



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

European Environment Agency

Financial Year 2014

Copenhagen, February 2015

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 2014.

LEGAL BASIS

Article 93 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 966/2012 of 29 October 2012 shall apply by analogy.

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 2014

PLANNING CYCLE

PRIORITIES FOR 2014

The EEA Multiannual Work Programme 2014-2018 is built on three main goals:

- To be the prime source of knowledge at European level informing the implementation of European and national environment and climate policies;
- To be a leading knowledge centre on the knowledge needed to support long term transition challenges and objectives;
- To be the lead organisation at European level facilitating knowledge-sharing and capacity - building in the field of environment and climate change.

To secure the knowledge and evidence base for this developing policy framework in line with Priority objective 5 of the 7th EAP, the MAWP is structured around four strategic areas (SA 1 - 4):

- Informing policy implementation (SA1)
- Assessing systemic challenges (SA2)
- Knowledge co-creation, sharing and use (SA3)
- EEA management (SA4)

The priorities for 2014 were laid down in the annual work programme 2014. The preparation of the State and Outlook report (SOER 2015) was a major priority for the year.

ESTABLISHING THE INITIAL BUDGET

BUDGETARY PROCEDURE 2014

The Agency submitted its proposal into the preparations for the draft budget process for 2014 respecting the 0% increase of the budget as one of the austerity measures introduced by the Council.

The EEA accepted a 2% reduction of staff (across temporary agents, contract agents and seconded national experts) in line with the European Commission budget proposal although the EEA in line with the agencies network only accepts a principle of a 5% reduction in the period 2013-2018.

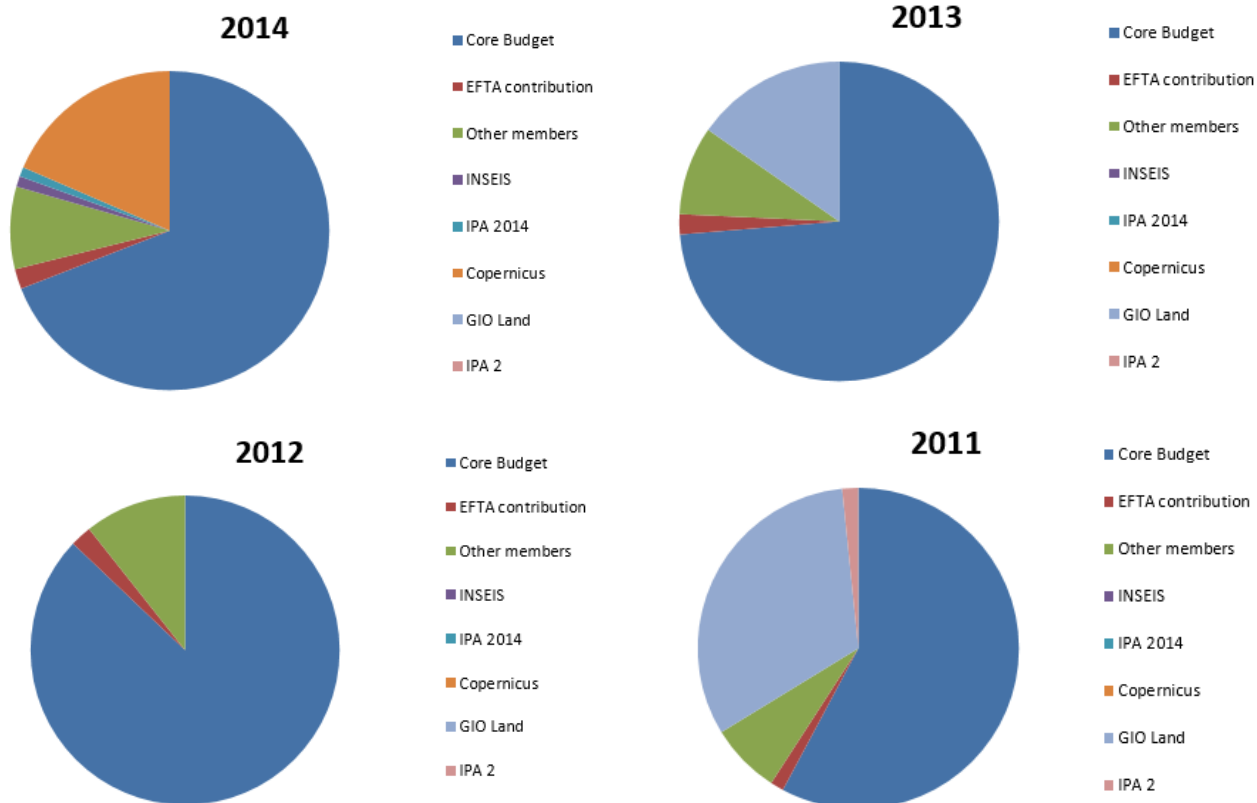
On this basis the establishment table in the agency request reduced by three posts.

