



EUROPEAN RAILWAY AGENCY

Report on budgetary and financial management information for the financial year 2011



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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 2011 :

- **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 has put in place 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 used for the staff mission reimbursements as from middle of 2011. A pilot phase was started in the last quarter of 2011 for the experts’ cost claims reimbursements.

Unfortunately, the Agency is lacking resources for developing an information system to deal with the management of the experts’ costs claims and breakdowns of costs. The use of the mass payment feature is the best cost/effective solution to reduce somehow the administrative burden.

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 24 375 000 € for 2011. The total for assigned revenue and the EFTA contribution was up to 1 508 665 €. The Agency received also a grant from the DG ELARG of 100 000 € and external fees of 5 000 €. The total budget was 25 988 665 €.



The total revenue received from the Commission was 24 648 665 € as the Agency renounced to 1 340 000 €. On top of this the Agency received 72 883,40 € 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 the Provisional accounts 2011.

3.2. Budgetary transfers

	Initial budget	Transfers	Final budget
Title I	15 645 000	287 217,80	15 932 217,80
Title II	2 500 000	-287 217,80	2 212 782,20
Title III	7 843 665	0	7 843 665
TOTAL	25 988 665	0	25 988 665

In June 2011, the Agency already announced to the Sub-Committee that

- the budget was unbalanced and that there might be a need to transfer appropriations from title 2 to title 1 (transfer of 287 217 €) and
- that title 3 would not be used entirely and that at least 1 million euros would not be asked in 2011 because of:
 - overestimation/cancellation of activities (370 000 €);
 - overestimation/cancellation of studies (200 000 €);
 - overestimation/cancellation of translation services (240 000 €);
 - overestimation/delays in IT services/tools related to operations (440 000 €);
 - cancellation of video-conference investment (80 000 €).



3.3. Budgetary execution 2011-C1 and 2011-C8

2010-C1	Appropriations	Commitments	Not used	Paid	To be carry-forwarded
Title I	15 932 218	15 930 664	1 554	15 710 948	219 716
Title II	2 212 782	2 212 548	234	1 649 635	562 913
Title III	7 843 665	6 495 020	1 348 645	3 659 761	2 835 259
TOTAL	25 988 665	24 638 232	1 350 433	21 020 344	3 617 888

	Carry-forward	Paid	To be cancelled
Title I	134 632	119 302	15 330
Title II	912 912	886 197	26 714
Title III	4 417 947	4 333 875	84 072
TOTAL	5 465 491	5 339 374	126 116

Title 1

The total committed amount in fund source C1 is 15 930 664 € from which 99% has been used for payment execution.

From the 134 632 € carried over in 2011-C8, 88% has been used for payment execution.

Title 2

From the 2011-C1 appropriations, almost everything has been committed, and 74% has been used for payment execution.

For the fund source C8, 97% of the carried over amount has been used for payment execution.

Title 3

From the C1 total amount, only 82% has been committed. This is due to the fact that the Agency renounced to receive the last 1 340 000 € from the Commission in order to avoid committing appropriations at the very end of the year and generating the same amount of carry-overs. Out of the committed amount, 56% of the appropriations has been consumed with payments.

About the C8, 4 417 947 € has been carried over, from which 98% has been consumed for payment execution.

As regards the budget execution as a whole, the Agency has improved all indicators compared to 2010.



3.4. Multi-annual comparison

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

This table shows that:

- The level of execution of the C1 credits are very high; in 2011, the Agency decided not to use appropriations at the very end of the year in order to avoid important carry-overs which are occasioning reputational damages. This shows the Agency's commitment to continuously improve its budget management;
- The level of payment is 85% which is a good result;
- The level of carry-overs has decreased significantly thanks to the decision taken by the Agency to renounce to part of the Commission subsidy;
- The execution of the carry-overs is also continuously improving as a result of the efforts made by the Agency on the follow-up of the activities.



4. Expenditure

4.1. TITLE I

3.1.1 Chapter 11 – Staff in active employment

2011			2010		
Appropriations	Commitments	Payments	Appropriations	Commitments	Payments
15 157 271	15 157 126	15 110 173	13 963 745	13 809 288	13 784 135
	99%	99%		99%	99%

At the end of the year 2010, the Agency employed 133 Temporary Agents and 9 Contractual Agents.

On the 31/12/2011, the Agency employed 140 Temporary Agents and 8 Contract Agents.

Recruitment procedures are still ongoing and new staff will be recruited during the year 2012 in order to reach the 144 Temporary staff foreseen in the establishment plan 2011. There will be no additional staff in the establishment plan 2012.

The Agency welcomed 11 trainees in total divided into 2 sessions of 5 months in 2011.

As in 2010, the Council refused the indexation of the salaries in 2011. The 2011 adaptation of the salaries will be paid in 2012 if a decision is taken while the 2010 salaries adjustment has been paid in March 2011.

3.1.2 Chapter 13 – Missions and travel

2011			2010		
Appropriations	Commitments	Payments	Appropriations	Commitments	Payments
114 337	114 337	94 830	120 000	120 000	94 589
	100%	82%		100%	79%

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

Throughout 2011, 643 administrative missions took place, including trips for trainings and medical services.

The new 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 and it also provides for a more accurate follow-up of the budget consumption.

