



Report on Budgetary and Financial Management

Research Executive Agency

Financial year 2019

The opinion of the Steering Committee was given on 19.02.2020

The accounts are sent to the Commission's Accounting Officer, the European Court of Auditors, the European Parliament and the Council.

They will also be published on the REA website: <http://ec.europa.eu/research/rea/>



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CERTIFICATE AND STATEMENT OF THE DIRECTOR

CERTIFICATE

I acknowledge my responsibility for the preparation and presentation of the annual accounts of the Research Executive Agency in accordance with Article 246 of the Financial Regulation ('FR')¹ and I hereby certify that the annual accounts of the Research Executive Agency for the year 2019 have been prepared in accordance with Title XIII of the FR and the accounting rules adopted by the Commission's Accounting Officer, as are to be applied by all the institutions and union bodies.

I have obtained from the Authorising Officer, who certified its reliability, all the information necessary for the production of the accounts that show the Research Executive Agency's assets and liabilities and the budgetary implementation. Based on this information, and on such checks as I deemed necessary to sign off the accounts, I have a reasonable assurance that the accounts present fairly, in all material aspects, the financial position, the results of the operations and the cash-flow of the Research Executive Agency.

STATEMENT OF THE DIRECTOR

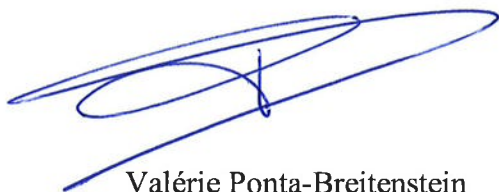
I, the undersigned, Director of the Research Executive Agency, in my capacity as authorising officer,

- Declare that the information contained in this report gives a true and fair view.
- State that I have reasonable assurance that the resources assigned to the activities described in this report have been used for their intended purpose and in accordance with the principles of sound financial management, and that the control procedures put in place give the necessary guarantees concerning the legality and regularity of the underlying transactions.

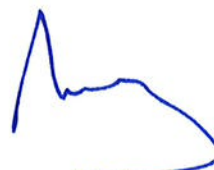
This reasonable assurance is based on my own judgement and on the information at my disposal, such as the results of the work of ex-ante controls as well as the observations of the Internal Audit Service.

- Confirm that I am not aware of anything not reported here which could harm the interests of the Agency or the Commission.

Brussels, 19 February 2020



Valérie Ponta-Breitenstein
Accounting Officer



Marc Tachelet
Director

¹ Regulation (EU) No 1291/2013 of the European Parliament and of the Council of 11 December 2013 establishing Horizon 2020 – the Framework Programme for Research and Innovation (2014-2020) and repealing Decision No 1982/2006/EC, OJ L 347 of 20.12.2013, p.104.

1. INTRODUCTION

This report on budgetary and financial management of REA for the financial year 2019 has been prepared in accordance with Article 51 to 57 of the Standard Financial Regulation for Executive Agencies.

2. OVERVIEW OF THE BUDGET

2.1. Initial budget, amending budget and final budget

2.1.1. Initial Budget

The REA Steering Committee adopted the 2019 administrative budget on 7 December 2018 for a total amount of € 75,802,085 (EU28: € 71,394,652 + EFTA/EEA contribution: € 1,652,426 + third country contribution: € 2,755,007) in line with the draft budget.

The total budget covers the following expenditure:

- Title 1 budget lines are related to staff expenditure:
 - Chapter 11: remuneration, allowances and charges for the statutory Staff of the Agency paid directly to the staff member and included in the salary pay slip as well as expenses for interim supportive staff and trainees;
 - Chapter 12: specific Staff related charges, costs for missions, training courses, medical service, staff perquisites (e.g. public transport reimbursements) and internal meeting expenses are incorporated under this chapter. The costs of recruitments and of any change of personnel incurred by the Agency are also included.
- Title 2 budget lines relate to infrastructure and operating expenditure:
 - Chapter 21: Building expenditure. The rent is fixed through a usufruct contract signed by the Agency following a tender procedure launched to the benefit to the European Commission and its consolidated entities. Charges for the maintenance, cleaning, security, heating, etc. of the building, and costs of the fitting out of premises are also included under this chapter;
 - Chapter 22: ICT expenditure. This includes the purchase of equipment, licences, support for maintenance, specific IT developments and IT services;
 - Chapter 23: Movable property and Current Operating expenditure. This chapter covers the costs of furniture and office supplies for the Agency and its staff and other current operating expenditure.
- Title 3 budget lines relate to programme support expenditure:
 - Chapter 31: Programme Management expenditure such as external communication, information and ICT expenses as well as external audits and missions. This budget chapter concerns administrative expenditure directly related to the management of operational activities delegated to the Agency.
 - Chapter 32: Common Support Services expenditure, such as building and ICT expenses for the Common Evaluation Platform and Common Support Services as well as meetings of experts.

Compared to the final budget 2018, the initial budget 2019 is increased with € 6,226,245, equivalent to 9%. The change stems mainly from increases in title 1 (€ 4,987,555) and in title 2 (€ 1,763,605) partially compensated by a decrease in title 3 (€ -524,915).

On Title 1, the increase results from a better average occupancy rate compared to 2018, new recruitments in relation to the 18 newly authorised positions for 2019, the salary indexation, the impact of reclassifications and career progression linked to seniority and successful selection in higher function groups.

On Title 2, appropriations are increased mainly to cover the cost of the 2 additional floors of office space made available to REA in 2019 and also the indexation of the usufruct instalments. In addition, this initial budget provides for the charge-back, announced by the Commission, related to the costs incurred for the development of SUMMA (the new budgetary accounting system).

On the contrary, expenses on Title 3 are decreasing in 2019 given that the Agency made significant investments in 2017 and 2018 to renew and replace equipment in the evaluation platform.

2.1.2. Budget transfers

In August, a transfer of € 5,340 inside chapter 12 was authorised by the Director to cover a small increase in the number of missions related to the professional and personal development of staff (budget line 1222) and to allow the purchase of commemorative medals for the staff in the context of REA's 10th Anniversary celebration (budget line 1231). The corresponding deduction was made on the budget line 1211 "Specific staff related charges, support services for the management of staff rights and payroll, charges relating to recruitment and change of personnel".

In October 2019, the Steering Committee adopted a first budget transfer of € 1,051,905 (1.4% of the total budget).

On the one hand, the following budget lines have been reinforced to cover expenses higher than expected:

Budget Line	Description	Amount (EUR)	Reason
1111	<i>Temporary Agents - Remuneration, Allowances and Charges</i>	+ 84,450	Average salaries and indexation higher than estimates.
1121	<i>Contract Agents - Remuneration, Allowances and Charges</i>	+ 511,860	Some recruitments took place earlier than expected. Average salaries and indexation were slightly higher than the estimates.
1222	<i>Missions related to the Professional and Personal Development of Staff</i>	+4,190	Increased number of missions related to the Professional and Personal Development of Staff.
1224	<i>Mobility and Other Social expenses</i>	+10,190	Increased budgetary needs for reimbursement of public transport to the staff.
1231	<i>Representation expenses, Events and Internal meetings</i>	+6,700	The costs of REA's 10-years anniversary event were slightly higher than expected.
2111	<i>Rent / Usufruct instalments, Building Charges and associated expenses</i>	+399,815	Expenses related to the SLA with OIB for building management higher than expected due to an increase in office surface occupied by REA and an increase of prices of the services provided by OIB.
3231	<i>Meetings of Experts and associated costs</i>	+34,700	Increased budget needs for meetings with expert evaluators and associated costs, including beverages and snacks served during evaluations.

