



**Report on Budgetary  
and Financial Management  
accompanying the annual accounts**

**European Environment Agency**

**Financial Year 2013**

**Copenhagen, February 2014**

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## **Introduction**

The purpose of this report is to present a synthesis of the budgetary and financial management of the budget managed by the European Environment Agency in 2013.

### ***Legal basis***

Article 76 of the Financial Regulation of the European Environment Agency stipulates that accounts of the Agency shall be accompanied by a report on budgetary and financial management.

The EEA decided not to adopt EEA Implementing Rules, therefore the general Implementing Rules (EC, Euratom) No 2342/2002 of 23 December 2002 as last amended by (EC, Euratom) No 478/2007 of 23 April 2007 shall apply by analogy.

Article 185 of the general Implementing Rules stipulates that the report on budgetary and financial management 'shall give an accurate description of: a) the achievement of objectives for the year, in accordance with the principles of sound financial management; b) the financial situation and the events which have had a significant influence on activities during the year'.

The present report will address the requirements of the EEA Financial Regulation and general Implementing Rules without duplicating the substance of the separate Annual Activity Report required under the same Regulation or the Annual Report required under the EEA Founding Regulation.

## **Budgetary and Financial Management 2013**

### ***1 Planning cycle***

#### **1.1 Priorities for 2013**

The Agency submitted its proposal into the preparations for the draft budget process for 2013 respecting the 0% increase of the budget as one of the austerity measures introduced by the Council.

The EEA management plan was developed with the aim to support some of the major policy initiatives as carried forward by the Commission. 2 AD posts were added to the establishment table to cover new tasks related to climate change mitigation and air quality reporting.

### ***2 Establishing the initial budget***

#### **2.1 Budgetary procedure 2013**

Specifically in the Draft Budget and related Multi Annual staff Policy Plan for 2009-2013 it was highlighted that:

The EEA Multiannual Work Programme 2009-2013 was built on three main activities:

- continuing to support the information needs set down in EU and international environmental legislation and especially the Sixth Environment Action Programme of the European Union;
- delivering scientific and technical assessments and analyses of the highest quality, credibility and relevance on how and why the environment is changing and whether environmental policies, including the Sixth Environment Action Programme, the EU Sustainable Development Strategy and those in related areas have been effective; and
- improving the coordination and dissemination of environmental data and knowledge across Europe, through enhanced networking and leading-edge information and communication technologies.

These activities have been addressed through four strategic actions:

- Environmental themes;
- Cross-cutting themes;
- Integrated environmental assessment;
- Information services and communications.

In addition, the establishment of the Commission service in the field of climate action (DG Climate Action) has had a number of horizontal policy actions jointly with other DGs. These together with new tasks for DG Environment, for which the EEA will need to provide support, include *inter alia* the EU Climate and Renewable Energy Package, Air quality and Noise.

