

REPORT

on the annual accounts of the Trans-European Transport Network Executive Agency for the financial year 2011, together with the Agency's replies

(2012/C 388/39)

INTRODUCTION

1. The Executive Agency for the Trans-European Transport Network ("the Agency"), located in Brussels, was set up by Commission Decision 2007/60/EC ⁽¹⁾, amended by Commission Decision 2008/593/EC ⁽²⁾. The Agency was established for a period beginning on 1 November 2006 and ending on 31 December 2015 for the management of EU actions in the field of the trans-European transport network ⁽³⁾.

INFORMATION IN SUPPORT OF THE STATEMENT OF ASSURANCE

2. The audit approach taken by the Court comprises analytical audit procedures, direct testing of transactions and an assessment of key controls of the Agency's supervisory and control systems. This is supplemented by evidence provided by the work of other auditors (where relevant) and an analysis of management representations.

STATEMENT OF ASSURANCE

3. Pursuant to the provisions of Article 287 of the Treaty on the Functioning of the European Union, the Court has audited the annual accounts ⁽⁴⁾ of the Agency, which comprise the "financial statements" ⁽⁵⁾ and the "reports on implementation of the budget" ⁽⁶⁾ for the financial year ended 31 December 2011 and the legality and regularity of the transactions underlying those accounts.

The Management's responsibility

4. As authorising officer, the Director implements the revenue and expenditure of the budget in accordance with the financial rules of the Agency under his own responsibility and within the limits of authorised appropriations ⁽⁷⁾. The Director is responsible for putting in place ⁽⁸⁾

the organisational structure and the internal management and control systems and procedures relevant for drawing up final accounts ⁽⁹⁾ that are free from material misstatement, whether due to fraud or error, and for ensuring that the transactions underlying those accounts are legal and regular.

The Auditor's responsibility

5. The Court's responsibility is to provide, on the basis of its audit, the European Parliament and the Council ⁽¹⁰⁾ with a statement of assurance as to the reliability of the annual accounts of the Agency and the legality and regularity of the transactions underlying them.

6. The Court conducted its audit in accordance with the IFAC International Standards on Auditing and Codes of Ethics and the INTOSAI International Standards of Supreme Audit Institutions. These standards require that the Court plans and performs the audit to obtain reasonable assurance as to whether the annual accounts of the Agency are free of material misstatement and the transactions underlying them are legal and regular.

7. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the accounts and the legality and regularity of the transactions underlying them. The procedures are selected based on the auditor's judgement, including an assessment of the risks of material misstatement of the accounts and of material non-compliance of the underlying transactions with the requirements of the legal framework of the European Union, whether due to fraud or error. In assessing those risks, the auditor considers internal controls relevant to the preparation and fair presentation of the accounts and supervisory and control systems implemented to ensure legality and regularity of underlying transactions, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of accounting estimates made, as well as evaluating the overall presentation of the accounts.

⁽¹⁾ OJ L 32, 6.2.2007, p. 88.

⁽²⁾ OJ L 190, 18.7.2008, p. 35.

⁽³⁾ The Annex summarises the Agency's competences and activities. It is presented for information purposes.

⁽⁴⁾ These accounts are accompanied by a report on the budgetary and financial management during the year which gives further information on budget implementation and management.

⁽⁵⁾ The financial statements include the balance sheet and the economic outturn account, the cash-flow table, the statement of changes in net assets and a summary of the significant accounting policies and other explanatory notes.

⁽⁶⁾ The budget implementation reports comprise the budget outturn account and its annex.

⁽⁷⁾ Article 25 of Commission Regulation (EC) No 1653/2004 (OJ L 297, 22.9.2004, p. 6).

⁽⁸⁾ Article 29 of Regulation (EC) No 1653/2004.

⁽⁹⁾ The rules concerning the presentation of the accounts and accounting by the Agencies are laid down in Chapter 1 of Title VI of Regulation (EC) No 1653/2004 as last amended by Regulation (EC) No 651/2008 (OJ L 181, 10.7.2008, p. 15).

⁽¹⁰⁾ Article 185(2) of Council Regulation (EC, Euratom) No 1605/2002 (OJ L 248, 16.9.2002, p. 1).

8. The Court considers that the audit evidence obtained is sufficient and appropriate to provide a basis for its statement of assurance.

Opinion on the reliability of the accounts

9. In the Court's opinion, the Agency's Annual Accounts ⁽¹¹⁾ present fairly, in all material respects, its financial position as of 31 December 2011 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 ⁽¹²⁾.

