



---

*Plenary sitting*

---

**A8-0106/2016**

7.4.2016

# REPORT

on discharge in respect of the implementation of the budget of the European  
Railway Agency for the financial year 2014  
(2015/2179(DEC))

Committee on Budgetary Control

Rapporteur: Derek Vaughan

## CONTENTS

	<b>Page</b>
1. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION .....	3
2. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION .....	5
3. MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION .....	7
OPINION OF THE COMMITTEE ON TRANSPORT AND TOURISM .....	12
RESULT OF FINAL VOTE IN COMMITTEE RESPONSIBLE .....	16

## 1. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

### **on discharge in respect of the implementation of the budget of the European Railway Agency for the financial year 2014 (2015/2179(DEC))**

*The European Parliament,*

- having regard to the final annual accounts of the European Railway Agency for the financial year 2014,
- having regard to the Court of Auditors' report on the annual accounts of the European Railway Agency for the financial year 2014, together with the Agency's replies<sup>1</sup>,
- having regard to the statement of assurance<sup>2</sup> 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 2014, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendation of 12 February 2016 on discharge to be given to the Agency in respect of the implementation of the budget for the financial year 2014 (05584/2016 – C8-0077/2016),
- 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 1605/2002<sup>3</sup>, 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 Agency<sup>4</sup>, and in particular Article 39 thereof,
- having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities<sup>5</sup>,
- 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 Council<sup>6</sup>, and in particular Article 108 thereof,

---

<sup>1</sup> OJ C 409, 9.12.2015, p. 238.

<sup>2</sup> OJ C 409, 9.12.2015, p. 238.

<sup>3</sup> OJ L 298, 26.10.2012, p. 1.

<sup>4</sup> OJ L 164, 30.4.2004, p. 1.

<sup>5</sup> OJ L 357, 31.12.2002, p. 72.

<sup>6</sup> OJ L 328, 7.12.2013, p. 42.

- having regard to Rule 94 of and Annex V 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 (A8-0106/2016),
1. Grants the Executive Director of the European Railway Agency discharge in respect of the implementation of the Agency's budget for the financial year 2014;
  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 Railway Agency, 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 for the financial year 2014  
(2015/2179(DEC))**

*The European Parliament,*

- having regard to the final annual accounts of the European Railway Agency for the financial year 2014,
- having regard to the Court of Auditors' report on the annual accounts of the European Railway Agency for the financial year 2014, together with the Agency's replies<sup>1</sup>,
- having regard to the statement of assurance<sup>2</sup> 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 2014, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendation of 12 February 2016 on discharge to be given to the Agency in respect of the implementation of the budget for the financial year 2014 (05584/2016 – C8-0077/2016),
- 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 1605/2002<sup>3</sup>, 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 Agency<sup>4</sup>, and in particular Article 39 thereof,
- having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities<sup>5</sup>,
- 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 Council<sup>6</sup>, and in particular Article 108 thereof,

---

<sup>1</sup> OJ C 409, 9.12.2015, p. 238.

<sup>2</sup> OJ C 409, 9.12.2015, p. 238.

<sup>3</sup> OJ L 298, 26.10.2012, p. 1.

<sup>4</sup> OJ L 164, 30.4.2004, p. 1.

<sup>5</sup> OJ L 357, 31.12.2002, p. 72.

<sup>6</sup> OJ L 328, 7.12.2013, p. 42.

- having regard to Rule 94 of and Annex V 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 (A8-0106/2016),
1. Notes that the final annual accounts of the European Railway Agency are as annexed to the Court of Auditors' report;
  2. Approves the closure of the accounts of the European Railway Agency for the financial year 2014;
  3. Instructs its President to forward this decision to the Executive Director of the European Railway Agency, 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 for the financial year 2014  
(2015/2179(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 2014,
  - having regard to Rule 94 of and Annex V 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 (A8-0106/2016),
- A. whereas, according to its financial statements, the final budget of the European Railway Agency (“the Agency”) for the financial year 2014 was EUR 25 715 600, representing a decrease of 0,55 % compared to 2013; 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 2014 ("the Court's report"), has stated that it has obtained reasonable assurances that the Agency's annual accounts are reliable and that the underlying transactions are legal and regular;

#### ***Budget and financial management***

1. Notes that the budget monitoring efforts during the financial year 2014 resulted in a high budget implementation rate of 97,34 %, representing a decrease of 0,53 % compared with 2013; notes, furthermore, that the payment appropriations execution rate was 85,82 %, representing a decrease of 2,3 % compared with the previous year;

