Report on budgetary and financial management

Financial year 2020

Agency report pursuant to Art. 103
of the Agency's financial rules

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Introduction

In accordance with Article No 21.2 of the Council Regulation (EC) No 168/2007 establishing the European Union Agency for Fundamental Rights and with Article No 103 of the financial rules applicable to the Agency's budget the"*[…] Agency shall prepare a report on budgetary and financial management for the financial year."* Based on the same article, the report *"[…] shall give an account, both in absolute terms and expressed as a percentage, at least, of the rate of implementation of appropriations together with summary information on the transfers of appropriations among the various budget items."*

1. Overview of the budget

1.1 Initial budget, amending budgets and final budget

The EU subsidy referred to the Agency's 2020 budget amounted to €23,691,000, which included North Macedonia's contribution (i.e. €179,000) and Serbia's contribution (i.e. €186,000).

During its 32nd meeting, which took place on 12 and 13 December 2019, the Management Board adopted the final version of the 2020 Budget with the following changes compared to the draft estimate:

- Title I was decreased by €212,000 to a total of €14,598,000.
- Title II was decreased by €211,000 to a total of €2,210,000.
- Title III was increased by €338,000 to €6,883,000 in order to maintain the total amount of the budget.

Therefore, the overall budget was decreased by €85,000 in order to reach the amount that was adopted by the budget authority.

Details on amendments and transfers are provided in the table overleaf.

Title Chapter	Heading	Voted budget (Dec. N-1)	Amendments / Transfers	Final budget
A-1	**Staff expenditure**	**€14,598,000**	**-€1,209,172**	**€13,388,828**
A-11	Salaries & allowances	€12,547,000	-€471,387	€12,075,613
A-12	Expenditure relating to staff recruitment	€61,000	-€61,000	€0
A-13	Missions expenses	€95,000	-€82,910	€12,090
A-14	Socio-medical infrastructure	€72,000	-€1,863	€70,137
A-15	Training	€250,000	-€162,437	€87,563
A-16	External services	€180,000	-€118,424	€61,576
A-17	Reception and events	€3,000	-€1,910	€1,090
A-18	Social welfare	€1,300,000	-€265,087	€1,034,913
A-19	Other staff related expenditure	€90,000	-€44,154	€45,846
A-2	**Buildings, equipment and miscellaneous operating expenditure**	**€2,210,000**	**-50,426**	**€2,159,574**
A-20	Rental of buildings and associated costs	€1,253,000	€126,999	€1,379,999
A-21	Information and communication technology	€649,000	-€63,063	€585,937
A-22	Movable property and associated costs	€81,000	-€69,419	€11,581
A-23	Current administrative expenditure	€96,000	-€58,116	€37,884
A-24	Postage and telecommunications	€100,000	€11,161	€111,161
A-25	Meeting expenses	€13,000	-€9,824	€3,176
A-26	Running costs in connection with operational activities	€0	0	€0
A-27	Information and publishing	€0	0	€0
A-28	Studies	€18,000	€11,836	€29,836
B-3	**Operational expenditure**	**€6,883,000**	**€1,459,598**	**€8,342,598**
B-31	Fair and equal societies	€3,476,000	€325,577	€3,801,577
B-32	Just, digital and secure societies	€656,000	€395,570	€1,051,570
B-33	Migration and asylum	€465,000	€476,559	€941,559
B-34	Supporting human rights protection systems	€942,000	-€295,620	€646,380
B-35	Communicating rights	€1,284,000	€133,526	€1,417,526
B-36	Justice	€0	0	€0
B-37	Horizontal operational activities	€60,000	€423,986	€483,986
B-38	Bodies of the Agency and consultation mechanisms	€0	0	€0
B-39	Reserve for Title 3	€0	0	€0
B-4	**Other operational expenditure**	**€0**	**€276,314**	**€276,314**
B-40	Cooperation agreements	€0	€276,314	€276,314
Total		**€23,691,000**	**€476,314**	**€24,167,314**

List of amending budgets adopted by the Management Board

As shown below in the summary table one amending budget took place during the financial year.

AB	Date of adoption	Main subject Description	Official Journal	Impact on appropriations (in EUR)
1	26/05/2019	The Agency received a total of €100,000 from the Austrian Authorities corresponding to the contribution of the annual rent for the period January – June 2020. Following the cooperation arrangement between the Financial Mechanism Office (FMO) and the Agency, the first will contribute to the latter by €1.5 million for the period 2018-2024. In December 2019, the Agency received an amount of €107,143.	C 225 08/07/2020	Chapter 20 +€100,000 Chapter 40 +€107,143
2	10/12/2020	The Agency received a total of €100,000 from the Austrian Authorities corresponding to the contribution of the annual rent for the period July – December 2020. Following the cooperation arrangement between the Financial Mechanism Office (FMO) and the Agency, the first will contribute to the latter by €1.5 million for the period 2018-2024. In 2020, the Agency received an amount of €107,143. In the frame of the cooperation arrangement with the FMO, the Agency also signed a partnership agreement with the Bulgarian National Statistics Institute for the period 2019-2021 for which the Agency will receive a maximum amount of €248,111 split in several instalments. Within this context, an amount of €62,027.75 was received in 2020.	C 70 26/02/2021	Chapter 20 +€100,000 Chapter 40 +€169,171

List of transfers adopted by the Director

In 2020, the Director authorised five budgetary transfers. The total amount transferred among Titles through these transfers was €26,032.