On the other hand, the following surpluses have been identified enabling to fund the above-mentioned needs:

Budget Line	Description	Amount (EUR)	Reason
1132	<i>Interim supportive agents and Trainees</i>	- 65,085	Reduction of the number of interim staff contracted.
1211	<i>Specific Staff-related Charges, Support Services for the management of Staff Rights and Payroll, Charges relating to Recruitment and Change of Personnel</i>	- 136,585	Decrease of the budgetary needs for: <ul style="list-style-type: none"> the contribution from REA to the "Centre de la petite enfance" (CPE), the SLA with PMO and the reimbursement of costs related to recruitment.
1221	<i>Training Courses for the Professional and Personal Development of Staff</i>	- 2,955	Slight decrease in the budgetary needs for Training.
2211	<i>ICT Environment (Infrastructure, Systems and Services)</i>	- 471,835	Following guidance from the central services, DG RTD covers the development costs for the SUMMA project (initially budgeted for an amount of EUR 585,000). This decrease is partially offset by increasing the budget for replacing obsolete desktop PCs by laptops and docking stations.
2221	<i>Data Processing and application development and associated expenditure</i>	- 4,385	Slight decrease of the overall budget for ICT intra-muros developers.
2311	<i>Furniture, Materials and Technical Installations and associated expenditure</i>	- 34,200	Decrease of the budgetary needs for the SLA with OIB for inventory management and the disposal of office furniture.
2321	<i>Office Supplies and Other Current Operating expenditure</i>	- 14,900	Decrease of the budget for legal assistance, charges and damages for staff-related legal affairs.
3111	<i>Communication, Information, Publications, Linguistic Services and Training Courses for the Management of Programmes and associated expenses</i>	- 84,590	Cancellation of expenses related to video productions. Decrease in the expenses for promotion materials
3112	<i>ICT Infrastructure, Environment and Systems related to the Programme Management and associated expenses</i>	- 56,630	Fewer days contracted for an ICT intra-muros developer of IT tools used in programme management.
3121	<i>External Audits</i>	- 60,535	Cancellation of one audit from a previous year's batch of outsourced external audits and reduction of the budget initially estimated for this year's batch.
3122	<i>Missions and Other expenses related to the Administrative Management of Programmes</i>	- 3,245	Decrease of the budget for legal assistance, charges and damages for programme management related legal affairs. This is partially offset by an increase of the budget for missions due to more projects being subject to intermediary reviews than expected.
3211	<i>Building Rent / Usufruct instalments, Building charges and associated expenses for the Common Support Services and Evaluation Platform</i>	- 112,980	Postponement of the installation of security scanners at the entrance of the building and related expenses with security guards. Decrease of the budget for the SLA with OIB for the charges of the building of the evaluation platform.
3221	<i>ICT, Logistics, Acquisition and Provision of Information, Current Operating expenditure and associated costs</i>	- 3,980	Decrease of the budget for photocopiers and for the SLA with SCIC, partially compensated by additional expenses for furniture, ICT materials and waste sorting stations.

In November, a transfer inside chapter 12 was authorised by the Director. The appropriations on the budget line 1221 "training courses for the professional and personal development of staff were reduced by € 27,500 as several training actions have been cancelled and postponed to 2020 allowing the following budget lines to be reinforced:

- € 18,500 on line 1211 "Specific staff related charges, support services for the management of staff rights and payroll, charges relating to recruitment and change of personnel" to cope with unexpected expenses related to travel cost for installation and move of staff as well as to cover higher expenses related to school buses;
- € 9,000 on line 1224 "Mobility and other social expenses" to cover increased expenses related to reimbursement for staff of public transport subscription and complementary assistance to disabled staff members.

In December, the Agency performed a last review of its budget to identify any needs for adjustment and to optimise the budget execution. The Steering Committee approved, consequently, on 13 December 2019 a budget transfer of € 225,340.

On the one hand, the following budget lines have been reinforced to cover needs identified by the end of the year:

Budget Line	Description	Amount (EUR)	Reason
1211	<i>Specific Staff-related Charges, Support Services for the management of Staff Rights and Payroll, Charges relating to Recruitment and Change of Personnel</i>	+ 7,780	Increase of the budgetary needs for the SLA with DG HR.
1222	<i>Missions related to the Professional and Personal Development of Staff</i>	+1,955	Increased number of missions related to the Professional and Personal Development of Staff.
1224	<i>Mobility and Other Social expenses</i>	+6,000	Increased expenses for complementary assistance to disabled staff members.
2111	<i>Rent / Usufruct instalments, Building Charges and associated expenses</i>	+63,880	Increased expenses related to the SLA with OIB for building management due to higher unit prices and changes in the method of calculation of the costs (following the Commission's guidance on the charge-back process for the provision of services to Agencies).
3211	<i>Building Rent / Usufruct instalments, Building charges and associated expenses for the Common Support Services and Evaluation Platform</i>	+145,725	

On the other hand, the following surpluses have been identified enabling to fund the above-mentioned needs:

Budget Line	Description	Amount (EUR)	Reason
1111	<i>Temporary Agents – Remuneration, Allowances and Charges</i>	- 50,040	Minor adjustments taking into account the staff occupied until 31/12/2019.
1121	<i>Contract Agents – Remuneration, Allowances and Charges</i>	- 5,720	
1132	<i>Interim supportive agents and Trainees</i>	- 13,780	Decreased number of interim staff (in full time equivalent).
1221	<i>Training Courses for the Professional and Personal Development of Staff</i>	-18,715	Postponement of some training sessions from 2019 to 2020.
1231	<i>Representation expenses, Events and Internal meetings</i>	-1,705	Decreased costs of satellite events related with the celebration of REA's 10 th Anniversary.
2211	<i>ICT Environment (Infrastructure, Systems and Services)</i>	- 30,995	Downward revision of the amount earmarked for the MoU with DG DIGIT but partially offset by the anticipated acquisition of laptops to replace obsolete computers.
2311	<i>Furniture, Materials and Technical</i>	- 1,900	Reduced expenses related to moves in the SLA with OIB.