#### ***Commitments and carry-overs***

2. Notes from the Court's report that the level of committed appropriations carried over for Title III (operational expenditure) was at EUR 2 200 000 (37,7 %); notes furthermore that these carryovers relate to delayed operational and IT projects and result from contracts being signed late in the financial year due to the procurement procedures being launched only after the adoption of Agency's budget and work programme; notes that the carryovers are closely followed by the Agency, reaching an execution rate of at least 95% in the following year;
3. Calls on the Agency as far as possible to reduce the level of committed appropriations carried over in the future in order to strengthen transparency and accountability;

#### ***Procurement and recruitment procedures***

4. Notes from the Court's report that the Agency reopened a competition procedure for the

award of a specific contract in the context of the “European Rail Traffic Management System” framework contract; notes, moreover, that both the excessive weighting of quality and the high maximum contract value in the reopening tender resulted in financial offers close to the maximum contract value; has ascertained, however, that this is in contradiction with the objective of reopening a competition procedure, which is to ensure competition on price; acknowledges that the Agency was preparing internal guidance on the use of the reopening of the competition procedure to ensure better competition on price at the time of the audit; asks the Agency to inform the discharge authority about the advancements achieved in this regard;

5. Notes that the Agency revised its selection procedures and made a number of improvements to the recruitment process in order to ensure full transparency and equal treatment of candidates; takes note that some further weaknesses were detected by the Commission's Internal Audit Service (IAS) resulting in the Agency introducing an ex-ante control in order to ensure an independent monitoring of the selection procedures;
6. Takes note of the fact that the Agency adopted a decision enabling the use of long-term employments for its operational staff; ascertains that it has enabled the possibility of long-term employment for the operational staff into its new regulation, as this possibility is expected to be incorporated in the new founding regulation of the Agency<sup>1</sup>;
7. Has ascertained that the Agency published the CVs and declarations of conflicts of interests of the majority of its Administrative Board members; regrets, however, that some declarations of conflicts of interests of its Administrative Board members as well as of its management staff are still pending; expressly notes that this practice does not further transparency and consequently the Agency should publish the remaining declarations without delay;
8. Notes the results of the first benchmarking exercise on the Agency's posts, with 20,9% of the jobs dedicated to administrative support and coordination, 67,6% to operational tasks and 11,7% to control and financial tasks;
9. Acknowledges that the selection and engagement procedures carried out in 2014 led to 96% of the establishment plan being completed; welcomes the reduction of the previous high turnover in the operational staff and expects that the adoption of the new European Railway Agency Regulation will allow the Agency to achieve an appropriate balance of short- and long-term staff, in particular in operational units, in order to ensure business continuity;

#### ***Prevention and management of conflicts of interest and transparency***

10. Has ascertained that the Agency published the CVs and declarations of conflicts of interests of the majority of its Administrative Board members; notes that the Agency is set to publish the remaining declarations of conflicts of interests of its Administrative Board members as well as of its management staff;
11. Takes note of the fact that the Agency's anti-fraud strategy was submitted to the

---

<sup>1</sup> Proposal for a Regulation of the European Parliament and of the Council on the European Union Agency for Railways and repealing Regulation (EC) No 881/2004, COM(2013) 27 final, 30.1.2013



Administrative Board in November 2014 and adopted in March 2015; notes that this anti-fraud strategy takes fully into account the European Anti-Fraud Office's "Methodology and guidance for anti-fraud strategies for EU decentralised Agencies", and provides objectives for the Executive Director and the Administrative Board in the fight against fraud;

12. Notes that the Agency has in place a conflicts of interest policy for its staff and seconded national experts since 2012; acknowledges that this policy will be reviewed in the near future and calls on the Agency to report to the discharge authority on the progress made in this regard;

### ***Internal audit***

13. Has ascertained from the Agency that the IAS during 2014 issued one recommendation marked as "very important", which was closed by the Agency in December 2015; takes note of the fact that, further to the IAS' follow-up of audit recommendations from previous years, two recommendations were closed by the Agency and four recommendations were being addressed by the Agency at the end of 2015; calls on the Agency to report to the discharge authority on the progress made in the implementation of these recommendations;

### ***Internal controls***

14. Acknowledges that an Internal Control Coordinator was appointed in March 2014 to support the development of an integrated management system and the implementation of the internal control standards, which will enhance the quality and relevance of the Agency's work;
15. Has ascertained that the Agency assessed the effectiveness of its key internal control systems during the financial year 2014 and concluded that the 16 Internal Control Standards (ICS) are effectively implemented; notes, furthermore, that the assessment of the ICS showed the Agency was fully compliant with eight ICS and partially compliant with the other eight ICS; calls on the Agency to report to the discharge authority on the results of its action plans for achieving full compliance with the prioritised ICS;