BT	Date of adoption	Main subject Description	Impact on appropriations (in EUR)
2020-01	13/03/2020	The recruitment plan was updated and a number of staff members went on part time working and parental leave.	Chapter 11 -€41,000
			Chapter 12 +€41,000
		The Agency needed to collect data on the impact of the COVID-19 on fundamental rights in selected EU Member States.	Chapter 31 -€70,789
			Chapter 37 +€70,789

BT	Date of adoption	Main subject Description	Impact on appropriations (in EUR)
2020-02	24/04/2020	ICT costs were higher compared to the initial estimation and similarly, the cost of removals and associated handling was lower. A number of projects were influenced by the COVID-19 under Title III. The number of missions were reduced and the planned events were converted to virtual ones. Therefore, surpluses were generated that were reallocated to support the data collection on the impact of COVID-19 outbreak on Fundamental Rights at national level. The deliverables were used as background material to draft comparative analysis and publish monthly reports on the issue.	Chapter 21 +€5,408
			Chapter 23 -€5,408
			Chapter 31 -€21,000
			Chapter 32 -€5,000
			Chapter 34 -€11,921
			Chapter 35 -€13,000
			Chapter 37 €50,921
2020-03	21/07/2020	The cost of trainees and travel expenses for annual leave was higher compared to the estimated and the cost of schools was lower due to decrease in the number of kids enrolled to international schools. Under Title II, due to COVID-19 the acquisition of technical equipment that was linked to a renovation of the building was postponed. For the same reason, the number of staff members teleworking was higher compared to regular situations and, therefore, the Agency needed to increase its internet connection bandwidth.	Chapter 11 +€37,817
			Chapter 18 -€37,817
			Chapter 22 -€17,849
			Chapter 24 +€17,849
2020-04	08/12/2020	Amounts were transferred under Title I to cover the needs of December's salaries payment. Due to the pandemic amounts were found in surplus in recruitment expenses and installation, resettlement and transfer allowance as well as in social contacts between staff. Following the last payments for the year, amounts under Title II found to be in surplus, which were transferred to be used for the external audit contract. Due to COVID-19 pandemic and the fact that a number of missions and events did not take place surpluses revealed under Title III. These surpluses were used to increase FRA's added value and were transferred to projects with needs. The funds were allocated to project B.3.1 Fundamental Rights Survey to communicate its findings.	Chapter 11 +€92,113
			Chapter 12 -€60,316
			Chapter 14 -€1,8974
			Chapter 15 -€1,248
			Chapter 16 -€924
			Chapter 17 -€1,892
			Chapter 18 -€25,860
			Chapter 20 -€10,000
			Chapter 21 -€2,338
			Chapter 24 €500
			Chapter 28 €11,838
			Chapter 31 -€23,002
			Chapter 32 €73,879
			Chapter 34 -€49,450
			Chapter 37 -€90
			Chapter 39 -€1,338

BT	Date of adoption	Main subject Description	Impact on appropriations (in EUR)
2020-05	22/12/2021	A variety of actions was infected due to the pandemic. These actions mainly refer to staff missions, and conferences and events that could not take place. In addition, as a result of re-opening of competitions specific contracts ended in a lower cost compared to their initial estimation.	Chapter 11 -€9,035
			Chapter 13 +€193
			Chapter 14 +€11
			Chapter 15 -€3,186
			Chapter 17 -€19
			Chapter 18 -€991
			Chapter 19 +€846
			Chapter 21 -€13,873
			Chapter 22 -€61
			Chapter 28 -€2
		The amounts found available were transferred to chapter 33 and, in particular, to projects C.1.1 Providing fundamental rights expertise in the area of home affairs to cover the cost for the translation of the Handbook on European law related to asylum, immigration and borders in additional EU languages, and C.1.4 The fundamental rights situation of long-term residents in the EU to cover the cost for the field research in some Member States in 2020. FRA will continue this project in 2021 where it will contract the field research of the remaining Member States.	Chapter 31 -€117,717
			Chapter 32 +€2,700
			Chapter 33 +€292,153
			Chapter 34 -€52,470
			Chapter 35 -€98,474
			Chapter 37 -€75

List of transfers adopted by the Management Board

In 2020, three budgetary transfers were submitted to the Management Board for approval. The total amount transferred among Titles through these transfers was €1,433,482.