Budget Line	Description	Amount (EUR)	Reason
	<i>Installations and associated expenditure</i>		
2321	<i>Office Supplies and Other Current Operating expenditure</i>	-3,490	Cancellation of the budget earmarked for legal assistance related to staff matters which is now included in the SLA with DG HR but partially offset by the increased expenses with OIB for archiving, courier and printing.
3111	<i>Communication, Information, Publications, Linguistic Services and Training Courses for the Management of Programmes and associated expenses</i>	-31,765	Decreased needs for the acquisition of promotional material linked to external communication.
3121	<i>External Audits</i>	- 27,495	Lower cost than earmarked of the batch for new external audits and cancellation of one batch of audits previously contracted.
3221	<i>ICT, Logistics, Acquisition and Provision of Information, Current Operating expenditure and associated costs</i>	- 13,605	Decreased expenses for the MoU with DG DIGIT for the Common Support Services and for the SLA with OIB linked with waste sorting stations but partially offset with an increased need for printshop services included in the SLA with OIB .
3231	<i>Meetings of Experts and associated costs</i>	-26,130	Reduced needs for drinks and food served in experts' meetings.

The initial 2019 budget and the transfers are presented in the table hereafter in EUR.

Expenditure Titles, Chapters, Articles and Items	Official Name of the Expenditure Budget Lines	Initial Budget 2019	TRANSFER 2019/01 [internal transfer initiated on 22.08.2019] - REA.1631 -	BUDGET 2019 following the internal Transfer 2019/01	TRANSFER 2019/02 [approved by the Steering Committee on 16.10.2019] - REA.1635 -	BUDGET 2019 following the Transfer 2019/02	TRANSFER 2019/03 [internal transfer initiated on 06.11.2019] - REA.1641 -	BUDGET 2019 following the Transfer 2019/03	TRANSFER 2019/04 [to be approved by the Steering Committee on 13.12.2019] - REA.1644 -	BUDGET 2019 following the Transfer 2019/04
TOTAL EXPENDITURE		75.802,085,00	0,00	75.802,085,00	0,00	75.802,085,00	0,00	75.802,085,00	0,00	75.802,085,00
Title	1	STAFF EXPENDITURE	0,00	56.825,855,00	412,765,00	57.238,620,00	0,00	57.238,620,00	-74,225,00	57.164,395,00
Chapter	11	Remunerations, Allowances and Charges	0,00	54.085.430,00	531.225,00	54.616.655,00	0,00	54.616.655,00	-69.540,00	54.547.115,00
Article	111	Staff occupying an employment in the establishment plan	0,00	21.699.495,00	84.450,00	21.783.945,00	0,00	21.783.945,00	-50.040,00	21.733.905,00
Item	1111	Temporary Agents - Remuneration, Allowances and Charges	0,00	21.699.495,00	84.450,00	21.783.945,00	0,00	21.783.945,00	-50.040,00	21.733.905,00
Article	112	Contract Agents	0,00	31.448.400,00	511.860,00	31.960.260,00	0,00	31.960.260,00	-5.720,00	31.954.540,00
Item	1121	Contract Agents - Remuneration, Allowances and Charges	0,00	31.448.400,00	511.860,00	31.960.260,00	0,00	31.960.260,00	-5.720,00	31.954.540,00
Article	113	Other Staff Remunerations, Allowances and Charges	0,00	937.535,00	-65.085,00	872.450,00	0,00	872.450,00	-13.780,00	858.670,00
Item	1131	Seconded National Experts - Allowances and Charges	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Item	1132	Interim supportive agents and Trainees	0,00	937.535,00	-65.085,00	872.450,00	0,00	872.450,00	-13.780,00	858.670,00
Chapter	12	Professional Development and Social expenditure	0,00	2.740.425,00	-118.460,00	2.621.965,00	0,00	2.621.965,00	-4.685,00	2.617.280,00
Article	121	Specific Staff-related Charges, Support Services for the management of Staff Rights and Payroll, Charges relating to Recruitment and Change of Personnel	-5.340,00	1.777.835,00	-136.585,00	1.641.250,00	18.500,00	1.659.750,00	7.780,00	1.667.530,00
Item	1211	Specific Staff-related Charges, Support Services for the management of Staff Rights and Payroll, Charges relating to Recruitment and Change of Personnel	-5.340,00	1.777.835,00	-136.585,00	1.641.250,00	18.500,00	1.659.750,00	7.780,00	1.667.530,00
Article	122	Professional and Personal Development and Social expenses for Staff	3.000,00	886.230,00	11.425,00	897.655,00	-18.500,00	879.155,00	-10.760,00	868.395,00
Item	1221	Training Courses for the Professional and Personal Development of Staff	0,00	558.500,00	-2.955,00	555.545,00	-27.500,00	528.045,00	-18.715,00	509.330,00
Item	1222	Missions related to the Professional and Personal Development of Staff	3.000,00	15.000,00	4.190,00	22.190,00	0,00	22.190,00	1.955,00	24.145,00
Item	1223	Medical Service	0,00	169.330,00	0,00	169.330,00	0,00	169.330,00	0,00	169.330,00
Item	1224	Mobility and Other Social expenses	0,00	140.400,00	10.190,00	150.590,00	9.000,00	159.590,00	6.000,00	165.590,00
Article	123	Representation expenses, Events and Internal meetings	2.340,00	74.020,00	6.700,00	83.060,00	0,00	83.060,00	-1.705,00	81.355,00
Item	1231	Representation expenses, Events and Internal meetings	2.340,00	74.020,00	6.700,00	83.060,00	0,00	83.060,00	-1.705,00	81.355,00

