



2018/2193(DEC)

10.12.2018

DRAFT REPORT

on discharge in respect of the implementation of the budget of the European Railway Agency (ERA) (now European Union Agency for Railways) for the financial year 2017
(2018/2193(DEC))

Committee on Budgetary Control

Rapporteur: Petri Sarvamaa

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 (now European Union Agency for Railways) for the financial year 2017 (2018/2193(DEC))

The European Parliament,

- having regard to the final annual accounts of the European Railway Agency (now European Union Agency for Railways) for the financial year 2017,
- having regard to the Court of Auditors' report on the annual accounts of the European Railway Agency (now European Union Agency for Railways) for the financial year 2017, together with the Agency's reply¹,
- 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 2017, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendation of 20 February 2019 on discharge to be given to the Agency in respect of the implementation of the budget for the financial year 2017 (00000/2019 – C8-0000/2019),
- 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 (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012⁴, and in particular Article 70 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 (Agency Regulation)⁵, and in particular Article 39 thereof,
- having regard to Regulation (EU) 2016/796 of the European Parliament and of the Council of 11 May 2016 on the European Union Agency for Railways and repealing

¹ OJ C,...

² OJ C,...

³ OJ L 298, 26.10.2012, p. 1.

⁴ OJ L 193, 30.7.2018, p. 1.

⁵ JO L 164, 30.4.2004, p. 1.

Regulation (EC) No 881/2004¹, and in particular Article 65 thereof,

- 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 Council², and in particular Article 108 thereof,
 - having regard to Rule 94 of and Annex IV 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 (A8-0000/2019),
1. Grants the Executive Director of the European Railway Agency (now European Union Agency for Railways) discharge in respect of the implementation of the Agency's budget for the financial year 2017;
 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 (now European Union Agency for Railways), 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 138, 26.5.2016, p. 1.

² 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 (now European Union Agency for Railways) for the financial year 2017 (2018/2193(DEC))

The European Parliament,

- having regard to the final annual accounts of the European Railway Agency (now European Union Agency for Railways) for the financial year 2017,
- having regard to the Court of Auditors' report on the annual accounts of the European Railway Agency (now European Union Agency for Railways) for the financial year 2017, together with the Agency's reply¹,
- 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 2017, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendation of 20 February 2019 on discharge to be given to the Agency in respect of the implementation of the budget for the financial year 2017 (00000/2019 – C8-0000/2019),
- 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 (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012⁴, and in particular Article 70 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 (Agency Regulation)⁵, and in particular Article 39 thereof,
- having regard to Regulation (EU) 2016/796 of the European Parliament and of the Council of 11 May 2016 on the European Union Agency for Railways and repealing

¹ OJ C,...

² OJ C,...

³ OJ L 298, 26.10.2012, p. 1.

⁴ OJ L 193, 30.7.2018, p. 1.

⁵ JO L 164, 30.4.2004, p. 1.

Regulation (EC) No 881/2004¹, and in particular Article 65 thereof,

- 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 Council², and in particular Article 108 thereof,
 - having regard to Rule 94 of and Annex IV 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 (A8-0000/2019),
1. Approves the closure of the accounts of the European Railway Agency (now European Union Agency for Railways) for the financial year 2017;
 2. Instructs its President to forward this decision to the Executive Director of the European Railway Agency (now European Union Agency for Railways), 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 138, 26.5.2016, p. 1.

² 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 (now European Union Agency for Railways) for the financial year 2017 (2018/2193(DEC))

The European Parliament,

- having regard to its decision on discharge in respect of the implementation of the budget of the European Railway Agency (now European Union Agency for Railways) for the financial year 2017,
 - having regard to Rule 94 of and Annex IV 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 (A8-0000/2019),
- A. whereas, according to its statement of revenue and expenditure¹, the final budget of the European Union Agency for Railways (“the Agency”) for the financial year 2017 was EUR 30 732 000, representing an increase of 11,57 % compared to 2016; whereas the budget of the Agency derives mainly 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 2017 ("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 with appreciation that the budget monitoring efforts during the financial year 2017 resulted in a budget implementation rate of 99,99 %, representing an increase of 0,79 % compared to 2016; notes that the payment appropriations execution rate was 87,30 %, representing a decrease of 4,27 % compared to 2016;
2. Notes that, in accordance with the provisions of the Agency’s new founding Regulation that entered into force in June 2016, the Agency is authorised to charge fees for some of its new competences; notes that a charging regime for issuing certificates, authorisations and approvals was introduced, with the aim of being fully operational in 2019 and the requirement of implementing a new resources system and internal procedures within the Agency to ensure statutory and fee-based tasks are identified and tracked; calls on the Agency to report to the discharge authority on the implementation of this new system;

Cancellation of carry-overs

3. Notes that the cancellations of carry-overs from 2016 to 2017 amounted to EUR 69 473, representing 3,40 % of the total amount carried over, showing a decrease of 1,12 % in comparison to 2016;

¹ OJ C 84/20, 17.03.2017, p. 96.