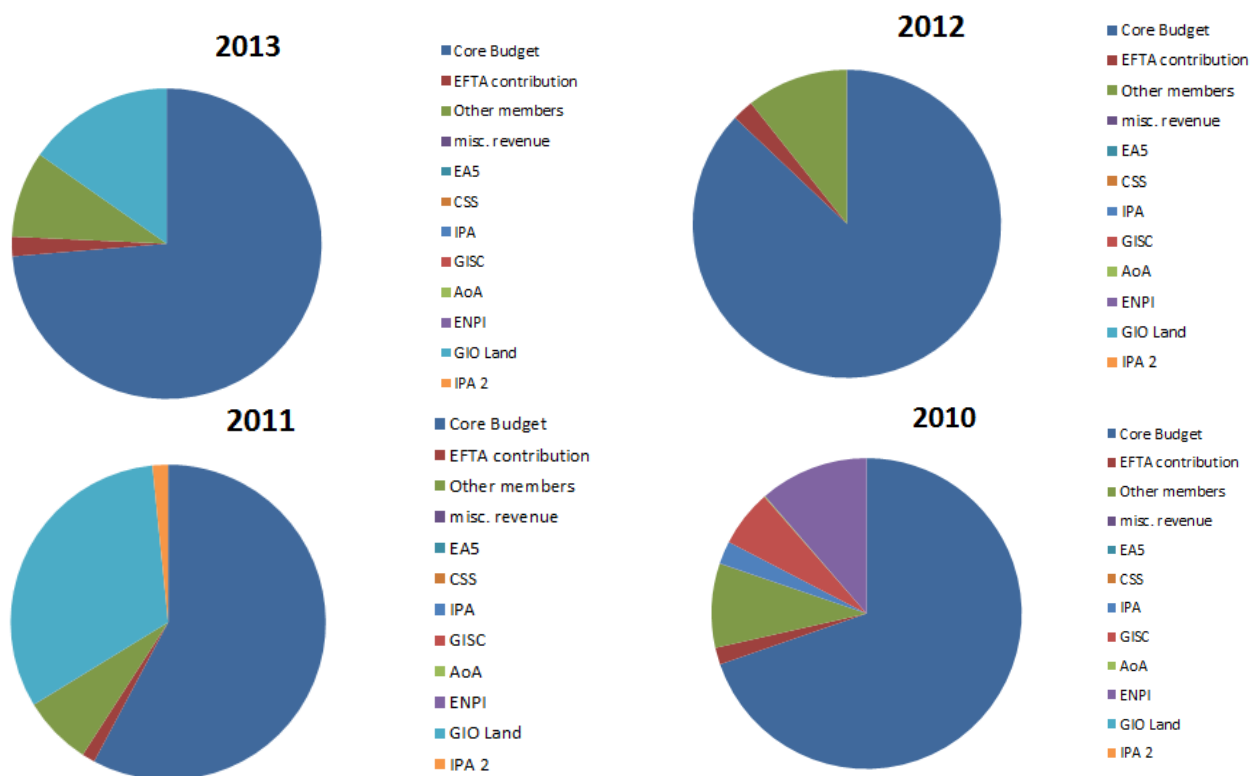
The EEA is reviewing its staffing and organisational structure on a continuous basis, including the total number of staff, the available experience and expertise, requirements for new expertise, upcoming retirements and the balance between long- and short-term support staff. Thus, vacancies created from staff turn-over and retirement are continuously being used to reinforce work in priority operational areas, and over the recent years the EEA has deployed staff into the areas designated as priorities by the EEA Management Board. Likewise, a reorganisation process in 2013, effective as of 1 January 2014, added several staff to the operational units.

To ensure that the new tasks defined in the legislation can be fully carried out, the EEA has in the course of 2012-2013 requested four new posts to support climate change mitigation reporting and review, and reporting of air quality. In 2012, two additional posts were added to the establishment table and approved by the budgetary authority to reinforce the Effort Sharing Decision. Likewise, a further two new posts were added in 2013 to cover new tasks, in the area of air quality and climate change (mitigation, review, reporting and verification in the context of the Effort Sharing Decision and the newly proposed Monitoring Mechanism Regulation). The EEA was only classified as a new task agency in 2012 and not in 2013 despite the fact that it is the very same legislative act that the new posts were based upon in both years.

## 2.2 The evolution of the budget

The EEA budget has three main constituent parts

- Community subvention
- Contributions from other member countries
- Earmarked revenue (external assigned revenue)
- Miscellaneous revenue



	<i>2011</i>	<i>2012</i>	<i>2013</i>	<b>Difference between 2012 and 2013</b>
Community subvention	35,957,000	36,309,240	36,309,240	0
Contributions from other member countries	5,262,704	5,379,117	5,431,482	52,365
Earmarked funds	21,000,000		7,530,000	7,530,000
Miscellaneous revenue	10,744	7,347		-7,347
<b>Total</b>	<b>62,230,448</b>	<b>41,695,704</b>	<b>49,270,722</b>	<b>7,575,018</b>

These first three elements of the 2013 revenue are presented in detail in the following.

### 2.2.1 Community subvention

The evolution of the Community subvention is presented in the tables below.