Expenditure Titles, Chapters, Articles and Items	Official Name of the Expenditure Budget Lines	Initial Budget 2019	TRANSFER 2019/01 [internal transfer initiated on 22.08.2019] - REA.1631 -	BUDGET 2019 following the internal Transfer 2019/01	TRANSFER 2019/02 [approved by the Steering Committee on 16.10.2019] - REA.1635 -	BUDGET 2019 following the Transfer 2019/02	TRANSFER 2019/03 [internal transfer initiated on 06.11.2019] - REA.1641 -	BUDGET 2019 following the Transfer 2019/03	TRANSFER 2019/04 [to be approved by the Steering Committee on 13.12.2019] - REA.1644 -	BUDGET 2019 following the Transfer 2019/04
Title	2 INFRASTRUCTURE AND OPERATING EXPENDITURE	11.605.445,00	0,00	11.605.445,00	-125.505,00	11.479.940,00	0,00	11.479.940,00	27.495,00	11.507.435,00
Chapter	21 Building expenditure	7.564.105,00	0,00	7.564.105,00	399.815,00	7.963.920,00	0,00	7.963.920,00	63.880,00	8.027.800,00
Article	211 Rent / Usufruct instalments and Building Charges	7.564.105,00	0,00	7.564.105,00	399.815,00	7.963.920,00	0,00	7.963.920,00	63.880,00	8.027.800,00
Item	2111 Rent / Usufruct instalments, Building Charges and associated expenses	7.564.105,00	0,00	7.564.105,00	399.815,00	7.963.920,00	0,00	7.963.920,00	63.880,00	8.027.800,00
Chapter	22 ICT expenditure	3.566.330,00	0,00	3.566.330,00	-476.220,00	3.090.110,00	0,00	3.090.110,00	-30.995,00	3.059.115,00
Article	221 ICT Environment	3.043.425,00	0,00	3.043.425,00	-471.835,00	2.571.590,00	0,00	2.571.590,00	-30.995,00	2.540.595,00
Item	2211 ICT Environment (Infrastructure, Systems and Services)	3.043.425,00	0,00	3.043.425,00	-471.835,00	2.571.590,00	0,00	2.571.590,00	-30.995,00	2.540.595,00
Article	222 Data Processing and application development	522.905,00	0,00	522.905,00	-4.385,00	518.520,00	0,00	518.520,00	0,00	518.520,00
Item	2221 Data Processing and application development and associated expenditure	522.905,00	0,00	522.905,00	-4.385,00	518.520,00	0,00	518.520,00	0,00	518.520,00
Chapter	23 Movable property and Current Operating expenditure	475.010,00	0,00	475.010,00	-49.100,00	425.910,00	0,00	425.910,00	-5.390,00	420.520,00
Article	231 Furniture, Materials and Technical Installations	161.200,00	0,00	161.200,00	-34.200,00	127.000,00	0,00	127.000,00	-1.900,00	125.100,00
Item	2311 Furniture, Materials and Technical Installations and associated expenditure	161.200,00	0,00	161.200,00	-34.200,00	127.000,00	0,00	127.000,00	-1.900,00	125.100,00
Article	232 Current Operating expenditure	313.810,00	0,00	313.810,00	-14.900,00	298.910,00	0,00	298.910,00	-3.490,00	295.420,00
Item	2321 Office Supplies and Other Current Operating expenditure	313.810,00	0,00	313.810,00	-14.900,00	298.910,00	0,00	298.910,00	-3.490,00	295.420,00
Title	3 PROGRAMME SUPPORT EXPENDITURE	7.370.785,00	0,00	7.370.785,00	-287.260,00	7.083.525,00	0,00	7.083.525,00	46.730,00	7.130.255,00
Chapter	31 Programme Management expenditure	1.586.695,00	0,00	1.586.695,00	-205.000,00	1.381.695,00	0,00	1.381.695,00	-59.260,00	1.322.435,00
Article	311 Communication, Information and ICT expenditure related to the Management of Delegated Programmes	723.000,00	0,00	723.000,00	-141.220,00	581.780,00	0,00	581.780,00	-31.765,00	550.015,00
Item	3111 Communication, Information, Publications, Linguistic Services and Training Courses for the Management of Programmes and associated expenses	247.925,00	0,00	247.925,00	-84.590,00	163.335,00	0,00	163.335,00	-31.765,00	131.570,00
Item	3112 ICT Infrastructure, Environment and Systems related to the Programme Management and associated expenses	475.075,00	0,00	475.075,00	-56.630,00	418.445,00	0,00	418.445,00	0,00	418.445,00
Article	312 External Audits, Missions and Other expenses related to the Management of Delegated Programmes	863.695,00	0,00	863.695,00	-63.780,00	799.915,00	0,00	799.915,00	-27.495,00	772.420,00
Item	3121 External Audits	188.635,00	0,00	188.635,00	-60.535,00	128.100,00	0,00	128.100,00	-27.495,00	100.605,00
Item	3122 Missions and Other expenses related to the Administrative Management of Programmes	675.060,00	0,00	675.060,00	-3.245,00	671.815,00	0,00	671.815,00	0,00	671.815,00
Chapter	32 Common Support Services expenditure	5.784.090,00	0,00	5.784.090,00	-82.260,00	5.701.830,00	0,00	5.701.830,00	105.990,00	5.807.820,00
Article	321 Common Support Services and Evaluation Platform – Building expenditure	4.980.105,00	0,00	4.980.105,00	-112.980,00	4.867.125,00	0,00	4.867.125,00	145.725,00	5.012.850,00
Item	3211 Building Rent / Usufruct instalments, Building charges and associated expenses for the Common Support Services and Evaluation Platform	4.980.105,00	0,00	4.980.105,00	-112.980,00	4.867.125,00	0,00	4.867.125,00	145.725,00	5.012.850,00
Article	322 Common Support Services and Evaluation Platform – ICT, Logistics, Information and Current Operating expenditure	646.985,00	0,00	646.985,00	-3.980,00	643.005,00	0,00	643.005,00	-13.605,00	629.400,00
Item	3221 ICT, Logistics, Acquisition and Provision of Information, Current Operating expenditure and associated costs	646.985,00	0,00	646.985,00	-3.980,00	643.005,00	0,00	643.005,00	-13.605,00	629.400,00
Article	323 Meetings of Experts	157.000,00	0,00	157.000,00	34.700,00	191.700,00	0,00	191.700,00	-26.130,00	165.570,00
Item	3231 Meetings of Experts and associated costs	157.000,00	0,00	157.000,00	34.700,00	191.700,00	0,00	191.700,00	-26.130,00	165.570,00

2.2. Budget Implementation

2.2.1. Implementation of 2019 commitment and payment appropriations – fund source C1

The budget execution does not call for any particular comment given the high rate of implementation in both commitment and payment appropriations. Indeed, the overall implementation rate reaches 99.95% in commitment appropriations (which is comparable to 2018) and 90.99% in payment appropriations (which is also comparable to 2018). Only 0.05% (€ 36,094) of the commitment appropriations remains unused and 8.96% (€ 6,790,092) of the undifferentiated commitment and payment appropriations are carried forward to 2020 to cover the payment of services/goods delivered in 2019 but not invoiced at the end of December or to be delivered early 2020.

As last year, the Agency had to carry forward an amount of € 3,851,020 on the budget line 3211 including the rent (3.4M€) for the evaluation platform that OIB did not invoice in 2019.

The total budget amounts to € 75,802,085 out of which € 75,765,990 are committed and € 68,975,899 are paid. Appropriations are distributed as follows:

- 75.41% on title 1 "Staff expenditure" (+0.9% compared to 2018);
- 15.18% on title 2 "Infrastructure and operating expenditure" (+1% compared to 2018);
- 9.41% on title 3 "Programme support expenditure" (-1.9% compared to 2018).

As regards title 1, 93.92% of the amount committed covers the remuneration, allowances and charges of the staff (interim supportive agents and trainees excluded). 182 temporary agents and 571 contract agents were employed at the end of December 2019 equivalent to 96.7% of the authorised positions. 4.58% of the committed amount is related to professional development and social expenditure. The remaining balance concerns the use of "interimaires" to compensate for long term absences, parental leave and part time work.

With respect to title 2, the building expenditure (rent/usufruct instalments, building charges and associated costs) and the ICT expenditure (IT equipment and services) represent respectively 69.78% (+2.4% compared to 2018) and 26.56% (-2.1% compared to 2018) of the amount committed under this title. The remaining amount concerns movable property and current operating expenditure. The ratios are stable compared to last year.

As regards title 3, 81.55% of the amount is committed to cover the expenditure related to the provision of administrative and logistical support services to participants, Commission services, other agencies and joint undertakings. The expenditure consists mainly in building expenses representing and ICT expenses incurred for the provision of Common Support Services and the management of the Evaluation Platform.

