

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

European Environment Agency

Financial Year 2012

Copenhagen, February 2013

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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 2012.

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 2012

1 Planning cycle

1.1 Priorities for 2012

The Agency submitted its proposal into the preparations for the Draft budget process for 2012 respecting the 2% increase of the budget as foreseen in the Inter-institutional agreement between the European Parliament, the Council and The Commission on budgetary discipline and sound financial management (2006/C 139/01)

The EEA management plan was developed with the aim to support some of the major policy initiatives as carried forward by the Commission. In particular 2 AD posts.

2 Establishing the initial budget

2.1 Budgetary procedure 2012

Specifically in the Draft Budget and related Multi Annual staff Policy Plan for 2012 it was highlighted that:

The EEA Multiannual Work Programme for the period 2009-2013 adopted by the Management Board on 26 November 2008 is built on three main activities:

- continuing to support the information needs set down in EU and international environmental legislation and especially Sixth EU Environment Action Programme;
- 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 EU 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.

Included in these project areas are a range of societal and sectoral processes such as agriculture, chemicals, energy, transport and land-use development and planning, both within Europe and globally. Over the course of the current strategy period, the EEA has intensified its focus on consolidating and improving the timeliness, spatial resolution and quality of the data flows and the monitoring and verification systems required to underpin the Community's environmental acquis and international policy ambitions. A major area of development for the EEA and its partners, including accession, pre-accession and neighbourhood countries (South and East) has been the alignment of the network's capacities with the EU's policy commitments to modernise and streamline the management and accessibility of Europe's environmental data and information.

The EEA has been given a number of new responsibilities in this area including support for the delivery of the Shared Environmental Information System (SEIS)¹, implementation of the European Spatial Data Infrastructure (Inspire)², contributions to the Global Monitoring for Environment and Security (GMES)³, and the Global Earth Observation System of Systems (GEOSS)⁴. To this end, the EEA operates European data centres in partnership with DG Environment, Eurostat and Joint Research Centre and Eye on Earth, a global platform for use by the scientific community, policy makers, citizen observers and social networking.

All these activities have required the EEA to put in place an enhanced set of scientific, technical and networking skills and expertise in order to deliver assessments and analyses of the highest scientific and technical quality and relevance using leading edge information and communication technologies. These include cloud computing, mobile technologies and in situ metrology, for increased handling of near real time data flows, model outputs and earth observations, to support more intensive user interactions, distributed knowledge networks, and the use of crowd sourcing and links to social networks.

¹ COM(2008)46 - Towards a Shared Environmental Information System (SEIS)

² Directive 2007/2/EC - Establishing an Infrastructure for Spatial Information in the European Community (INSPIRE)

³ COM(2008)748 - GMES: We care for a safer planet; COM(2009)223 - Proposal for a Regulation on the European Earth observation programme (GMES) and its initial operations (2011–2013)

⁴ The Global Earth Observation System of Systems (GEOSS) 10-Year Implementation Plan (<http://www.earthobservations.org/geoss.shtml>)

In 2012 the EEA began drafting its Multiannual Work Programme for the period 2014-2018. The new Multiannual Work Programme will be developed in close co-operation with the EEA Management Board and undergo a systematic stakeholder consultation process in 2013.

The new EEA strategy will take into consideration the 5-year evaluation of the Agency, which will be carried out in 2012 and finalised early 2013 following the request of the European Parliament.

During the period 2013-2015 the EEA will continue to further strengthen its technical and scientific cooperation with key partners including the European Space Agency, the Organisation for Economic Co-operation and Development (OECD), the Council of Europe and the International Energy Agency as well as the United Nations and its specialised agencies, particularly the United Nations Environment Programme and United Nations Educational, Scientific and Cultural Organization the World Meteorological Organization and the International Atomic Energy Agency.