#### Development in Community subvention - commitment appropriations

<i>Titles</i>	<i>General Budget 2012</i>	<i>DB 2013</i>	<i>General Budget 2013</i>	<b>Difference between General budget 2012 and General budget 2013</b>
Staff and Administrative expenditure	22,598,731	22,835,305	22,835,305	236,574
Operating Expenditure	13,128,165	12,962,092	12,962,092	-166,073
<i>Assigned revenues deriving from previous years' surpluses</i>	582,344	511,843	511,843	-70,501
<i>Total</i>	<i>36,309,240</i>	<i>36,309,240</i>	<i>36,309,240</i>	<i>0</i>

#### Development in Community subvention - payment appropriations

<i>Titles</i>	<i>General Budget 2012</i>	<i>DB 2013</i>	<i>General Budget 2013</i>	<b>Difference between General budget 2012 and General budget 2013</b>
Staff and Administrative expenditure	22,598,731	22,835,305	22,835,305	236,574
Operating Expenditure	13,128,165	12,962,092	12,962,092	-166,073
<i>Assigned revenues deriving from previous years' surpluses</i>	582,344	511,843	511,843	-70,501
<i>Total</i>	<i>36,309,240</i>	<i>36,309,240</i>	<i>36,309,240</i>	<i>0</i>

### 2.2.2 Development of contributions from other member countries

The EEA has 33 member countries;

- 28 European Union Member States,
- Turkey (EU candidate country)
- Iceland, Liechtenstein and Norway (European Economic Area countries)
- Switzerland

Contributions to the EEA budget from these countries are except from Turkey calculated on the basis of the Community subvention. The contribution from Turkey is established in "Agreement between the European Community and the Republic of Turkey concerning the participation of the Republic of Turkey in the European Environment Agency and the European environment information and observation network".

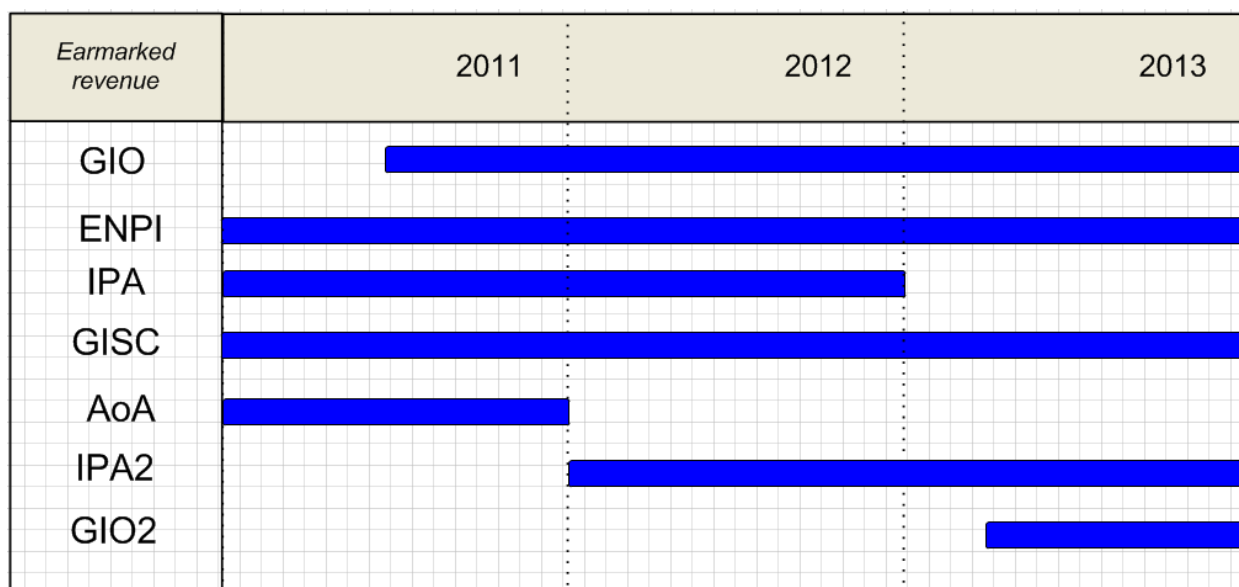
## Development in contributions from other member countries