The programme management expenditure represents 18.45% of the amount committed under this title and relates to communication activities, ICT environment, audits of FP7 beneficiaries carried out by external contractors and missions carried out as part of the management of projects subsidised by the Agency.

The detailed budget implementation is provided in the table hereafter.

Expenditure Titles, Chapters, Articles and Items		Official Name of the Expenditure Budget Lines	Appropriations 2019 (C1)		Commitment Appropriations (CA)		Payment Appropriations (PA)													
			A		B		C = B/A		D = A-B		E = D/A		F		G = F/A		H = B-F		I = H/B	
			75.802.085,00		75.765.990,52		99,95%		36.094,48		0,05%		68.975.898,67		90,99%		6.790.091,85		8,96%	
			57.164.395,00		57.142.944,96		99,96%		21.450,04		0,04%		56.793.664,22		99,35%		349.280,74		0,61%	
			54.547.115,00		54.526.019,96		99,96%		21.095,04		0,04%		54.371.748,18		99,68%		154.271,78		0,28%	
Article 111			Staff occupying an employment in the establishment plan		21.733.905,00		100,00%		103,90		0,00%		21.733.801,10		100,00%		0,00		0,00%	
Item 1111			Temporary Agents - Remuneration, Allowances and Charges		21.733.905,00		100,00%		103,90		0,00%		21.733.801,10		100,00%		0,00		0,00%	
Article 112			Contract Agents		31.954.540,00		99,93%		20.989,46		0,07%		31.933.550,54		99,93%		0,00		0,00%	
Item 1121			Contract Agents - Remuneration, Allowances and Charges		31.954.540,00		99,93%		20.989,46		0,07%		31.933.550,54		99,93%		0,00		0,00%	
Article 113			Other Staff Remunerations, Allowances and Charges		858.670,00		100,00%		1,68		0,00%		704.396,54		82,03%		154.271,78		17,97%	
Item 1131			Seconded National Experts - Allowances and Charges		p.m.		-		p.m.		-		p.m.		-		p.m.		-	
Item 1132			Interim supportive agents and Trainees		858.670,00		100,00%		1,68		0,00%		704.396,54		82,03%		154.271,78		17,97%	
Chapter 12			Professional Development and Social expenditure		2.617.280,00		99,99%		355,00		0,01%		2.421.916,04		92,54%		195.008,96		7,45%	
Article 121			Specific Staff-related Charges, Support Services for the management of Staff Rights and Payroll, Charges relating to Recruitment and Change of Personnel		1.667.530,00		100,00%		0,00		0,00%		1.618.907,72		97,08%		48.622,28		2,92%	
Item 1211			Specific Staff-related Charges, Support Services for the management of Staff Rights and Payroll, Charges relating to Recruitment and Change of Personnel		1.667.530,00		100,00%		0,00		0,00%		1.618.907,72		97,08%		48.622,28		2,92%	
Article 122			Professional and Personal Development and Social expenses for Staff		868.395,00		100,00%		0,00		0,00%		723.478,28		83,31%		144.916,72		16,69%	
Item 1221			Training Courses for the Professional and Personal Development of Staff		509.330,00		100,00%		0,00		0,00%		445.010,27		87,37%		64.319,73		12,63%	
Item 1222			Missions related to the Professional and Personal Development of Staff		24.145,00		100,00%		0,00		0,00%		19.250,08		79,73%		4.894,92		20,27%	
Item 1223			Medical Service		169.330,00		100,00%		0,00		0,00%		109.177,00		64,48%		60.153,00		35,52%	
Item 1224			Mobility and Other Social expenses		165.590,00		100,00%		0,00		0,00%		150.040,93		90,61%		15.549,07		9,39%	
Article 123			Representation expenses, Events and Internal meetings		81.355,00		99,56%		355,00		0,44%		79.530,04		97,76%		1.469,96		1,81%	
Item 1231			Representation expenses, Events and Internal meetings		81.355,00		99,56%		355,00		0,44%		79.530,04		97,76%		1.469,96		1,81%	

Expenditure Titles, Chapters, Articles and Items	Official Name of the Expenditure Budget Lines	Appropriations 2019 (C1)	Commitment Appropriations (CA)			Payment Appropriations (PA)		
			Implemented Commitment appropriations	Unused Commitment appropriations	Implemented Payment appropriations	Outstanding RAL to carry forward to 2020		
		A	B	D = A-B	F	H = B-F	I = H/B	
			value	value	value	value	%	%
Title	2 INFRASTRUCTURE AND OPERATING EXPENDITURE	11.507.435,00	11.504.335,51	3.099,49	9.600.326,38	1.904.009,13	83,43%	16,55%
Chapter	21 Building expenditure	8.027.800,00	8.027.800,00	0,00	7.013.497,88	1.014.302,12	87,37%	12,63%
Article	211 Rent / Usufruct instalments and Building Charges	8.027.800,00	8.027.800,00	0,00	7.013.497,88	1.014.302,12	87,37%	12,63%
Item	2111 Rent / Usufruct instalments, Building Charges and associated expenses	8.027.800,00	8.027.800,00	0,00	7.013.497,88	1.014.302,12	87,37%	12,63%
Chapter	22 ICT expenditure	3.059.115,00	3.056.015,51	3.099,49	2.255.333,86	800.681,65	73,73%	26,20%
Article	221 ICT Environment	2.540.595,00	2.539.024,96	1.570,04	1.980.467,58	558.557,38	77,95%	22,00%
Item	2211 ICT Environment (Infrastructure, Systems and Services)	2.540.595,00	2.539.024,96	1.570,04	1.980.467,58	558.557,38	77,95%	22,00%
Article	222 Data Processing and application development	518.520,00	516.990,55	1.529,45	274.866,28	242.124,27	53,01%	46,83%
Item	2221 Data Processing and application development and associated expenditure	518.520,00	516.990,55	1.529,45	274.866,28	242.124,27	53,01%	46,83%
Chapter	23 Movable property and Current Operating expenditure	420.520,00	420.520,00	0,00	331.494,64	89.025,36	78,83%	21,17%
Article	231 Furniture, Materials and Technical Installations	125.100,00	125.100,00	0,00	86.224,40	38.875,60	68,92%	31,08%
Item	2311 Furniture, Materials and Technical Installations and associated expenditure	125.100,00	125.100,00	0,00	86.224,40	38.875,60	68,92%	31,08%
Article	232 Current Operating expenditure	295.420,00	295.420,00	0,00	245.270,24	50.149,76	83,02%	16,98%
Item	2321 Office Supplies and Other Current Operating expenditure	295.420,00	295.420,00	0,00	245.270,24	50.149,76	83,02%	16,98%

