

European Railway Agency

Annual report
2005



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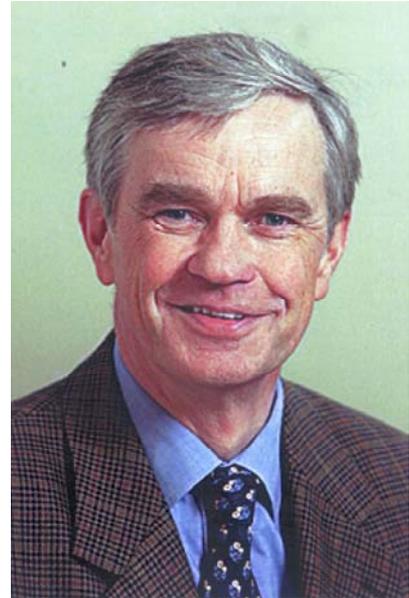
Foreword by the Chairman of the Administrative Board

The year 2005 marked the effective start of the European Railway Agency. Under the efficient leadership of Mr Marcel Verslype, Executive Director, an impressive amount of preparatory work has been achieved by the first teams who joined the Agency during this initial period.

I take the opportunity to congratulate them for their dedication.

In the course of this build-up, my colleagues in the Administrative Board have greatly contributed with their continuous support and wise advice.

The host country has also played its part, in facilitating the material installation of the Agency and its staff in Lille and Valenciennes, the two cities designated by the European Council as the twin seat of the Agency.



On 16 June, the Agency's operations were officially launched by the Vice-President of the European Commission Mr Jacques Barrot, in the presence of Mr Dominique Perben, French Transport Minister. At the same occasion, the symbolic laying of the first stone of the Agency's future building took place in Valenciennes.

Thanks to what has been done, the Agency can now focus on its core mission.

The following report highlights the key realisations of the year. It clearly shows that the activities are now in full swing with a total commitment for delivering on time quality responses to the mandates given by the European Commission and the Agency Regulation.

The European transport policy is a cornerstone of the economic and social European Union strategy. As stated in the 'White Paper on European transport policy for 2010: time to decide', the inherent attributes of the railway mode – high safety, mass transport capability, energy and environmental efficiency, saving of space – are very much in line with the short and longer term needs of the people of Europe.

The Agency will play a crucial role in the implementation of the railway packages, making true the lofty goals of the 'White Paper'. But, we should have no illusion: it will be a long and difficult process.

However, I am confident that through dedication and expertise the Agency will be at the forefront. The Board and I, as its Chairman, are proud to contribute in making it happen.

General comments by the Executive Director

The Agency, established by Regulation (EC) No 881/2004 of the European Parliament and of the Council, began on 1 January 2005. During the early months of the year, our priority has been to recruit the first group of experts and support staff. With this core team on board, we were able to draw up the detailed work programme for the Agency. The first milestone was the 1st of September 2005, when the Agency operations effectively started. Four months later, we were ready for the hand-over of the European Association for Rail Interoperability (AEIF) activities. On the same day, the Agency became the System authority for the European Rail Traffic Management System (ERTMS) with a fully dedicated operational unit. Earlier in the year, in July, I chaired the first meeting of the national safety authorities network.



While we received the Commission's mandates early in 2006, setting out the content and timescale of future deliverables, the Agency had already started work in 2005 in order to meet the tight schedules.

In parallel with this operational activity, further programmes of recruitment were actively pursued, so that the growing work load could be sustained.

In spite of a significant delay due to initial difficulties linked to the installation of the Agency, I am pleased to report that we have been able to attract a highly competent and motivated work-force coming from all parts of Europe. As expected, they are settling in well in their new working and social environment.

I also wish to underline the high competence of the experts who have been proposed by the representative bodies and the national safety authorities.

This high degree of competence and enthusiasm in support of the Agency is a clear sign of the wide expectations of the rail sector at a critical phase in its development. All this bodes well for the successful implementation of the rail packages.

2005 was the year of internal build-up. In 2006, the Agency has started to produce proposals, all the while reappraising its master programme in close collaboration with the stakeholders, so that maximum benefit can be achieved for the rail sector. This will be one of my top priorities.

Outline

Regulation (EC) No 881/2004 defines the tasks of the Agency: it has been set up in order to formulate proposals for the implementation of the Directive 2004/49/EC on Railway Safety and Directives 96/48/EC and 2001/16/EC as modified by Directive 2004/50/EC on Interoperability. The ERTMS deployment is an essential part of the interoperability strategy.