	2012	2013	Difference between 2012 and 2013
EFTA contribution	928,899	1,002,328	73,429
New member countries contribution	4,450,218	4,429,154	-21,064
<i>Total</i>	<i>5,379,117</i>	<i>5,431,482</i>	<i>52,365</i>

### 2.2.3 Development of earmarked funds

Earmarked revenue is in comparison to the other fund sources different as they are multiannual (external assigned revenue). The funds are activated in the budget following approval of the EEA Management Board and gradually executed in line with the principles laid down in the individual agreements.

### Overview of earmarked revenue in the last three years



GIO	GMES Land monitoring service agreement (GIO)
ENPI	Towards a shared Environmental Information System (SEIS) in the European Neighbourhood countries
IPA	Specific project for the participation of West Balkan Countries in the work of the European Environment Agency 2009-2011
GISC	GMES in-Situ Coordination (GISC) - grant agreement
AoA	Europe's Environment - Assessment of Assessments developing the Report for the pan-European GIO GMES Land monitoring service agreement (GIO)
IPA2	Instrument for pre-Accession (West Balkan Countries) 2011-2013
GIO2	GMES Land monitoring service agreement (GIO)

## Development in Earmarked revenue

	2011	2012	2013
IPA2	1,000,000		
GIO	20,000,000		7,530,000
<i>Total</i>	21,000,000		7,530,000

### 3 Cancelled Appropriations

Un-committed core funds not carried forward at year end (C1 – 2013) and lapsed C8 – 2013 constitute the cancelled appropriations in total as follows:

#### Commitments (C1-2013 – core only)

Titles	Appropriation 2013 (core funds only)	Committed	Non-committed appropriations cancelled	Paid	Available for carryover	Carried over	Committed appropriation cancelled
1.Staff	23,616,759.00	23,594,374.84	22,384.18	22,557,064.49	1,037,310.33	232,127.25	805,183.08
2.Administrative expenditure	4,356,000.00	4,247,870.89	108,129.11	3,742,343.50	505,527.39	505,527.39	0
3.Operating Expenditure	13,767,963.00	13,667,929.32	100,033.68	10,203,423.24	3,464,506.08	3,464,506.08	0
<i>Total</i>	<i>41,740,722.00</i>	<i>41,510,175.05</i>	<i>230,546.97</i>	<i>36,502,831.23</i>	<i>5,007,343.80</i>	<i>4,202,160.72</i>	<i>805,183.08</i>

#### 2013 – C8

Titles	Carryover from 2012	Paid	Committed appropriation cancelled
1.Staff	422,181.40	252,151.83	170,029.57
2.Administrative expenditure	293,597.90	188,682.48	104,915.42
3.Operating Expenditure	3,355,798.96	3,249,794.96	106,004.00
<i>Total</i>	<i>4,071,578.26</i>	<i>3,690,629.27</i>	<i>380,948.99</i>

#### Total cancelled appropriations

Titles	2013 – C1 Non-committed	2013 – C1 Committed appropriation cancelled	2013 – C8 Committed appropriation cancelled	Total cancelled appropriations
1.Staff	22,384.18	805,183.08	170,029.57	997,596.83
2.Administrative expenditure	108,129.11	0	104,915.42	213,044.53
3.Operating Expenditure	100,033.68	0	106,004.00	206,037.68
<i>Total</i>	<i>230,546.97</i>	<i>805,183.08</i>	<i>380,948.99</i>	<i>1,416,679.04</i>

Cancelled appropriations in title 1 are primarily related to the delayed salary adjustments from 2011 and 2012 that were envisaged to be settled in 2013.