Expenditure Titles, Chapters, Articles and Items	Appropriations 2019 (C1)	Commitment Appropriations (CA)		Payment Appropriations (PA)	
		Implemented Commitment appropriations	Unused Commitment appropriations	Implemented Payment appropriations	Outstanding RAL to carry forward to 2020
		value	%	value	%
		D = A-B E = D/A		H = B-F I = H/B	
Title	3 PROGRAMME SUPPORT EXPENDITURE	7.118.710,05	99,84%	2.581.908,07	36,21%
Chapter 31	Programme Management expenditure	1.313.340,96	99,31%	862.811,85	65,24%
Article 311	Communication, Information and ICT expenditure related to the Management of Delegated Programmes	546.714,53	99,40%	337.529,95	61,37%
3111	Communication, Information, Publications, Linguistic Services and Training Courses for the Management of Programmes and associated expenses	129.798,38	98,65%	97.987,83	74,48%
3112	ICT Infrastructure, Environment and Systems related to the Programme Management and associated expenses	416.916,15	99,63%	239.542,12	57,25%
Article 312	External Audits, Missions and Other expenses related to the Management of Delegated Programmes	766.626,43	99,25%	525.281,90	68,00%
3121	External Audits	94.811,88	94,24%	0,00	0,00%
3122	Missions and Other expenses related to the Administrative Management of Programmes	671.814,55	100,00%	525.281,90	78,19%
Chapter 32	Common Support Services expenditure	5.805.369,09	99,96%	1.719.096,22	29,60%
Article 321	Common Support Services and Evaluation Platform – Building expenditure	5.012.850,00	100,00%	1.161.830,11	23,18%
3211	Building Rent / Usufruct instalments, Building charges and associated expenses for the Common Support Services and Evaluation Platform	5.012.850,00	100,00%	1.161.830,11	23,18%
Article 322	Common Support Services and Evaluation Platform – ICT, Logistics, Information and Current Operating expenditure	629.400,00	100,00%	417.556,10	66,34%
3221	ICT, Logistics, Acquisition and Provision of Information, Current Operating expenditure and associated costs	629.400,00	100,00%	417.556,10	66,34%
Article 323	Meetings of Experts	163.119,09	98,52%	139.710,01	84,38%
3231	Meetings of Experts and associated costs	163.119,09	98,52%	139.710,01	84,38%

2.2.2. Implementation of 2018 carried over commitment and payment appropriations – Fund source C8

The 2018 appropriations that were carried forward to 2019 (C8 appropriations in 2019) amount to € 6,096,188.86. Out of this amount € 5,805,929.59, equivalent to 95% (93% in 2018) of the carried over appropriations, are paid and € 290,259.27 are not used and consequently cancelled.

The implementation rate of C8 appropriations carried over has improved with a further 2% in 2019 compared to 2018. The reinforced monitoring put in place since 2017 has helped to reduce the rate of cancelled appropriations from 22% in 2016 to 5% in 2019.

On title 1 "Staff expenditure", the unused carried over appropriations represent € 34,997.49 (9% of the appropriations carried over on this title). It stems mainly from an under implementation on the budget lines 1132 "Interim supportive agents and trainees" and 1231 "Representation expenses, events and internal meetings".

As regards line 1132, not all the appropriations carried forward have been used because the days actually worked and invoiced are less than the number of working days originally ordered.

As regards line 1231, the contract signed end of 2018 has been amended beginning of 2019 to partially reduce the use of additional services not provided for in the supplier's standard service catalogue.

The cancellation of appropriations on the title 2 "Infrastructure and operating expenditure" represents 11% of the total carried over amount and equals € 125,600. In chapter 21 "Building expenditure", the under-execution is essentially the result of a combination of 2 factors. The actual costs re-invoiced by the building owner for the common expenses are lower than estimated and some security services have been reduced or eliminated compared to the original planning.

With regard to chapter 22 "ICT expenditure", not all the appropriations carried over were used due to the fact that the maximum amount provided for in the contract for ICT material moves has not been used as some moves have not been implemented. Some working days foreseen for certain IT contracts could not be delivered.

Concerning chapter 23, the under implementation mainly concerns the legal assistance services. In some cases, the legal procedures take more than two years and are still ongoing, therefore part of the services covered by the contracts could not be fully invoiced by the end of 2019.

On title 3 "Programme support expenditure", the unused carried over appropriations amount to € 129,661.57 (2.8% of the appropriations carried over on this title). The cancellation of appropriations mainly concerns the following budget lines:

- 3121 "external audit expenditure": € 34,558.69 have not been used due to delays of the contractor in closing audits and due to a reduction of payments as a result of imposing liquidated damages.
- 3122 "Missions and Other expenses related to the Administrative Management of Programmes": € 40,757.63 were not used because part of the services included in some contracts for legal assistance could not be invoiced as the procedure is not yet finalised and because the actual cost incurred for some missions is lower than estimated.
- 3211 "Building Rent/Usufruct, building charges and associated expenses": the € 37,347.67 left are due to an invoice lower than forecasted for water, gas and electricity.

The detailed budget implementation is provided in the table hereafter.