A significant number of global, cross-cutting challenges have been expanding within the environmental policy field including:

- Climate Change mitigation
- Adaptation to climate change;
- Disaster and hazards prevention and management;
- Ecosystem assessment and resource accounting, including the need for international verification and monitoring systems; and
- Methodologies and instruments to underpin policies and actions on sustainable consumption and production, including those related to resource efficiency and the green economy.

All of these have required the development of new analytical methods and data flows as well as close attention to how data flows resulting from implementation of the acquis and international conventions can be re-engineered in support of these objectives. This re-engineering have both delivered costs savings and underline the secondary benefits of full implementation of existing policies.

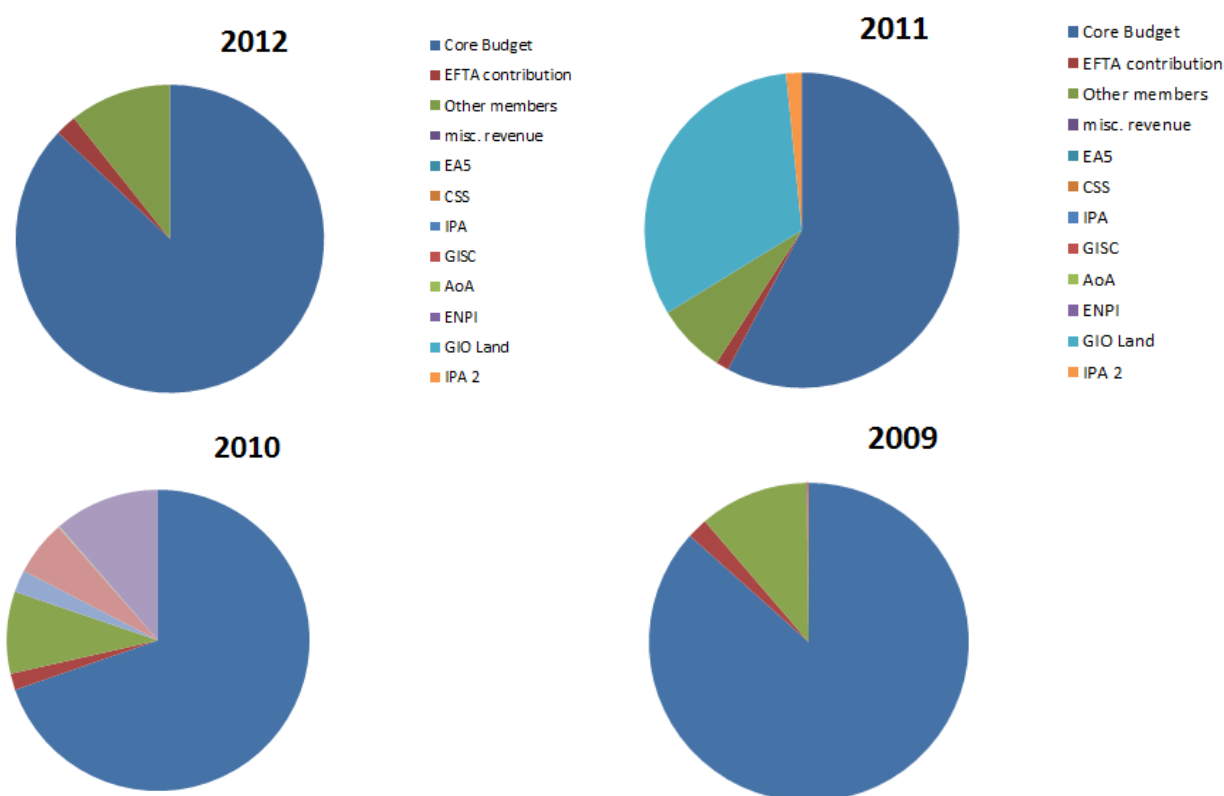
In addition, the establishment of the Commission service in the field of climate action (DG CLIMA) has had a number of horizontal policy actions jointly with other DGs. These together with new tasks for DG Environment, for which the EEA will need to provide support, include *inter alia* the EU Climate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