#### 4 Amending budgets 2013

<b>No. of Revision</b>	<b>Subject</b>	<b>Amount in EURO</b>	<b>Comments</b>	<b>Decision</b>
1st. Amended Budget	Change in EFTA contribution	71.596	Resulting from contributions from non-EU members	Management Board decision (25 <sup>th</sup> February 2013)
2nd. Amended Budget	GIO amendment	7.530.000	Amendment to GIO Land agreement	Management Board decision (6 <sup>th</sup> June 2013)

#### 5 Budget transfers 2013

Within the scope of art. 23.2 of EEA Financial regulation budgetary transfers can be made up to 10 % of the budget without having to seek the approval of the management board.

#### Total amount of transfer carried out in 2013

<b>Chapters in EEA budget</b>	<b>Initial Appropriations 2013</b>	<b>Transfers (incl. amendments)</b>	<b>Final Appropriations</b>
Staff in active employment	22,100,000	-229,577	21,870,423
Expenditure related to recruitment	120,000	150,596	270,596
Missions and duty travel	900,000	-134,600	765,400
Socio medical infrastructure	750,000	-44,660	705,340
Social services	5,000	0	5,000
<b>Staff total</b>	<b>23,875,000</b>	<b>-258,241</b>	<b>23,616,759</b>
Rental of buildings and associated costs	3,240,000	139,000	3,379,000
Movable property and associated costs	245,000	336	245,336
Current administrative expenditure	500,000	4,664	504,664
Entertainment and representation expenses	12,000	0	12,000
Eea governance	205,000	0	205,000
Environmental management of the agency	10,000	0	10,000
<b>Administrative expenditure total</b>	<b>4,212,000</b>	<b>144,000</b>	<b>4,356,000</b>
Resources	11,395,000	146,398	11,541,398
Strategic actions	2,187,126	39,439	2,226,565
<b>Operating expenditure total</b>	<b>13,582,126</b>	<b>185,837</b>	<b>13,767,963</b>
<b>Budget total</b>	<b>41,669,126</b>	<b>71,596</b>	<b>41,740,722</b>



## 6 Implementation 2013

In the following tables a detailed breakdown of the 2013 operational core budget (C1) and its' implementation, is presented.

Titles	Appropriation	Committed	Paid	Available for carryover	Carried over	Cancelled
Staff	23,616,759.00	23,594,374.82	22,557,064.49	1,037,310.33	232,127.25	805,183.08
Administrative expenditure	4,356,000.00	4,247,870.89	3,742,343.50	505,527.39	505,527.39	0.00
Operating Expenditure	13,767,963.00	13,667,929.32	10,203,423.24	3,464,506.08	3,464,506.08	0.00
<i>Total</i>	<i>41,740,722.00</i>	<i>41,510,175.03</i>	<i>36,502,831.23</i>	<i>5,007,343.80</i>	<i>4,202,160.72</i>	<i>805,183.08</i>

### *Title 3 - Operating expenditure in detail*

Chapter	Appropriation	Committed	Paid	Available for carryover	Carried over	Cancelled
Resources	11,541,398.00	11,445,515.19	8,475,143.38	2,970,371.81	2,970,371.81	95,882.81
Strategic Actions	2,226,565.00	2,222,414.13	1,728,279.86	494,134.27	494,134.27	4,150.87
<i>Total</i>	<i>13,767,963.00</i>	<i>13,667,929.32</i>	<i>10,203,423.24</i>	<i>3,464,506.08</i>	<i>3,464,506.08</i>	<i>100,033.68</i>

### *Resources in detail*

Description	Appropriation	Committed	Paid	Available for carryover	Carried over	Cancelled
Meetings	703,000.00	613,000.00	537,391.04	75,608.96	75,608.96	90,000.00
IT (details below)	2,485,900.00	2,480,280.24	1,935,283.17	544,997.07	544,997.07	5,619.76
Communication	646,000.00	645,999.49	557,292.31	88,707.18	88,707.18	0.51
Translation	250,000.00	250,000.00	211,525.50	38,474.50	38,474.50	0.00
ETC's (details below)	7,456,498.00	7,456,235.46	5,233,651.36	2,222,584.10	2,222,584.10	262.54
<i>Total</i>	<i>11,541,398.00</i>	<i>11,445,515.19</i>	<i>8,475,143.38</i>	<i>2,970,371.81</i>	<i>2,970,371.81</i>	<i>95,882.81</i>