Budget Execution of C8 Appropriations as of 31/12/2019 in EUR									
Expenditure Titles, Chapters, Articles and Items		Official Name of the Expenditure Budget Lines		Appropriations 2019 (C8) (carried over from 2018)	Implemented Payment appropriations		Cancellation unused appropriations (carried over from 2018)		
					value	%	value	%	
TOTAL EXPENDITURE				A	B	C = B/A	D = A-B	E = D/A	
				6.096.188,86	5.805.929,59	95,2%	290.259,27	4,8%	
Title	1	STAFF EXPENDITURE		381.336,18	346.338,69	90,8%	34.997,49	9,2%	
Chapter	11	Remunerations, Allowances and Charges		153.882,90	143.372,04	93,2%	10.510,86	6,8%	
Article	111	Staff occupying an employment in the establishment plan		0,00	0,00	-	0,00	-	
Item	1111	Temporary Agents - Remuneration, Allow ances and Charges		0,00	0,00	-	0,00	-	
Article	112	Contract Agents		0,00	0,00	-	0,00	-	
Item	1121	Contract Agents - Remuneration, Allow ances and Charges		0,00	0,00	-	0,00	-	
Article	113	Other Staff Remunerations, Allowances and Charges		153.882,90	143.372,04	93,2%	10.510,86	6,8%	
Item	1131	Secended National Experts - Allow ances and Charges		p.m	p.m	-	p.m	-	
Item	1132	Interim supportive agents and Trainees		153.882,90	143.372,04	93,2%	10.510,86	6,8%	
Chapter	12	Professional Development and Social expenditure		227.453,28	202.966,65	89,2%	24.486,63	10,8%	
Article	121	Specific Staff-related Charges, Support Services for the management of Staff Rights and Payroll, Charges relating to Recruitment and Change of Personnel		32.410,96	31.912,52	98,5%	498,44	1,5%	
Item	1211	Specific Staff-related Charges, Support Services for the management of Staff Rights and Payroll, Charges relating to Recruitment and Change of Personnel		32.410,96	31.912,52	98,5%	498,44	1,5%	
Article	122	Professional and Personal Development and Social expenses for Staff		125.639,45	115.128,28	91,6%	10.511,17	8,4%	
Item	1221	Training Courses for the Professional and Personal Development of Staff		79.818,38	76.623,67	96,0%	3.194,71	4,0%	
Item	1222	Missions related to the Professional and Personal Development of Staff		3.067,44	783,38	25,5%	2.284,06	74,5%	
Item	1223	Medical Service		35.433,83	33.392,30	94,2%	2.041,53	5,8%	
Item	1224	Mobility and Other Social expenses		7.319,80	4.328,93	59,1%	2.990,87	40,9%	
Article	123	Representation expenses, Events and Internal meetings		69.402,87	55.925,85	80,6%	13.477,02	19,4%	
Item	1231	Representation expenses, Events and Internal meetings		69.402,87	55.925,85	80,6%	13.477,02	19,4%	
Title	2	INFRASTRUCTURE AND OPERATING EXPENDITURE		1.151.816,32	1.026.216,11	89,1%	125.600,21	10,9%	
Chapter	21	Building expenditure		594.490,11	541.878,31	91,2%	52.611,80	8,8%	
Article	211	Rent / Usufruct instalments and Building Charges		594.490,11	541.878,31	91,2%	52.611,80	8,8%	
Item	2111	Rent / Usufruct instalments, Building Charges and associated expenses		594.490,11	541.878,31	91,2%	52.611,80	8,8%	
Chapter	22	ICT expenditure		394.839,25	351.431,66	89,0%	43.407,59	11,0%	
Article	221	ICT Environment		184.570,95	159.319,53	86,3%	25.251,42	13,7%	
Item	2211	ICT Environment (Infrastructure, Systems and Services)		184.570,95	159.319,53	86,3%	25.251,42	13,7%	
Article	222	Data Processing and application development		210.268,30	192.112,13	91,4%	18.156,17	8,6%	
Item	2221	Data Processing and application development and associated expenditure		210.268,30	192.112,13	91,4%	18.156,17	8,6%	
Chapter	23	Movable property and Current Operating expenditure		162.486,96	132.906,14	81,8%	29.580,82	18,2%	
Article	231	Furniture, Materials and Technical Installations		117.386,96	92.525,80	78,8%	24.861,16	21,2%	
Item	2311	Furniture, Materials and Technical Installations and associated expenditure		117.386,96	92.525,80	78,8%	24.861,16	21,2%	
Article	232	Current Operating expenditure		45.100,00	40.380,34	89,5%	4.719,66	10,5%	
Item	2321	Office Supplies and Other Current Operating expenditure		45.100,00	40.380,34	89,5%	4.719,66	10,5%	
Title	3	PROGRAMME SUPPORT EXPENDITURE		4.563.036,36	4.433.374,79	97,2%	129.661,57	2,8%	
Chapter	31	Programme Management expenditure		582.617,68	499.363,02	85,7%	83.254,66	14,3%	
Article	311	Communication, Information and ICT expenditure related to the Management of Delegated Programmes		278.190,95	270.252,61	97,1%	7.938,34	2,9%	
Item	3111	Communication, Information, Publications, Linguistic Services and Training Courses for the Management of Programmes and associated expenses		56.653,92	52.387,50	92,5%	4.266,42	7,5%	
Item	3112	ICT Infrastructure, Environment and Systems related to the Programme Management and associated expenses		221.537,03	217.865,11	98,3%	3.671,92	1,7%	
Article	312	External Audits, Missions and Other expenses related to the Management of Delegated Programmes		304.426,73	229.110,41	75,3%	75.316,32	24,7%	
Item	3121	External Audits		148.171,00	113.612,31	76,7%	34.558,69	23,3%	
Item	3122	Missions and Other expenses related to the Administrative Management of Programmes		156.255,73	115.498,10	73,9%	40.757,63	26,1%	
Chapter	32	Common Support Services expenditure		3.980.418,68	3.934.011,77	98,8%	46.406,91	1,2%	
Article	321	Common Support Services and Evaluation Platform – Building expenditure		3.717.894,41	3.680.546,74	99,0%	37.347,67	1,0%	
Item	3211	Building Rent / Usufruct instalments, Building charges and associated expenses for the Common Support Services and Evaluation Platform		3.717.894,41	3.680.546,74	99,0%	37.347,67	1,0%	
Article	322	Common Support Services and Evaluation Platform – ICT, Logistics, Information and Current Operating expenditure		221.648,33	219.154,63	98,9%	2.493,70	1,1%	
Item	3221	ICT, Logistics, Acquisition and Provision of Information, Current Operating expenditure and associated costs		221.648,33	219.154,63	98,9%	2.493,70	1,1%	
Article	323	Meetings of Experts		40.875,94	34.310,40	83,9%	6.565,54	16,1%	
Item	3231	Meetings of Experts and associated costs		40.875,94	34.310,40	83,9%	6.565,54	16,1%	

2.3. Budget Revenue

Income Budget Line	Type of revenue	Budget 2019	Entitlements established	Revenue received	Outstanding at year end
2000	European Commission subsidy	75.802.085	75.681.525	75.681.525	0
4000	revenues accruing from other EU Bodies		457.310		457.310
9000	Miscellaneous revenue	p.m.	211.804	179.080	32.724
TOTAL		75.802.085	76.350.639	75.860.605	490.034

In accordance with Article 5 of the Standard Financial regulation for Executive Agencies, the revenue of the Agency shall comprise the grant awarded by the Commission and any other revenue, including assigned revenue within the meaning of Article 15 thereof.

The balancing subsidy paid by DG RTD in 2019 amounts to € 75,681,525 out of which:

- € 71,394,652 from EU28 appropriations,
- € 1,652,426 from EFTA/EEA appropriations
- € 2,634,447 from third country appropriations

The revenue accruing from other EU Bodies concerns the amount of the rent that REA has re-invoiced to ERCEA following an agreement between the two agencies. It corresponds to the surface put at the disposal of ERCEA for the period from 19/11/2019 to 23/09/2020. The debit note was not yet settled at the end of December.

The miscellaneous revenue relates to the recovery of:

- amounts overpaid to the OIB under the SLA for the year 2018: € 177,927
- legal costs incurred by the agency in the context of a legal proceeding against beneficiaries of a grant granted on the operational budget and recovered from these beneficiaries: € 29,750
- amounts overpaid to contractors: € 2,984
- penalties against a contractor: € 1,143

A part of this revenue (€ 32,724€) was not cashed at the end of December.

