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EUROOPA KONTROLLIKODA
ΕΥΡΩΠΑΪΚΟ ΕΛΕΓΚΤΙΚΟ ΣΥΝΕΔΡΙΟ
EUROPEAN COURT OF AUDITORS
COUR DES COMPTES EUROPÉENNE
CÚIRT INIÚCHÓIRÍ NA HEORPA



CORTE DEI CONTI EUROPEA
EIROPAS REVĪZIJAS PALĀTA
EUROPOS AUDITO RŪMAI

EURÓPAI SZÁMVEVŐSZÉK
IL-QORTI EWROPEA TA' L-AWDITURI
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EUROPEISKA REVISIONSRÄTTEN

Report on the annual accounts of the
Trans-European Transport Network Executive Agency
for the financial year 2010

together with the Agency's reply

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 of 26 October 2006¹, amended by Commission Decision 2008/593/EC². 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 network³. The Agency acquired its financial independence on 15 April 2008.

2. The Agency's 2010 administrative budget was 9,8 million euro. The number of staff employed by the Agency at the end of the year was 93.

STATEMENT OF ASSURANCE

3. Pursuant to the provisions of Article 287(1), second subparagraph of the Treaty on the Functioning of the European Union, the Court has audited the annual accounts⁴ of the Agency, which comprise the "financial statements"⁵

¹ OJ L 32, 6.2.2007, p. 88.

² OJ L 190, 18.7.2008, p. 35.

³ The Annex summarises the Executive 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 inter alia an account of the rate of implementation of the appropriations with summary information on the transfers of appropriations among the various budget items.

⁵ The financial statements include the balance sheet and the economic outturn account, the cash-flow table, the statement of changes in capital and the annex to the financial statements which includes the description of the significant accounting policies and other explanatory information.

and the “reports on implementation of the budget”⁶ for the financial year ended 31 December 2010 and the legality and regularity of the transactions underlying those accounts.

4. This Statement of Assurance is addressed to the European Parliament and the Council in accordance with Article 14 of Council Regulation (EC) No 58/2003⁷.

The Director's responsibility

5. 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 appropriations⁸. The Director is responsible for putting in place⁹ the organisational structure and the internal management and control systems and procedures relevant for drawing up final accounts¹⁰ 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.

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

⁷ OJ L 11, 16.1.2003, p. 5.

⁸ Article 25 of Commission Regulation (EC) No 1653/2004 (OJ L 297, 22.9.2004, p. 10).

⁹ Article 29 of Regulation (EC) No 1653/2004.

¹⁰ 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).

The Court's responsibility

6. The Court's responsibility is to provide, on the basis of its audit, 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.

7. The Court conducted its audit in accordance with the IFAC and ISSAI¹¹ International Auditing Standards and Codes of Ethics. Those standards require that the Court complies with ethical requirements and plans and performs the audit to obtain reasonable assurance about whether the accounts are free from material misstatement and whether the underlying transactions are legal and regular.

8. The Court's audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the accounts and about the legality and regularity of the transactions underlying them. The procedures selected depend on its audit judgement including the assessment of the risks of material misstatement of the accounts or of illegal or irregular transactions, whether due to fraud or error. In making those risk assessments internal control relevant to the entity's preparation and presentation of accounts is considered in order to design audit procedures that are appropriate in the circumstances. The Court's audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the accounts.

9. The Court believes that the audit evidence obtained is sufficient and appropriate to provide a basis for the opinions set out below.

¹¹ International Federation of Accountants (IFAC) and International Standards of Supreme Audit Institutions (ISSAI).

Opinion on the reliability of the accounts

10. In the Court's opinion, the Agency's Annual Accounts¹² present fairly, in all material respects, its financial position as of 31 December 2010 and the results of its operations and its cash flows for the period then ended, in accordance with the provisions of its Financial Regulation.

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

11. In the Court's opinion, the transactions underlying the annual accounts of the Agency for the financial year ended 31 December 2010 are, in all material respects, legal and regular.