Specifically in the Draft Budget and related Multi Annual staff Policy Plan for 2014-2018 it was highlighted that the EEA constantly 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, followed by a similar process in 2014, have added several staff to the operational units and quality management.

THE EVOLUTION OF THE BUDGET

The EEA budget has four main constituent parts

- EU subsidy
- Contributions from other member countries
- Earmarked revenue (external assigned revenue)
- Miscellaneous revenue



	2012	2013	2014	Difference between 2013 and 2014
EU subsidy	36,309,240	36,309,240	36,309,240	0
Contributions from other member countries	5,379,117	5,431,482	5,461,657	30,175
Earmarked funds		7,530,000	10,802,174	3,272,174
Miscellaneous revenue	7,347			0
Total	41,695,704	49,270,722	52,573,071	3,302,349

The first three elements of the 2014 revenue are presented in detail in the following.

EU SUBSIDY

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

Titles	General Budget 2013	DB 2014	General Budget 2014	Difference between General budget 2013 and General budget 2014
Staff and Administrative expenditure	22,835,305	22,735,258	22,735,258	-100,047
Operating Expenditure	12,962,092	12,630,671	12,630,671	-331,421
<i>Assigned revenues deriving from previous years' surpluses</i>	511,843	943,311	943,311	431,468
Total	36,309,240	36,309,240	36,309,240	0

Table 1 Development in EU subsidy - commitment appropriations

Titles	General Budget 2013	DB 2014	General Budget 2014	Difference between General budget 2013 and General budget 2014
Staff and Administrative expenditure	22,835,305	22,735,258	22,735,258	-100,047
Operating Expenditure	12,962,092	12,630,671	12,630,671	-331,421
<i>Assigned revenues deriving from previous years' surpluses</i>	511,843	943,311	943,311	431,468
Total	36,309,240	36,309,240	36,309,240	0

Table 2 Development in EU subsidy - payment appropriations

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”.

	2013	2014	Difference between 2012 and 2013
EFTA contribution	1,002,328	1,071,588	69,260
New member countries contribution	4,429,154	4,390,069	-39,085
<i>Total</i>	<i>5,431,482</i>	<i>5,461,657</i>	<i>30,175</i>

Table 3 DEVELOPMENT IN CONTRIBUTIONS FROM OTHER MEMBER COUNTRIES

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.

	2012	2013	2014
INSEIS			572,174
IPA2014			500,000
Copernicus			9,730,000
GIO		7,530,000	
<i>Total</i>		<i>7,530,000</i>	<i>10,802,174</i>

Table 4 Development in Earmarked revenue

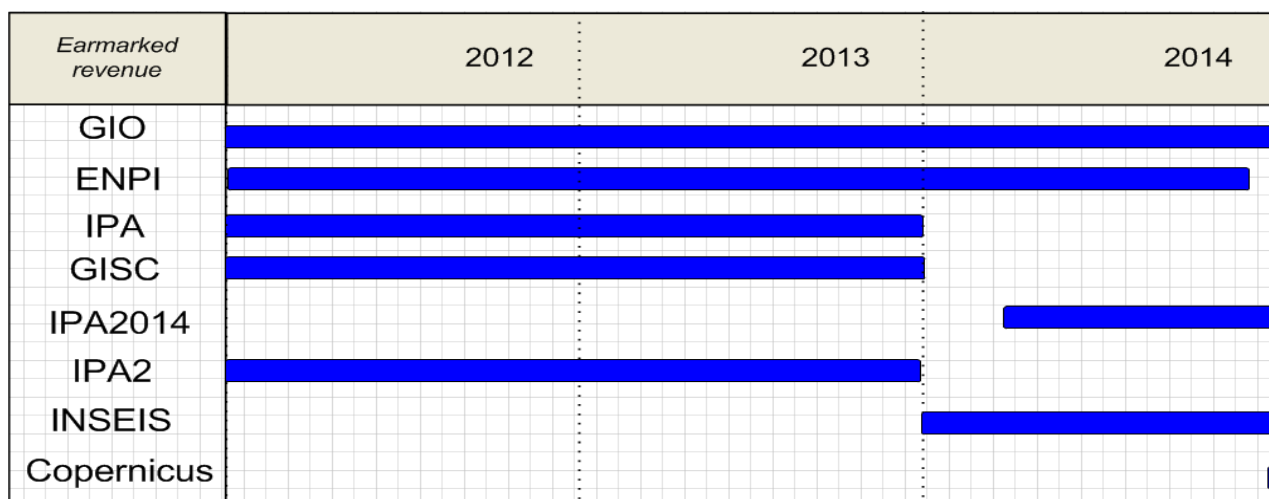


Figure 1 OVERVIEW OF EARMARKED REVENUE IN THE LAST THREE YEARS

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
IPA2014	Specific project for the West Balkan Countries (2014/338-534)
IPA2	Instrument for pre-Accession (West Balkan Countries) 2011-2013
INSEIS	Increased collaboration with EEA and further implementation of SEIS in interested ENP countries
Copernicus	Copernicus Land monitoring service agreement