To this end, the EEA has reviewed its staffing and organisational structure, including the total number of staff, the available experience and expertise, requirements for new expertise, upcoming retirements and the balance between long-term and short-term support staff. To ensure that the new tasks defined in the legislation can be fully carried out, the EEA has in the course of 2012-2013 been requesting 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. It was also agreed with DGBUDG and DGENV in the 2012 budget hearing that a further two new posts would be added in 2013 to cover new tasks. They are to be deployed in the area of air quality and the climate change (mitigation, review, reporting and verification in the context of the Effort Sharing Decision and the newly proposed Monitoring Mechanism Regulation).

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)



	<i>2010</i>	<i>2011</i>	<i>2012</i>	Difference between 2010 and 2011
Community subvention	35,258,000	35,957,000	36,309,240	352,240
Contributions from other member countries	5,321,354	5,262,704	5,379,117	116,413
Earmarked funds	9,996,499	21,000,000		-21,000,000
Miscellaneous revenue	16,549	10,744	7,347	-3,397
Total	50,592,402	62,230,448	41,695,704	-20,534,744

These four elements 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 2011</i>	<i>DB 2012</i>	<i>General Budget 2012</i>	Difference between General budget 2011 and General budget 2012
Staff and Administrative expenditure	21,557,000	22,830,722	22,598,731	1,041,731
Operating Expenditure	13,548,327	13,262,934	13,128,165	-420,162
<i>Total</i>	<i>35,105,327</i>	<i>36,093,656</i>	<i>35,726,896</i>	<i>621,569</i>

Development in Community subvention - payment appropriations

<i>Titles</i>	<i>General Budget 2011</i>	<i>DB 2012</i>	<i>General Budget 2012</i>	Difference between General budget 2011 and General budget 2012
Staff and Administrative expenditure	21,557,000	22,830,722	22,598,731	1,041,731
Operating Expenditure	13,548,327	13,262,934	13,128,165	-420,162
<i>Total</i>	<i>35,105,327</i>	<i>36,093,656</i>	<i>35,726,896</i>	<i>621,569</i>

2.2.2 Development of contributions from other member countries

The EEA has 32 member countries;

- 27 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”.

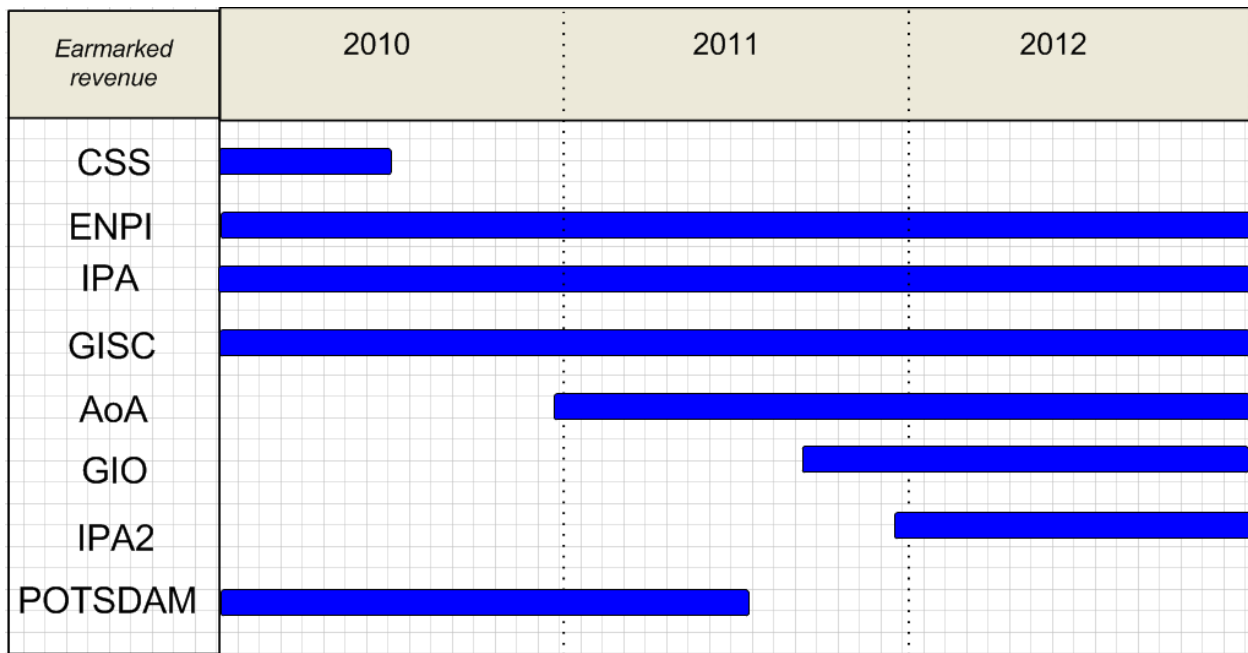
Development in contributions from other member countries

