

## Annex

### *Analysis and Assessment by the Agency's Administrative Board*

#### **1. Background**

Article 25 of ERA Regulation (EC) n° 881/2004 and Article 47 of the Financial Regulation, applicable to the budget of the Agency, requires the Executive Director to present the Annual Activity Report for the previous year for adoption by the Administrative Board by 30 April each year. The report describes the performance of the Agency, together with financial and management information for the previous financial year.

The Financial Regulation also requires the Administrative Board to carry out an analysis and an assessment of the Annual Activity Report and forward it to the Budgetary Authority and the Court of Auditors by 1 July.

#### **2. Assessment and analysis**

The Agency's Administrative Board has analysed and assessed the Executive Director's report on the achievements and results for 2015. The Board acknowledges the Agency's performance, and notes in particular that:

##### **General observations**

- The Administrative Board acknowledges the magnitude and quality of work done at the Agency in 2015.
- The Administrative Board notes that the AAR in its current version is not appealing to the general reader due to its length. It contains information on activities undertaken in previous years as well as extensive background texts, which adds to the difficulty for the reader to get a good overview of the Agency's work.
- Despite a separate chapter on key achievements, it is difficult for the Board to identify these. The horizontal activity area is not represented in this chapter despite its importance to the overall functioning of the Agency.
- The Administrative Board continues to observe a high level of achievements of the Agency's Work Programme 2015 in terms of outputs.
- However, the Key Performance Indicators (KPI's) are not in line with last year's report, which makes it difficult to compare the progress.
- The report is mostly related to the outputs by the Agency, and less on the effects these outputs will give to the railway sector.

- The Administrative Board acknowledges that the Agency placed a strong focus on stakeholder management through its stakeholder survey, as well as the deployment of the communications strategy.

Apart from its core duties in the existing Agency Regulation, the Board appreciates the intensified work at the Agency related to its future role following the finalisation of the negotiations on the Fourth Railway Package. The commitment of the Agency in this preparatory work has been highlighted by the conference organised in Luxembourg in November 2015.

- Despite the lack of additional funding, ERA provided a technical support to Shift-2-Rail to ensure the outputs meet the needs of the single European area.

### **Observations on strategic priorities and governance activities**

- The adoption of an amendment of the Commission implementing Regulation (EU) No 402/2013 on the common safety method for risk evaluation and assessment was a major achievement in relation to an enhanced harmonisation of the railway safety framework.
- In the field of vehicle authorisation, an important contribution was improving the level of interoperability by delivering report on unique EU vehicle authorisation and closure of open points. In the field of train drivers, the Agency provided a report on the potential improvements to the directive.
- On ERTMS, the Agency delivered a new maintenance release, paving the way for ERTMS in the next years.
- ERA developed the PRM inventory of assets, which paved the way for improved accessibility of the railway system.
- The Administrative Board met three times in 2015 and the Sub-Committee for financial, budgetary and staff-related issues five times fulfilling the role of holding the Agency management team to account for the delivery of key administrative tasks. Furthermore, their chairpersons have met the Agency's management team on a regular basis to strengthen the relationship and involvement between the Board and the Agency.
- The Board put in place a new process in 2015 to get stronger engagement from member states and stakeholders in the development of the 2016 work programme. A concept of "sponsors" for each area of the work programme was developed to work more closely with the Agency in finalising and prioritising activities in the programme.
- The Administrative Board decided and implemented a Conflict of Interest policy for the Board members and alternates.
- The Board welcomed the close and regular monitoring of the 2015 budget to ensure optimal and sound management of the Agency's financial resources. The level of commitment execution (C1)

reached over 99 %, i.e. higher than 2014 (98 %). All titles were in compliance with the 95 % target applied by the European Commission.

- The Administrative Board appreciates that in terms of payment appropriations (C1), the Agency complied in 2015 with all thresholds applied by the Court of Auditors.
- The assessment of the internal control standards (ICS) shows that there is still work to do to reach full compliance with the ICS. Several activities with priority for 2015 are yet to be finalised.
- The Administrative Board welcomes the positive developments regarding outstanding and new recommendations by the IAS. The closing of old recommendations will add to the quality and relevance of the Agency's work.

### 3. Conclusions and recommendations

- The information provided in the Annual Activity Report 2015 gives the Administrative Board sufficient assurance that the resources assigned to the Agency in 2015 have been used for their intended purpose and in accordance with principles of sound financial management. In addition, the control procedures put in place give the necessary guarantees concerning the legality and regularity of the transaction underlying the accounts.
- In the drafting of the Annual Activity Report for 2016, the Administrative Board urges the Agency to improve the presentation of the impact of the Agency's outputs on the European railway sector.
- The Administrative Board would also like to see an AAR in 2016, which has a stronger focus on achievements in the year reported. The current AAR contains a lot of background information on the Agency's work, which makes it difficult for the reader to identify achievements in 2015.
- To improve the monitoring of achievements, the Administrative Board acknowledges that the foundation for this is laid down in the drafting of objectives in the Agency Work Programme. The Board will therefore pay larger attention to this in the process leading up to the adoption of the Single Programming Document for 2017.
- The Administrative Board will continue to monitor the development of commitments and payments, in order to reach the targets set by the relevant authorities.
- Regarding the ICS, the Administrative Board will increase its monitoring of activities to reach full compliance. Special attention in 2016 will be given to the outstanding recommendation from the IAS on the recruitment procedure.
- The Board will also continue to actively follow the development of the Agency's stakeholder and communication activities and the preparatory work for the new tasks foreseen for the Agency in the Fourth Railway Package. Special attention will be given to the necessary link between the work at the

Agency, that are subject to future Management Board decisions, and the European Commission, which are voted on at RISC.

- The Board encourages the Agency to communicate its key achievements during 2015 to stakeholders in the railway sector.
- Finally, the Administrative Board expresses its appreciation to the Executive Director and his staff for their commitment and achievements throughout the year. It is particularly worth noting the successful first year of the new Executive Director.
- The Administrative Board adopted the Annual Activity Report on 31 March 2016. In light of the above analysis and assessment, the Board requests to forward the Report, together with this analysis to the European Commission, the European Parliament, the Council, the Permanent Representations of the Member States and the Court of Auditors.