



EUROPEAN RAILWAY AGENCY

Report on budgetary and financial management information for the financial year 2010



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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 2010 :

- **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 Agency is still missing an information system to deal with the management of the experts' costs claims and breakdowns of costs. Budget allowing, the Agency will try to develop its own system as such system is not available in the Communities and/or Bodies.

The workflows in ABAC Workflow put in place by the Authorising Officer ensure that the "four eyes" principle has been respected for each transaction.

The Agency started to use ABAC Contract in 2010 but its use is not yet efficient lacking the in-depth knowledge of the system. A training course is foreseen in 2011 in order to use properly this important module.

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 24.147.240 € for 2010.

The Agency received 24.147.240 € from the Commission.



3. Expenditure

3.1. TITLE I

3.1.1 Chapter 11 – Staff in active employment

2010			2009		
Appropriations	Commitments	Payments	Appropriations	Commitments	Payments
13 963 745	13 809 288	13 784 135	12 359 500	11 978 329	11 948 508
	99%	99%		97%	97%

At the end of the year 2009, the Agency employed 113 Temporary Agents and 12 Contractual Agents.

On the 31/12/2010, the Agency employed 133 Temporary Agents and 9 Contract Agents.

Recruitment procedures are still ongoing and new staff will be recruited during the year 2011 in order to first reach the 139 Temporary staff foreseen in the establishment plan 2010 and then the 144 Temporary staff foreseen in the establishment plan 2011.

In addition, having adopted a policy for trainees, the Agency welcomed 6 trainees for 5 months in 2010.

Following the Council Regulation (EU, EURATOM) No 1190/2010 of 13 December 2010, the backdated calculation of 2009 salaries adaptation has been carried out and paid in December 2010. The calculation of the 2010 salaries adaptation has been postponed in March 2011.

3.1.2 Chapter 13 – Missions and travel

2010			2009		
Appropriations	Commitments	Payments	Appropriations	Commitments	Payments
120 000	120 000	94 589	160 000	160 000	94 730
	100%	79%		100%	59%

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

Throughout 2010, 558 administrative missions took place, including trips for trainings and medical services.

The new information system MiMa has allowed a more accurate follow up of the missions, reducing the bulk of paper (only requested at the level of the reimbursement file; the validation of the mission order and the cost claim is done electronically by the (sub) Delegated Authorising Officer) and increasing the visibility of the budget consumption. MiMa is also used for dealing the operational missions reimbursed under Title 3.



3.1.3 Chapter 14 – Socio-medical infrastructure

2010			2009		
Appropriations	Commitments	Payments	Appropriations	Commitments	Payments
289 891	289 891	209 416	380 000	376 233	228 120
	100%	72%		99%	60%

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 (38.000 € committed in 2010) and the "general trainings" (88.700 € committed in 2010) and the company "EXCELANGUE" for the language training courses (110.000 € committed in 2010).

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

3.1.4 Chapter 15 – Seconded National Experts

2010			2009		
Appropriations	Commitments	Payments	Appropriations	Commitments	Payments
286 600	286 600	283 006	133 500	118 557	115 374
	100%	99%		89%	86%

The Agency counted 6 Seconded National Experts in 2010.

3.1.5 Chapter 17 – Entertainment and representation expenses

2010			2009		
Appropriations	Commitments	Payments	Appropriations	Commitments	Payments
1 370	1 370	1 370	10 000	9 320	7 707
	100%	100%		93%	77%

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



3.2. TITLE II

3.2.1 Chapter 20 – Rental of buildings and associated costs

2010			2009		
Appropriations	Commitments	Payments	Appropriations	Commitments	Payments
1 148 407	1 148 407	994 323	1 163 960	1 163 960	741 528
	100%	87%		100%	64%

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 annual costs for cleaning the premises is around 110.000 €, for the building maintenance is 66.000 € and for the security is around 193.000 € (the building is now under surveillance 24h a day).

3.2.2 Chapter 21 – Data processing

2010			2009		
Appropriations	Commitments	Payments	Appropriations	Commitments	Payments
804 132	803 611	210 250	920 951	920 754	400 840
	100%	26%		100%	44%

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

Following an IAS recommendation about IT business continuity, it was decided to purchase new servers supporting redundancy and to strengthen the network: the total cost of this investment is up to 350.000 €.

