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REPORT

on discharge in respect of the implementation of the budget of the European
Railway Agency for the financial year 2007
(C6-0443/2008 – 2008/2270(DEC))

Committee on Budgetary Control

Rapporteur: Christofer Fjellner

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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 2007
(C6-0443/2008 – 2008/2270(DEC))**

The European Parliament,

- having regard to the final annual accounts of the European Railway Agency for the financial year 2007¹,
 - having regard to the Court of Auditors' report on the final annual accounts of the European Railway Agency for the financial year 2007, together with the Agency's replies²,
 - having regard to the Council's recommendation of 10 February 2009 (5588/2009 – C6-0060/2009),
 - having regard to the EC Treaty, and in particular Article 276 thereof,
 - 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, and in particular Article 185 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 Regulation (EC, Euratom) No 1605/2002⁵, and in particular Article 94 thereof,
 - having regard to Rule 71 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 (A6-0165/2009),
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 2007;
 2. Sets out its observations in the resolution below;
 3. Instructs its President to forward this Decision and the resolution that forms 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

¹ OJ C 278, 31.10.2008, p. 53.

² OJ C 311, 5.12.2008., p. 92.

³ OJ L 248, 16.9.2002, p. 1.

⁴ OJ L 164, 30.4.2004, p. 1.

⁵ OJ L 357, 31.12.2002, p. 72.

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 2007
(C6-0443/2008 – 2008/2270(DEC))**

The European Parliament,

- having regard to the final annual accounts of the European Railway Agency for the financial year 2007¹,
 - having regard to the Court of Auditors' report on the final annual accounts of the European Railway Agency for the financial year 2007, together with the Agency's replies²,
 - having regard to the Council's recommendation of 10 February 2009 (5588/2009 – C6-0060/2009),
 - having regard to the EC Treaty, and in particular Article 276 thereof,
 - 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, and in particular Article 185 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 Regulation (EC, Euratom) No 1605/2002⁵, and in particular Article 94 thereof,
 - having regard to Rule 71 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 (A6-0165/2009),
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 2007;

¹ OJ C 278, 31.10.2008, p. 53.

² OJ C 311, 5.12.2008, p. 92.

³ OJ L 248, 16.9.2002, p. 1.

⁴ OJ L 164, 30.4.2004, p. 1.

⁵ OJ L 357, 31.12.2002, p. 72.

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 2007

(C6-0443/2008 – 2008/2270(DEC))

The European Parliament,

- having regard to the final annual accounts of the European Railway Agency for the financial year 2007¹,
 - having regard to the Court of Auditors' report on the final annual accounts of the European Railway Agency for the financial year 2007, together with the Agency's replies²,
 - having regard to the Council's recommendation of 10 February 2009 (5588/2009 – C6-0060/2009),
 - having regard to the EC Treaty, and in particular Article 276 thereof,
 - 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, and in particular Article 185 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 Regulation (EC, Euratom) No 1605/2002⁵, and in particular Article 94 thereof,
 - having regard to Rule 71 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 (A6-0165/2009),
- A. whereas the Court of Auditors (ECA) stated that it has obtained reasonable assurance that the annual accounts for the financial year 2007 are reliable, and the underlying transactions are legal and regular,
- B. whereas on 22 April 2008 Parliament granted the Executive Director of the European Railway Agency discharge in respect of the implementation of the Agency's budget for the

¹ OJ C 278, 31.10.2008, p. 53.

² OJ C 311, 5.12.2008, p. 92.

³ OJ L 248, 16.9.2002, p. 1.

⁴ OJ L 164, 30.4.2004, p. 1.

⁵ OJ L 357, 31.12.2002, p. 72.

financial year 2006¹,

1. Welcomes the fact that, whereas for 2006 the ECA's statement of assurance was partly qualified with regard to the underlying transactions, the ECA's statement of assurance is positive for the financial year 2007;
2. Notes that the Agency had EUR 16 645 000 in commitment and payment appropriations from the 2007 budget;
3. Notes that, in its reply to the ECA's 2006 annual report, the Agency estimated the extra costs resulting from its obligation to work in two different cities - the administrative seat being in Valenciennes whereas meetings are held in Lille - at EUR 450 000, not including indirect cost such as "wasted" working hours due to travelling or additional administrative work;
4. Regrets that the fact of having two seats hampers the Agency's work and results in extra costs for European taxpayers; notes that in the draft host state agreement, it is foreseen that additional costs are covered by the host state;
5. Welcomes the fact that the Agency followed up on the ECA's criticism that a physical inventory of its fixed assets was missing and that a physical inventory was carried out in June 2008 and all fixed assets are now labelled and will be recorded in the inventory;
6. Notes the ECA's criticism that weaknesses were found in some selection procedures and that the Agency had not yet finalised its recruitment procedures;
7. Calls on the Agency to follow up on its promise, in its replies to the ECA, to finalise a full description of procedures to be followed as regards recruitment in the first quarter of 2009;

Budget planning and implementation

8. Notes that the ECA, without qualifying its statement of assurance, draws particular attention to its observations concerning budget planning and implementation;
9. Notes from the ECA's annual report 2006 that the Agency's final budget for 2007 amounted to EUR 16 600 000, including a reserve of EUR 1 900 000; further notes that at the end of 2007 EUR 3 400 000 had to be cancelled, including the reserve, and that, in addition, EUR 2 700 000 was carried over to 2008;
10. Is concerned by the ECA's conclusion that more than 35 % of final appropriations had not been used, which, according to the ECA, showed that the Agency's programming and budgeting procedures were affected by serious weaknesses;
11. Notes that the Agency, in its replies to the ECA, refers to the fact that the 2007 budget was prepared when it had just become financially independent and had no past experience on which to base estimates, and that the uncertainty as to if and when the reserve would be released made it necessary to plan activities without taking the reserve into account;

¹ Texts adopted, P6_TA(2008)0156.

