

Making the railway system  
work better for society.

President of the European Court of Auditors  
12, rue Alcide de Gasperi  
L-1615 Luxembourg

**Subject:** Management Representation Letter (MRL) covering the 2022 final accounts of the European Union Agency for Railways

This representation letter is provided in connection with your audit of the final accounts of the European Union Agency for Railways consisting of the financial statements<sup>1</sup> and the budget implementation reports for the financial year ended 31 December 2022 for the purpose of expressing an opinion as to whether these present fairly, in all material respects, the financial position of the European Union Agency for Railways at 31 December 2022, the results of its operations, its cash flows, and the changes in net assets for the year then ended.

In line with Article 77 of the Financial Regulation (FR)<sup>2</sup>, the accounting systems laid down by the Accounting Officer and, where appropriate, the systems laid down by the Authorising Officer to supply and justify accounting information have been validated.

We have disclosed to you any significant changes or impact in our systems, controls, policies and procedures that we have made to address the Russian war of aggression against Ukraine.

All the information necessary for the production of the final annual accounts of the European Union Agency for Railways which gives a true and fair view of the assets and liabilities and of the budget implementation has been obtained from the authorising officers by delegation of the European Union Agency for Railways who had guaranteed its reliability.

We confirm, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves, the following representations:

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<sup>1</sup> The "financial statements" comprise the balance sheet, the statement of financial performance, the cash-flow statement, the statement of changes in net assets and the notes to the financial statements.

<sup>2</sup> Regulation (EU, Euratom) No 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 966/2012 – OJ L 193/30.07.2018, p. 1.

## Final accounts

1. The final accounts of the European Union Agency for Railways for the financial year ended 31 December 2022 referred to above are presented in accordance with its Financial Regulation and with the accounting rules adopted by the Accounting Officer of the European Commission based on internationally accepted accounting standards for the public sector: there is no material divergence requiring disclosure in the notes to the financial statements under Article 80(2) of the Financial Regulation.
2. No issues requiring a reservation have been brought to our attention.
3. The methods, the data, and the significant assumptions<sup>3</sup> used in making accounting estimates, including those measured at fair value, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the accounting rules and internationally accepted accounting standards for the public sector.
4. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of the accounting rules.
5. All events subsequent to the date of the accounts and for which the accounting rules and methods require adjustment or disclosure have been adjusted or disclosed.
6. There are no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements. The carrying value of receivables and recoverable, which are potentially irrecoverable, has been corrected where necessary.
7. All types of assets have been reviewed for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where appropriate, such assets have been written down to their recoverable amount.
8. The European Union Agency for Railways has satisfactory title to all assets and there are no liens or encumbrances on the assets.
9. All liabilities, both actual and contingent, have been recorded or disclosed, as appropriate, and all guarantees that have been given to third parties have been disclosed in the notes to the financial statements. We have informed you of all outstanding and possible claims, whether or not they have been discussed with legal counsel.

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<sup>3</sup> which included as well the potential impact of COVID-19 pandemic, the BREXIT [and the EU Court Decision on temporary agency workers].

10. All claims against the European Union Agency for Railways are reflected in the financial statements as a provision or, where relevant, as a contingent liability.
11. There are no formal or informal compensating balance arrangements with any of our cash and investment accounts. There are no lines of credit arrangements.
12. There have been no significant errors or misstatements, or changes in accounting policies that would require a restatement of the amounts from the financial statements for the year ended 2021 which are shown as comparative amounts in the financial statements for year ended 2022. Any differences in the comparative amounts from the amounts in the financial statements for the year ended 2021 are solely the result of reclassifications for comparative purposes.
13. Information regarding financial risks exposure and our financial risk management objectives and policies has been adequately disclosed in the financial statements.

#### **Information provided**

14. We have provided you with:
  - Access to all information of which we are aware that is relevant to the preparation of the accounts such as records, documentation and other matters;
  - Additional information that you have requested for the purpose of the audit; and
  - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
15. All transactions have been recorded in the accounting records and are reflected in the accounts.
16. [We have requested the legal advisors who perform services for us to provide you with all required information and have requested them to disclose to you any matters you may request in this respect.] (N.B.: only for the Executive Agencies, CPVO and EUIPO)
17. We have disclosed to you the results of our assessment of the risk that the accounts may be materially misstated as a result of fraud.
18. We have sought and disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity and involving management, employees who have a significant role in internal control, or others, where fraud could have a material effect on the entity's accounts or on the legality and regularity of the underlying operations, including issues communicated by current or former employees or by the relevant services, including the European Anti-Fraud Office (OLAF).

19. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware, in accordance with the EU accounting rule 15.

20. We have disclosed to you all instances of non-compliance and of suspected non-compliance with laws and regulations that we are aware of in relation to the Agency's operations.

21. Apart from the above, we confirm that:

- the accounts disclose adequately the provisional nature of those operations which are subject to future clearance of accounts or closure procedures;
- for all receivables which are not yet definitive, an adequate disclosure, including when possible an estimate of the amounts involved, is given in the notes to the accounts;
- the accounts include all the recovery orders issued by the Authorising Officers concerning the operations giving rise to reimbursement to the European Union Agency for Railways. We have not been informed on delays or other problems in the establishment of the recovery orders.
- Authorising Officers have not informed of delays or other problems in the establishment of recovery orders.
- We have used SUMMA as the new corporate Financial IT system that replaced the previous IT system ABAC. All the accounting information necessary to produce the accounts was migrated from ABAC to SUMMA, we have tested and not detected any errors in the migrated information;
- All the accounting information of the operations that support the accounts are registered in the SUMMA IT system;
- Only qualified authorised staff have registered and authorized operations in the SUMMA IT system;
- An adequate segregation of functions was respected for the registry and authorization of operations in the SUMMA IT system;
- The Financial Statements are based on the accounting information extracted from the SUMMA IT system, the accounting information was reconciled and all adjustments are fully justified.

**Internal control over financial reporting**

22. We have communicated to you all deficiencies in the design and implementation or maintenance of internal control over financial reporting of which management is aware.

**Internal control over compliance**

23. The authorising officer acknowledges his responsibility:

- for establishing and maintaining effective internal control over compliance.
- for ensuring compliance and detecting noncompliance with requirements, as applicable.

The authorising officer confirms having:

- made available to you all documentation related to compliance with the specified requirements or about the effectiveness of internal control over compliance.
- disclosed to you any communications from regulatory authorities, internal auditors, lawyers (internal and external), and other practitioners concerning possible noncompliance with the specified requirements, including communications received between 31.12.2022 and the date of the audit report.
- disclosed to you all instances of known noncompliance.

**Reservations**

None

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The Accounting Officer of the European Union Agency for Railways

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05.06.2023

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The Executive Director of the European Union Agency for Railways

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05.06.2023