

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

European Environment Agency

Financial Year 2015

Copenhagen, February 2016

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 2015.

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 2015

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

ESTABLISHING THE INITIAL BUDGET

BUDGETARY PROCEDURE 2015

The Agency submitted its proposal into the preparations for the draft budget process for 2015 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.

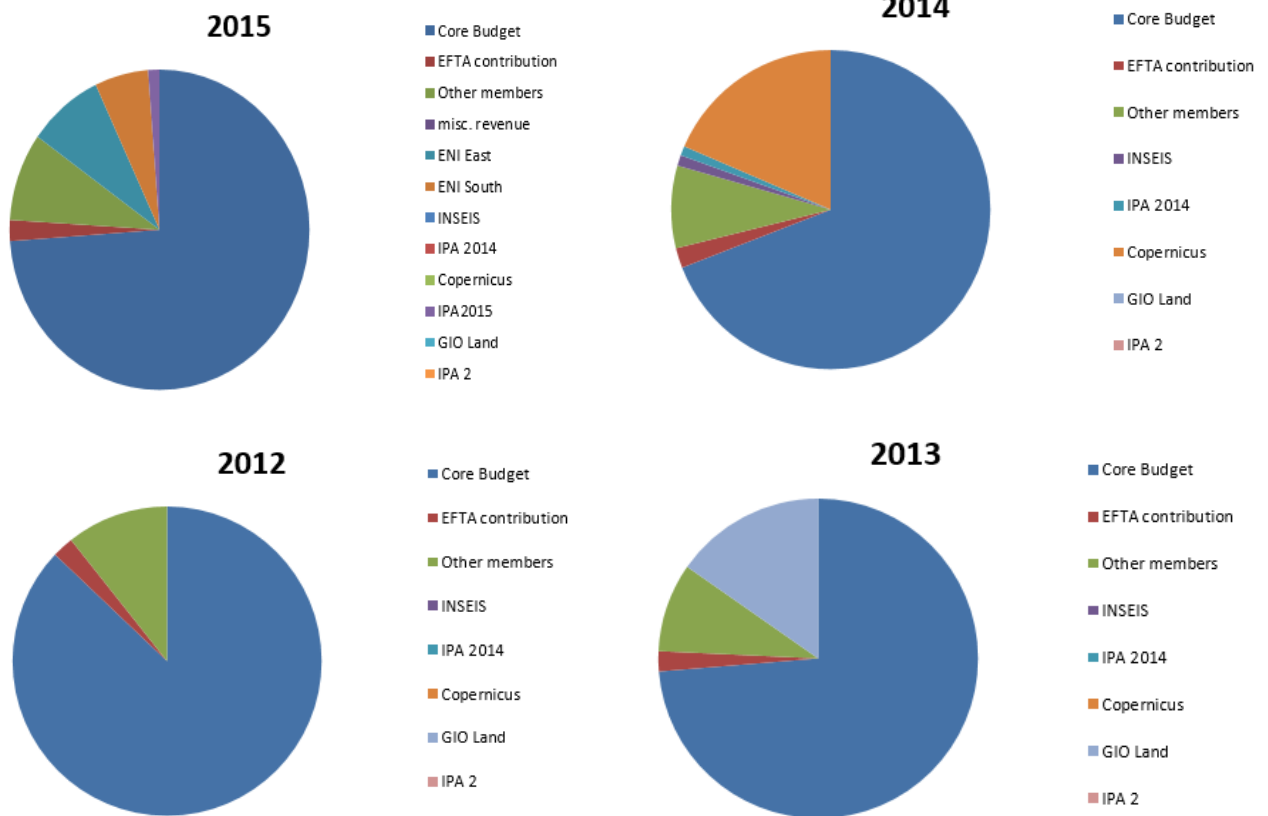
On this basis the establishment table in the agency request reduced by three posts.

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.

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



	2013	2014	2015	Difference between 2014 and 2015
EU subsidy	36,309,240	36,309,240	36,309,240	0
Contributions from other member countries	5,431,482	5,461,657	5,409,066	-52,591
Earmarked funds	7,530,000	10,802,174	7,438,168	-3,364,006
Miscellaneous revenue				0
Total	49,270,722	52,573,071	49,156,474	-3,416,597

The first three elements of the 2015 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 2014	DB 2015	General Budget 2015	Difference between General budget 2014 and General budget 2015
Staff and Administrative expenditure	22,735,258	22,735,258	22,735,258	0,0
Operating Expenditure	12,630,671	12,630,671	12,630,671	0,0
<i>Assigned revenues deriving from previous years' surpluses</i>	943,311	1,422,874	1,422,874	479,563
Total	36,309,240	36,309,240	36,309,240	0

Table 1 Development in EU subsidy - commitment appropriations

Titles	General Budget 2014	DB 2015	General Budget 2015	Difference between General budget 2014 and General budget 2015
Staff and Administrative expenditure	22,735,258	22,735,258	22,735,258	0,0
Operating Expenditure	12,630,671	12,630,671	12,630,671	0,0
<i>Assigned revenues deriving from previous years' surpluses</i>	943,311	1,422,874	1,422,874	479,563
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”.

