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Committee on Budgetary Control

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DRAFT REPORT

on discharge in respect of the implementation of the budget of the European
Railway Agency for the financial year 2013
(2014/2111(DEC))

Committee on Budgetary Control

Rapporteur: Ryszard Czarnecki

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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 for the financial year 2013 (2014/2111(DEC))

The European Parliament,

- having regard to the final annual accounts of the European Railway Agency for the financial year 2013,
- having regard to the Court of Auditors' report on the annual accounts of the European Railway Agency for the financial year 2013, together with the Agency's replies¹,
- 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 2013, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendation of ... on discharge to be given to the Agency in respect of the implementation of the budget for the financial year 2013 (00000/2015 – C8-0000/2015),
- having regard to Article 319 of the Treaty on the Functioning of the European Union,
- having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities³,
- 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 1605/2002⁴, 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 Agency⁵, 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 Communities⁶,

1 OJ C 442, 10.12.2014, p. 232.

2 OJ C 442, 10.12.2014, p. 232.

3 OJ L 248, 16.9.2002, p. 1.

4 OJ L 298, 26.10.2012, p. 1.

5 OJ L 164, 30.4.2004, p. 1.

6 OJ L 357, 31.12.2002, p. 72.

- 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 Council¹, and in particular Article 108 thereof,
 - 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 (A8-0000/2015),
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 2013 / Postpones its decision on granting the Executive Director of the European Railway Agency discharge in respect of the implementation of the Agency’s budget for the financial year 2013;
 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).

1 OJ L 328, 7.12.2013, p. 42.

2. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

on the closure of the accounts of the European Railway Agency for the financial year 2013 (2014/2111(DEC))

The European Parliament,

- having regard to the final annual accounts of the European Railway Agency for the financial year 2013,
- having regard to the Court of Auditors' report on the annual accounts of the European Railway Agency for the financial year 2013, together with the Agency's replies¹,
- 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 2013, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendation of ... on discharge to be given to the Agency in respect of the implementation of the budget for the financial year 2013 (00000/2015 – C8-0000/2015),
- having regard to Article 319 of the Treaty on the Functioning of the European Union,
- having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities³,
- 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 1605/2002⁴, 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 Agency⁵, 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 Communities⁶,

1 OJ C 442, 10.12.2014, p. 232.

2 OJ C 442, 10.12.2014, p. 232.

3 OJ L 248, 16.9.2002, p. 1.

4 OJ L 298, 26.10.2012, p. 1.

5 OJ L 164, 30.4.2004, p. 1.

6 OJ L 357, 31.12.2002, p. 72.

- 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 Council¹, and in particular Article 108 thereof,
 - 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 (A8-0000/2015),
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 2013 / Postpones the closure of the accounts of the European Railway Agency for the financial year 2013;
 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).

1 OJ L 328, 7.12.2013, p. 42.

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 2013 (2014/2111(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 2013,
 - 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 (A8-0000/2015),
- A. whereas, according to its financial statements, the final budget of the European Railway Agency (“the Agency”) for the financial year 2013 was EUR 25 858 799, representing an increase of 0,23 % compared to 2012; 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 2013 (“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,

Follow-up of 2012 discharge

1. Notes from the Court’s report that regarding three comments made in the Court’s 2011 report and marked as "Ongoing" or "Outstanding" in the Court's 2012 report, corrective actions were taken and one is now marked in the Court's 2013 report as "Completed" and two as "Ongoing"; notes furthermore that regarding the three comments made in the Court’s 2012 report, corrective actions were taken and two comments are now marked as "Completed" and one as "Ongoing";
2. Acknowledges from the Agency that:
 - it prepared, in agreement with the Commission, an amendment to its “Implementing Rule on use and engagement of Temporary Agents” in order to reduce the negative impact current rules have had on the Agency's activities in order to obtain more flexibility as to the length of contracts of operational staff as well as to reduce the risk of business disruption or loss of knowledge due to peaks in staff turnover;
 - it decided to implement adequate measures to assure the continuity of IT services and systems that are horizontal to the Agency's business; notes that in this regard, a back-up server room has been installed in the premises of the Translation Centre for the Bodies of the European Union in Luxembourg; notes furthermore that the

