



EUROPEAN RAILWAY AGENCY

# **Report on budgetary and financial management information for the financial year 2012**



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## 1. Introduction

### 1.1. Budgetary principles

The budget of ERA has been established in compliance with the principles of unity, budget accuracy, annuality, equilibrium, unit of account, universality, specification, sound financial management and transparency as set out in the ERA Financial Regulation.

### 1.2. Management information systems

The Agency used the following software during 2012:

- ABAC WORKFLOW and ABAC ACCOUNTING (SAP) – financial management, budgetary and accounting system;
- BUSINESS OBJECT – financial reporting;
- ABAC Assets – fixed assets, inventory management;
- ABAC Contract – management of the contracts;
- MiMa – Mission Management - management of staff missions.

These information systems allow an efficient management of the appropriations allocated to the Agency while respecting the principles of the Financial Regulation.

The workflows in ABAC Workflow put in place by the Authorising Officer ensure that the “four eyes” principle is respected for each transaction.

The Agency implemented the use of the mass payment feature in SAP in order to increase the efficiency of the payment process and reduce the payment delays. The mass payment has been firstly introduced mid of 2011 for staff mission reimbursements and then after a pilot phase in the end of 2011 for experts’ cost claims reimbursements in 2012.

The Agency is still fine-tuning the use ABAC Contract as its use is quite complex. However it is definitely an important module for the management of the contracts.

### 1.3. Budget

The budget of the Agency is distributed in three Titles.

- Title I covers staff expenditure such as salaries, training and costs associated to recruitment procedures and staff wellbeing.
- Title II covers the costs associated to the functioning of the Agency such as infrastructure, equipment and IT needs.
- Title III covers the Agency’s operational activities.



## 2. Revenue

The Budgetary Authority (European Parliament and Council) approved a budget for the Agency of 24 487 400 € for 2012. The total for assigned revenue was up to € 520 000 and the EFTA contribution was up to 636 000 €. The Agency received also a grant from the DG ELARG of 150 000 € and external fees of 5 000 €. The total budget was 25 799 000 €.

The total revenue received in 2012 - C1 fund source, appropriations of the year - was 25 799 000 €. On top of this, the Agency received in 2012 - C4 fund source, assigned revenues - € 115 423,71 € of other revenue representing penalties for liquidated damages paid by one of its suppliers.

## 3. Budgetary tables

### 3.1. Budget outturn account

See table in Provisional accounts 2012

### 3.2. Budgetary transfers

| 2012 C1      | Initial budget    | Transfers | Final budget      |
|--------------|-------------------|-----------|-------------------|
| Title I      | 16 116 000        | 700 000   | 16 816 000        |
| Title II     | 2 600 000         | -500 000  | 2 100 000         |
| Title III    | 7 083 000         | -200 000  | 6 883 000         |
| <b>TOTAL</b> | <b>25 799 000</b> | <b>0</b>  | <b>25 799 000</b> |

In order to cover the salaries expenses linked to ERA staff until the end of the year, Title 1 needed an increase of the appropriation by € 700 000.

Following the ERA AB Decision n°76 (during the 26<sup>th</sup> meeting on 26<sup>th</sup> June 2012), the Agency executed the transfers of € 500 000 from Title 2 to Title 1 and € 200 000 from Title 3 to Title 1.

The transfer of € 500 000 from Title 2 to Title 1 impacted mainly three projects which have been postponed to another budget year:

- Improvement of the ERA HQ security systems and installations;
- Acquisition of audio-visual equipment for the meeting area at the ERA HQ in Valenciennes;
- Development of additional modules for the e-HR systems.

The transfer of € 200 000 from Title 3 to Title 1 impacted mainly studies and translation requests which have been either cancelled either postponed to another budget year.