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

COMMENTS ON BUDGETARY AND FINANCIAL MANAGEMENT

13. Appropriations carried forward at 31 December 2010 amounted to 1,4 million euro or 14,5 % of total commitments for the year, indicating the need for stricter application by the Agency of the budgetary principle of annuality.

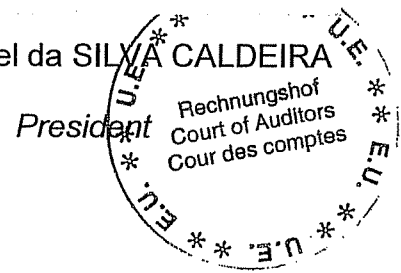
¹² The Final Annual Accounts were drawn up on 15 June 2011 and received by the Court on 7 July 2011. The Final Annual Accounts, consolidated with those of the Commission have been published in the Official Journal of the European Union (OJ C XXX, XX.11.2011), and can also be found on the following website http://tentea.ec.europa.eu/en/about_us/mission_introduction/key_documents.htm.

This report was adopted by Chamber II, headed by Mr Harald NOACK,
Member of the Court of Auditors, in Luxembourg at its meeting of
12 October 2011.

For the Court of Auditors

Vitor Manuel da SILVA CALDEIRA

President



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

Areas of Union competence deriving from the Treaty	<ol style="list-style-type: none"> 1. To help achieve the objectives referred to in Articles 26 and 174 and to enable citizens of 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 2. Within the framework of a system of open and competitive markets, action by the Union shall aim at promoting the interconnection and interoperability of national networks as well as access to such networks. It shall take account in particular of the need to link islands, landlocked and peripheral regions with the central regions of the Union. <i>(Article 170 TFEU)</i> 1. In order to achieve the objectives referred to in Article 170, the Union: <ul style="list-style-type: none"> – shall establish a series of guidelines covering the objectives, priorities and broad lines of measures envisaged in the sphere of trans-European networks; these guidelines shall identify projects of common interest, – shall implement any measures that may prove necessary to ensure the interoperability of the networks, in particular in the field of technical standardisation, – may support projects of common interest supported by Member States, which are identified in the framework of the guidelines referred to in the first indent, particularly through feasibility studies, loan guarantees or interest-rate subsidies; the Union may also contribute, through the Cohesion Fund set up pursuant to Article 177, to the financing of specific projects in Member States in the area of transport infrastructure. <p>The Union's activities shall take into account the potential economic viability of the projects.</p> 2. Member States shall, in liaison with the Commission, coordinate among themselves the policies pursued at national level which may have a significant impact on the achievement of the objectives referred to in Article 170. The Commission may, in close cooperation with the Member State, take any useful initiative to promote such coordination. 3. The Union may decide to cooperate with third countries to promote projects of mutual interest and to ensure the interoperability of networks. <i>(Article 171 TFEU)</i>
Competences of the Agency	<p><u>Objectives</u></p> <p>TEN-TEA is responsible for managing the technical and financial implementation of the Commission's TEN-T Programme. Its role is to improve the effectiveness of TEN-T implementation at a lower cost; to strengthen the links between the TEN-T and communities of experts; to mobilise a high level of expertise and make the recruitment of specialised staff easier; to ensure a better coordination of funds with other Community instruments; to enable the simplification and flexibility of TEN-T implementation; to raise the profile of Community action in the field of TEN-T; and in general to add value to the management of the TEN-T Programme.</p> <p><u>Tasks</u></p> <ol style="list-style-type: none"> (a) ensure the technical and financial management of projects and events which are co-financed under the TEN-T budget; (b) collect, analyse and transmit to the Commission all information required for the implementation and programming of TEN-T; (c) provide technical support to project promoters and the financial institution responsible for managing the loan guarantee instrument for the TEN-T projects; (d) provide any technical and administrative support requested by the Commission. <p>Its parent, DG MOVE, continues to address all policy-making and institutional tasks related to TEN-T.</p>
Governance	<p><u>1 - Steering Committee</u></p> <p>The Agency's activities are supervised by a Steering Committee which is currently composed of five members and one observer. The members of the Steering Committee are appointed for two years. The</p>