Both directives aim at implementing a regulatory playing field within which the railway sector can compete more effectively with other transport modes. It is therefore crucial that the economic impact of these regulations on the sector be continually assessed.

The work programmes for 2005 and 2006, approved by the Administrative Board on 21 December 2004 and 24 January 2006 by written procedure, and our internal organisation are strictly aligned with our tasks, which are defined in these regulations and in the mandate from the Commission.

Four operational units have been established: safety, interoperability, ERTMS, and economic evaluation. The administrative functions are continuing to play a critical role supporting the build-up of the European Railway Agency.

The year 2006 is considered the first year of operation for the Agency as regards the deadlines set in the founding regulation (881/2004).

Part A - The Administrative Board

A.1. Mission and composition

The Administrative Board is the main governing and controlling body of the European Railway Agency. It is entrusted with the necessary powers to adopt the Agency's budget, verify the tasks have been completed, approve internal rules, establish transparent working procedures for the Agency and adopt its work programme. The Chairman of the Administrative Board is Mr Reino Lampinen.

The Board is composed of representatives of the European Commission, the Member States and representatives from the railway sectors, which are most directly involved. In 2005, the Board welcomed Norway and Iceland as observers as well as Romania and Bulgaria. The European Commission is represented by four members. Each Member State has one representative on the Board. The railway sectors (railway undertakings, infrastructure managers, railway industry, worker unions, passengers, freight customers) have six representatives; however they do not have the right to vote.

The members of the Administrative Board are appointed on the basis of their experience and expertise in the railway field.

A.2. Administrative Board meetings

The Administrative Board held four meetings in 2005. At the beginning of 2005 the General Report 2004 was adopted. The Board agreed that 2005 will be the first financial year, for which the Agency will produce accounts and a financial report according to the Agency Regulation (EC) No 881/2004.

The work programme for 2006 was discussed together with its budget. It was decided to adopt the final work programme by written procedure in January 2006. The budget for 2006 was adopted in December 2005.

In relation to the internal organisation and administration of the Agency, the Administrative Board appointed the Agency's accountant and approved the appointment of the four Unit Coordinators, who will act as Head of Units. The Rules laying down the composition and operation of the Staff Committee of the European Railway Agency were also adopted.

In addition, the Board monitored the execution of the budget for 2005 and the measures taken to set up the Agency, in particular the recruitment of staff and procurement.

Furthermore, the Board decided to hold an extraordinary meeting on the 16th of June 2005 in Lille, on the occasion of the inauguration of the Agency premises in Valenciennes and Lille.

Details of the decisions taken at the Board meetings in 2005

Fourth meeting on 17 March 2005

At this meeting the Administrative Board:

- adopted the draft statement of estimates for 2006.
- was informed about the execution of the 2005 budget.
- decided to postpone to a future meeting the discussion on the policy for visits to Member states, as the Agency was still in the early stage of setting up and no visits were scheduled for 2005.
- was informed about the list of representative bodies drawn up by the Article 21 Committee of Directive 96/48/EC, pursuant to article 3 paragraph 2 of the Regulation (EC) No 881/2004.
- decided that 2005 will be the first financial year for which the Agency will produce accounts and a financial report according to article 39 of Regulation (EC) No 881/2004, when the Agency is financially autonomous.
- adopted the rules laying down the composition and operation of the Staff Committee.

Fifth meeting on 16 June 2005

During this extraordinary meeting, the Administrative Board:

- appointed the accountant of the Agency.
- decided on the incorporation of the Agency into the European Economic Area agreement.
- approved the participation of Norway and Iceland as observers to the Board.

Sixth meeting on 19 October 2005

During the sixth meeting, the Administrative Board:

- accepted the acceding countries Romania and Bulgaria as observers to the Board.
- decided on the financial circuits of the Agency.
- discussed the draft budget 2006 and Work Programme 2006.

Seventh meeting on 8 December 2005

During this meeting, the Administrative Board:

- adopted the budget for 2006,
- agreed to approve the Work Programme 2006 by written procedure after the notification of the Commission's opinion on the Work Programme 2006,
- approved the appointment of the four Unit Coordinators of the Agency as acting Head of Units.

Presentations have also been made on the activities of the different units, and about the medium to long term evolution of the Agency.

Part B - Operational Activities

B.1. Safety

B.1.1. Establishing the unit

The Unit Coordinator took up office in Valenciennes in April. The first wave of recruitment of Project Officers (10 in total) was completed in September, so that the unit was partly operational from July onwards. The first external meeting (with the network of national safety authorities) was organised in July; all other working groups, based on nominations from the sector associations, started their activities in September and October.