3 CANCELLED APPROPRIATIONS

Un-committed core funds not carried forward at year end (C1 – 2014) and lapsed C8 – 2014 constitute the cancelled appropriations in total as follows:

COMMITMENTS (C1-2014 – CORE ONLY)

Titles	Appropriation 2014 (core funds only)	Committed	Non-committed appropriations cancelled	Paid	Available for carryover	Carried over	Committed appropriation cancelled
1. Staff	23,322,067.00	23,157,722.74	164,344.26	22,749,241.42	408,481.32	390,194.32	18,287.00
2. Administrative expenditure	4,435,426.00	4,315,816.58	119,609.42	3,838,718.90	477,097.68	477,097.68	0
3. Operating Expenditure	14,013,404.00	13,959,239.05	54,164.95	9,831,950.55	4,127,288.50	4,127,288.50	0
Total	41,770,897.00	41,432,778.37	338,118.63	36,419,910.87	5,012,867.50	4,995,730.50	18,287.00

2014 – C8

Titles	Carryover from 2013	Paid	Committed appropriation cancelled
1.Staff	221,243.18	118,210.29	103,032.89
2.Administrative expenditure	516,411.46	396,392.44	120,019.02
3.Operating Expenditure	3,464,506.08	3,302,433.90	162,072.18
Total	4,202,160.72	3,817,036.63	385,124.09

TOTAL CANCELLED APPROPRIATIONS

Titles	2014 – C1 Non-committed	2014 – C1 Committed appropriation cancelled	2014 – C8 Committed appropriation cancelled	Total cancelled appropriations
1.Staff	164,344.26	18,287.00	103,032.89	284,514.15
2.Administrative expenditure	119,609.42	0	120,019.02	239,628.44
3.Operating Expenditure	54,164.95	0	162,072.18	316,237.13
Total	338,118.63	18,287.00	385,124.09	840,379.72

AMENDING BUDGETS 2014

No. of Revision	Subject	Amount in EURO	Comments	Decision
1st. Amended Budget	INSEIS	572.174	INSEIS agreement	Management Board decision (20 th December 2014)
2 nd Amended Budget	IPA2014	500.000	IPA 2014 agreement	Management Board decision (29 th April 2014)
3 rd Amended Budget	Change in EFTA contribution and new member countries	88.453	Change in contribution	Management Board decision (27 th October 2014)
4 th Amended Budget	Copernicus	9.730.000	Copernicus agreement	Management Board decision (23 rd December 2014)

BUDGET TRANSFERS 2014

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 2014

Chapters in EEA budget	Initial Appropriations 2014	Transfers (incl. amendments)	Final Appropriations
Staff in active employment	21,713,444	-163,577	21,549,867
Expenditure related to recruitment	220,000	-65,000	155,000
Missions and duty travel	850,000	-63,170	786,830
Socio medical infrastructure	800,000	25,370	825,370
Social services	5,000	0	5,000
Staff total	23,588,444	-266,377	23,322,067
Rental of buildings and associated costs	3,215,000	117,000	3,332,000
Movable property and associated costs	270,000	14,500	284,500
Current administrative expenditure	500,000	68,677	568,677
Entertainment and representation expenses	12,000	0	12,000
Eea governance	230,000	-1,751	228,249
Environmental management of the agency	10,000	0	10,000
Administrative expenditure total	4,237,000	198,426	4,435,426
Resources	12,897,000	180,404	13,077,404
Strategic actions	960,000	-24,000	936,000
Operating expenditure total	13,857,000	156,404	14,013,404
Budget total	41,682,444	88,453	41,770,897

IMPLEMENTATION 2014

In the following tables a detailed breakdown of the 2014 operational core budget (C1) and its implementation, is presented.