### 3.3. Budgetary execution 2012-C1 and 2012-C8

| 2012-C1          | Appropriations    | Commitments       | Not used         | Paid              | To be carry-forwarded |
|------------------|-------------------|-------------------|------------------|-------------------|-----------------------|
| <b>Title I</b>   | 16 816 000        | 15 891 955        | 924 045          | 15 706 125        | 185 830               |
| <b>Title II</b>  | 2 100 000         | 2 060 363         | 39 637           | 1 807 133         | 253 230               |
| <b>Title III</b> | 6 883 000         | 6 536 859         | 346 141          | 4 577 177         | 1 959 682             |
| <b>TOTAL</b>     | <b>25 799 000</b> | <b>24 489 177</b> | <b>1 309 823</b> | <b>22 090 435</b> | <b>2 398 742</b>      |

| 2012-C8          | Carry-forward    | Paid             | To be cancelled |
|------------------|------------------|------------------|-----------------|
| <b>Title I</b>   | 219 716          | 202 206          | 17 510          |
| <b>Title II</b>  | 562 912          | 528 209          | 34 703          |
| <b>Title III</b> | 2 835 259        | 2 761 156        | 74 103          |
| <b>TOTAL</b>     | <b>3 617 887</b> | <b>3 491 571</b> | <b>126 316</b>  |

#### Title 1

With a budget of € 16 816 000, the budgetary execution of 2012-C1 appropriations reached with € 15 891 955 for commitments and 15 706 125 for payments, respectively 94.5% and 93.4% of the budget of the Title at the end of 2012.

The payments of the 2011 and 2012 salary adjustments were planned in the 2012's budget. Both adjustments were challenged by the Council and brought in front of the Court of Justice. However, the decisions of the Court of Justice did not take place in 2012. Consequently, at the end of the year this amount was left available.

The decisions will be probably taken in 2013 and in order not to impact the current's budget, the Commission confirmed that these 2012's unused appropriations will be made available in 2013 to cover both salary adjustments. The forecasted amount is around € 600,000 which represents 3.6% of Title 1 budget of 2012.

At the end of 2012, five posts were to be filled in order to reach the 144 posts of the 2012 establishment plan adopted.

Payments execution of 2012-C8 appropriations reached 92% of the total amount carried over in Title 1 (€ 219 716).

#### Title 2

With a budget of € 2 100 000, the budgetary execution of 2012-C1 appropriations reached 98% for commitments and 86% for payments at the end of 2012.



Payments execution of 2012-C8 appropriations reached 94% of the € 562 912 amount carried over.

Title 3

With a budget of 6 883 000, the budgetary execution of 2012-C1 appropriations reached 95% for commitments and 66% for payments at the end of 2012.

Payments execution of 2012-C8 appropriations reached 97% of the € 2 835 258 amount carried over.

TOTAL BUDGET

As regards the budget execution as a whole, the Agency has improved all indicators compared to 2011.

The level of payments appropriations 2012-C1 compared to the total appropriations available increased:

- in T2 from 75% in 2011 to 86% in 2012 and
- in T3 from 47% in 2011 to 66% in 2012.

The execution of payments appropriations 2012-C8 reached 96,5% of the € 3 617 887 total amount carried over. From this amount only € 126 316 were cancelled.



### 3.4. Multi-annual comparison

|  | 2007       | 2008       | 2009       | 2010       | 2011       | 2012       |
|--|------------|------------|------------|------------|------------|------------|
| <b>Budget</b>  | 16 645 000 | 18 000 000 | 21 000 000 | 24 147 240 | 25 988 665 | 25 799 000 |
| <b>Commitments C1</b>  | 13 261 051 | 17 254 187 | 20 598 991 | 23 969 587 | 24 638 232 | 24 489 177 |
| <b>% Commitments C1 / Budget</b>                                       | 80 %       | 96 %       | 98 %       | 99 %       | 95 %       | 95 %       |
| <b>Unused C1 budget</b>  | 3 383 949  | 745 813    | 401 009    | 177 653    | 1 350 433  | 1 309 823  |
| <b>Payments C1</b>   | 10 565 986 | 13 150 158 | 16 052 085 | 18 504 096 | 21 020 345 | 22 090 435 |
| <b>% Payments C1 / Commitments C1</b>                                  | 80 %       | 76 %       | 78 %       | 77 %       | 85 %       | 90 %       |
| <b>Payment appropriations C1 to be carried over</b>                    | 2 694 913  | 4 104 029  | 4 546 906  | 5 465 491  | 3 617 887  | 2 398 742  |
| <b>% Payment appropriations C1 to be carried over / Commitments C1</b> | 20 %       | 24 %       | 22 %       | 23 %       | 15 %       | 10 %       |
| <b>Commitments carried over C8</b>                                     | 2 719 449  | 2 694 913  | 4 104 029  | 4 545 798  | 5 465 491  | 3 617 887  |
| <b>C8 to be cancelled</b>  | 726 320    | 484 494    | 520 818    | 292 742    | 126 116    | 126 316    |
| <b>% C8 to be cancelled / Commitments carried over C8</b>              | 27 %       | 18 %       | 13 %       | 6 %        | 2%         | 3 %        |

