

2008 discharge: European Railway Agency ERA

2009/2126(DEC) - 08/10/2009

PURPOSE: presentation of the report by the Court of Auditors on the 2008 annual accounts of the European Railway Agency (ERA).

CONTENT: in the Court's opinion, the Agency's Annual Accounts present fairly, in all material respects, its financial position as of 31 December 2008 and the results of its operations and its cash flows for the year then ended. It considers that the transactions underlying the annual accounts of the Agency are, in all material respects, legal and regular.

The Court of Auditor's report includes a detailed section on the Agency's expenditure and an analysis of the expenditure, as well as the Agency's replies.

- **The Court's analysis of the accounts:** in its report, the Court makes a series of observations, in particular as regards financial and budgetary management. It states that more than EUR 4.1 million appropriations were carried forward to 2009. This high level of appropriations carried forward indicates difficulties in the programming and the budgeting of the Agency's activities. The Court also made comments on: (i) the shortcomings in the Annual Work programme (no specific, measurable, achievable, relevant or timely objectives); (ii) inconsistencies in the presentation of figures pertaining to staff and budgetary resources allocated to activities; (iii) weaknesses as regards the audit of a sample of procurement procedures; (iv) the significant additional costs due to two different working premises (Lille and Valenciennes). The Agency has taken steps to formalise a seat agreement whereby the additional costs emerging from the dual location would be compensated by the French authorities. These efforts have so far been unsuccessful. The Court states that in 2009, the Agency will move to a building owned by the municipality of Valenciennes. The duration of the contract is 25 years, provided that a seat agreement is signed with the French Government. Because no seat agreement has been formalised to date, the budgetary authority has limited the duration of the new lease contract to one year, automatically renewable for a maximum of one further year. The lack of certainty on the duration of the contract hinders the planning for the installation of the new premises and the related acquisition procedures and, in consequence, the budgetary programming.
- **The Agency's replies:** the Agency states that out of the EUR 4.1 million appropriations carried over from 2008 to 2009, more than EUR 1.5 million concern contracts signed in the last two months of 2008. The late signatures are a consequence of delays in the procurement procedures and of the transfers made at the end of October 2008 following an analysis of the budget execution. The Agency will continue to make efforts to improve the planning of the procurement procedures and the monitoring of the budget execution throughout in the year. The Agency highlights that as of the budget procedure 2010, ERA has introduced a process whereby the preparation of the annual budget and work programme are fully integrated so as to ensure a maximum of consistency. Furthermore ERA will endeavour to be increasingly precise in the definition of the objectives, activities and their timetable. Based on an analysis of past difficulties encountered in the area of procurement, an action plan has been set up. The actions include inter alia training and assistance to the members of the evaluation committees and harmonisation of the way tenders are evaluated using check-lists. Lastly, as regards the issue of the Seat, the Agency states that it is making all possible efforts to conclude a Seat Agreement with the Host State. However, so far no formal reaction to ERA's proposal for an agreement has been received. As long as the seat agreement is not signed, the Agency agrees that it will face important problems with its procurement procedures, in particular with those related to the building in Valenciennes.