### ***Performance***

16. Notes the high number of outputs (240) and key performance indicators (41) in the Agency's work programme 2014 and annual report; supports the view that a reporting system based on the Agency's impact on the railway sector would enhance transparency and visibility on mission delivery by the Agency;

### ***Other comments***

17. Notes that the participation of the civil society in the Agency's work during 2014 was ensured through the Agencies' stakeholders representation in its Administrative Board and the consultation process for development of its work programme; takes note of the visibility of the Agency through its presence on social media, participation in public events, cooperation with railway-related academia, settlement of working parties and periodic stakeholders surveys with the aim of obtaining and analysing feedback from the

groups of interest;

18. Calls for an overall improvement in the prevention of, and the fight against, corruption through a holistic approach, commencing with better public access to documents and more stringent rules on conflicts of interest, the introduction or strengthening of transparency registers and the provision of sufficient resources for law enforcement measures, and also through improved cooperation among Member States and with relevant third countries;
19. States that the annual reports of the Agency could play an important role in compliance regarding transparency, accountability and integrity; calls on the Agency to include a standard chapter on these components in its annual report;
20. Takes note of the fact that the Agency shares its Accounting Officer with the European Securities and Markets Authority and certain facilities with the Translation Centre for the Bodies of the European Union in order to create synergies and achieve cost-effectiveness;
21. Notes that although the Agency became operational in 2005 it has been working on the basis of correspondence and exchanges with the host Member State since a comprehensive headquarters agreement between the Agency and the host Member State was not signed; acknowledges that the Government of the host Member State recently initiated informal discussions with the Agency on this matter; calls on the Agency and the host Member State to address this issue as a matter of urgency and to inform the discharge authority on the progress of the negotiations;
22. Deplores the fact that using two locations to carry out its activities exposes the Agency to additional costs and represents a waste of the European taxpayer's money; demands that this issue be addressed in order to restore value for taxpayer's money and operational efficiency while also avoiding needless indirect cost such as "wasted" working hours due to travelling or additional administrative work;
23. Points out that the Agency's role in ensuring the safety and interoperability of European rail system; welcomes the Agency's role in following up 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 it receives greater responsibilities, the Agency 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 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;
24. Encourages the Agency to collaborate with Member States in order to increase the number and quality of railway projects, especially ERTMS projects, proposed under the Connecting Europe Facility (CEF) transport programme; recalls the Parliament's position in budgetary procedure for recovering of total amounts relocated from the CEF to the European Fund for Strategic Investments;

◦

◦ ◦

25. Refers, for other observations of a cross-cutting nature accompanying its decision on discharge, to its resolution of [xx xxxx 2016]<sup>1</sup> [on the performance, financial management and control of the agencies].

---

<sup>1</sup> Texts adopted of that date, [P8\_TA(-PROV)(2016)0000].

17.2.2016

## **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 2014  
(2015/2179(DEC))

Rapporteur: Inés Ayala Sender

### **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 2014 financial year are in order;
2. Notes that the Agency's annual budget for 2014 was EUR 25,7 million in commitment and payment appropriations and that the average implementation rates were 97,34% in commitment (including carry-overs) and 96,87% in payment appropriations;
3. Criticises the increase of the carry-overs for Titles II (24,53%) and III (37,93%) compared with the previous year, in particular with the level of committed appropriations carried over for the operational Title III at EUR 2,2 million, due to delayed operational and IT projects; calls the Agency to improve budget planning and execution and reduce this level to the indicative ceilings established by the Court of Auditors (20% for Title II and 30% for Title III); in accordance with the budgetary principle of annuality in the framework of the MFF; calls the Commission to address the specific common problems that Agencies face as regards carry-overs;
4. Takes note of the Court's comment on the procedure of awarding a specific framework contract on European Railway Traffic Management System (ERTMS) which resulted in financial offers close to the maximum contract value; calls the Agency to appropriately use these types of competition procedures in order to seek competition on the price while ensuring the quality of the projects chosen;
5. Welcomes the corrective actions undertaken to improve accuracy and documentation of

information used in the Agency's procurement procedures, and to comply with its Internal Control Standards (ICS) regarding business continuity; notes that while the overall internal control system is effective, compliance with ICS should be further improved; encourages the Agency to continue identifying areas and apply measures to improve effectiveness of its Integrated Management System; welcomes in this sense the recruitment of an internal control coordinator during 2014 to support the development of an integrated management system and the implementation of the internal control standards;