Business Continuity Plan and Disaster Recovery Procedure were drafted and presented to the Agency's Administrative Board;

Budget and financial management

3. Notes that budget monitoring efforts during the financial year 2013 resulted in a budget implementation rate of 97,87 %, and that the payment appropriations execution rate was 88,12 %;

Commitments and carryovers

4. Notes with concern from the Agency's annual accounts that the level of committed appropriations carried over to 2013 was EUR 759 356, whereas committed appropriations carried over to 2014 amounted to EUR 1 462 461; observes that the increase in the accrued amount carried over in comparison to the previous year occurred because of the underestimation/ overestimation of the 2013 budgetary expenses;

Transfers

5. Notes that according to the annual activity report, as well as the Court's audit findings, the level and nature of transfers in 2013 have remained within the limits of the financial rules;

Procurement and recruitment procedures

6. Notes with concern from the Court's report that the Agency's procurement procedures would benefit from an improvement in the accuracy and documentation of information;
7. Acknowledges that according to the Agency's founding regulation, its temporary employees can be recruited for a maximum five-year period with a possible extension of a maximum of three years if it takes place within the Agency's first ten years of operation; ascertains that the Agency has used the eight-year period as a standard practice until 2013;
8. Notes with concern that in 2013 the Agency re-employed four temporary employees, whose contracts with the Agency had ended in 2013 after the maximum eight-year period, for a further eight-year period; takes note that the proposal for a revised founding regulation for the Agency, which has not yet been adopted by Parliament and Council, includes similar provisions;

Prevention and management of conflicts of interests and transparency

9. Acknowledges from the Agency that it has set out to adopt its revised policy on the prevention and management of conflicts of interests as well as to publish the CVs and declarations of interest of the members of the Management Board during 2015; calls on the Agency to inform the discharge authority once the new policy is adopted and the CVs and declarations of interest are made publicly available;

Internal audit

10. Takes note that according to the Agency's Decision 81/2013 of 20 March 2013 amending the internal control standard of the internal audit function, the Internal Audit Capability was suppressed and the Commission Internal Audit Service (IAS) became the provider of the internal audit function; notes that in the same decision, the Agency set up an internal control coordinator function which was filled during 2014;
11. Acknowledges that the IAS has carried out a follow-up audit on three previous audit engagements in November 2013;
12. Ascertains from the Agency that, as identified by the IAS, the following audits had recommendations pending completion at 31 December 2013:
 - "Human Resources Management (2009)" - one "Very Important" recommendation,
 - "Planning and Budgeting (2010)" - three "Important" recommendations,
 - "Expert management in interoperability (2011)" - two "Important" recommendations,
 - "Building Block of Assurance (2012)" - two "Very Important" recommendations, four "Important" recommendations and one "Desirable" recommendation;
13. Acknowledges from the Agency that apart from one "Very Important" recommendation from the Audit on Human Resources Management within the Agency, all the other recommendations have been closed during 2014;

Performance

14. Acknowledges from the Agency that the availability of information on the impact of its activities on Union citizens and on the railway business sector is provided through various participations and presentations in European railway exhibitions and fairs, as well as through the organisation of workshops, presentations and other events in Member States; notes furthermore that the information is communicated on the Agency's website through the publication of documents such as annual reports or newsletters;

Two locations

15. Is deeply concerned that the Agency is using two locations (Lille and Valenciennes) to carry out its activities which thus exposes the Agency to additional costs; acknowledges the efforts made by the Agency to minimise the negative impact of the decision on its seat as well as the difficulties encountered in the process;
16. Calls for a single location for the Agency, in a place easily accessible by public transport in order to save scarce resources and increase its efficiency;

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17. Refers, for other observations of a cross-cutting nature accompanying its decision on

discharge, to its resolution of ... 2015¹ on the performance, financial management and control of the agencies.

1 Texts adopted of that date, P7_TA-PROV(2015)0000