The unit is organised into teams related to the activities defined in the work programme:

- common safety targets/common safety methods,
- safety certification and authorisation,
- monitoring of safety performance,
- technical opinions/national safety rules.

The activity in the Work Programme to define the objectives of the safety database is organised as a horizontal task with a project coordinator. Further activities and tasks will be organised in 2006 to meet the additional objectives of the 2006 Work Programme.

The recruitment process continued during the year allowing the work force to be reinforced from the beginning of 2006. Recruitment will continue until the target number of 25 staff has been reached.

As the Work Programme for 2005 defined some deliverables from the unit, including a recommendation to the Commission, the establishment and the consolidation of the unit have gone hand in hand with substantial operational work during the last four months of the year.

B.1.2. Common safety targets and common safety methods

Setting up common safety methods (CSM) and common safety targets (CST) is one of the most crucial tasks for the harmonisation process across Europe in the field of railway safety regulation and management. The absence of a common approach for demonstrating the safety levels of the railway system is indeed one obstacle to the opening of the railway market.

The 2005 Work Programme defined the objectives for this activity; the priority task was to elaborate a 5-year programme for the adoption of the measures according to the timetable set by the Safety Directive. The objectives have been specified further in the mandate from the Commission, notified to the Agency in February 2006.

Two working groups, respectively for CSTs and CSMs, were set up and strategies and timetables discussed. The two work calendars for CSTs and CSMs, and a combined version, CST-CSM, describing strategies and work plans for the respective working groups, were adopted by the Executive Director and sent to the Commission at the end of 2005.

B.1.3 Safety certification and authorisation

The objectives set for 2005 were to develop and recommend a harmonised format for safety certificates for railway undertakings and a harmonised format for the application for a safety certificate.

This is the first step towards the harmonisation of the essential requirements for a railway undertaking to obtain a single safety certificate, which is valid throughout the Community. This certificate will confirm the acceptance of the safety management system and the provisions to meet the specific network related requirements in accordance with the safety directive.

A working group was established in September 2005. An agreement was reached in December on the proposals and drafts elaborated by the Agency. In January 2006, the Executive Director adopted the first recommendation proposing harmonised formats for safety certificates, including an electronic version, and for the application for a safety certificate.

B.1.4 Monitoring of safety performance

The Agency has received, through the Safety Directive, a mandate to develop the common safety indicators (CSI) as listed in Annex I of the directive. The indicators will provide an objective tool for the measurement of the Community's railway safety performance. In 2005, work has focussed on the objectives to elaborate the draft guidelines on the definitions of the indicators and for data collection, and to establish networks with the national safety authorities and national bodies responsible for accident investigations.

In collaboration with the CST working group, improvements to the list of indicators will be proposed. A working group, composed of representatives from the national safety authorities and investigation bodies, from UIC and from Eurostat, has met twice during 2005 and approved the programme of work to 2009. Substantial progress has been made towards common definitions using the draft guidelines elaborated by the Agency.

The network of national authorities responsible for safety has met twice; it will be consulted on all drafts elaborated by the Agency in the fields of both safety and interoperability. The network of bodies responsible for accident investigations has met once and discussions have started on the development of common methodologies.

B.1.5 Technical opinions/National safety rules

One of the purposes of the Safety Directive is to limit the number of national safety rules and to gradually migrate towards a situation where European rules are applied. The Agency has the task to monitor the development of national safety rules and to issue technical opinions – on request – when new national safety rules are issued in the Member States. The objectives for 2005 were to define internal procedures in order to be able to respond to such requests by 1 May 2006.

This activity was initiated on 1 September 2005 and by the end of the year the following results had been achieved: The legal base for the activity has been examined and the work calendar for the activity has been elaborated. A classification system and a questionnaire for the national safety rules have been developed together with process schema for the different sub-activities. A first draft of a guideline for the administration of the national safety rules has been discussed internally, and some preliminary evaluations of national safety rules notified to the Commission have been carried out.

The activity will be ready to respond to requests for technical opinions by 1 May 2006 as required.

B.1.6 Public database of safety documents

Making information on railway safety more accessible is one of the expected contributions of the Agency. The European Railway Agency will be responsible for establishing a database for a wide range of safety documentation.

This will include the licences and safety certificates issued to railway undertakings, the investigation reports sent by the investigation bodies and the national rules notified to the Commission in accordance with the safety directive. This public database may contain any public document or link relevant to the objectives set out in the Regulation establishing the Agency.

The objectives for this activity were to establish appropriate communication protocols with the competent national entities before the end of 2005, and to make the database accessible to the public by 1 May 2006.