	2014	2015	Difference between 2014 and 2015
EFTA contribution	1,071,588	1,036,125	-35,463
New member countries contribution	4,390,069	4,372,941	-17,128
<i>Total</i>	<i>5,461,657</i>	<i>5,409,066</i>	<i>-52,591</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.

External assigned revenue	2013	2014	2015
IPA2015			600,000
ENI South			2,838,168
ENI East			4,000,000
IPA2014		500,000	
Copernicus		9,730,000	
GIO	7,530,000		
<i>Total</i>	<i>7,530,000</i>	<i>10,802,174</i>	<i>7,438,168</i>

Table 4 Development in Earmarked revenue

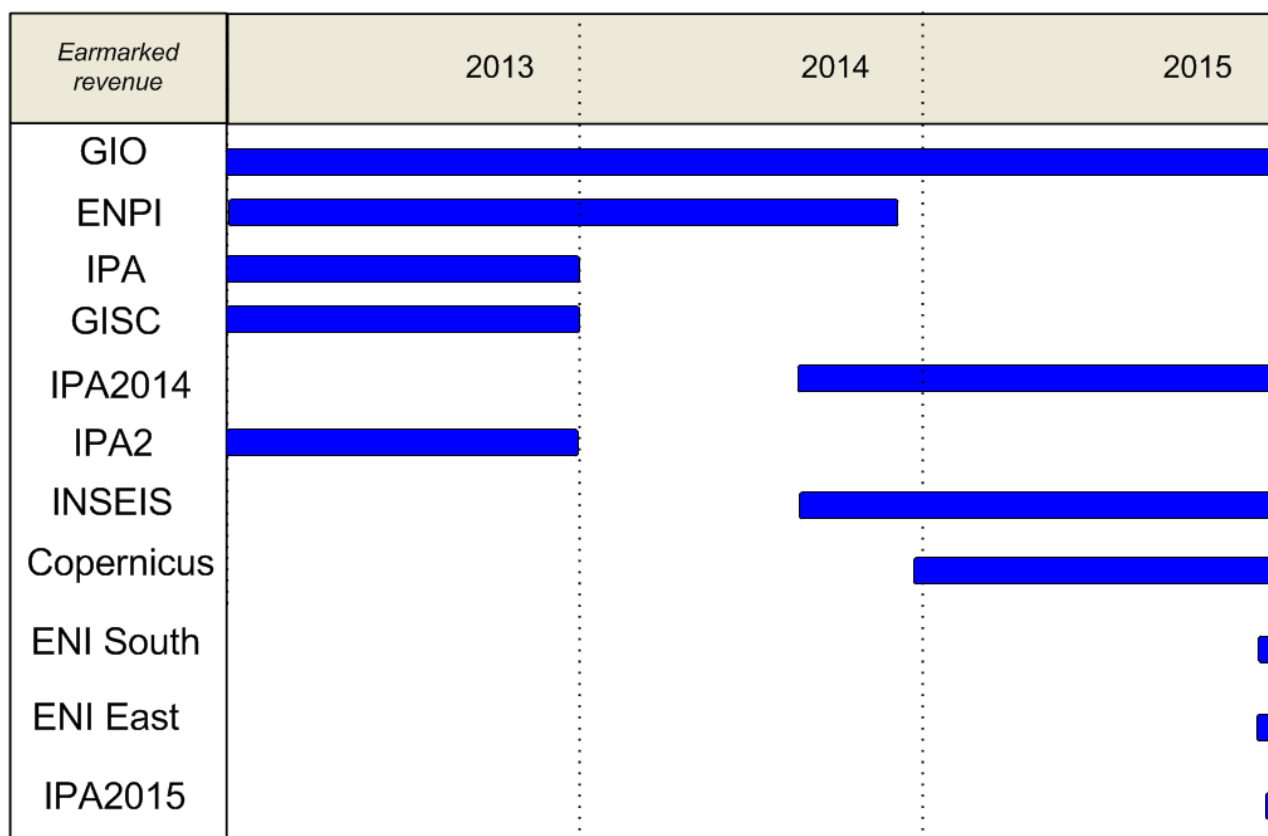


Figure 1 OVERVIEW OF EARMARKED REVENUE IN THE LAST THREE YEARS

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
IPA2015	Instrument for pre-Accession (West Balkan Countries) 2015-2016
ENI South	Instrument for pre-Accession (West Balkan Countries) (2014/347-199)
ENI East	Instrument for pre-Accession (West Balkan Countries) (2014/344-044)