These transfers refer to the reallocation of the surplus under administrative expenditure (i.e. Title I and II) to operational projects as well as to readjustments of funds within Title III.

The impact of transfers is summarised in the table below.

BT	Date of adoption	Main subject Description	Impact on appropriations (in EUR)
2020-01	26/05/2020	Following a budget revision taking into consideration the part-time working regime and parental leaves that have been requested as well as the COVID-19 situation, amounts found to be in surplus under the salaries budget lines, mission expenses, professional training of staff, external services, other welfare expenditure and early childhood centres.	Title 1 -€400,000
		€60,000 transferred to cover mainly the costs for the preparatory stages of the Fundamental Rights Forum 2021. €141,653 were used to support the data collection on the impact of COVID-19 outbreak on Fundamental Rights at national level. The remaining funds were transferred to the operational reserves.	Title 3 +€400,000

2020-02	25/09/2020	Following a second budget revision taking into consideration the part-time working regime and parental leaves that have been requested, two termination of contracts that took place, as well as the COVID-19 situation, amounts found to be in surplus under the salaries budget lines, mission expenses, professional training of staff, external services, other welfare expenditure and early childhood centres.	Title 1 -€503,600
		€491,600 were allocated to project A.1.2 EU Survey on immigrants. FRA published a call for tender (D-SE-20-T01) to select a contractor to carry out the survey fieldwork. The price offer of the successful tender exceeded the initially amount foreseen. However, following legal assessment and considering that the amount was within the forecasted budget, FRA decided to award the contract to the successful tenderer. In addition, reallocation of funds took place within Title 3.	Title 3 €503,600
2020-03	10/12/2020	Following a third budget revision taking into consideration the part-time working regime and parental leaves that have been requested, the termination of a contract that took place, as well as the COVID-19 situation, amounts found to be in surplus under the salaries budget lines, mission expenses, professional training of staff, external services, other welfare expenditure and early childhood centres.	Title 1 -€293,391
		Surpluses were identified under several Title 2 budget lines. The main reason for these surpluses was the COVID-19 pandemic where actions foreseen were not implemented.	Title 2 -€236,490
		Project E.1.3 Production and dissemination of FRA output was increased by €140,000. Among others, this amount was used to upgrade the FRA website to a new version of Drupal, developing and upgrading the e-Learning, e-development of Charter App, provision of original photographs and video clips, and for social media and target audience analysis. €154,406 were transferred to project C.1.1 Asylum, Borders and Immigration. This amount was needed to organise the Annual Human Rights Communicators' Network workshop. The remaining funds were allocated to other projects with needs.	Title 3 +€529,882

1.2 Budget implementation

The implementation of consolidated authorised appropriations is provided below.

Initial budget	Carry-over from 2019	Amending budgets	MB transfers	Agency transfers	Final budget	CA Actual 2020	CA Rate	PA Actual 2020	PA Rate
23,691,000	817,941	476,314	0	0	24,985,255	24,348,791	97%	17,146,784	69%

The implementation rate of C1 payment appropriations (PA) under Title III was 20%. This level of implementation is in line with the Agency's estimations.

It should be noted that most of the Agency's operational projects have an implementation period of at least one year. In this case, the Agency is anyway compelled to automatic carrying forward high levels of outstanding amounts at the end of the financial year.

Implementation of C1 appropriations

Budget Item	Budget Item Description	Appropriations 2020 €	Commitments 2020 €	% Committed	Payments 2020 €	% Paid
A-1100	Basic salaries	6,516,039	6,516,039	100%	6,516,039	100%

