharge procedure, including the S2R JU.

The Shift2Rail Joint Undertaking: the S2R JU, located in Brussels (BE), was set up by [Council Regulation \(EU\) No 642/2014](#) and aims to contribute to the achievement of the Single European Railway Area, to a faster and less costly transition to a more attractive, user-friendly sustainable European rail system. It is set up for a period until 31.12.2024.

2017/2186(DEC) - 19/09/2017 Court of Auditors: opinion, report

PURPOSE: presentation of the EU Court of Auditors report on the annual accounts of the Shift2Rail Joint Undertaking for the financial year 2016, together with the Joint Undertakings 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 focused on the annual accounts of the Shift2Rail Joint Undertaking (public-private partnership in the rail sector). As a reminder, the Shift2Rail (S2R) Joint Undertaking, located in Brussels, was set up in June 2014 for a period of 10 years and started working autonomously on 24 May 2016. As the Joint Undertaking began autonomous operations in 2016, this years accounts are the first set of S2R financial statements audited by the ECA. Its objectives are to achieve a single European railway area; enhance the attractiveness and competitiveness of the European railway system; ensure a modal shift from road transport; and to maintain the European rail industrys leading position in the global market.

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 S2R, which comprise the financial statements and the reports on the implementation of the budget for the financial year ended 31 December 2016;
- the legality and regularity of the transactions underlying those accounts.

Opinion on the reliability of the accounts: in the Courts opinion, the Joint Undertakings annual accounts present fairly, in all material respects, its financial position as at 31 December 2016, and the results of its operations and its cash flows for the year then ended in accordance with the provisions of its financial rules and the rules adopted by the Commissions accounting officer.

Opinion on the legality and regularity of the transactions underlying the accounts: in the Courts opinion, the transactions underlying the annual accounts for the year ended 31 December 2016 are, in all material respects, legal and regular.

The audit also revealed the following points:

- **budgetary and financial management:** the final 2016 budget included commitment appropriations of EUR 50.2 million and payment appropriations of EUR 52.3 million. The utilisation rates for commitment and payment appropriations were 94 % and 82 % respectively. Most of the payments made by the Joint Undertaking in 2016 were pre-financing payments for Horizon 2020 projects selected under the 2015 and 2016 calls for proposals;
- **internal controls:** the S2R Joint Undertaking set up an action plan for the implementation of its internal control framework, which takes into account the results of a risk assessment completed by the Commissions Internal Audit Service in December 2016;
- **anti-fraud strategy:** although the Commissions research anti-fraud strategy is mandatory for the S2R JU, the Court noted that at the end of 2016, the JU had not yet performed a specific anti-fraud risk assessment, nor had it established an action plan for the implementation of its own anti-fraud strategy.

Joint Undertakings reply: only in 2017 did the S2R Joint Undertaking make the first steps to establish its own anti-fraud action plan. This will be followed by an impact assessment establishing the key objectives to mitigate the main weaknesses found and an evaluation of the anti-fraud strategy and the action plan (June 2018).

2017/2186(DEC) - 09/02/2018 Supplementary non-legislative basic document

Having examined the revenue and expenditure accounts for the financial year 2016 and the balance sheet as at 31 December 2016 of the Shift2Rail Joint Undertaking, as well as the Court of Auditors' report on the annual accounts of the Joint Undertaking for the financial year 2016, accompanied by the Joint Undertaking's replies to the Court's observations, the Council recommended the European Parliament to give a discharge to the Executive Director of the Joint Undertaking in respect of the implementation of the budget for the financial year 2016.

The Council welcomed the Court's opinion that, in all material respects, the Joint Undertaking's annual accounts present fairly its financial position as at 31 December 2016 and the results of its operations and its cash flows for the year then ended, in accordance with the provisions of the Joint Undertaking's Financial Rules, and that the underlying transactions for 2016 are legal and regular in all material respects.

Nevertheless, the following observations were made:

- **anti-fraud:** the Council urged the Joint Undertaking to perform a specific anti-fraud risk assessment and to establish an action plan for the implementation of its own anti-fraud strategy;
- **project funding:** the Council called on the Joint Undertaking to pay due attention to the financial risk associated with the completion of projects and to avoid the high concentration of total project funding to a single coordinating partner;
- **procurement:** the Council also invited the Joint Undertaking to introduce a methodology to systematically assess the needs and costs of contracts in its procurement procedures.

2017/2186(DEC) - 23/03/2018 Committee report tabled for plenary, single reading

The Committee on Budgetary Control adopted the report by Brian HAYES (EPP, IE) on discharge in respect of the implementation of the budget of the Shift2Rail Joint Undertaking for the financial year 2016.