	<p>Steering Committee meets in principle four times a year. Certain measures or decisions need its approval before they can be implemented. This applies for example to the administrative budget, the establishment plan, the Work Programme, the Annual Activity Report, the provisional accounts of all revenue and expenditure, the external evaluation report and the adoption of several special rules and measures etc. On a number of other actions, the committee is kept informed. In exceptional and urgent cases, decisions are taken through a written procedure.</p> <p><u>2 - Director</u></p> <p>Appointed by the European Commission for five years.</p> <p><u>3 – Internal audit</u></p> <p>The Internal Audit Service of the European Commission and The Internal Audit Capability of the Agency.</p> <p><u>4 - External audit</u></p> <p>Court of Auditors.</p> <p><u>5 - Discharge Authority</u></p> <p>Parliament acting on a recommendation from the Council.</p>
<p>Resources available to the Agency in 2010 (2009)</p>	<p><u>Budget</u></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>The Agency implements the operational budget under the responsibility of the Commission.</p> <p>B) 9,79 million euro (100% EU subsidy) for the administrative budget for which the Agency is autonomous.</p> <p><u>Staff at 31 December 2010</u></p> <p>TA posts: 33 posts listed in the establishment plan, of which 31 (94 %) occupied.</p> <p>Contract staff: 66 posts planned, of which 62 (94 %) were occupied.</p> <p>Total staff: 99 (93 occupied)</p> <p>Allocated to</p> <p>a) Operational activities: 65 (61 occupied)</p> <p>b) Administrative activities: 34 (32 occupied)</p>
<p>Products and services 2010</p>	<p>The Agency identified four specific objectives for operational activities for 2010 which were linked to the priorities established by DG MOVE.</p> <p>The first was to support the completion of TEN-T infrastructure by the effective and efficient technical and financial management of the TEN-T Programme and projects, putting in evidence the added value and expertise of the Agency. The second was to support in particular the deployment of Intelligent Transport infrastructure throughout the TEN-T. The third was to support DG MOVE in the context of the TEN-T policy revision and mid-term programme review, in particular by carrying out an evaluation of the implementation of the projects. The fourth was an increased awareness about the TEN-T Programme, the Agency and its achievements, and improved support to its partners, notably on issues related to project financing and Public Private Partnerships.</p> <p>The Agency also set two specific objectives for its horizontal activities: one was an increased efficiency of the Agency's operations by streamlining its working methods, internal organisation, structure and staff management, and developing new tools (IT and reporting tools) for improving the management of the project life cycle and for statistical analysis, reporting and monitoring purposes. The other was to further increase the efficiency of the internal control system so that reasonable assurance can be given that resources assigned to the activities are used according to the principles of sound financial management and that the control procedures in place give the necessary guarantees concerning the legality and regularity of the underlying transactions.</p> <p>2010 was the second complete year of operation of TEN-T EA. The main challenges for the year were to actively contribute to the priority areas of action identified by the Agency's parent DG, to continue to improve the technical and financial management of the TEN-T projects for all transport modes, and to fully demonstrate the added value of the executive agency in contributing to the effective implementation of the Programme.</p>

Source: Information supplied by the Trans-European Transport Network Executive Agency.

REPLY OF THE AGENCY

13. The 1,4 million euro carried forward appropriations mainly concern services provided in 2010, for which no invoices had been received by the end of the year. The largest amounts are linked to *Service Level Agreements (SLAs) with Commission services* and to the move to the new premises in November 2010. The Agency has taken steps to further improve budgetary execution, including better planning and the introduction of interim payments for SLAs, which should reduce amounts to be carried forward.

