Basic information

2018/2217(DEC) DEC - Discharge procedure	Procedure completed
2017 discharge: Shift2Rail Joint Undertaking (S2R Joint Undertaking) **Subject** 8.70.03.02 2017 discharge	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
CONT Budgetary Control	DLABAJOVÁ Martina (ALDE)	25/07/2018
	Shadow rapporteur ZDECHOVSKÝ Tomáš (PPE) POCHE Miroslav (S&D) MARIAS Notis (ECR) OMARJEE Younous (GUE/NGL) TARAND Indrek (Verts/ALE) VALLI Marco (EFDD) KAPPEL Barbara (ENF)	

Committee for opinion	Rapporteur for opinion	Appointed
ITRE Industry, Research and Energy	The committee decided not to give an opinion.	
TRAN Transport and Tourism	LEONTINI Innocenzo (PPE)	15/10/2018

European Commission

Commission DG	Commissioner
Budget	OETTINGER Günther

Key events

Date	Event	Reference	Summary
		COM(2018)0521	Summary

28/06/2018	Non-legislative basic document published		
11/09/2018	Committee referral announced in Parliament		
20/02/2019	Vote in committee		
06/03/2019	Committee report tabled for plenary	A8-0163/2019	Summary
26/03/2019	Decision by Parliament	T8-0294/2019	Summary
26/03/2019	Results of vote in Parliament		
26/03/2019	Debate in Parliament		
26/03/2019	End of procedure in Parliament		
27/09/2019	Final act published in Official Journal		

Technical information

Procedure reference	2018/2217(DEC)
Procedure type	DEC - Discharge procedure
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Procedure completed
Committee dossier	CONT/8/14380

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE626.835	17/12/2018	
Committee opinion	TRAN	PE630.377	22/01/2019	
Amendments tabled in committee		PE634.574	05/02/2019	
Committee report tabled for plenary, single reading		A8-0163/2019	06/03/2019	Summary
Text adopted by Parliament, single reading		T8-0294/2019	26/03/2019	Summary

Council of the EU

Document type	Reference	Date	Summary
Supplementary non-legislative basic document	05827/2019	31/01/2019	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(2018)0521	28/06/2018	Summary

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
CofA	Court of Auditors: opinion, report	N8-0009/2019 OJ C 452 14.12.2018, p. 0076	02/10/2018	Summary

Additional information		
Source	Document	Date
European Commission	EUR-Lex	

Final act
Budget 2019/1554 OJ L 249 27.09.2019, p. 0355

2017 discharge: Shift2Rail Joint Undertaking (S2R Joint Undertaking)

2018/2217(DEC) - 28/06/2018 - Non-legislative basic document

PURPOSE: presentation by the Commission of the consolidated annual accounts of the European Union for the financial year 2017, as part of the 2017 discharge procedure.

Analysis of the accounts of the **Shift2Rail Joint Undertaking - S2R**.

CONTENT: the organisational governance of the EU consists of institutions, agencies and other EU bodies whose expenditure is included in the general budget of the Union.

This Commission document concerns the **EU's consolidated accounts for the year 2017** and details how spending by the EU institutions and bodies was carried out. The consolidated annual accounts of the EU provide financial information on the activities of the institutions, agencies and other bodies of the EU from an accrual accounting and budgetary perspective.

It is the responsibility of the Commission's Accounting Officer to prepare the EU's consolidated annual accounts and ensure that they present fairly, in all material aspects, the financial position, the result of the operations and the cash flows of the EU institutions and bodies with a view to granting discharge.

Discharge procedure: **the final step of a budget lifecycle is the discharge**. It is the decision by which the European Parliament '**releases**' the Commission from its responsibility for management of a given budget by marking the end of that budget's existence. It is granted by the European Parliament on the recommendation of the Council.

The decision is based in particular on the European Court of Auditors reports, in particular its annual report, in which the Court provides a Statement of Assurance (DAS) on the legality and regularity of transactions (payments and commitments).

The procedure results in the granting, postponement or refusal of discharge.

The final discharge report including specific recommendations to the Commission for action is adopted in plenary by the European Parliament and are subject to an annual follow up report in which the Commission outlines the concrete actions it has taken to implement the recommendations made.

All EU institutions and other agencies, bodies and joint undertakings are subject to their own discharge procedures.