	2011	2012	Difference between 2010 and 2011
EFTA contribution	835,507	928,899	93,392
New member countries contribution	4,427,197	4,450,218	23,021
<i>Total</i>	<i>5,262,704</i>	<i>5,379,117</i>	<i>116,413</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



POTSDAM	Agreement between the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety and the EEA on the project (BioDiv Review)
CSS	Common Support Service. A co-operation between agencies to provide support for administrative systems. Is included in the EEA budget during EEA chairmanship.
AoA	Europe's Environment - Assessment of Assessments developing the Report for the pan-European Environment Ministers conference, Astana, September 2011
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
GIO	GMES Land monitoring service agreement (GIO)
IPA2	Instrument for pre-Accession (West Balkan Countries) 2011-2013

Development in Earmarked revenue

	2010	2011	2012
CSS			
ENPI	5,746,500		
IPA	1,200,000		
GISC	2,999,999		
AoA	50,000		
IPA2		1,000,000	
GIO		20,000,000	
<i>Total</i>	<i>9,996,499</i>	<i>21,000,000</i>	

3 Cancelled Appropriations

Un-committed core funds not carried forward at year end (C1 – 2012) and lapsed C8 – 2012 constitute the cancelled appropriations in total as follows:

Commitments (C1-2012 – core only)

Titles	Appropriation 2012 (core funds only)	Committed	Non-committed appropriations cancelled	Paid	Available for carryover	Carried over	Committed appropriation cancelled
Staff	23,584,511.00	23,535,510.00	49,001.00	23,105,338.00	430,172.00	422,181.00	7,990.49
Administrative expenditure	4,171,725.00	4,098,021.00	73,704.00	3,804,423.00	293,598.00	293,598.00	0
Operating Expenditure	13,939,468.00	13,725,256.00	214,212.00	10,369,457.00	3,355,779.00	3,355,799.05	0
Total	<i>41,695,704.00</i>	<i>41,358,787.00</i>	<i>336,917.00</i>	<i>37,279,218.00</i>	<i>4,079,569.00</i>	<i>4,071,578.00</i>	<i>7,990.49</i>

2012 – C8

Titles	Carryover from 2011	Paid	Committed appropriation cancelled
Staff	561,985.00	297,930.00	264,055.00
Administrative expenditure	377,376.00	328,939.00	48,437.00
Operating Expenditure	3,119,506.00	2,887,648.00	231,858.00
Total	<i>4,058,866.00</i>	<i>3,514,516.00</i>	<i>544,350.00</i>

