



2015/2179(DEC)

1.2.2016

DRAFT 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

	Page
1. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION	3
2. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION	5
3. MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION	7

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 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 2014, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendation of xx February 2016 on discharge to be given to the Agency in respect of the implementation of the budget for the financial year 2014 (xxxxx/2016 – C8-xxxx/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 1605/2002³, 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 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 Communities⁵,
- 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,

¹ OJ C 409, 9.12.2015, p. 238.

² OJ C 409, 9.12.2015, p. 238.

³ OJ L 298, 26.10.2012, p. 1.

⁴ OJ L 164, 30.4.2004, p. 1.

⁵ OJ L 357, 31.12.2002, p. 72.

⁶ 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 (A8-0000/2016),
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 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 2014, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendation of xx February 2016 on discharge to be given to the Agency in respect of the implementation of the budget for the financial year 2014 (xxxxx/2016 – C8-xxxx/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 1605/2002³, 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 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 Communities⁵,
- 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,

¹ OJ C 409, 9.12.2015, p. 238.

² OJ C 409, 9.12.2015, p. 238.

³ OJ L 298, 26.10.2012, p. 1.

⁴ OJ L 164, 30.4.2004, p. 1.

⁵ OJ L 357, 31.12.2002, p. 72.

⁶ 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 (A8-0000/2016),
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 (A8-0000/2016),
- 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; takes note that the carryovers are closely followed by the Agency, reaching an execution rate of at least 95% in the following year;

Procurement and recruitment procedures

3. 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; ascertains, 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 on the advancements achieved in this regard;

4. 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;
5. Takes note 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 Agency¹;

Prevention and management of conflicts of interest and transparency

6. Ascertains 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;
7. Takes note that the Agency's anti-fraud strategy was submitted to the 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;
8. 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

9. Ascertains 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 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

¹ 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

10. 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;
11. Ascertains 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;

Other comments

12. 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;
13. Takes note 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;
14. 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;

◦

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

¹ Texts adopted of that date, [P8_TA(-PROV)(2016)0000].