To collect information on licences, safety certificates, investigation reports, national safety rules and safety indicators, various data structures have been discussed with the relevant working groups. Electronic versions of different forms to collect information have been elaborated; these will be used as the basis for the development of the IT applications and to gather data for the future database.

There has been a slight delay in this work as a result of difficulties in reaching agreement with the national bodies on the communication protocols, and because of delays in the procurement of the IT consultancy. The database will therefore only be partly available by beginning of May 2006.

B.2. Interoperability

B.2.1. Establishing the unit

The activity of the Interoperability Unit started during the second semester 2005, when the first experts began working.

The Interoperability Unit is divided into three sections. One team is working with the Technical Specifications for Interoperability (TSI) for conventional railways. The second team is concerned with transverse fields such as the certification of workshops and national vehicle registers. In the future this team will also take charge of the vocational issues. The third team will coordinate the work between the two sections and external groups such as the standardisation bodies and NB-Rail. In addition, this team will create and manage the interoperability database.

Owing to slow progress in the recruitment process, it was not possible to work on all the tasks originally included in the work programme 2005. As a result, this programme is six-months behind schedule. Recruitment continues; four new members have recently joined the unit. Further recruitment is planned, in order to make progress on these activities in the future.

B.2.2. Drafting the TSIs for Conventional rail

The official mandate was notified to the Agency in February 2006. However, in line with the work programme, work began in 2005 on two TSIs (Infrastructure and Energy) with the experts proposed by the sector.

B.2.2.1. TSI Infrastructure

Three meetings of the working group of eleven experts, from the sector organisations, and five representatives of the national safety authorities, were held in 2005. The scope of the TSI, the general structure of the infrastructure sub-system, and the general programme were discussed and agreed. It is planned that the basic parameters will have been identified by the end of 2006.

B.2.2.2. TSI energy

In 2005 the working group, composed of nine experts of the sector organisations and four representatives of the national safety authorities, met twice. The scope of the TSI, the structure of the sub-system and the general programme of work were agreed.

B.2.2.3. TSI Traction Unit and Locomotives and TSI Passenger Carriages

These working groups will start their operations during the first half of 2006, following the recruitment of the corresponding Agency experts.

B.2.2.4. The 1520mm project

In 2005 the Agency attended two seminars on "Seamless join of the 1435/1520 railway systems: Interoperability, Standardisation, Certification", in Gdańsk (11 and 12 October), and Baltic Interoperability Conference in Tallinn (22 and 23 December). Taking into account the suggestions of the interested member states and national authorities, a specific organisation will be set up, in line with the geographic characteristics of this project.

B.2.3. Interoperability Data Base

The Agency will start to collect documents and fill in the database by mid 2006.

B.2.4. Infrastructure projects

At the request of the Commission, the Agency shall examine the interoperability aspects of any railway project for which Community financial support has been requested. The definition of the corresponding internal procedures and working methods will be finalised by the end of March 2006.

B.2.5. Certification of maintenance workshops

The Agency has been asked to define the basis for the certification of workshops carrying out rolling stock maintenance.

A working group, led by the Agency, has been set up with representatives from all the sector organisations except UIRR, and representatives from eight national safety authorities. Five meetings have been held since October 2005. These dealt with the definition of the technical and geographical scope of the task. The group also carried out a review of current national certification systems (France, Germany, Netherlands, United Kingdom) for wagon maintenance shops. The international (EASA) aviation maintenance workshop certification was analysed as well.

B.2.6. Registration of Rolling Stock

The Agency has to recommend to the Commission a common format for the national vehicle registers by mid 2006.

In the first working group meeting, the common specifications for the National Vehicle Register (NVR) were drafted on the basis of the definition in the directives 1996/48/EC and 2001/16/EC and as modified by the directive 2004/50/EC. The most relevant reference documents were identified.

In order to fully understand the existing situation, the Agency launched a questionnaire in October. Answers have been received from 21 national safety authorities. The results were presented to the working group in December.

Taking into account the requirements set out in the directives and the existing situation, the content of the register and the format of the data were developed and discussed at the working group meeting in January 2006.

To avoid translation problems and long text fields, the working group suggested that a proposal for the common coding of a number of items should be developed. The Agency members and other volunteers from the working group have formed a subgroup, which has drafted a coding system of restrictions and withdrawal modes.

The Agency has drafted an intermediate report on the content and data format of the NVR for the Article 21 Committee meeting in March 2006.

As the Directive only deals with new or upgraded vehicles, the question of the extension of the registration to cover existing rolling stock remains outstanding. Similarly, the mandatory reference to the critical data concerning maintenance requires a common definition of this item. These problems and the technical and chronological inputs for the registers will be examined in the first half of 2006.