As regards the software, the Microsoft support has an annual cost of 112.000 € while the ABAC system costs 95.000 €.

3.2.3 Chapter 22 – Movable property and associated costs

2010			2009		
Appropriations	Commitments	Payments	Appropriations	Commitments	Payments
76 802	76802	27 709	206 258	206 258	193 569
	100%	36%		100%	94%

This chapter covers equipment for documentation storage, archiving and mail handling, hiring of fax machines, photocopiers, purchase of office furniture. The decrease compared to 2009 is due to the fact that extra investments were needed during the move in 2009.



3.2.4 Chapter 23 – Current administrative expenditures

2010			2009		
Appropriations	Commitments	Payments	Appropriations	Commitments	Payments
135 832	135 832	52 500	169 976	169 976	109 752
	100%	39%		100%	65%

This chapter covers stationery and office supplies (committed amount in 2010 = 69.167 €), legal expenses (committed amount = 2.640 €), miscellaneous insurance (committed amount = 6.959 €), internal meetings and social events (committed amount = 34.570 €) and departmental removals and associated handlings (committed amount = 3.910 €).

3.2.5 Chapter 24 – Postal expenses and Telecommunications

2010			2009		
Appropriations	Commitments	Payments	Appropriations	Commitments	Payments
173 979	173 979	143 637	227 876	227 876	135 266
	100%	83%		100%	59%

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,...).

The decrease compared to 2009 is due to the fact that important investments for installing the WIFI were made during the move to the new building in 2009.

3.2.6 Chapter 25 – Meetings and associated costs

2010			2009		
Appropriations	Commitments	Payments	Appropriations	Commitments	Payments
63 483	63 483	60 783	67 980	67 980	41 171
	100%	96%		100%	61%

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 and 4 "Sub-Committee" meetings in 2010.



3.3. TITLE III

3.3.1 Chapter 30 – Operational activities

2010			2009		
Appropriations	Commitments	Payments	Appropriations	Commitments	Payments
4 271 956	4 258 070	2 103 991	3 721 193	3 721 193	1 611 747
	100%	49%		100%	43%

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 is not high 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 2010.

For the general activities (missions, experts, catering), the total committed amount is 1.836.000 € and the carry over is 284.000 €.

As regards studies, 600 000 € have been committed during the last quarter of 2010. On the whole year, out of 1 790 000 € committed for studies in Title 3, a bit less than 1 500 000 € has been carried-over.

A bit more than 540.000 € has been committed for the translation and interpretation services and 340.000 € 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 3.164.230 € carried over from 2009 to 2010 on Title 3, only 148.050 € have been canceled which is less than 5 % of the amount carried over.



3.3.2 Chapter 31 – Operational expenditures

2010			2009		
Appropriations	Commitments	Payments	Appropriations	Commitments	Payments
2 811 044	2 802 255	538 387	1 478 807	1 478 557	423 772
	100%	19%		100%	29%

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 project to support the operational activities:

- European Railway Agency Database of Interoperability and Safety (ERADIS)
- European Centralised Virtual Vehicle Register (ECVVR)
- Database for Rail Economic Analysis Monitoring (DREAM)
- Document Management System (DMS)
- Microsoft Office Project Portfolio Servers (MOPPS)
- European Railway Accident Investigation Links (ERAIL)

In addition the software license for a Geographic Information System for the extension of the DREAM scope has been acquired.

As regards IT services, 800 000 € have been committed in November and December because of the late conclusion of the open call for tender for external services providers. Out of 2 414 224 € committed for dedicated IT systems in Title 3, 1 990 341 € has been carried over. The IT procurement delay will mainly impact 2010 because now the Agency has six framework contracts for 4 years.

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 migration, 224.000 € have been committed.



4. Budgetary tables

4.1. Budget outturn account

See table in the Provisional accounts 2010.

