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# Procedure

## Annual Activity Reporting

<i>Document Type</i>	Procedure
<i>Document ID</i>	PRO_AAR_001
<i>Origin</i>	The European Union Agency for Railways
<i>Activity Based Item</i>	05. Evaluation, Management and Resources
<i>Applicable to</i>	All Units

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### Document History

<i>Version</i>	<i>Date</i>	<i>Comments</i>
0.1	03/06/2016	First draft version to EB and MB in June meetings for initial feedback and comments.
0.2	05/09/2016	Draft version reviewed by the QSG Short explanation of what have changed
0.3	17/10/2016	Draft version including comments from MB
1.0	29/11/2016	Version adopted by the Management Board

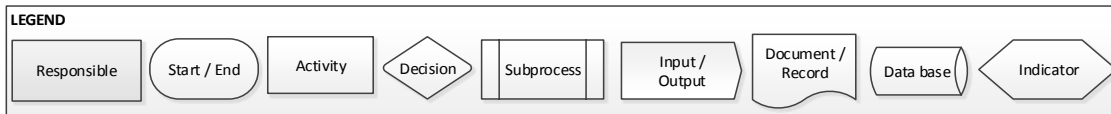
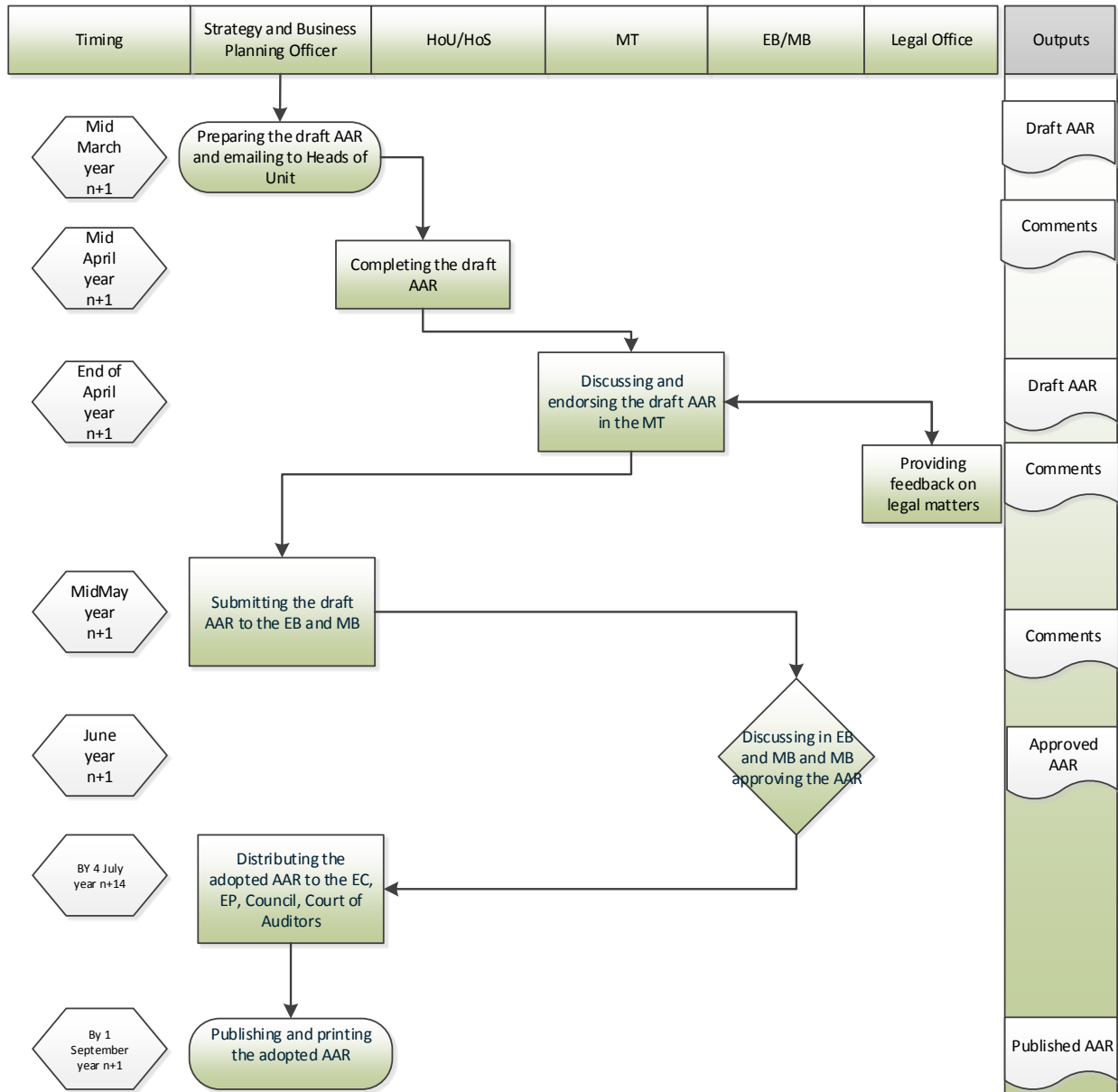
<i>Process Deployment</i>	Strategic Processes > Strategic Planning and Reporting
<i>Process Owner</i>	Head of Corporate Management and Evaluation Unit
<i>Purpose</i>	The purpose of this procedure is to give an overview of legal requirements, activities, responsibilities and deadlines for the reporting stage (Annual Activity Report). The procedure replaces PRO_P&R_001, implemented on 9/01/2015.
<i>Scope</i>	This procedure applies to all the Agency staff who is involved in the drafting of the Annual Activity Report.