This table shows that:

- The execution of commitment appropriations C1 reached a high level 95%.
- the payment appropriations C1 to be carried over is € 2 398 742 which represents in comparison with 2011 a decrease of 34% equivalent to 1 219 145.
- the level of payment execution reached 90%.
- The level of Payment appropriations C1 to be carried over has decreased significantly thanks to a specific action undertaken in the last quarter of the year in the area of financial management of contracts.
- The execution of the carry-overs is continuously improving as a result of the efforts made by the Agency to closely follow-up the activities.



## 4. Expenditure

### 4.1. TITLE I

#### 4.1.1 Chapter 11 – Staff in active employment

| 2012           |             |            | 2011           |             |            |
|----------------|-------------|------------|----------------|-------------|------------|
| Appropriations | Commitments | Payments   | Appropriations | Commitments | Payments   |
| 16 093 000     | 15 245 203  | 15 160 848 | 15 157 271     | 15 157 126  | 15 110 173 |
|                | 95%         | 94%        |                | 99%         | 99%        |

At the end of 31/12/2011, the Agency employed 140 Temporary Agents and 8 Contract Agents.

At the 31/12/2012, the Agency employed 139 Temporary Agents and 10 Contract Agents.

Five posts were to be filled in order to reach the 144 posts of the establishment plan adopted. Recruitment procedures are still ongoing and new staff will be recruited during the year 2013 in order to reach the 143 Temporary staff foreseen in the establishment plan 2013. In response to the Commission commitment to reduce the staff level by 5 % in a 5 year period, the ERA staff level will decrease to 143 temporary agents in 2013.

The Agency welcomed 13 trainees in total in 2012.

#### 4.1.2 Chapter 13 – Missions and travel

| 2012           |             |          | 2011           |             |          |
|----------------|-------------|----------|----------------|-------------|----------|
| Appropriations | Commitments | Payments | Appropriations | Commitments | Payments |
| 155 000        | 141 000     | 130 224  | 114 337        | 114 337     | 94 830   |
|                | 91%         | 84%      |                | 100%        | 82%      |

This chapter is intended to cover the costs incurred by the staff during missions (daily allowances and travel costs).

Throughout 2012, 643 administrative missions took place, including trips for trainings and medical services.

The information system MiMa has allowed for a more accurate follow up of the missions and a reduction of the bulk of paper (only requested at the level of the reimbursement file). In MiMa, the validation of the mission order and the cost claim is done electronically by the (sub) Delegated Authorising Officer.

MiMa is also used for dealing with the operational missions reimbursed under Title 3.





#### 4.1.3 Chapter 14 – Socio-medical infrastructure

| 2012           |             |          | 2011           |             |          |
|----------------|-------------|----------|----------------|-------------|----------|
| Appropriations | Commitments | Payments | Appropriations | Commitments | Payments |
| 285 000        | 272 809     | 182 110  | 308 752        | 307 344     | 184 989  |
|                | 96%         | 64%      |                | 99%         | 59%      |

This chapter is intended to cover the costs of annual and pre-recruitment medical inspections and the costs of training needs of the staff.

The amount committed in 2012 (€ 273 000) is distributed as follows:

- Medical visits € 32 000
- "General trainings" € 74 000
- Training and management coaching € 33 000
- Languages training courses € 88 000
- Ad hoc training courses € 46 000

#### 4.1.4 Chapter 15 – Seconded National Experts

| 2012           |             |          | 2011           |             |          |
|----------------|-------------|----------|----------------|-------------|----------|
| Appropriations | Commitments | Payments | Appropriations | Commitments | Payments |
| 278 000        | 232 944     | 232 944  | 349 858        | 349 858     | 319 858  |
|                | 84%         | 84%      |                | 100%        | 91%      |

The Agency counted 5 Seconded National Experts in 2012.

#### 4.1.5 Chapter 17 – Entertainment and representation expenses

| 2012           |             |          | 2011           |             |          |
|----------------|-------------|----------|----------------|-------------|----------|
| Appropriations | Commitments | Payments | Appropriations | Commitments | Payments |
| 5 000          | 0           | 0        | 2 000          | 2 000       | 1 098    |
|                | 0%          | 0%       |                | 100%        | 54%      |

This chapter is intended to cover the Agency's representation expenses.