B.3. ERTMS

B.3.1. Establishing the unit

The unit coordinator joined the Agency in May, and the first three project officers began work during the last months of the year.

B.3.2. Work programme

According to the 2005 Work Programme, the Agency should have taken over the management of the whole Change Control process from mid-2005 onwards. This take over was delayed by about six months, due partly to the start-up phase of the Agency, and partly to the finalisation of the ERTMS work by the European Association for Rail Interoperability (AEIF), that was achieved only in December. In the second half of 2005, the Agency set up the ERTMS working groups with the experts proposed by the sector organisations. This work has resulted in a preliminary definition for the process for implementing the change control process of the specifications. The European Association for Rail Interoperability (AEIF), which was in the past mandated by the Commission to ensure the evolution of the specifications, completed its task; the hand-over of all the relevant information and documentation is currently being finalised.

In cooperation with the stakeholders, the unit elaborated the proposal for the 2006 work programme for ERTMS, which was adopted by the Administrative Board:

- "The Agency shall establish its role as the system authority for the ERTMS specifications both for command/control and signalling (ERTMS/ETCS) and GSM-R"

The policy of the Agency is to ensure that any system evolution is compatible with the solution of software upgrades on the affected modules (on-board and/or trackside).

The success of ERTMS as a European system will only be ensured, if, in addition to providing technical and operational interoperability, it facilitates the acceptance process in the Member States and the cross-acceptance between them, and so reduces the significant costs and delays involved.

To this end, the Agency has received in December a positive response from the National Safety Authorities to its proposal to establish a specific group focused on ERTMS acceptance. NB-Rail, the coordination organisation of the Notified Bodies, is represented in our working groups.

With respect to the definition of the overall master plan for the evolution of the specifications, the Agency has started the survey of railway requirements and the elaboration of the time frame for the short- and mid-term ERTMS projects. This input will be used to identify potential critical issues and to verify the overall soundness of the plan, which will be proposed to the Commission.

B.4. Economic Evaluation

Increasing the competitiveness of the rail transport mode is one of the key objectives of the "railway packages". It is therefore essential that all proposals submitted by the Agency should be assessed from an economic viewpoint. The Regulation (EC) No 881/2004 defines the contents of the economic evaluation; in line with AEIF experience, the decision was taken by the Agency to set up a small, dedicated unit to fulfil this mission.

Its first task has indeed been to ensure continuity with the on-going activity under AEIF management. In particular, the Agency has now received all relevant data, models and documents, according to the framework of the general agreement concluded with the AEIF.

The unit has defined the general guidelines, based on state-of-the art methodology, for the economic assessment to be applied by all the working groups. This will ensure consistency across all activities of the Agency. Following a feasibility check carried out with some working groups, these guidelines will be submitted to the Article 21 Committee for formal endorsement.

There are now four members of staff in the Economic Evaluation unit, two more than in 2005. The unit attends most of the Agency working group meetings in order to integrate economic reflection in their proceedings and, reciprocally, to ensure that any assessment is realistic and takes into account the impact on all stakeholders. This close cooperation between the working groups and the Economic Evaluation unit will foster "economic awareness" among the expert groups, and optimise the content of the proposals of the Agency.

Part C - The Agency build-up

During this initial phase, it is important to underline the crucial role played by the support functions.