<i>Process Customers and other stakeholders</i>	The Agency, Management Board, Executive Board, European Commission, European Parliament, Council and other stakeholders
<i>Process Input</i>	Execution of the Single Programming Document (SPD)
<i>Process Output</i>	Consolidated Annual Activity Report (AAR)
<i>Legal Basis</i>	<p>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 Regulation (EC) No 881/2004</p> <p>REGULATION (EU, EURATOM) No 966/2012 on the financial rules applicable to the general budget of the Union.</p> <p>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 Council</p> <p>Decision 93/2013 of the Administrative Board adopting the Financial Regulation of the Agency</p> <p>Decision n° 116 of the AB of the European Railway Agency adopting the ERA management standards ((ERA Management Standard No. 4 – Objectives, strategic planning and reporting, No 5 - Risk Management and No. 16 – Integrated management system assessment and improvement)</p>
<i>Performance Indicators</i>	<ol style="list-style-type: none"> <li>1. Timely delivery of the Annual Activity Report</li> <li>2. Timely adoption by the Agency Management Board</li> <li>3. % of compliance with the delivery of the outputs in the corresponding SPD</li> </ol>
<i>Linked with other (Sub)Processes</i>	<p>Budget implementation (BUI)</p> <p>Budget reviews and reporting (BRR)</p> <p>IMS Review (IMR)</p> <p>Measurement and Analysis of projects and processes (MPP)</p> <p>Declaration of Assurance (DOA)</p> <p>Prioritisation of activities (POA)</p> <p>Administrative Board Management (ABM)</p> <p>PRO_SPD_001. Single Programming Document</p>
<i>Enablers</i>	3-monthly-monitoring and measuring exercise

## 1. Definitions and Abbreviations

AAR	Annual Activity Report
ACCOF	Accounting Officer
CME	Corporate Management and Evaluation Unit
EB	Executive Board
EC	European Commission
ED	Executive Director
ECA	European Court of Auditors
F&P	Finance and Procurement Sector
(F)FR	(Framework) Financial Regulation
HR	Human Resources Sector
HoU	Head of Unit at the Agency
IAS	Internal Audit Service
ICC	Internal Control Coordinator
KPI	Key Performance Indicator
MB	Management Board
MT	Management Team
RSU	Resources and Support Unit
SBPO	Strategy and Business Planning Officer
SLA	Service Level Agreement
SPD	Single Programming Document
Year n	The year of the Annual Activity Report

2. Flow Chart



### 3. Description

In accordance with the Agency Regulation, the Executive Director (ED) submits each year a draft Annual Activity Report (AAR) to the Management Board (MB). The AAR shall be adopted by the MB by the end of June each year, to be sent to the European Parliament, the Council, the Commission and the Court of Auditors by 1 July and to be made public.

In their meeting of 6 June 2014, the Heads of EU Agencies adopted a layout for a consolidated AAR to be applied by all decentralised agencies.

The AAR outlines the Agency's key achievements, the governance, management and internal control systems, the building blocks towards the declaration of assurance and the declaration of assurance.