## 4.2. TITLE II

### 4.2.1 Chapter 20 – Rental of buildings and associated costs

| 2012           |             |           | 2011           |             |           |
|----------------|-------------|-----------|----------------|-------------|-----------|
| Appropriations | Commitments | Payments  | Appropriations | Commitments | Payments  |
| 1 191 565      | 1 191 245   | 1 087 707 | 1 344 186      | 1 344 186   | 1 100 990 |
|                | 99.97%      | 91%       |                | 100%        | 81%       |

This chapter covers the cost of renting the Agency's premises and all associated expenditure (heating, cleaning, security and other expenditure on buildings). The Agency has got two sites: one in Valenciennes (administrative seat) and one in Lille (conference rooms).

The Agency is also renting parking spaces for its staff.

The decrease in 2012's budget in comparison with 2011 is mainly due to the building works agreement for increasing the building's capacity signed in December 2011 for a total amount of 120 000 €.

### 4.2.2 Chapter 21 – Data processing

| 2012 C1        |             |          | 2011 C1        |             |          |
|----------------|-------------|----------|----------------|-------------|----------|
| Appropriations | Commitments | Payments | Appropriations | Commitments | Payments |
| 399 061        | 396 832     | 310 978  | 436 700        | 436 697     | 254 369  |
|                | 99%         | 78%      |                | 99%         | 58%      |

| 2012 C4        |             |          | 2011 C4        |             |          |
|----------------|-------------|----------|----------------|-------------|----------|
| Appropriations | Commitments | Payments | Appropriations | Commitments | Payments |
| 115 423        | 77 727      | 77 727   |                |             |          |
|                | 67%         | 67%      |                |             |          |

This chapter covers the expenses related to the purchase and maintenance of data processing equipment and software.

The Agency has consolidated the resilience of the core components of the ICT infrastructure progressing, besides others, on the virtual and communication environment (€ 144 826). The Agency has acquired the needed equipment (€ 14 650) to host the era.europa.eu zone, as per DIGIT request.



An amount of € 48 405 has been used to renew some equipment (laptops, networking components, consumables).

As regards the software, the ABAC system cost has been € 113 900. New licenses for the Virtual environment (€ 14 200) and for the Service Portal (€ 26 100) have been purchased. The yearly renewal of the other available licenses costs € 91 965.

The cost to have access to on-line services has been € 22 740.

#### 4.2.3 Chapter 22 – Movable property and associated costs

| 2012           |             |          | 2011           |             |          |
|----------------|-------------|----------|----------------|-------------|----------|
| Appropriations | Commitments | Payments | Appropriations | Commitments | Payments |
| 42 032         | 34 374      | 16 763   | 78 257         | 78 225      | 12 864   |
|                | 82%         | 40%      |                | 99%         | 16%      |

This chapter covers equipment for documentation storage, archiving and mail handling, hiring of fax machines, photocopiers, purchase of office furniture.

#### 4.2.4 Chapter 23 – Current administrative expenditures

| 2012           |             |          | 2011           |             |          |
|----------------|-------------|----------|----------------|-------------|----------|
| Appropriations | Commitments | Payments | Appropriations | Commitments | Payments |
| 191 450        | 164 797     | 146 131  | 108 661        | 108 461     | 60 422   |
|                | 86%         | 76%      |                | 100%        | 55%      |

This chapter covers

- stationery and office supplies € 82 000,
- miscellaneous insurance € 2 500,
- internal meetings and social events € 43 000,
- departmental removals and associated handlings € 29 000,
- petty expenses € 5 000, and
- publications € 3 700 €.



#### 4.2.5 Chapter 24 – Postal expenses and Telecommunications

| 2012           |             |          | 2011           |             |          |
|----------------|-------------|----------|----------------|-------------|----------|
| Appropriations | Commitments | Payments | Appropriations | Commitments | Payments |
| 188 392        | 185 615     | 160 970  | 178 000        | 178 000     | 167 474  |
|                | 99%         | 85%      |                | 100%        | 94%      |

This chapter is intended to cover postal and delivery expenses, subscription expenses, cost of communication (telephone, internet, mobiles, data transmission,...) and all related equipment (purchase, maintenance, cabling of building,...).