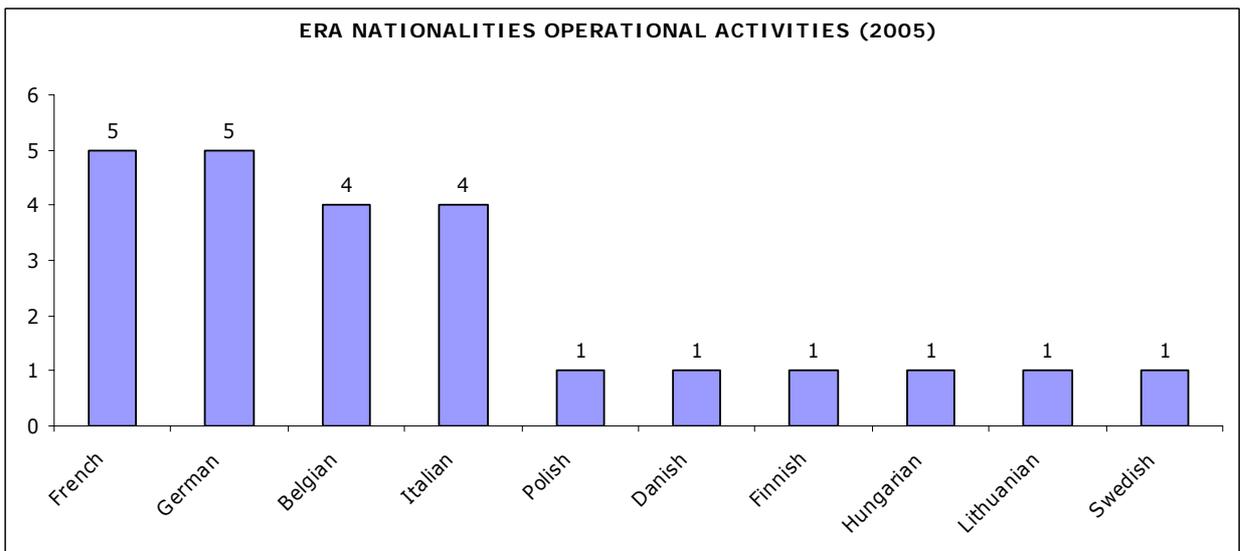
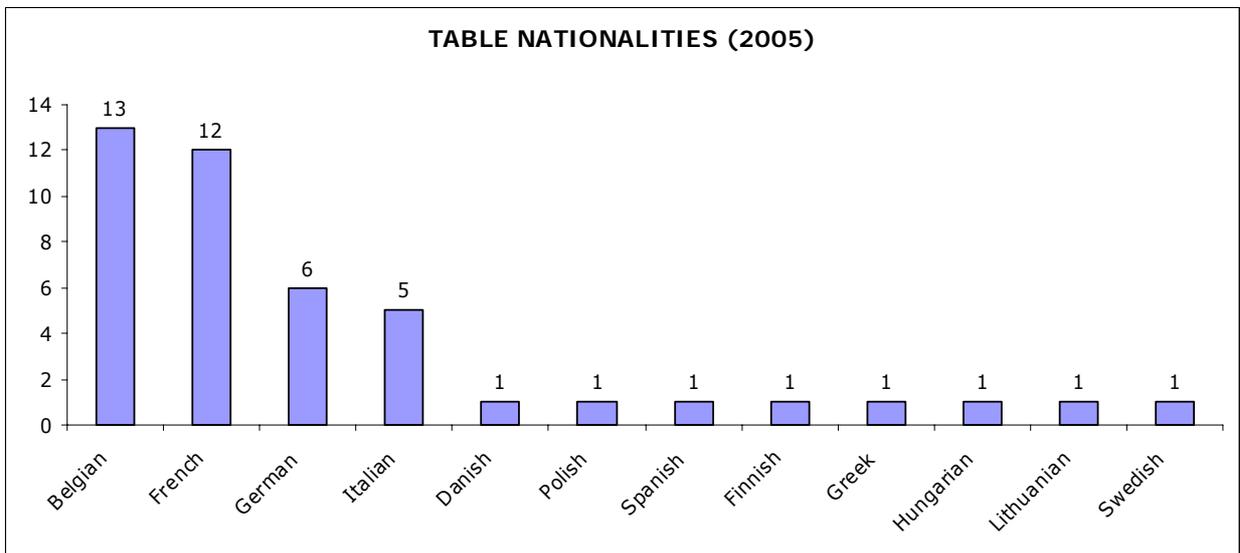
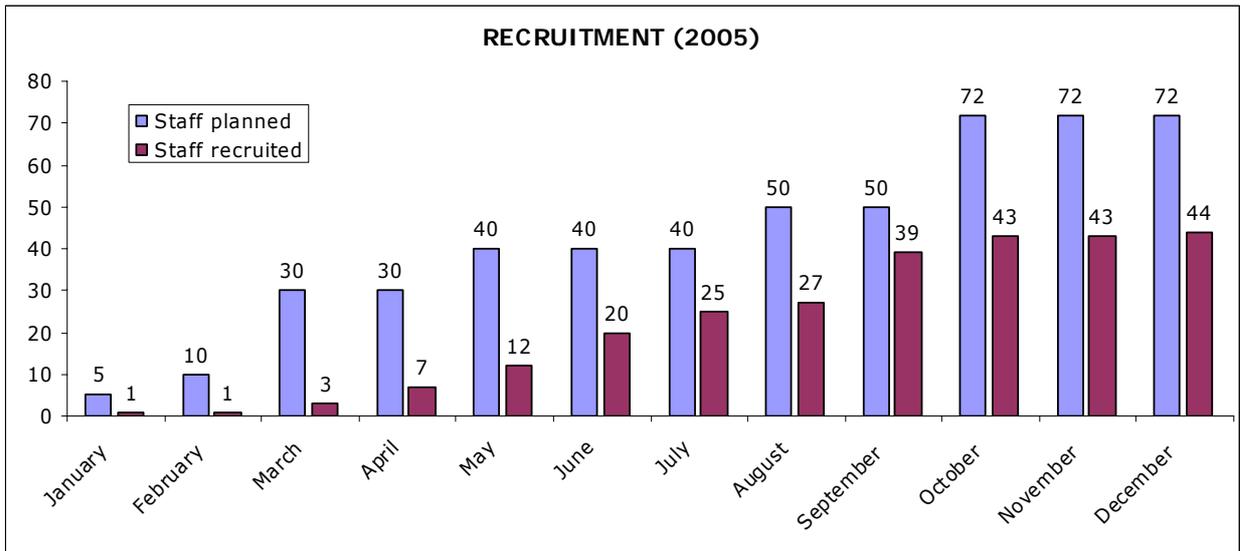
C.1. Human resources