6. Notes the results of the first benchmarking exercise on the Agency's posts, with 20,9% of the jobs dedicated to administrative support and coordination, 67,6% to operational tasks and 11,7% to control and financial tasks;
7. 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 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 it receives greater responsibilities, the Agency 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 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;
8. Encourages the Agency in collaborating with Member States in order to increase the number and quality of railway projects, especially ERTMS projects, proposed under the Connecting Europe Facility (CEF) transport programme; recalls the European Parliament's position in budgetary procedure for recovering of total amounts relocated from the CEF to the European Fund for Strategic Investments;
9. Notes the high number of outputs (240) and key performance indicators (41) in the Agency's work programme 2014 and annual report; supports the view that a reporting system based on the Agency's impact on the railway sector would enhance transparency and visibility on mission delivery by the Agency;
10. Welcomes the decision of the Management Board to adopt a Conflict of Interests Policy and the publication on the Agency's website of declaration of interests and CVs of the Member of the Management Board; regrets however, that declarations are missing for several Members of the Board and urges the Agency to make them public without delay;
11. Acknowledges that the Agency has reviewed its recruitment procedures and guidance to address issues identified during audits; regrets that action to resolve such issues has not been taken more swiftly, and has put in place, as a temporary measure, additional controls to remain in place until there is sufficient evidence that procedures are carried out satisfactorily;
12. Acknowledges that the selection and engagement procedures carried out in 2014 led to 96% of the Establishment Plan being completed; welcomes the reduction of the previous high turnover in the operational staff and expects that the adoption of the new European

Railway Agency Regulation will allow the Agency to have appropriate balance of short- and long-term staff, in particular in operational units, in order to ensure business continuity;

13. Proposes that Parliament grants the Executive Director of the European Railway Agency discharge in respect of the implementation of the Agency's budget for the financial year 2014.

## RESULT OF FINAL VOTE IN COMMITTEE ASKED FOR OPINION

<b>Date adopted</b>	16.2.2016
<b>Result of final vote</b>	+: 37 -: 9 0: 0
<b>Members present for the final vote</b>	Daniela Aiuto, Lucy Anderson, Marie-Christine Arnautu, Inés Ayala Sender, Georges Bach, Izaskun Bilbao Barandica, Deirdre Clune, Michael Cramer, Luis de Grandes Pascual, Andor Deli, Karima Delli, Isabella De Monte, Ismail Ertug, Jacqueline Foster, Bruno Gollnisch, Dieter-Lebrecht Koch, Stelios Kouloglou, Merja Kyllönen, Bogusław Liberadzki, Peter Lundgren, Marian-Jean Marinescu, Georg Mayer, Gesine Meissner, Jens Nilsson, Markus Pieper, Salvatore Domenico Pogliese, Tomasz Piotr Porba, Gabriele Preuß, Christine Revault D'Allonnes Bonnefoy, Dominique Riquet, Massimiliano Salini, Claudia Schmidt, Jill Seymour, Keith Taylor, Pavel Telička, István Ujhelyi, Peter van Dalen, Wim van de Camp, Elissavet Vozemberg-Vrionidi, Janusz Zemke, Kosma Złotowski, Elżbieta Katarzyna Łukacijewska
<b>Substitutes present for the final vote</b>	Daniel Dalton, Karoline Graswander-Hainz, Olga Sehnalová
<b>Substitutes under Rule 200(2) present for the final vote</b>	Gabriel Mato

## RESULT OF FINAL VOTE IN COMMITTEE RESPONSIBLE

<b>Date adopted</b>	4.4.2016						
<b>Result of final vote</b>	<table><tr><td>+:                   </td><td>15</td></tr><tr><td>–:                   </td><td>4</td></tr><tr><td>0:                   </td><td>0</td></tr></table>	+:	15	–:	4	0:	0
+:	15						
–:	4						
0:	0						
<b>Members present for the final vote</b>	Louis Aliot, Inés Ayala Sender, Dennis de Jong, Martina Dlabajová, Ingeborg Gräßle, Verónica Lope Fontagné, Monica Macovei, Dan Nica, Gilles Pargneaux, Georgi Pirinski, Petri Sarvamaa, Claudia Schmidt, Bart Staes, Marco Valli, Derek Vaughan, Anders Primdahl Vistisen, Tomáš Zdechovský						
<b>Substitutes present for the final vote</b>	Marian-Jean Marinescu						
<b>Substitutes under Rule 200(2) present for the final vote</b>	Bodil Valero						