#### 4.2.6 Chapter 25 – Meetings and associated costs

| 2012           |             |          | 2011           |             |          |
|----------------|-------------|----------|----------------|-------------|----------|
| Appropriations | Commitments | Payments | Appropriations | Commitments | Payments |
| 87 500         | 87 500      | 84 584   | 66 978         | 66 978      | 53 517   |
|                | 100%        | 97%      |                | 100%        | 79%      |

This chapter is intended to cover the travel, subsistence and incidental expenses of the Members of the Administrative Board and the Sub-Committee on Financial, Budgetary and Staff-Related Issues and the Reflection group.

You will find here below in the meetings held in 2012 for the Administrative Board, "Sub-Committee" and the "Reflection group".

| Number of Meetings | Sub-committee | Reflection group | Administrative Board |
|--------------------|---------------|------------------|----------------------|
| <b>1</b>           | 11/01/2012    | 11/01/2012       | 20/03/2012           |
| <b>2</b>           | 12/03/2012    | 12/03/2012       | 26/06/2012           |
| <b>3</b>           | 19/06/2012    | 19/06/2012       | 27/11/2012           |
| <b>4</b>           | 11/09/2012    | 11/09/2012       |                      |
| <b>5</b>           | 19/11/2012    |                  |                      |



### 4.3. TITLE III

#### 4.3.1 Chapter 30 – Operational activities

| 2012           |             |           | 2011           |             |           |
|----------------|-------------|-----------|----------------|-------------|-----------|
| Appropriations | Commitments | Payments  | Appropriations | Commitments | Payments  |
| 4 247 258      | 3 971 790   | 2 467 677 | 5 555 328      | 4 737 438   | 3 079 861 |
|                | 94%         | 58%       |                | 85%         | 55%       |

This chapter is intended to cover all the expenses linked to the Regulation n°881/2004. Namely, the expenses are mainly the costs of the working groups (reimbursement of experts' travel and daily subsistence), the studies and the translations linked to the operational activities.

The level of payment 58% has increased compared to last year but is still low due to the fact that several procurement procedures were completed at the end of the year, leading to the signature of contracts in November and December 2012.

For general activities (missions, experts, catering), the total amount committed was € 1 993 000 in 2012 vs. € 2 026 000 in 2011. The carry-overs linked to the general activities decreased to 9% (€ 179 000) in 2012 vs. 14% (€ 285 000) in 2011.

For studies, the total amount committed was € 1 056 000 from which more than two third during the last quarter of 2012. Consequently, around 64% € 679 000 have been carried over.

For translation and interpretation services € 772 572 has been committed in 2012 from which almost half of it € 376 000 have been carried over.

Even though the level of carryover is significantly high, there is a close follow up of the contracts and the service requests to ensure the execution of the tasks and the consumption of the appropriations.

For this chapter, the execution of payments appropriations 2012-C8 reached 96,6% of the total amount carried over € 1 657 577. From this amount only € 93 156 are cancelled.



#### 4.3.2 Chapter 31 – Operational expenditures

| 2012           |             |           | 2011           |             |          |
|----------------|-------------|-----------|----------------|-------------|----------|
| Appropriations | Commitments | Payments  | Appropriations | Commitments | Payments |
| 2 635 742      | 2 565 069   | 2 109 500 | 2 288 337      | 1 757 582   | 579 901  |
|                | 97%         | 80%       |                | 76%         | 25%      |

This chapter is intended to cover operational expenditures such as scientific library, IT dedicated systems, information and communication.

The Agency has developed/maintained different IT projects to support the operational activities:

- European Railway Agency Database of Interoperability and Safety (ERADIS)
- European Centralised Virtual Vehicle Register (ECVVR)
- Reference Document Database (RDD)
- Extranet
- ERTMS Tool
- European Railway Accident Investigation Links (ERAIL)
- Register of Infrastructure (RINF)
- European Register of Authorised Types of Vehicles (ERATV)
- National Safety Authority Cross-Audit web application (NSA XA)

Out of € 2 203 757 committed for dedicated IT systems in Title 3, € 416 328 has been carried over.

The number of IT systems is growing each year and the weight of maintaining the existing tools has also an impact on the budget.

For the website maintenance/development, 150 000 € have been committed.

The execution of payments appropriations 2012-C8 reached 100% of the € 973 809 total amount carried over.