This section comprises five people. It has contributed to the definition of the organisation and has implemented all the human resources management tools (job descriptions, recruitment process, performance evaluation, methodology, training policy, administrative management of staff files and management of missions).

44 members of staff have been recruited in 2005, less than originally planned.

The Agency started the recruitment process in January 2005 as soon as it was set up in Valenciennes, some months later than the initial calendar as foreseen by the Commission.

The actual build-up, slower than the initial plans, reflects the complexity of a recruitment process, aiming at selecting highly skilled and motivated candidates from all over Europe. However, as a result of the current programme of recruitment, this initial delay will be recovered during 2006. The same demanding selection criteria for competence and language skills are being applied in the on-going programme.



C.2. Infrastructure

C.2.1. Information technology and telecommunications

The initial effort of the Information and Communication Technology (ICT) unit was focussed on providing the newly recruited Agency staff with an efficient and reliable information technology environment and telephone communications. The relevant achievements in this respect were:

- A network design and architecture driven by the principle objectives of scalability, perimeter security and the need to maximise the automation of systems for administrative and support tasks. The implemented solution utilises modern technology, including convergence for voice and data transmissions, and a layered software and hardware approach to network security.
- An office computing infrastructure at the headquarter site, which included setting up an Agency data centre with servers for reliable storage and retention of electronic business records, emailing and standard productivity software.
- The technical planning and implementation to set up the Agency's financial accounting system (European Commission SI2), including the linkage with the General Ledger software (Exact).
- A first version of the intranet collaboration space and the launch of the Agency's early, still static, Internet presence as the nucleus for a more advanced and interactive web portal.

In parallel to these general set up tasks, the Agency completed a business requirement analysis and the necessary steps to prepare for externally sourcing IT service work in the most critical domains of the operational systems, namely:

- The development of customised and externally accessible railway database systems for interoperability and safety purposes.
- The introduction of efficient change control management systems technology in support of TSI development and maintenance and the ERTMS Systems Authority.
- The provision of web-based, efficient collaboration between working parties. The transition to a flexible documentation repository (electronic files as well as a library/archiving service) that can serve Agency needs and at the same time is the basis for handling the information requirements of the general public.

The Agency strategy has been to combine the main objectives of cost effectiveness - which can be achieved, for example, by standardisation and simplification, by the inclusion of external expertise, by following best practise for modern and agile small to medium size organisations - with the effectiveness of the Agency staff and their supporting processes.

C.2.2. Premises

Following the decision of the European Council, the activities of the Agency have been divided between the head-office in Valenciennes and the meeting centre in Lille.

The head office in Valenciennes is installed in a building belonging to the Valenciennes Chamber of Commerce. The accommodation, although simple, is sufficient for the present number of staff and the current work programme of the Agency. Further modest extensions in line with the short term growth of the Agency are being discussed with the local authorities.

The meeting centre in Lille is ideally located opposite the Lille-Europe rail terminal, with excellent high-speed rail connections to Paris and beyond, to Brussels and London. The meeting rooms are housed in a building belonging to the Lille-Métropole Chamber of Commerce. At the end of 2005, essential work to install basic facilities such as translation booths, telephones and IT connections was in progress.

The dual location of the Agency leads to a significant amount of commuting by the management and our in-house experts between the two cities, which are 50 kilometres apart.

The project for a new building, designed to accommodate the planned growth of the Agency, is currently under review. As of the end of March 2006, there was still no agreement on a financial arrangement with the French Authorities, which would comply with the strict budgetary constraints of the Agency.