Titles	Appropriation	Committed	Paid	Available for carryover	Carried over	Cancelled
Staff	23,322,067.00	23,157,722.74	22,749,241.42	408,481.32	390,194.32	18,287.00
Administrative expenditure	4,435,426.00	4,315,816.58	3,838,718.90	477,097.68	477,097.68	0.00
Operating Expenditure	14,013,404.00	13,959,239.05	9,831,950.55	4,127,288.50	4,127,288.50	0.00
Total	41,770,897.00	41,432,778.37	36,419,910.87	5,012,867.50	4,994,580.50	18,287.00

TITLE 3 - OPERATING EXPENDITURE IN DETAIL

Chapter	Appropriation	Committed	Paid	Available for carryover	Carried over	Cancelled
Resources	13,077,404.00	13,040,824.61	9,265,633.11	3,775,191.50	3,775,191.50	0.00
Strategic Actions	936,000.00	918,414.44	566,317.44	352,097.00	352,097.00	0.00
Total	14,013,404.00	13,959,239.05	9,831,950.55	4,127,288.50	4,127,288.50	0.00

RESOURCES IN DETAIL

Description	Appropriation	Committed	Paid	Available for carryover	Carried over	Cancelled
Meetings	762,400.00	733,610.00	471,947.84	261,662.16	261,662.16	0.00
IT & communications	4,629,253.00	4,621,751.49	3,416,695.35	1,205,156.14	1,205,156.14	0.00
ETC's (details below)	7,685,751.00	7,685,463.12	5,377,089.92	2,308,373.20	2,308,373.20	0.00
Total	13,077,404.00	13,040,824.61	9,265,633.11	3,775,191.50	3,775,191.50	0.00

IT& COMMUNICATIONS IN DETAIL

Description	Appropriation	Committed	Paid	Available for carryover	Carried over	Cancelled
Publication and graphic services	159,200.00	159,126.00	109,856.40	49,269.60	49,269.60	0.00
IT infrastructure and services	1,314,600.00	1,313,609.90	1,097,889.13	215,720.77	215,720.77	0.00
Technological development	1,082,000.00	1,081,632.31	875,364.31	206,268.00	206,268.00	0.00
Communications	600,000.00	595,934.92	312,209.94	283,724.98	283,724.98	0.00
Translation	348,453.00	348,272.00	174,149.00	174,123.00	174,123.00	0.00
Data Management	1,125,000.00	1,123,176.36	847,126.57	276,049.79	276,049.79	0.00
<i>Total</i>	4,629,253.00	4,621,751.49	3,416,595.35	1,205,156.14	1,205,156.14	0.00

EUROPEAN TOPIC CENTRES - ETC'S IN DETAIL

Description	Appropriation	Committed	Paid	Available for carryover	Carried over	Cancelled
ETC - ACM	2,300,000.00	2,300,000.00	1,610,000.00	690,000.00	690,000.00	0.00
ETC - ICM	1,562,160.00	1,562,160.00	1,074,864.00	487,296.00	487,296.00	0.00
ETC - BD	1,462,091.00	1,462,090.89	1,063,636.00	398,454.89	398,454.89	0.00
ETC - ULS	789,000.00	788,760.00	536,628.00	252,132.00	252,132.00	0.00
ETC – WMGE	912,500.00	912,497.27	629,993.45	282,503.82	282,503.82	0.00
ETC – CCA	660,000.00	659,954.96	461,968.47	197,986.49	197,986.49	0.00
<i>Total</i>	7,685,751.00	7,685,463.12	5,377,089.92	2,308,373.20	2,308,373.20	0.00

STRATEGIC ACTIONS IN DETAIL

Description	Appropriation	Committed	Paid	Available for carryover	Carried over	Cancelled
Air pollution, transport and noise	70,000.00	65,000.00	0.00	65,000.00	65,000.00	0.00
Industrial pollution	350,000.00	35,000.00	0.00	35,000.00	35,000.00	0.00
Climate change mitigation and energy	75,000.00	75,000.00	0.00	75,000.00	75,000.00	0.00
Water management, resources	55,000.00	54,978.00	16,493.40	38,484.60	38,484.60	0.00
Marine and coastal environment	75,000.00	74,801.99	74,801.99	0.00	0.00	0.00
Biodiversity and Ecosystems	225,000.00	224,332.45	123,626.45	100,706.00	100,706.00	0.00
Urban, Land Use and soil	141,000.00	136,172.00	107,226.60	28,945.40	28,945.40	0.00
Resource-efficient economy	45,000.00	44,550.00	44,550.00	0.00	0.00	0.00
Environment, human health	75,000.00	75,000.00	75,000.00	0.00	0.00	0.00
Megatrends and transition	80,000.00	74,740.00	65,779.00	8,961.00	8,961.00	0.00
Sustainability assessment	60,000.00	58,840.00	58,840.00	0.00	0.00	0.00
Total	1,251,000.00	918,414.44	566,317.44	352,097.00	352,097.00	0.00

Detailed information on the activities, outputs and results under each of these operational budget headings are presented in the Annual Report 2014 and the Annual Activity Report 2014, which are available from 15 June 2015.