The committee called on the European Parliament to grant the Executive Director discharge in respect of the implementation of the Joint Undertakings budget for the financial year 2016.

Noting that the Court of Auditors issued a statement of assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions for the financial year 2016, Members called on Parliament to approve the closure of the joint undertakings accounts.

They made, however, a number of recommendations that need to be taken into account when the discharge is granted. They may be summarised as follows:

Budget and financial management: Members noted that the final 2016 budget available for implementation included commitment appropriations of EUR 50 200 000 and payment appropriations of EUR 52 300 000. The utilisation rates for commitment and payment appropriations were 94 % and 82 % respectively which represent a low level especially for payment appropriations. Most of the payments made by the Joint Undertaking in 2016 were pre-financing payments for Horizon 2020 projects selected under the 2015 and 2016 calls for proposals.

Other observations: the report also contained a series of observations on procurement and recruitment procedures, the prevention and management of conflicts of interests and internal control systems.

Members regretted that at the end of 2016, the Joint Undertaking had not yet performed a specific anti-fraud risk assessment, nor had it established an action plan for the implementation of its own anti-fraud strategy.

Highlighting that the objectives of the Joint Undertaking are to achieve a Single European Railway Area and to enhance the attractiveness and competitiveness of the European railway system, Members stressed that it is significantly important to identify among the research and innovation projects those that are capable to bring innovative solutions to the market.

On funding, Members also stressed that there is a need to foresee the use of the principle of multiannual financing and to adopt flexible timetables for publishing projects proposals.

They insisted on the importance of the cooperation between the Joint Undertaking and the Union Agency for Railways (ERA).

During the first months since it became autonomous, the Joint Undertaking started some exploratory work to consider how to make use of activities planned in other Union programmes and funds, in relation to the railway sector, in particular EFSI, Regional and Cohesion fund. The Joint Undertaking intends to further develop this activity. Members stressed that the necessity of complementary financing using the relevant funding instruments is key to build a competitive railway system in the future.

2017/2186(DEC) - 18/04/2018 Text adopted by Parliament, single reading

The European Parliament decided to grant discharge to the Executive Director of the Shift2Rail Joint Undertaking for the financial year 2016 and approve the closure of the accounts of the Joint Undertaking for the financial year in question.

Noting that the Court of Auditors finds that the Joint Undertakings annual accounts present fairly, in all material respects, its financial position as at 31 December 2016 as well as the results of its operations and cash flows, Parliament adopted by 489 votes to 144, with 6 abstentions, a resolution containing a series of recommendations, which form an integral part of the decision on discharge:

Budget and financial management: the final 2016 budget available for implementation included commitment appropriations of EUR 50 200 000 and payment appropriations of EUR 52 300 000. The utilisation rates for commitment and payment appropriations were 94 % and 82 % respectively which represent a low level especially for payment appropriations. Most of the payments made by the Joint Undertaking in 2016 were pre-financing payments for Horizon 2020 projects selected under the 2015 and 2016 calls for proposals.

Out of the EUR 350 million of contributions to be made by the industry members to the operational activities and administrative costs of the Joint Undertaking, by the end of 2016, i.e. four months after the Joint Undertaking had launched its first Horizon 2020 projects, the members had reported in-kind contributions of EUR 4.5 million for operational activities, of which EUR 3 million had been certified. The governing board had validated cash contributions to the Joint Undertakings administrative costs of EUR 3.2 million.

By the end of 2016, the total contributions from industry members amounted to EUR 62.7 million, compared to the Unions cash contribution of EUR 48.5 million.

Other observations: the resolution also contained a series of observations on procurement and recruitment procedures, the prevention and management of conflicts of interests and internal control systems.

Members regretted that at the end of 2016, the Joint Undertaking had not yet performed a specific anti-fraud risk assessment, nor had it established an action plan for the implementation of its own anti-fraud strategy.

Highlighting that the objectives of the Joint Undertaking are to achieve a Single European Railway Area and to enhance the attractiveness and competitiveness of the European railway system, Members stressed that it is significantly important to identify among the research and innovation projects those that are capable to bring innovative solutions to the market.

On funding, the resolution also stressed that there is a need to foresee the use of the principle of multiannual financing and to adopt flexible timetables for publishing projects proposals.

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During the first months since it became autonomous, the Joint Undertaking started some exploratory work to consider how to make use of activities planned in other Union programmes and funds, in relation to the railway sector, in particular EFSI, Regional and Cohesion fund. The Joint Undertaking intends to further develop this activity. Members stressed that the necessity of complementary financing using the relevant funding instruments is key to build a competitive railway system in the future.