3 CANCELLED APPROPRIATIONS

Un-committed core funds not carried forward at year end (C1 – 2015) and lapsed C8 – 2015 constitute the cancelled appropriations in total as follows:

COMMITMENTS (C1-2015 – CORE ONLY)

Titles	Appropriation 2015 (core funds only)	Committed	Non- committed appropriations cancelled	Paid	Available for carryover	Carried over	Committed appropriation cancelled
1.Staff	22,946,540.00	22,882,656.63	63,883.37	22,558,604.51	324,052.12	324,051.38	0.74
2.Administrative expenditure	4,385,412.00	4,219,735.18	165,676.82	3,843,050.78	376,684.40	376,684.40	0
3.Operating Expenditure	14,386,354.00	14,349,395.88	36,958.12	10,105,392.45	4,244,003.43	4,244,003.43	0
Total	41,718,306.00	41,451,787.69	266,518.31	36,507,047.74	4,944,739.95	4,944,739.21	0.74

2015 – C8

Titles	Carryover from 2014	Paid	Committed appropriation cancelled
1.Staff	390,194.29	160,480.98	229,713.31
2.Administrative expenditure	477,097.71	208,625.57	268,472.14
3.Operating Expenditure	4,127,288.50	3,770,649.78	356,638.72
Total	4,994,580.50	4,139,756.33	854,824.17

TOTAL CANCELLED APPROPRIATIONS

Titles	2015 – C1 Non-committed	2015 – C1 Committed appropriation cancelled	2015 – C8 Committed appropriation cancelled	Total cancelled appropriations
1.Staff	63,883.37	0.74	229,713.31	293,597.42
2.Administrative expenditure	165,676.82	0	268,472.14	434,148.96
3.Operating Expenditure	36,958.12	0	356,638.72	393,596.84
Total	266,518.31	0.74	854,824.17	1,121,343.22

AMENDING BUDGETS 2015

<i>No. of Revision</i>	<i>Subject</i>	<i>Amount in EURO</i>	<i>Comments</i>	<i>Decision</i>
1st. Amended Budget	ENI South ENI East	6.838.168	ENI Agreements	Management Board written procedure approval (13 th November 2015)
2 nd Amended Budget	Change in EFTA contribution and new member countries	35.862	Change in contribution	Management Board written procedure approval (13 th November 2015)
3 rd Amended Budget	IPA2015	600.000	IPA 2015 agreement	Management Board written procedure approval (14 th December 2015)

BUDGET TRANSFERS 2015

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 2015	Transfers (incl. amendments)	Final Appropriations
Staff in active employment	21,863,444	-753,424	21,549,867
Expenditure related to recruitment	220,000	70,000	155,000
Missions and duty travel	800,000	-110,000	786,830
Socio medical infrastructure	800,000	49,300	825,370
Social services	5,000	2,220	5,000
Staff total	23,688,444	-741,904	23,322,067
Rental of buildings and associated costs	3,215,000	237,665	3,452,665
Movable property and associated costs	270,000	-33,250	236,750

Current administrative expenditure	460,000	-14,500	445,500
Entertainment and representation expenses	12,000	-1,503	10,497
Eea governance	230,000	0	230,000
Environmental management of the agency	10,000	0	10,000
Administrative expenditure total	4,197,000	188,412	4,385,412
Resources	12,917,000	180,404	13,077,404
Strategic actions	880,000	-24,000	936,000
Operating expenditure total	13,797,000	156,404	14,013,404
Budget total	41,682,444	35,862	41,718,306

IMPLEMENTATION 2015

In the following tables a detailed breakdown of the 2015 operational core budget (C1) and its' implementation, is presented.