The Strategy and Business Planning Officer (SBPO) sets out the milestones and deadlines in a detailed annual timetable<sup>1</sup>, approved by the Management Team (MT) and the MB.

The SBPO ensures that:

- › the draft that is being distributed to the Executive Board (EB), the MB, the European Commission (EC) and other stakeholders, has been formerly approved by the MT, and
- › the draft is being circulated in a timely manner prior to EB and MB meetings. All correspondence to the EB, MB and EC is centralised by the Agency's Secretariat Board.

The Head of Unit of the Corporate Management and Evaluation Unit (CME) not only supervises the procedure, but is also the back-up for the development of the AAR.

#### 3.1. Step 1. Preparing the draft AAR of year n

The SBPO prepares the draft AAR for year n, in line with the structure in Annex I, based on the Single Programming Document (SPD) of that same year and the monitoring throughout the year, and emails the document to the Heads of Units (HoUs) by mid-March of year n+1.

#### 3.2. Step 2. Completing the draft AAR

The relevant HoUs, together with the appropriate staff members in their Units, amend the draft AAR as necessary by mid-April of year n+1, including information to what extent the outputs have been achieved. If an output has been partially or not achieved, the Unit provides a justification.

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<sup>1</sup> The milestones are set in accordance with the EB and MB meeting dates. The timings in this procedure are only approximate; details shall be documented in the SBPO's annual timetable and the relevant responsible's timetable.

The SBPO contacts the relevant sectors of the Resources and Support Unit (RSU), as described in the overview table in Annex I, at the end of year n to complete parts II, III, IV, V and the annexes of the draft AAR.

### **3.3. Step 3. Discussing the draft AAR in the MT**

The SBPO harmonizes the draft AAR, which is discussed at the MT meeting(s) in the course of April of year n+1. The SBPO involves the Agency's Legal Office for feedback on any legal matters in the draft AAR.

### **3.4. Step 4. Submitting the draft AAR to the EB and MB**

Having incorporated the feedback from the MT, the SBPO submits, on behalf of the Executive Director, the draft AAR to the EB for advice and MB for endorsement in the June meetings of year n+1.

### **3.5. Step 5. Approving the draft AAR by the MB**

The EB and the MB discuss the draft AAR in their respective June meetings of year n+1. The SBPO amends the draft AAR in line with the discussion in the EB and MB.

The MB adopts the draft AAR in that same meeting. If the MB does not adopt the AAR in its meeting in June, the AAR shall be adopted by written procedure, no later than by 30 June.

In parallel, the MB adopts the Board's Analysis and Assessment of the Agency's AAR in that same meeting.

### **3.6. Step 6. Distributing the adopted AAR**

The SBPO distributes the adopted AAR, including the Board's Analysis and Assessment, in .pdf to the Member States, the European Parliament, the Council, the European Court of Auditors (ECA) and the EC not later than 1 July.

### **3.7. Step 7. Publishing and printing the adopted AAR**

Upon adoption of the AAR by the MB, the SBPO prepares the proofreading and the publication of the AAR on the Agency's website and of the printed version, together with the Agency's Communications Office.

The AAR is to be printed within 2 months of adoption.

## **4. Templates / Forms**

- › AAR structure as adopted by the Heads of EU Agencies

**5. Records and Others Outputs**

<i>Record Name</i>	<i>Storage Responsible</i>	<i>Storage Location</i>	<i>Minimum Retention Time</i>
Comments from the Agency's Units on the draft AAR provided by the SBPO	SBPO	Intranet – 'Strategy and Business Planning'	3 years after publishing AAR
Comments from MB, including the Agency's reply.	SBPO	Intranet – 'Strategy and Business Planning'	3 years after publishing AAR
Adopted version of the AAR	SBPO	Intranet – 'Strategy and Business Planning'	3 years after publishing AAR

**ANNEX I****An overview of the content and the responsible parties for the AAR:**

<i>Part in Annual Activity Report</i>	<i>Name section/annex</i>	<i>Responsibility</i>	<i>Description</i>	<i>Additional information</i>
	Management Board's analysis and assessment	MB	Commentary on overall achievements, including notes on recommendations	Overall a maximum of 70 pages, including 30% Annexes
	Indicative Executive Summary	ED/SBPO	Agency in brief; The Year in brief; Key conclusions	
	Introduction	SBPO		
<i>Part I</i>	Achievements of the year	HoU	It is recommended that the structure of this section mirror that of the agency's annual work programme. Each agency should detail its achievements against its annual work programme here. This section should also include reference to progress against Key Performance Indicators (KPIs), and where relevant a customer satisfaction perspective. Furthermore, the multi-annual component of the programming document of the agency will provide the context and reference for the overall achievements of the year.	
<i>Part II a</i>	<i>Management</i>			
<b>2.1</b>	Management Board	Secretariat of the MB	Short paragraph providing an overview of significant risk and control issues signalled to and discussed with the MB and significant items adopted or decided by the MB.	