The Shift2Rail JU: the S2R JU, located in Brussels (BE), was set up by Council Regulation (EU) No 642/2014 and aims to contribute to the achievement of the Single European Railway Area, to a faster and less costly transition to a more attractive, user-friendly sustainable European rail system. It is set up for a period until 31.12.2024.

As regards the JU's accounts, these are presented in detail in the document published by the Joint Undertaking (please refer to the final annual accounts for 2017).

2017 discharge: Shift2Rail Joint Undertaking (S2R Joint Undertaking)

2018/2217(DEC) - 26/03/2019 - Text adopted by Parliament, single reading

The European Parliament decided to grant discharge to the Executive Director of the Shift2Rail Joint Undertaking for the financial year 2017 and approve the closure of the accounts of the Joint Undertaking for the financial year in question.

Noting that the Court of Auditors has stated that it has obtained reasonable assurances that the agency's annual accounts for the financial year 2017 are reliable and that the underlying transactions are legal and regular, Parliament adopted by 449 votes to 115 with 3 abstentions, a resolution containing a series of recommendations, which form an integral part of the discharge decision.

Budget and financial management

The final 2017 budget available for implementation included commitment appropriations of EUR 68 600 000 and payment appropriations of EUR 44 100 000. The utilisation rates for commitment and payment appropriations were 94 % and 79 % respectively which represent a low level especially for payment appropriations. Most of the payments made by the Joint Undertaking in 2017 were pre-financing payments for Horizon 2020 projects selected under the 2017 calls for proposals.

Members also made a series of observations regarding procurement, recruitment, performance, internal audits and the legal framework.

They noted in particular:

- in 2017, the Joint Undertaking recruited seven members of staff in accordance with its Staff Establishment Plan: a legal officer, an administrative and finance assistant, an operation and grant support officer and four Programme managers. The JU's staff consisted of 20 members out of 23 foreseen in the Staff Establishment Plan;

- some qualitative shortcomings were observed in the Joint Undertaking's open procedure for the procurement of communication and event services of an estimated budget of EUR 1 200 000 over four years. The Joint Undertaking decided not to introduce minimum financial capacity in order not to discourage the participation of SMEs to the call for tender;

- the importance of the cooperation between the Joint Undertaking and the Union Agency for Railways (ERA);

- that the Joint Undertaking has put in place a tailor-made anti-fraud strategy complementing the Horizon 2020 strategy, including an assessment of its risks and opportunities.

2017 discharge: Shift2Rail Joint Undertaking (S2R Joint Undertaking)

2018/2217(DEC) - 02/10/2018 - Court of Auditors: opinion, report

PURPOSE: presentation of the EU Court of Auditors' report on the annual accounts of the Shift2Rail Joint Undertaking for the financial year 2017, together with the Joint Undertaking's reply.

CONTENT: the Court of Auditors carried out the audit on the accounts of the Shift2Rail Joint Undertaking.

In brief, the Undertaking aims to provide a platform for the rail sector to work together to drive forward innovation to enhance the competitiveness of the railway system and to strengthen the rail transport system in Europe.

Statement of assurance and reliability of the accounts

The Court considered that:

- the Undertaking's annual accounts present fairly, in all material respects, its financial position as at 31 December 2017 and the results of its operations and its cash flows for the year then ended, in accordance with the provisions of its Financial Regulation and the accounting rules adopted by the Commission's accounting officer;

- the transactions underlying the annual accounts for the year ended 31 December 2017 are legal and regular in all material respects.

The report also makes a series of observations on the budgetary and financial management of the Undertaking, accompanied by the latter's response. The main observations may be summarised as follows:

The Court's observations

Financial management

The final 2017 budget included commitment appropriations of EUR 68.6 million and payment appropriations of EUR 44.1 million. The implementation rates for commitment and payment appropriations were 94 % and 79 % respectively. Most of the payments made by the Joint Undertaking in 2017 were pre-financing payments for Horizon 2020 projects selected under the 2017 calls for proposals.

At the end of 2017, the Joint Undertaking had unused payment appropriations from previous years of around EUR 7.6 million. This situation shows weaknesses in the budget planning process, which, however, cannot be fully controlled by the Joint Undertaking.

Out of the maximum of EUR 398 million of EU cash contribution to be allocated to the S2R Joint Undertaking over its lifespan, by the end of 2017, the EU had contributed in cash a total amount of EUR 83.2 million.