Titles	Appropriation 2015 (core funds only)	Committed	Paid	Available for carryover	Carried over	Cancelled
1.Staff	22,946,540.00	22,882,656.63	22,558,604.51	324,052.12	324,051.38	0.74
2.Administrative expenditure	4,385,412.00	4,219,735.18	3,843,050.78	376,684.40	376,684.40	0
3.Operating Expenditure	14,386,354.00	14,349,395.88	10,105,392.45	4,244,003.43	4,244,003.43	0
Total	41,718,306.00	41,451,787.69	36,507,047.74	4,944,739.95	4,944,739.21	0.74

TITLE 3 - OPERATING EXPENDITURE IN DETAIL

Chapter	Appropriation	Committed	Paid	Available for carryover	Carried over	Cancelled
Resources	13,638,854.00	13,603,149.74	9,600,777.31	4,002,372.43	4,002,372.43	35,704.26

Strategic Actions	747,500.00	746,246.14	504,615.14	241,631.00	241,631.00	1,253.86
Total	14,386,354.00	14,349,395.88	10,105,392.45	4,244,003.43	4,244,003.43	36,658.12

RESOURCES IN DETAIL

Description	Appropriation	Committed	Paid	Available for carryover	Carried over	Cancelled
Meetings	661,716.00	640,563.81	472,563.81	168,000	168,000	21,152.19
IT & communications	5,097,500.00	5,094,715.36	3,692,492.68	1,402,222.68	1,402,222.68	2,784.64
ETC's (details below)	7,879,638.00	7,867,870.57	5,435,720.82	2,432,149.75	2,432,149.75	11,767.43
<i>Total</i>	13,638,854.00	13,603,149.74	9,600,777.31	4,002,372.43	4,002,372.43	35,704.26

IT& COMMUNICATIONS IN DETAIL

Description	Appropriation	Committed	Paid	Available for carryover	Carried over	Cancelled
Publication and graphic services	497,000.00	496,838.36	440,847.45	55,990.91	55,990.91	161.64
IT infrastructure and services	1,658,000.00	1,657,405.01	1,169,332.24	488,072.77	488,072.77	594.99
Technological development	1,021,000.00	1,020,961.62	771,315.30	249,646.32	249,646.32	38.38
Communications	511,000.00	510,837.11	406,038.58	104,798.53	104,798.53	162.89
Translation	284,500.00	284,500.00	155,867.66	128,632.34	128,632.34	0.00
Data Management	1,126,000.00	1,124,173.26	749,094.45	375,081.81	375,081.81	1,826.74
<i>Total</i>	5,097,500.00	5,094,715.36	3,692,492.68	1,402,222.68	1,402,222.68	2,784.64

EUROPEAN TOPIC CENTRES - ETC'S IN DETAIL

Description	Appropriation	Committed	Paid	Available for carryover	Carried over	Cancelled
ETC - ACM	2,391,278.00	2,391,277.59	1,645,000.00	746,277.59	746,277.59	0.41
ETC - ICM	1,646,335.00	1,635,000.00	1,065,980.05	569,019.95	569,019.95	11,335.00
ETC - BD	1,484,630.00	1,484,629.97	1,067,565.35	417,064.62	417,064.62	0.03
ETC - ULS	763,000.00	762,580.00	536,756.00	225,824.00	225,824.00	420.00
ETC – WMGE	954,395.00	954,393.88	672,427.03	281,966.85	281,966.85	1.12
ETC – CCA	640,000.00	639,989.13	447,992.39	191,996.74	191,996.74	10.87
<i>Total</i>	<i>7,879,638.00</i>	<i>7,867,870.57</i>	<i>5,435,720.82</i>	<i>2,432,149.75</i>	<i>2,432,149.75</i>	<i>11,767.43</i>

STRATEGIC ACTIONS IN DETAIL

Description	Appropriation	Committed	Paid	Available for carryover	Carried over	Cancelled
Air pollution, transport and noise	100,000.00	100,000.00	30,000.00	70,000.00	70,000.00	0.00
Climate change mitigation and energy	115,000.00	115,000.00	79,000.00	36,000.00	36,000.00	0.00
Climate change imp, vulnerability etc.	55,000.00	55,000.00	55,000.00	0.00	0.00	0.00
Water management, resources	80,000.00	79,550.00	47,730.00	31,820.00	31,820.00	450.00
Biodiversity and Ecosystems	115,000.00	114,352.00	51,456.00	62,896.00	62,896.00	648.00
Urban, Land Use and soil	103,500.00	103,364.00	62,449.00	40,915.00	40,915.00	136.00
Megatrends and	89,000.00	88,980.14	88,980.14	0.00	0.00	19.86

transition						
Sustainability assessment	90,000.00	90,000.00	90,000.00	0.00	0.00	0.00
Total	747,500.00	746,246.14	504,615.14	241,631.00	241,631.00	1,253.86

Detailed information on the activities, outputs and results under each of these operational budget headings are presented in the Annual Report 2015 and the Annual Activity Report 2015, which are available from 15 June 2016.