Opinion on the legality and the regularity of the transactions underlying the accounts

10. In the Court's opinion, the transactions underlying the annual accounts of the Agency for the financial year

ended 31 December 2011 are legal and regular in all material respects.

11. The comments which follow do not call the Court's opinions into question.

BUDGETARY AND FINANCIAL MANAGEMENT

12. For Title III – Technical and administrative support expenditure, only 41 % of the initial budget of 0,6 million euro was used during the year, mainly due to lower than expected evaluation costs as a result of the postponement to 2012 of the call for proposals for the 2011 work programme of the Agency. The unused appropriations were transferred to Title II – Infrastructure and operating expenditure, so that the total final budget of 9,9 million euro remained unchanged. Nonetheless, the underconsumption in Title III represents a divergence from the approved annual work programme of the Agency

This report was adopted by Chamber II, headed by Mr Harald NOACK, Member of the Court of Auditors, in Luxembourg at its meeting of 10 October 2012.

For the Court of Auditors

Vitor Manuel da SILVA CALDEIRA

President

⁽¹¹⁾ The Final Annual Accounts were drawn up on 15 June 2012 and received by the Court on 29 June 2012. The Final Annual Accounts can be found on the following website http://tentea.ec.europa.eu/en/about_us/mission_introduction/key_documents.htm.

⁽¹²⁾ The Accounting Rules adopted by the Commission's Accounting Officer are derived from International Public Sector Accounting Standards (IPSAS) or, by default, International Financial Reporting Standards (IFRS).

ANNEX

Trans-European Transport Network Executive Agency (Brussels)**Competences and activities**

<p>Areas of Union competence deriving from the Treaty on the Functioning of the European Union</p> <p><i>(Articles 26, 170, 171, 172, 174 of the Treaty)</i></p>	<p>The Union shall adopt measures with the aim of establishing or ensuring the functioning of the internal market. The internal market shall comprise an area in which the free movement of goods, persons, services and capital is ensured.</p> <p>In order to promote its overall harmonious development, the Union shall develop and pursue its actions leading to the strengthening of its economic, social and territorial cohesion.</p> <p>To help achieve these objectives, and to enable citizens in the Union, economic operators and regional and local communities to derive full benefit from the setting up of an area without internal frontiers, the Union shall contribute to the establishment and development of trans-European networks in the areas of transport, telecommunications and energy infrastructures. Action by the Union shall aim at promoting the interconnection and interoperability of national networks as well as access to them.</p> <p>In order to achieve these objectives, the Union shall establish a series of guidelines covering the objectives, priorities and broad lines of measure envisaged in the sphere of trans-European networks (TENs).</p>
<p>Competences of the Agency</p> <p><i>(Decision 661/2010/EU of EP and Council on Union Guidelines for development of the TEN-T (recast))</i></p> <p><i>(Regulation 2236/95 of the Council)</i></p> <p><i>(Regulation EC/58/2003)</i></p> <p><i>(Commission Decision 2007/60/EC last amended by 2008/593/EC)</i></p>	<p>Objectives</p> <p>The Decision on Union Guidelines for the development of the Trans-European Transport Network (TEN-T) establishes the guidelines covering the objectives, priorities and broad lines envisaged in the area of TEN-T. General rules were laid down for the Union financing of TENs, in order to permit the implementation of these Guidelines.</p> <p>Council Regulation 58/2003 empowers the Commission to establish executive agencies to carry out tasks related to Union Programmes. TEN-T EA was therefore set up to manage Union action in the field of the TENs on the basis of the TEN-T Guidelines and Financial Regulation and add value in the management of the TEN-T Programme. It remains under the supervision of its parent DG MOVE, which retains responsibility for policy issues.</p> <p>TEN-T EA is responsible for managing the technical and financial implementation of the TEN-T Programme by following the entire project lifecycle. In its day to day work it aims to improve the effectiveness and flexibility of TEN-T implementation at a lower cost whilst at the same time mobilising a high level of expertise by making the recruitment of specialised staff easier. It also strengthens the links between the TEN-T and key stakeholders; ensures a better coordination of funds with other EU instruments; raises the profile and benefits of EU funding; and provides support/feedback to the Commission.</p>
<p>Governance</p>	<p>Steering Committee</p> <p>The Agency's activities are supervised by a Steering Committee which is composed of five members from the EC Directorate-Generals Mobility & Transport, Regional Policy, Environment and Human Resources and an observer from the European Investment Bank. The Committee meets four times a year and approves the Agency's Administrative Budget, Work Programme, Annual Activity Report, Accounts of all revenue and expenditure, external evaluation report and adopts other specific implementing rules.</p> <p>Director</p> <p>Appointed by the European Commission.</p> <p>Internal audit</p> <p>Internal Audit Service of the EC and the Agency's Internal Audit Capability.</p>