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

3.1.3 Chapter 14 – Socio-medical infrastructure

2011			2010		
Appropriations	Commitments	Payments	Appropriations	Commitments	Payments
308 752	307 344	184 989	289 891	289 891	209 416
	99%	59%		100%	72%

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 Agency is using an SLA with DG HR for the medical visits (31 000 € committed in 2011) and the “general trainings” (37 000 € committed in 2011). In addition the company “OCM” is used for training and management coaching (85 000 € committed in 2011) and the companies “EXCELANGUES” and “CLL” for the language training courses (85 000 € committed in 2011).

The remaining amount has been committed for ad hoc training courses.

3.1.4 Chapter 15 – Seconded National Experts

2011			2010		
Appropriations	Commitments	Payments	Appropriations	Commitments	Payments
349 858	349 858	319 858	286 600	286 600	283 006
	100%	91%		100%	99%

The Agency counted 6 Seconded National Experts in 2011.



3.1.5 Chapter 17 – Entertainment and representation expenses

2011			2010		
Appropriations	Commitments	Payments	Appropriations	Commitments	Payments
2 000	2 000	1 098	1 370	1 370	1 370
	100%	54%		100%	100%

This chapter is intended to cover expenditure on the Agency's obligations in respect of entertainment and representation.



4.2. TITLE II

3.2.1 Chapter 20 – Rental of buildings and associated costs

2011			2010		
Appropriations	Commitments	Payments	Appropriations	Commitments	Payments
1 344 186	1 344 186	1 100 990	1 148 407	1 148 407	994 323
	100%	81%		100%	87%

This chapter covers the cost of renting the Agency's current office 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 increase as compared to 2010 is mainly due to the building works agreement for increasing the building's capacity signed in December 2011 for a total amount of 200 000 €, of which 117 480€ has been paid as a pre-financing in 2011. The annual costs for cleaning the premises is around 120 000 €, for the building maintenance is 50 000 € and for the security is around 193 000 € (the building is under surveillance 24h a day).

3.2.2 Chapter 21 – Data processing

2011			2010		
Appropriations	Commitments	Payments	Appropriations	Commitments	Payments
436 700	436 697	254 369	804 132	803 611	210 250
	99%	58%		100%	26%

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

The Agency has decided to invest in solutions enabling flexible and scalable personal communication with external partners. Unified Communications and Collaboration (UCC) capabilities integrate multiple siloed communication channels, enabling real-time collaboration through multiple channels over IP (voice, video, data). The Agency decided to purchase Polycom and Tandberg equipment for an amount of 111 000 € on the hardware part and 9 700 € for the software.

An amount of 60 000 € has been used to renew some equipment (laptops, disks enclosures, memory upgrades,...) and 41 000 € for Microsoft consulting services.

As regards the software, the ABAC system costs now 113 900 € since the hosting services have been added by the Commission while the renewal of the different licenses costs 80 000 €.



3.2.3 Chapter 22 – Movable property and associated costs

2011			2010		
Appropriations	Commitments	Payments	Appropriations	Commitments	Payments
78 257	78 225	12 864	76 802	76 802	27 709
	99%	16%		100%	36%

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

3.2.4 Chapter 23 – Current administrative expenditures

2011			2010		
Appropriations	Commitments	Payments	Appropriations	Commitments	Payments
108 661	108 461	60 422	135 832	135 832	52 500
	100%	55%		100%	39%

This chapter covers stationery and office supplies (committed amount in 2011 = 38 600 €), legal expenses (committed amount = 2 670 €), miscellaneous insurance (committed amount = 4 990 €), internal meetings and social events (committed amount = 48 580 €) and departmental removals and associated handlings (committed amount = 5 290 €).

3.2.5 Chapter 24 – Postal expenses and Telecommunications

2011			2010		
Appropriations	Commitments	Payments	Appropriations	Commitments	Payments
178 000	178 000	167 474	173 979	173 979	143 637
	100%	94%		100%	83%

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



3.2.6 Chapter 25 – Meetings and associated costs

2011			2010		
Appropriations	Commitments	Payments	Appropriations	Commitments	Payments
66 978	66 978	53 517	63 483	63 483	60 783
	100%	79%		100%	96%

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

There has been 3 Administrative Boards, 4 "Sub-Committee" meetings and 1 "Reflection group" meeting in 2011.



3.3. TITLE III

3.3.1 Chapter 30 – Operational activities

2011			2010		
Appropriations	Commitments	Payments	Appropriations	Commitments	Payments
5 555 328	4 737 438	3 079 861	4 271 956	4 258 070	2 103 991
	85%	55%		100%	49%

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) and the studies linked to the operational activities.

The level of payment 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 2011.

For the general activities (missions, experts, catering), the total committed amount is 2 026 000 € and the carry-over is 285 000 €.

As regards studies, 700 000 € have been committed during the last quarter of 2011. On the whole year, out of 1 733 000 € committed for studies in Title 3 and a bit more than the half, 885 000 €, has been carried-over.

A bit less than 840 000 € has been committed for the translation and interpretation services and 477 000 € 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.

As shown in the table 4.3, out of 4 417 947 € carried over from 2010 to 2011 in Title 3, only 84 072 € have been canceled which is less than 2 % of the amount carried over. This is a clear sign that the Agency is properly following-up its carry-overs.



3.3.2 Chapter 31 – Operational expenditures

2011			2010		
Appropriations	Commitments	Payments	Appropriations	Commitments	Payments
2 288 337	1 757 582	579 901	2 811 044	2 802 255	538 387
	76%	25%		100%	19%

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

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)

Out of 1 420 000 € committed for dedicated IT systems in Title 3, 973 000 € 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.