Performance

4. Notes with satisfaction that the Agency uses an extensive set of 24 Railway Indicators across four operational activities as Key Performance Indicators to assess the added value provided by its activities and other indicators to improve its budget management;
5. Acknowledges that the Agency met its target of 95 % achievement of timely delivery of issuing reports, advice and opinions; points out that the Agency did not achieve the goal of 90 % achievement of all outputs using financial and human resource planning, with only 67 % categorised as fully achieved and 18 % as partially achieved;
6. Welcomes the Agency's cooperation with the European Securities and Markets Authority, sharing accountancy services and having participated in a joint call for tenders;

Staff policy

7. Notes that, on 31 December 2017, the establishment plan was 92,09 % executed, with 128 temporary agents appointed out of 139 temporary agents authorised under the Union budget (compared with 135 authorised posts in 2016); notes that in addition 34 contract agents and 2 seconded national experts worked for the Agency in 2017;
8. Notes that the Agency has adopted a policy on protecting the dignity of the person and preventing harassment, that it provides awareness raising sessions for its staff and managers and that confidential counsellors are promoted; points out the relatively high number of alleged harassment cases in the Agency in 2017, with 12 reported but none investigated; urges the Agency to report to the discharge authority on the measures taken in order to address this issue;

Procurement

9. Notes with concern that 29 exceptions and 7 non-compliance events were registered in 2017, which represents an increase in comparison to 2016; acknowledges that the Agency identified the main areas of concern in this regard; calls on the Agency to report to the discharge authority on the measures taken to decrease their occurrences in the future;
10. Notes that, according to the Court's report, for one audited payment, the Agency purchased IT services, through the contractor, without any competitive procedure or prior market research; takes note of the Agency's reply that the contract was used according to the contractual provisions;

Prevention and management of conflicts of interest and transparency

11. Notes that the Agency has published the declarations of conflicts of interest and the CVs of its management board members on their website; regrets that the Agency expects its senior management staff to complete and sign a declaration of conflicts of interest only when they are involved in an evaluation committee; calls on the Agency to report to the discharge authority on any development made in order to address this issue;

12. Notes that, according to the Agency, it continued to implement the action plan defined in the Agency's Antifraud Strategy; notes that one case of suspicion of fraud was transmitted by the Agency to the European Anti-Fraud Office for investigation and that it formally decided to open an investigation; urges the Agency to report to the discharge authority on the outcome of this investigation;
13. Regrets that the Agency had still not set up rules on whistleblowing but that they are to be adopted by the end of 2018; asks the Agency to report to the discharge authority when its whistleblowing rules have been established and are implemented;

Internal controls

14. Supports the Court's view that the principle of segregation of duties between the Authorising Officer and the Accounting Officer implies that both functions are mutually exclusive; trusts the Agency that this concern will be tackled by its undergoing re-organisation; calls on the Agency to report to the discharge authority on the measures taken to respond to this observation;

Other comments

15. Notes that by the end of the transitional period (16 June 2019), the Agency will transform from a mere policy preparation and dissemination role into an authority working directly for the industry as regards authorisations for safety certifications and rolling stock; calls on the Agency to report to the discharge authority on the steps taken for this move to be successful and deliver benefits in terms of reduced costs;
16. Understands that it is not in the Agency's power to decide to centralize all the Agency's operations into one location; acknowledges from the Agency that a draft seat agreement between the Host Member State and the Agency is under review; takes note of the analysis made by the Agency on the budgetary impact of having a double seat and of its recommendation to keep that double seat; calls on the Agency to report to the discharge authority on the steps taken in this regard;
17. Acknowledges from the Agency that, regarding the United Kingdom's decision to withdraw from the European Union and its potential effect on the Agency's staff, intensive exchange with the UK rail sector has confirmed their interest in staying in the "European System";

o

o o

- XX. Refers, for other observations of a cross-cutting nature accompanying its decision on discharge, to its resolution of ...2019¹ on the performance, financial management and control of the agencies.

¹ Texts adopted, P8_TA-PROV(2019)0000.