C.2.3. Accounting and Finances

C.2.3.1. The financial system

All the financial positions have been filled and the staff trained.

One of the goals for 2005 was to become financially autonomous as soon as possible. To manage EC funds, the Agency had to install a full financial system, which includes SI2, EXACT and ISABEL (accounting and banking IT tools). A comprehensive report was sent to European Commission Directorate General for Energy and Transport (DG TREN) on the 26 December 2005, confirming that the Agency had met all its obligations and thus, was able to work according to the Regulations and ready to receive the European Commission subsidy on its bank accounts.

The transfer of financial competence from DG TREN to the Agency finally took place on 28 December 2005.

Before this date, any expenditure by the Agency was executed by DG TREN – Direction E (financial cell) - and charged directly to one of two EU budget lines for funding the European Railway Agency (see EU Budget – Volume 4 (section3) – Commission - item 06 02 08 01 Subsidy under Titles 1 and 2, item 06 02 08 02 Subsidy under Title 3).

The bridge to integrate the operations directly into the booking software (EXACT GLOBE 2003) has been tested. Following the completion of the procurement procedure for the banking services, a link between the ISABEL electronic banking system and EXACT was developed together with the French and Belgian banks to reduce manual intervention. This system will be fully operational in 2006.

Table 1 –Revenue and Expenditure of the Agency in 2005_(Budgetary balance)

All budget figures are given in Euros

	2005	2004 (Managed by DG TREN)
Revenue		
ERA		
Subsidy Titles 1 & 2	10 770 000	
Subsidy Title 3	2 900 000	
Total revenue (a)	13 670 000	
Expenditure		
Staff – Title I		
Payment (PMO/DG TREN)	2 498 793	
Carried over (PMO/DG TREN)	348 609	
Administration – Title II		
Payment (DG TREN)	693 282	
Carried over (ERA)	1 047 779	
Carried over (PMO/DG TREN)	147 975	
Operational activities – Titles III		
Payment (DG TREN)	7 292	
Carried over (ERA)	1 250 708	
Non automatic carry over (ERA)	994 712	
Total expenditure (b)	6 989 150	
Outturn for the budgetary year (c=a-b)	6 680 850	
Cancellation of 2004 carry over (DG TREN)	31 627	
2004 carry over managed by DG TREN	-31 627	
Exchange-rate differences	0	
Balance previous year	0	
Appropriation not transferred to ERA	-6 626 408	
Credit managed at the end 2005 by DG TREN on Cross-delegation PMO/TREN	-54 442	
ERA Balance for the budgetary year	0	

Carry over 2005 to 2006

Following the transfer of competence, it was agreed in the handover between the DG TREN and PMO (Office for Administration and Payment of Individual Entitlements), that in order to pay the 2005 salaries, recruitment costs, mission costs and the Administrative Board expenses, the remaining 2005 commitment appropriations will be retained by DG TREN.

During 2005, the Agency furnished all the offices and built up the IT infrastructure and equipment. These assets were paid for with the 2005 subvention from the Commission, and will be booked as "tangibles assets contribution".

According to the DG TREN/PMO agreement for 2005, the Agency does not pay the salaries, or the reimbursements for the Board meetings, or the reimbursements for the experts

Carry over from 2005 to 2006

Commitment appropriation	2005 (C1 current year)	2006 (RAL 2005)
<u>Automatic Carry over</u>		
Staff – Title I		
DG TREN/PMO	2 887 600	336 467 (C8)
ERA	14 244	12 142 (C8)
Administration – Title II		
DG TREN/PMO	175 700	147 975 (C8)
ERA	1 713 336	1 047 779 (C8)
Operational activities – Titles III		
ERA	1 258 000	1 250 708 (C8)
<u>Non Automatic Carry over</u>		
Operational activities – Titles III		
ERA	0	994 712 (C3)
Total		
DG TREN/PMO	3 063 300	484 442 (C8)
ERA	2 985 580	2 310 629 (C8)
ERA		994 712 (C3)

The non automatic carry over of 994 712 Euros in Title III of the budget has been approved by the Administration Board by written procedure in February 2006.

The underspent amount –of 6 626 408 Euros reflects the slower than foreseen build-up of the Agency, as already explained in the Human resources section of this report.

C.2.3.2. Controls and Reporting

Work is still in progress, in particular, to implement the wider evaluation process.

Some financial controls are already in place: segregation of duties between finance and accounting, job descriptions and training of all financial actors (initiating agents, verifying agents, authorising officers).

The Agency shall report the financial figures and accounts to the Commission each month. This procedure will soon be in place.