Internal controls

The situation at end of 2017 showed that the most important internal control standards were largely implemented with some actions remaining to be completed in 2018 such as carrying out the testing of the Business Continuity Plan.

Based on an assessment of the Joint Undertaking’s internal control system and substantive testing of revenue, payment, grant and procurement operations, the audit results provided us with reasonable assurance that the overall residual error rate for the Joint Undertaking is below materiality.

Procurement procedures

Some qualitative shortcomings were observed in the Joint Undertaking’s open procedure for the procurement of communication and event services of an estimated budget of EUR 1.2 million over 4 years.

Leverage of contributions

One of the main objectives of the Joint Undertaking is to leverage contributions from industry members in the area of its activities. The minimum leverage factor to be achieved according to the Joint Undertaking’s founding regulation is 0.88 if only the industry members’ contributions to the activities directly covered by the Joint Undertaking’s work programme are considered.

The Joint Undertaking's replies

Financial management

The usual budget process foresees that for each financial year the Commission pays to the Joint Undertaking the first instalment around March only. The Joint Undertaking therefore considered the full amount of unused payment appropriations from previous years in its budget planning for 2017, to cover the payments of the first quarter in 2018.

Procurement procedures

The JU clarified the shortcomings regarding the procurement procedure for a communication and event services’ framework contract.

Leverage of contributions

The leverage factor according to the Joint Undertaking’s founding regulation is in actual fact 1.24 and 1.66 respectively when considering the Members other than the Union contributions’ only.

2017 discharge: Shift2Rail Joint Undertaking (S2R Joint Undertaking)

2018/2217(DEC) - 31/01/2019 - Supplementary non-legislative basic document

Having examined the revenue and expenditure accounts for the financial year 2017 and the balance sheet as at 31 December 2017 of the Shift2Rail Joint Undertaking, as well as the Court of Auditors' report on the annual accounts of the Joint Undertaking for the financial year 2017, accompanied by the Joint Undertaking's replies to the Court's observations, the Council recommended the European Parliament to give a discharge to the Executive Director of the Joint Undertaking in respect of the implementation of the budget for the financial year 2017.

The Council welcomed the fact that the observations in the Court of Auditors' report in relation to the financial year 2017 did not call for any comments.

2017 discharge: Shift2Rail Joint Undertaking (S2R Joint Undertaking)

2018/2217(DEC) - 06/03/2019 - Committee report tabled for plenary, single reading

The Committee on Budgetary Control adopted the report by Martina DLABAJOVÁ (ALDE, CZ) on discharge in respect of the implementation of the budget of the Shift2Rail Joint Undertaking for the financial year 2017.

The committee called on the European Parliament to grant the Executive Director discharge in respect of the implementation of the Joint Undertaking’s budget for the financial year 2017.

Noting that the Court of Auditors issued a statement of assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions for the financial year 2017, Members called on Parliament to approve the closure of the joint undertaking’s accounts.

They made, however, a number of recommendations that need to be taken into account when the discharge is granted. They may be summarised as follows:

Budget and financial management:

Members noted that the final 2017 budget available for implementation included commitment appropriations of EUR 68 600 000 and payment appropriations of EUR 44 100 000. The utilisation rates for commitment and payment appropriations were 94 % and 79 % respectively which represent a low level especially for payment appropriations. Most of the payments made by the Joint Undertaking in 2017 were pre-financing payments for Horizon 2020 projects selected under the 2017 calls for proposals.

Other observations

The report also contained a series of observations on procurement, recruitment, performance, internal audits and the legal framework. It noted in particular:

- in 2017, the Joint Undertaking recruited seven members of staff in accordance with its Staff Establishment Plan: a legal officer, an administrative and finance assistant, an operation and grant support officer and four Programme managers. The JU's staff consisted of 20 members out of 23 foreseen in the Staff Establishment Plan;

- some qualitative shortcomings were observed in the Joint Undertaking's open procedure for the procurement of communication and event services of an estimated budget of EUR 1 200 000 over four years. The Joint Undertaking decided not to introduce minimum financial capacity in order not to discourage the participation of SMEs to the call for tender;

- that the Joint Undertaking has put in place a tailor-made anti-fraud strategy complementing the Horizon 2020 strategy, including an assessment of its risks and opportunities.