4.2. Budgetary transfers

	Initial budget	Transfers	Final budget
Title I	13 949 240	+ 712 365	14 661 605
Title II	2 615 000	- 212 366	2 402 634
Title III	7 583 000	-500 000	7 083 000
TOTAL	24 147 240	0	24 147 240

In December 2009, the Agency realized that Chapter 11 (staff expenditure) was not correctly forecasted for the budget 2010. Indeed, Title 1 has been underestimated by approximately 1.500.000 €. In fact, the Agency discovered a systemic miscalculation of the forecasts for the staff expenditures; the calculation of the forecasts was based on the 2007 basic salaries grid, missing three annual indexations. Another reason was that due to the cut in the requested new posts, the Agency had to increase the number of contract agents.

The Agency decided (with the approval of the Administrative Board and the European Commission) to transfer an amount of 500.000 € from Title 2 to Title 1 and to transfer an amount of 500.000 € from Title 3 to Title 1.

This required a very tight control of all administrative expenditure and the cancellation or delay of certain investments.

In order to cover the remaining gap, some complementary measures have been implemented in order to reduce expenditure under Title 1: keeping posts vacant longer than otherwise necessary, reducing the number of trainees, reducing the number of promotions compared with the multiannual staff policy plan and reducing the language training.

These last measures ended up with an extra saving of less than 300.000 € which have been transferred back to Title 2 where some investment were required.



4.3. Budgetary execution 2010-C1 and 2010-C8

2010-C1	Appropriations	Commitments	Not used	Paid	To be carry-forwarded
Title I	14 661 605	14 507 149	154 457	14 372 516	134 632
Title II	2 402 635	2 402 113	521	1 489 202	912 912
Title III	7 083 000	7 060 325	22 675	2 642 378	4 417 947
TOTAL	24 147 240	23 969 587	177 653	18 504 096	5 465 491

	Carry-forward	Paid	To be cancelled
Title I	246 891	189 768	57 123
Title II	1 134 677	1 047 108	87 569
Title III	3 164 230	3 016 180	148 050
TOTAL	4 545 798	4 253 056	292 742

Title 1

The total committed amount in fund source C1 is 14.507.149 € from which 99% has been used for payment execution.

From the 246.891 € carried over in 2010-C8, 77% has been used for payment execution.

Title 2

From the 2010-C1 appropriations, almost everything has been committed, and 62% has been used for payment execution.

For the fund source C8, 92% of the carried over amount has been used for payment execution.

Title 3

From the C1 total amount, nearly 100% has been committed from which 62% has been consumed with payments.

About the C8, 3.164.230 € has been carried over, from which 95% has been consumed for payment execution.



4.4. Multi-annual comparison

	2006	2007	2008	2009	2010
Budget	14 398 000	16 645 000	18 000 000	21 000 000	24 147 240
Commitments C1	10 421 586	13 261 051	17 254 187	20 598 991	23 969 587
% of the budget	72 %	80 %	96 %	98 %	99 %
Unused C1 budget	3 976 414	3 383 949	745 813	401 009	177 653
Payments C1	7 741 551	10 565 986	13 150 158	16 052 085	18 504 096
% of the commitments C1	74 %	80 %	76 %	78 %	77 %
Payment appropriations C1 to be carried over	2 719 449	2 694 913	4 104 029	4 546 906	5 465 491
% of the commitments C1	26 %	20 %	24 %	22 %	23 %
Commitments carried over C8	0	2 719 449	2 694 913	4 104 029	4 545 798
C8 to be cancelled	0	726 320	484 494	520 818	292 742
% of the carry over C8	0 %	27 %	18 %	13 %	6 %

This table shows that:

- The level of execution of the C1 credits has significantly increased since 2006 and the amount of unused C1 commitment appropriations fell from 3,9 million to 0,2 million; this is mainly due to a better financial follow-up consisting in producing monthly budget execution reports to the Management and having dedicated Management meetings on Budget.
- The level of payment is still below 80%; the level of carry over remains more or less stable (around 22 %) but the level of payment appropriations to be cancelled is decreasing over the past few years to reach 6 % in 2010; this level of carryover is mainly justified by the fact that the Agency is procuring a lot of services, studies which, even if they are launched at the beginning of the year, do take time. Then the contracts are signed during the last quarter of the year but the first invoices arrive at the beginning of the following year. One proposed action to mitigate this side effect is to launch a global and/or cascade call for tender for covering different needs in the operational area. This would allow the Agency to sign specific contracts on the framework contract instead of launching each time a call for tender.