Total cancelled appropriations

Titles	2012 – C1 Non-committed	2012 – C1 Committed appropriation cancelled	2012 – C8 Committed appropriation cancelled	Total cancelled appropriations
Staff	49,001.00	7,990.49	264,055.00	321,046
Administrative expenditure	73,704.00	0	48,437.00	122,141
Operating Expenditure	214,212.00	0	231,858.00	446,070
Total	<i>336,917.00</i>	<i>7,990.49</i>	<i>544,350.00</i>	<i>889,257</i>

4 Amending budgets 2012

No. of Revision	Subject	Amount in EURO	Comments	Decision
1st. Amended Budget	Change in EFTA contribution	61.108	Resulting from contributions from non-EU members	Management Board decision (9 th December 2012)
	Bank interest	7.347	Final amount for 2012	Management Board decision (9 th December 2012)

5 Budget transfers 2012

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 2011

Chapters in EEA budget	Initial Appropriations 2012	Transfers (incl. 1st amendment)	Final Appropriations
Staff in active employment	21,886,861	-503,000	21,363,524
Expenditure related to recruitment	120,000	359,350	529,350
Missions and duty travel	950,000	-19,163	930,837
Socio medical infrastructure	800,000	-34,200	755,800
Social services	5,000	0	5,000
Staff total	23,761,861	-177,350	23,584,511
Rental of buildings and associated costs	3,235,170	-41,000	3,194,170
Movable property and associated costs	150,000	96,855	246,855
Current administrative expenditure	500,000	0	500,000
Entertainment and representation expenses	12,000	-5,000	7,000
Eea governance	205,000	8,700	213,700
Environmental management of the agency	10,000	0	10,000
Administrative expenditure total	4,112,170	59,555	4,171,725
Resources	11,682,940	212,915	11,895,855
Strategic actions	2,070,278	-26,655	2,043,623
Operating expenditure total	13,753,218	186,260	13,939,478
Budget total	41,627,249	68,465	41,695,714

6 Implementation 2012

In the following tables a detailed breakdown of the 2012 operational core budget (C1) and its' implementation, is presented.

Titles	Appropriation	Committed	Paid	Available for carryover	Carried over	Cancelled
Staff	23,584,511.00	23,535,510.00	23,105,338.00	430,172.00	422,181.00	7,990.49
Administrative expenditure	4,171,725.00	4,098,021.00	3,804,423.00	293,598.00	293,598.00	0
Operating Expenditure	13,939,468.00	13,725,256.00	10,369,457.00	3,355,779.00	3,355,799.05	0
<i>Total</i>	<i>41,695,704.00</i>	<i>41,358,787.00</i>	<i>37,279,218.00</i>	<i>4,079,569.00</i>	<i>4,071,578.00</i>	<i>7,990.49</i>

Title 3 - Operating expenditure in detail

Chapter	Appropriation	Committed	Paid	Available for carryover	Carried over	Cancelled
Resources	11,895,845.00	11,703,743.89	8,512,628.52	3,191,115.37	3,191,115.37	0
Strategic Actions	2,043,623.00	2,021,512.11	1,856,828.63	164,683.59	164,683.59	0.00
<i>Total</i>	<i>13,939,468.00</i>	<i>13,725,256.00</i>	<i>10,369,457.00</i>	<i>3,355,779.00</i>	<i>3,355,799.05</i>	<i>0</i>

Resources in detail

Description	Appropriation	Committed	Paid	Available for carryover	Carried over	Cancelled
Meetings	788,700.00	723,700.00	606,059.90	117,640.10	117,640.10	0.00
IT (<i>details below</i>)	2,502,940.00	2,498,448.32	1,906,308.56	592,139.76	592,139.76	0.00
Communication	668,455.00	668,360.57	490,842.07	177,518.50	177,518.50	0.00
Translation	362,455.00	362,455.00	279,982.12	82,472.88	82,472.88	0.00
ETC's (<i>details below</i>)	7,573,305.00	7,450,780.00	5,229,435.87	2,221,344.13	2,221,344.13	0.00
<i>Total</i>	<i>11,895,845.00</i>	<i>11,703,743.89</i>	<i>8,512,628.52</i>	<i>3,191,115.37</i>	<i>3,191,115.37</i>	<i>0.00</i>