	<p>External audit</p> <p>Court of Auditors.</p> <p>Discharge Authority</p> <p>European Parliament acting on a recommendation from the Council.</p>
<p>Resources available to the Agency in 2011</p>	<p>Budget</p> <p>A) 8,0 billion euro (100 % general budget of the European Union) for the TEN-T budget linked to the 2007 – 2013 Financial Perspective.</p> <p>B) 9,9 million euro (administrative budget) 100 % EU subsidy for which the Agency is autonomous.</p> <p>Staff at 31 December 2011</p> <p>Temporary Agent posts: 33 posts listed in establishment plan, of which 100 % occupied.</p> <p>Contract staff: 67 posts planned, of which 66 (99 %) were occupied.</p> <p>Total staff: 100 (99 occupied)</p> <p>Allocated to:</p> <p>a) Operational activities: 65 (65 occupied)</p> <p>b) Administrative activities: 35 (34 occupied)</p>
<p>Products and services 2011</p>	<p>Selections</p> <ul style="list-style-type: none"> — Multi-Annual Programme (MAP) Call for Proposals with 3 fields for a total of 180 million euro. 47 proposals requesting 326,7 million euro were evaluated by 19 external experts and 26 proposals for 161,3 million euro were recommended for funding. — Preparation for the Annual Call 2011 for a total of 200 million euro published in 2012. <p>Project Management</p> <ul style="list-style-type: none"> — Preparation of 49 new financing Decisions (2010 Calls) – 316 open at the end of 2011; — Treatment of 137 requests for Amendments from the beneficiaries – 98 new in 2011; — Analysis of 228 Action Status Reports (ASRs - the main tool for monitoring project progress) and 48 Strategic Action Plans (SAPs); — 70 project meetings held either on-site or at the Agency's premises; — Full use of the available payment appropriations, with average time to pay only 13 days. <p>Simplification measures</p> <ul style="list-style-type: none"> — Introduction of model letters to inform beneficiaries about deliverables and deadlines; — Streamlining of processes to review ASRs and for the evaluation/selection of projects; — Good Practice Working Group (Agency and beneficiaries) pursued target to discuss constraints in procedures, exchange good practices and identify areas for improvement; — Modification of ex-ante control methodology.

	<p>Communication</p> <ul style="list-style-type: none">— Website added sections on ITS and Financial Engineering – 150 000 visits in 2011. Motorways of the Sea Helpdesk website had 2 700 visitors;— Campaign '10 out of TEN' on TEN-T project achievements with brochure and posters;— Publication of 9 e-Newsletters for beneficiaries, 53 press releases in 14 languages on new projects selected, and a new brochure 'Biennial Report 2008-2010';— Events included the 3rd Project management Workshop, the Calls Info Day and participation in DG MOVE's TEN-T Days, and events organised by the CoR and the EESC. <p>Cooperation with parent DG</p> <ul style="list-style-type: none">— Follow-up of the MAP project portfolio mid-term review and Mid-term review of the TEN-T component of the European Economic Recovery Plan Call for proposals (39 projects);— Production of statistics, reporting and maps related to the Programme e.g. 'the Report on the Assessment of TEN-T Programme Implementation';— Contribution to revision of the TEN-T Guidelines and Connecting Europe Facility (CEF). <p>Audits</p> <p>26 audits were carried out, representing 30 % of interim/final payments (monetary value) from 2010.</p>
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Source: Information supplied by the Agency.

THE AGENCY'S REPLIES

12. In 2010 the Agency had made a reasonable budgetary forecast for 2011, which included a significant amount under Title III for the organisation of the external evaluation of the 2011 annual call for proposals. However, the Commission decided to postpone this call to 2012, and the planned budget was not needed. This postponement also had an impact on the budget for experts and for communication and translation activities, all within Title III.

The savings enabled the Agency to bring forward the reimbursement of the outstanding amount for the refurbishment of its premises, and to reduce the related interest payments. Funds could also be transferred to Title II Chapter 21 (computer equipment), responding to a recommendation of the Commission's Internal Audit Service to 'accelerate the Agency's efforts to acquire or develop a comprehensive management information system', and contributing to the achievement of the IT actions set out in the Agency's Work Programme, Internal Control Standards action plan and risk register. The budgetary transfers were therefore made as a result of an unforeseen event (delaying of the 2011 annual call), and the Agency considers that it took appropriate steps to ensure a sound financial management and efficient execution of the 2011 budget.