12. Is worried by the ECA's finding that, although the Agency's budget implementation was low, the amount of cash it requested and received from the Commission greatly exceeded its actual cash needs;
13. Notes that the cash available to the Agency at the beginning of 2007 was about EUR 2 300 000, and that, in addition, it requested and received EUR 17 000 000 in cash from the Commission; notes that the payments made in 2007 amounted to about EUR 12 500 000; concludes that the cash received exceeded actual cash needs by about EUR 6 800 000;
14. Agrees with the ECA's conclusion that the Agency's cash forecasts had not been prepared rigorously, which is at odds with the principle of sound financial management;
15. Notes that the Executive Director, in its written explanation to Parliament, acknowledged that the total amount of cash requested and received was in excess of what was eventually needed, and explained that this was related to low budget execution and the lack of experience to support forecasts of cash needs;
16. Welcomes the Executive Director's statement that, in the meantime, the procedure for collecting subsidies has been updated and the forecasting of cash needs improved;
17. Calls on the Agency, on the basis of Article 15(5) of Regulation (EC) No 2343/2002, which has been in force since July 2008 and which obliges the agencies to implement rigorous cash management in order to ensure that their cash balances are limited to duly justified requirements, to pay particular attention to improving its cash management;

Follow-up to the 2006 discharge exercise

18. Recalls that the 2006 financial year was the first year the Agency was financially autonomous and subject to the discharge procedure;
19. Recalls that for 2006, the ECA's statement of assurance was qualified due to weaknesses in tendering procedures, and regrets that the ECA detected weaknesses in procurement again in 2007;
20. Notes that the Agency, in its replies to the ECA, acknowledges that some improvements are still needed and that it is working on a procurement manual in order to standardize procedures;
21. Notes that, as in 2006, the ECA criticised weaknesses in budget implementation, in particular with regard to the high level of appropriations carried over;
22. Calls on the Agency to strive to increase the level of budget implementation and to report on the measures taken and results achieved in its report on budgetary and financial management 2008;
23. Urges the Commission to ensure that the Agency maintains strict financial discipline in the future and always works within the agreed budgets;

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24. Refers for other observations accompanying the discharge decision which are of a horizontal nature to its resolution of ... April 2009 on financial management and control of EU agencies¹.

¹ Texts adopted, P6_TA-PROV(2009)...

18.2.2009

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 2007
(C6-0443/2008 – 2008/2270(DEC))

Rapporteur: Michael Cramer

SUGGESTIONS

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

1. Welcomes the fact that the Court of Auditors found the European Railway Agency's accounts for 2007 to be reliable and the underlying transactions, taken as a whole, to be legal and regular;
2. Notes that the Agency had EUR 16 645 000 in commitment and payment appropriations from the 2007 budget;
3. Notes with concern that more than 35% of the final appropriations for 2007 were not used during 2007 as a result of cancellations and transfers, which indicates that the Agency's programming and budgeting procedures show some shortcomings;
4. Regrets the fact that the Agency did not take the necessary care when estimating its cash requirements, which is at odds with the principle of sound financial management;
5. Notes that weaknesses were identified in the area of selection procedures and procurement;
6. Urges the Commission to ensure that the Agency maintains strict financial discipline in the future and always works within the agreed budgets;

7. Nevertheless proposes that Parliament grant the Executive Director of the European Railway Agency discharge in respect of the implementation of the Agency's budget for the financial year 2007.

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	17.2.2009
Result of final vote	+: 37 -: 2 0: 0
Members present for the final vote	Gabriele Albertini, Inés Ayala Sender, Etelka Barsi-Pataky, Paolo Costa, Michael Cramer, Luis de Grandes Pascual, Arūnas Degutis, Saïd El Khadraoui, Emanuel Jardim Fernandes, Francesco Ferrari, Georg Jarzembowski, Stanisław Jałowiecki, Timothy Kirkhope, Jaromír Kohlíček, Sepp Kusstatscher, Jörg Leichtfried, Bogusław Liberadzki, Eva Lichtenberger, Marian-Jean Marinescu, Erik Meijer, Josu Ortuondo Larrea, Reinhard Rack, Ulrike Rodust, Luca Romagnoli, Brian Simpson, Renate Sommer, Dirk Sterckx, Ulrich Stockmann, Michel Teychenné, Silvia-Adriana Țicău
Substitute(s) present for the final vote	Zsolt László Becsey, Johannes Blokland, Philip Bradbourn, Luigi Cocilovo, Jas Gawronski, Pedro Guerreiro, Lily Jacobs, Rosa Miguélez Ramos, Corien Wortmann-Kool

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	16.3.2009
Result of final vote	+ : 16 - : 4 0 : 0
Members present for the final vote	Jean-Pierre Audy, Herbert Bösch, Costas Botopoulos, Mogens Camre, Paulo Casaca, Antonio De Blasio, Christofer Fjellner, Ingeborg Gräßle, Aurelio Juri, Dan Jørgensen, Nils Lundgren, Marusya Ivanova Lyubcheva, Hans-Peter Martin, Ashley Mote, José Javier Pomés Ruiz, Bart Staes, Søren Bo Søndergaard
Substitute(s) present for the final vote	Vasilica Viorica Dăncilă, Christopher Heaton-Harris, Edit Herczog