2.2	Major events	SBPO	Major internal or external events which had an impact on the Agency during the reporting year (new challenges, organisational changes etc.)	
2.3	Budgetary and financial management	F&P in cooperation with ACCOF	(1) Information transmitted currently in the report on the budgetary and financial management (Art 76 current FFR). (2) Summary information on budgetary operations for the year in terms of one paragraph on budget operations, revenue and expenditure (including information on ad- hoc grants and delegation agreements when applicable).	
2.4	Human Resources management	HR	(1) Brief description of the major HR changes (i.e. changes brought to the establishment plan in the reporting year; changes of major HR policies etc.)(2) Brief description of the results of the screening / benchmarking exercise (i.e. overheads/operational ratio; main findings etc.)	
2.5	Assessment by management	ICC in cooperation with the HoU	It is based on the results of controls or control procedures performed by staff of the Agency (ex- post, ex-ante evaluations). Include here the useful indicators of the “legality and regularity” of the underlying transactions, and of the other four Internal control objectives in FR 32.2 (sound financial management, prevention/detection/correction of irregularities and fraud, reliable reporting, safeguarding of assets and information).	
2.6	Budget implementation tasks entrusted to other services and entities	F&P	Assurance received from other AO in cases of crossed sub-delegations : (1) List of the activities covered by crossed sub-delegations granted to another agency or institution; (2) A summary of the conditions of these cross–delegations (i.e. the control and reporting requirements); (3) Information on the controls carried	

			out, any weaknesses identified and the actions taken to remedy these;	
2.7	Assessment of audit results during the reporting year.	ICC		
2.7.1	<i>Internal Audit Service (IAS)</i>	ICC	Summary of the internal audits conducted by the Internal Auditor Service (IAS), the thematic topic, information whether IAS consider that the audit plan as suitable.	
2.7.2	Internal Audit Capability (IAC) (where applicable)	N/A		
2.7.3	European Court of Auditors (ECA),	ICC in cooperation with F&P	Opinions of the ECA on the reliability of the Accounts, on the legality and regularity of transactions underlying the accounts and the relevant findings issued.	
2.8	Follow up of recommendations and action plans for audits	ICC	<ul style="list-style-type: none"> <li>▪ State of play of the action plan implementation progress. Only the issues covered by critical and very important recommendations should be briefly described in the report, but not the detailed findings.</li> <li>▪ In case of audit recommendations not accepted by the Agency's management, the recommendation and the related rationale for not acceptance should also be disclosed.</li> <li>▪ Significant delays in the implementation of action plans should be reported (any critical or very important recommendations overdue &gt; 6 months from the original implementation date).</li> <li>▪ The number and summary of recommendations issued, as well as any potential consequences for the assurance building process.</li> <li>▪ Actions taken on IAS, and ECA recommendations from previous years.</li> <li>▪ Aspects of service that received a "red light" from the ECA for one of the two last years should explain how the weaknesses noted by the Court have</li> </ul>	

			been addressed and in case of differences of opinion clearly explain.	
2.9	Follow up of observations from the discharge authority	F&P in cooperation with ACCOF	State of play of actions undertaken to address observations. Significant delays in the implementation of action plans should be reported.	
Part II b	<i>External Evaluations (where applicable)</i>	SBPO	External evaluations: The results of external evaluations (where applicable) should be included.	
Part III	<i>Assessment of the effectiveness of the internal control systems</i>			
3.1	Risk Management	ICC	<ul style="list-style-type: none"> <li>▪ Most important types/areas of risks associated with the Agency’s operations[i] (for example, where relevant, data protection issues, conflict of interests.....etc.);</li> <li>▪ Information on - by means of appropriate monitoring tools - the risk management process, i.e. how the agency responds to or mitigates the most important risks (but not the actual details of the risks, nor their current level of likelihood and potential impact);</li> <li>▪ Very high level information only on fraud prevention and detection;</li> <li>▪ Any prominent risks that have materialised in the reporting year should be noted.</li> </ul>	
3.2	Compliance and effectiveness of Internal Control Standards	ICC	<ul style="list-style-type: none"> <li>▪ Information on the standards with which the agency does not comply yet (fully or partially), the reasons for this and the planned actions to address the situation, including target dates;</li> <li>▪ Information on the standards with which the agency is considered fully compliant (i.e. compliant with all their requirements);</li> <li>▪ Information on how effectively the standards prioritised in the Work Programme for the reporting year are implemented. This reporting should include the results of the action taken during the year for each "priority standard";</li> <li>Conclusions</li> </ul>	