IT –IT in detail

Description	Appropriation	Committed	Paid	Available for carryover	Carried over	Cancelled
Publication and graphic services	380,000.00	380,000.00	352,462.93	27,537.07	27,537.07	0.00
IT infrastructure	987,940.00	987,829.32	648,920.00	338,909.32	338,909.32	0.00
Web publishing	350,000.00	350,000.00	303,100.00	46,900.00	46,900.00	0.00
IT for shared Env. Information System	785,000.00	780,619.00	601,825.63	178,793.37	178,793.37	0.00
<i>Total</i>	<i>2,502,940.00</i>	<i>2,498,448.32</i>	<i>1,906,308.56</i>	<i>592,139.76</i>	<i>592,139.76</i>	<i>0.00</i>

European Topic Centres - ETC's in detail

Description	Appropriation	Committed	Paid	Available for carryover	Carried over	Cancelled
ETC - ACM	2,150,000.00	2,150,000.00	1,505,000.00	645,000.00	645,000.00	0.00
ETC - ICM	1,400,000.00	1,400,000.00	980,000.00	420,000.00	420,000.00	0.00
ETC - BD	1,125,000.00	1,075,000.00	787,500.00	287,500.00	287,500.00	0.00
ETC - SIA	1,228,305.00	1,155,809.00	815,956.30	339,852.70	339,852.70	0.00
ETC – SCP	1,070,000.00	1,070,000.00	721,000.00	349,000.00	349,000.00	0.00
ETC – CVA	600,000.00	599,971.00	419,979.57	179,991.43	179,991.43	0.00
<i>Total</i>	<i>7,573,305.00</i>	<i>7,450,780.00</i>	<i>5,229,435.87</i>	<i>2,221,344.13</i>	<i>2,221,344.13</i>	<i>0.00</i>

Strategic Actions in detail

Description	Appropriation	Committed	Paid	Available for carryover	Carried over	Cancelled
Biodiversity	109,800.00	109,796.00	109,796.00	4.00	0.00	4.00
Ecosystems assessments	102,388.00	100,645.00	100,645.00	1,743.00	0.00	1,743.00
Environment and health	70,000.00	70,000.00	56,000.00	14,000.00	14,000.00	0.00
Land Use	115,000.00	114,873.52	114,873.52	126.48	0.00	126.48
Agriculture and forestry	41,200.00	41,028.00	41,028.00	172.00	0.00	172.00
Energy	62,650.00	62,650.00	62,650.00	0.00	0.00	0.00
Transport	80,000.00	80,000.00	80,000.00	0.00	0.00	0.00
Strengthening integrated environmental assessment	49,307.00	49,307.00	49,307.00	0.00	0.00	0.00
Decision support	25,000.00	20,000.00	20,000.00	5,000.00	0.00	5,000.00
Economics	45,000.00	44,568.91	44,568.91	431.09	0.00	431.09
Strategic futures	120,000.00	119,910.75	95,910.75	24,000.00	24,000.00	0.00
Shared environmental Information	1,023,278.00	1,022,094.58	895,456.73	126,637.85	126,637.85	0.00
Evaluating our impact Information Systems	200,000.00	186,638.46	186,592.72	45.74	45.74	0.00
<i>Total</i>	<i>2,043,623.00</i>	<i>2,021,512.22</i>	<i>1,856,828.63</i>	<i>164,683.59</i>	<i>164,683.59</i>	<i>7,476.57</i>

Detailed information on the activities, outputs and results under each of these operational budget headings are presented in the Annual Report 2012 and the Annual Activity Report 2012, which are available from 15 June 2013.

Implementation earmarked revenue

There was no new earmarked revenue included in Budget 2012.