2.4. Glossary and Abbreviations

Term	Definition
ABAC	Name given to the Commission's accounting system which, since 2005, has been enriched by accrual accounting rules. Apart from the cash-based budgetary accounts, the Commission produces accrual-based accounts which recognise revenue when earned, rather than when collected. Expenses are recognised when incurred rather than when paid. This contrasts with cash basis budgetary accounting that recognises transactions and other events only when cash is received or paid.
Accounting	The act of recording and reporting financial transactions, including the creation of the transaction, its recognition, processing, and summarisation in the financial statements.
Administrative appropriations	Administrative appropriations cover the running costs of the Institutions and entities (staff, buildings, office equipment).
Adjustment	Amending budget or transfer of funds from one budget item to another
Adopted budget	The adopted budget approved by the REA Steering Committee (in line with the budget on the budget line in the general EU budget covering the subsidy to the Agency, as approved by the Budgetary Authority). Cf. Budget.
Agencies	EU bodies having a distinct legal personality, and to whom budget implementing powers may be delegated under strict conditions. They are subject to a distinct discharge from the discharge authority.
Amending budget	Decision adopted during the budget year to amend (increase, decrease, transfer) aspects of the adopted budget of that year.
Annuality	The budgetary principle according to which expenditure and revenue is programmed and authorised for one year, starting on 1 January and ending on 31 December.
Appropriations	The budget forecasts both commitments (legal pledges to provide finance, provided that certain conditions are fulfilled) and payments (cash or bank transfers to the beneficiaries). Appropriations for commitments and payments often differ – differentiated appropriations – because multiannual programmes and projects are usually fully committed in the year they are decided and are paid over the years as the implementation of the programme and project progresses. Non-differentiated appropriations apply to administrative expenditure, for agricultural market support and direct payments for which commitment appropriations equal payment appropriations.
Assigned revenue External/Internal	Dedicated revenue received to finance specific items of expenditure. Main sources of external assigned revenue are <i>financial contributions from third countries to programmes financed by the Union</i> . <i>Main sources of internal assigned revenue is revenue from third parties in respect of goods, services or work supplied at their request or revenue arising from the repayment of amounts wrongly paid and revenue from the sale of publications and films, including those on an electronic medium.</i> The complete list of items constituting assigned revenue is given in Article 21(2) of the Financial Regulation.
Authorizing Officer (AO)	The AO is responsible in each institution for authorising revenue and expenditure operations in accordance with the principles of sound financial management and for ensuring that the requirements of legality and regularity are complied with.

Term	Definition
Budget	Annual financial plan, drawn up according to budgetary principles, that provides forecasts and authorises, for each financial year, an estimate of future costs and revenue and expenditures and their detailed description and justification, the latter included in budgetary remarks.
Budget result	The difference between income received and amounts paid, including adjustments for carry-overs, cancellations and exchange rate differences. The resulting amount will have to be reimbursed to the funding authority as provided in the Financial Regulation for Agencies.
Budget implementation	Consumption of the budget through expenditure and revenue operations.
Budget item / Budget line / Budget position	As far as the budget structure is concerned, revenue and expenditure are shown in the budget in accordance with a binding nomenclature which reflects the nature and purpose of each item, as imposed by the budgetary authority. The individual headings (title, chapter, article or item) provide a formal description of the nomenclature.
Budgetary authority	Institutions with decisional powers on budgetary matters: the European Parliament and the Council of Ministers
Budgetary commitment	A budgetary commitment is a reservation of appropriations to cover for subsequent expenses.
Cancellation of appropriations	Unused appropriations that may no longer be used.
Carryover of appropriations	Exception to the principle of annuality in so far as appropriations that could not be used in a given budget year may, under strict conditions, be exceptionally carried over for use during the following year.
Commitment appropriations	Commitment appropriations cover the total cost of legal obligations (contracts, grant agreements/decisions) that could be signed in the current financial year. Article 7 FR: <i>Commitment appropriations cover the total cost in the current financial year of legal obligations (contracts, grant agreements/decisions) entered into for operations extending over more than one year.</i>
De-commitment	Cancellation of a reservation of appropriations
Differentiated appropriations	Differentiated appropriations are used to finance multiannual operations; they cover, for the current financial year, the total cost of the legal obligations entered into for operations whose implementation extends over more than one financial year. Art. 7 FR: <i>Differentiated appropriations are entered for multiannual operations. They consist of commitment appropriations and payment appropriations.</i>
Earmarked revenue	Revenue earmarked for a specific purpose, such as income from foundations, subsidies, gifts and bequests, including the earmarked revenue specific to each institution. (Cf. Assigned revenue)
Economic result	Impact on the balance sheet of expenditure and revenue based on accrual accounting rules.
Entitlements established	Entitlements are recovery orders that the European Union must establish for collecting income.
Exchange rate difference	The difference resulting from currency exchange rates applied to the transactions concerning countries outside the euro area, or from the revaluation of assets and liabilities in foreign currency at the closure.
Expenditure	Term used to describe spending the budget from all types of funds sources.
Financial Regulation (FR)	Adopted through the ordinary legislative procedure after consulting the European Court of Auditors, this regulation lays down the rules for the establishment and implementation of the general budget of the European Union (OJ L 298, 26.10.2012, p.1)

Term	Definition
Funds Source	Type of appropriations (e.g.: C1, C8,...)
Grants	Direct financial contributions, by way of donation, from the budget in order to finance either an action intended to help achieve an objective that is part of an EU policy or the functioning of a body which pursues an aim of general European interest or has an objective forming part of an EU policy.
Implementation	Cf. Budget implementation
Income	Cf. Revenue
Legal base (basic act)	The legal base is, as a general rule, a law based on an article in the Treaty giving competence to the Community for a specific policy area and setting out the conditions for fulfilling that competence including budget implementation. Certain Treaty articles authorise the Commission to undertake certain actions, which imply spending, without there being a further legal act.
Legal commitment	A legal commitment establishes a legal obligation towards third parties.
Non-differentiated appropriations	Non-differentiated appropriations are for operations of an annual nature. (Article 10 FR). Non-differentiated appropriations apply to administrative expenditure.
Operational appropriations	Operational appropriations finance the different policies, mainly in the form of grants or procurement.
Outstanding commitment	Legal commitments having not fully given rise to liquidation by payments. Cf. RAL
Outturn	Cf. Budgetary result
Payment	A payment is a cash disbursement to honour legal obligations.
Payment appropriations	Payment appropriations cover expenditure due in the current year, arising from legal commitments entered in the current year and/or earlier years (Article 7 FR).
RAL	Sum of outstanding commitments. Outstanding commitments (or RAL, from the French ' <i>reste à liquider</i> ') are defined as the amount of appropriations committed that have not yet been paid. They stem directly from the existence of multiannual programmes and the dissociation between commitment and payment appropriations. (Cf. <i>Outstanding commitments</i>)
Recovery	The recovery order is the procedure by which the Authorising officer (AO) registers an entitlement for the Commission in order to retrieve the amount which is due. The entitlement is the right that the Commission has to claim the sum which is due by a debtor, usually a beneficiary.
Result	Cf. Outturn
Revenue	Term used to describe income from all sources financing the budget.
Rules of application	Detailed rules for the implementation of the financial regulation. They are set out in a Commission regulation adopted after consulting all institutions and cannot alter the financial regulation upon which they depend.
Surplus	Positive difference between revenue and expenditure (see budgetary result) which has to be returned to the funding authority as provided in the Financial Regulation.
Transfer	Transfers between budget lines imply the relocation of appropriations from one budget line to another, in the course of the financial year, and thereby they constitute an exception to the budgetary principle of specification. They are, however, expressly authorised by the Treaty on the Functioning of the European Union under the conditions laid down in the Financial Regulation. The FR identifies different types of transfers depending on whether they are between or within budget titles, chapters, articles or headings and require different levels of authorisation.