### *IT –IT in detail*

Description	Appropriation	Committed	Paid	Available for carryover	Carried over	Cancelled
Publication and graphic services	311,000.00	307,375.00	253,881.54	53,493.46	53,493.46	3,625.00
IT infrastructure	1,000,000.00	998,121.76	867,705.46	130,416.30	130,416.30	1,878.24
Web publishing	375,040.00	375,039.76	290,953.19	84,086.57	84,086.57	0.24
IT for shared Env. Information System	799,860.00	799,743.72	522,742.98	277,000.74	277,000.74	116.28
<i>Total</i>	<i>2,485,900.00</i>	<i>2,480,280.24</i>	<i>1,935,283.17</i>	<i>544,997.07</i>	<i>544,997.07</i>	<i>5,619.76</i>

**European Topic Centres - ETC's in detail**

Description	Appropriation	Committed	Paid	Available for carryover	Carried over	Cancelled
ETC - ACM	2,109,000.00	2,109,000.00	1,505,000.00	604,000.00	604,000.00	0.00
ETC - ICM	1,550,000.00	1,550,000.00	1016,000.00	534,000.00	534,000.00	0.00
ETC - BD	1,067,121.00	1,067,120.52	787,500.00	279,620.52	279,620.52	0.48
ETC - SIA	1,159,628.00	1,159,628.00	795,884.80	363,743.20	363,743.20	0.00
ETC – SCP	958,113.00	958,113.00	700,000.00	258,113.00	258,113.00	0.00
ETC – CVA	612,636.00	612,373.94	429,266.56	183,107.38	183,107.38	262.06
<i>Total</i>	<i>7,556,498.00</i>	<i>7,456,235.46</i>	<i>5,233,651.36</i>	<i>2,222,584.10</i>	<i>2,222,584.10</i>	<i>262.54</i>

**Strategic Actions in detail**

Description	Appropriation	Committed	Paid	Available for carryover	Carried over	Cancelled
Air quality and noise	110,000.00	109,800.00	109,800.00	0.00	0.00	200.00
Air pollutant emissions (including industrial emissions)	35,000.00	35,000.00	35,000.00	0.00	0.00	0.00
Biodiversity	118,950.00	118,945.00	48,950.00	69,995.00	69,995.00	5.00
Climate change mitigation and GHG gas emission	0.00					0.00
Ecosystems assessments	106,220.00	106,220.00	106,220.00	0.00	0.00	0.00
Environment and health	63,390.00	63,390.00	63,390.00	0.00	0.00	0.00
Sustainable Consumption and Production (SCP) and waste	3,000.00	3,000.00	3,000.00	0.00	0.00	0.00
Land use	29,000.00	28,871.00	28,871.00	0.00	0.00	129.00
Agriculture and forestry	119,730.00	119,576.00	49,724.00	69,852.00	69,852.00	154.00
Energy	35,000.00	34,969.35	34,969.00	0.35	0.35	30.65
Transport	100,000.00	99,796.00	99,796.00	0.00	0.00	204.00
Strengthening integrated environmental assessment	212,425.00	212,425.00	142,226.20	70,198.80	70,198.80	0.00
Economics	94,167.00	94,166.66	94,166.66	0.00	0.00	0.34
Strategic futures	149,557.00	149,556.50	132,615.20	16,941.30	16,941.30	0.50
Shared Environmental Information System	990,126.00	989,185.33	722,038.51	267,146.82	267,146.82	940.67
Evaluating our impact	60,000.00	57,513.29	57,513.29	0.00	0.00	2,486.71
<i>Total</i>	<i>2,226,565.00</i>	<i>2,222,414.13</i>	<i>1,728,279.86</i>	<i>494,134.27</i>	<i>494,134.27</i>	<i>4,150.87</i>

Detailed information on the activities, outputs and results under each of these operational budget headings are presented in the Annual Report 2013 and the Annual Activity Report 2013, which are available from 15 June 2014.