			as to the overall appreciation of the effectiveness of the internal control system.	
<i>Part IV</i>	<i>Management assurance</i>	ED		
4.1	Review of the elements supporting assurance	SBPO	<ul style="list-style-type: none"> <li>▪ Brief description of the building blocks of assurance; Summary analysis of the conclusions of any significant weaknesses reported in Part I and Part II and assessment of their joint combined impact on the declaration of assurance.</li> </ul>	
4.2	Reservations (if applicable)	RSU	<ul style="list-style-type: none"> <li>▪ Indicate the scope of the reservation and describe the specific cause of the weakness. The conclusions on whether the weaknesses are material enough to lead to a reservation should always be clearly explained and justified</li> <li>▪ Quantify the exposure (impact in monetary terms) as far as possible ;</li> <li>▪ Explain the impact on the declaration of assurance;</li> <li>▪ Set out the corrective action planned and who is responsible for taking this action in an action plan including target dates and an assessment of the impact of the actions.</li> </ul>	
4.3	Overall conclusions on assurance (where applicable)	RSU	An assessment of the combined impact of any reservations made on the declaration and a clear conclusion as to whether, in the light of those reservations, the assurance to be provided in the declaration can be given. Consideration is to be given to the overall financial impact resulting from the reservations, weighed by the relative share of the activity concerned by each reservation i.e. to what extent do the reservations refer to core business vs. other activities?	
<i>Part V</i>	<i>Declaration of Assurance Annexes</i>	ED		

<i>Annex I.</i>	Core business statistics	SBPO	For example: KPI's and SLA's and provisions for performance measurement relating to core business of the Agency.	
<i>Annex II.</i>	Statistics on financial management	F&P in cooperation with ACCOF	Additional measures of the financial performance (e.g. budget, number and value of budget transfers, interest charged for late Supplier Payments).	
<i>Annex III.</i>	Organisational chart	HR	Last organisational chart valid by the end of the year.	
<i>Annex IV.</i>	Establishment plan and additional information on Human Resources management	HR	Last establishment plan adopted; -Information on the entry level for each type of post (See table template attached subject to modifications following results of the EU Agencies Working Group on benchmarking/screening); -Information on benchmarking exercises where applicable (See table template attached subject to modifications following results of the EU Agencies Working Group on benchmarking/screening).	Information on the entry level for each type of post: Indicative table
<i>Annex V.</i>	Human and financial resources by activity	HR	Actual consumption (i.e. what has been used) of the human and financial resources by the end of year split between activities.	
<i>Annex VI.</i>	Specific annexes related to part 2	HR/ACCOF/F&P		
<i>Annex VII.</i>	Specific annexes related to part 3	ICC		
<i>Annex VIII.</i>	(draft/final) Financial Accounts	ACCOF		

**ANNEX II***Timetable*

Each Unit/Sector is responsible for drawing up its own detailed timetable in order to meet the main internal and legal deadlines<sup>2</sup> as described below.

<i>Milestone/deadline</i>	<i>Procedural step</i>
Mid-March	Preparing the draft AAR and providing to Agency Units
Mid-April	Contributions from Agency Units
End of April	Endorsement by the MT
Mid-May	Draft to EB and MB
June	Endorsement by EB and adoption by MB in June meetings
End of June	Adoption by MB in case of written procedure
1 July	Circulation of adopted AAR and the final accounts to the Court of Auditors, the European Parliament, the Council and the European Commission (the final accounts to be sent to the accounting officer of the EC)
1 September	Publication of AAR

<sup>2</sup> The milestones are set in accordance with the EB and MB meeting dates. The timings in this procedure are only approximate; details shall be documented in the relevant responsible's timetable.