A-1101	Family allowances	778,295	778,295	100%	778,295	100%
A-1102	Expatriation and foreign-residence allowances	949,510	949,510	100%	949,510	100%
A-1103	Secretarial allowances	-	-	0%		
A-1110	Staff exchanges	421,932	421,932	100%	421,932	100%
A-1113	Trainees	433,117	433,117	100%	433,117	100%
A-1115	Contract Agents	2,017,994	2,017,994	100%	2,017,994	100%
A-1130	Insurance against sickness	228,386	228,386	100%	228,386	100%
A-1131	Insurance against accidents & occupational disease	25,663	25,663	100%	25,663	100%
A-1132	Insurance against unemployment	90,016	90,016	100%	90,016	100%
A-1140	Childbirth and death grants	-	-	0%		
A-1141	Travel expenses for annual leave	112,222	112,222	100%	112,222	100%
A-1190	Salary weightings	502,441	502,441	100%	502,441	100%
A-1200	Recruitment expenses	-	-	0%		
A-1201	Travel expenses	-	-	0%		
A-1202	Installation resettlement and transfer allowances	-	-	0%		
A-1203	Removal expenses	-	-	0%		
A-1204	Temporary daily subsistence allowances	-	-	0%		
A-1300	Missions & duty travel exp & other ancillary exp.	12,090	12,090	100%	12,090	100%
A-1410	Medical service	70,137	70,137	100%	44,852	64%
A-1500	Professional training of staff	87,563	87,563	100%	83,748	96%
A-1660	External services	61,576	61,576	100%	61,576	100%
A-1700	Entertainment and representation expenses	1,090	1,090	100%	1,090	100%
A-1810	Social contacts between staff	7,315	7,315	100%	3,640	50%
A-1820	Other welfare expenditure	944,592	944,592	100%	921,788	98%
A-1830	Early childhood centres and creches	83,091	83,091	100%	80,912	97%
A-1900	Legal services	45,846	45,846	100%	18,707	41%
	Total Title I	**13,388,913**	**13,388,913**	**100%**	**13,304,017**	**99%**
A-2000	Rent	612,724	612,724	100%	612,724	100%
A-2010	Insurance	13,834	13,834	100%	13,834	100%
A-2020	Water Gas Electricity and Heating	73,309	73,309	100%	73,309	100%
A-2030	Cleaning and maintenance	342,137	342,137	100%	333,482	97%
A-2040	Fitting-out of premises	14,400	14,400	100%	-	0%
A-2050	Security and surveillance of buildings	123,596	123,596	100%	114,727	93%
A-2100	Data processing	321,494	321,494	100%	282,165	88%
A-2101	Software Development	205,413	205,413	100%	205,413	100%
A-2102	Other external services for data processing	59,029	59,029	100%	59,029	100%
A-2200	Technical equipment and installations	2,184	2,184	100%	2,184	100%

A-2203	Maintenance use & repair of tech equip. & instal.	-	-	0%		
A-2210	Furniture	8,459	8,459	100%	-	0%
A-2230	Hire of vehicles	939	939	100%	939	100%
A-2300	Stationery and office supplies	16,059	16,059	100%	16,059	100%
A-2320	Bank charges	1,287	1,287	100%	1,287	100%
A-2330	Legal expenses	7,500	7,500	100%	7,500	100%
A-2353	Departmental removals and associated handling	11,040	11,040	100%	11,040	100%
A-2355	Publications and reproduction of documents	1,999	1,999	100%	1,999	100%
A-2400	Postage and delivery charges	19,312	19,312	100%	17,605	91%
A-2410	Telecommunications charges	91,849	91,849	100%	63,366	69%
A-2411	Telecommunications equipment	-	-	0%		
A-2550	Miscellaneous expenditure for meetings	3,176	3,176	100%	3,176	100%
A-2710	Publications and reproduction of documents	-	-	0%		
A-2800	Studies surveys and consultations	29,836	29,836	100%	13,698	46%
	Total Title II	**1,959,574**	**1,959,574**	**100%**	**1,833,535**	**94%**
B3-100	Equality and discrimination	3,510,399	3,510,399	100%	90,718	3%
B3-110	Racism xenophobia and related intolerance	85,424	85,424	100%	85,132	100%
B3-120	Rights of the child	104,449	104,449	100%	19,304	18%
B3-130	Integration and social inclusion of Roma	101,306	101,306	100%	77,064	76%
B3-211	Info soc. respect for priv life & prot. pers. data	317,116	317,116	100%	28,676	9%
B3-230	Judicial cooperation except in criminal matters	489,942	489,942	100%	147,802	30%
B3-240	Victims of crime & access to justice	244,512	244,512	100%	30,238	12%
B3-300	Migration borders asylum & integration	941,474	941,474	100%	77,370	8%
B3-400	Supporting Human Rights protection systems	646,380	646,380	100%	272,395	42%
B3-500	Communication and awareness-raising	1,417,526	1,417,526	100%	424,787	30%
B3-701	Research and data collection	483,986	483,986	100%	394,061	81%
B3-900	Reserve for Title 3	-	-	0%		
	Total Title III	**8,342,513**	**8,342,513**	**100%**	**1,647,545**	**20%**
	Total C1	**23,691,000**	**23,691,000**	**100%**	**16,785,097**	**71%**

Implementation of C4 appropriations

Budget Item	Budget Item Description	Appropriations 2020 €	Commitments 2020 €	% Committed	Payments 2020 €	% Paid
B3-300	Migration borders asylum & integration	14,016	-	0%	-	0%
	Total Title III	**14,016**	**-**	0%	**-**	0%
	Total C4	**14,016**	**-**	**0%**	**-**	**0%**

Implementation of C5 appropriations

No C5 funds were available for implementation during the financial year.

Implementation of C8 appropriations

Budget Item	Budget Item Description	Appropriations 2020 €	Commitments 2020 €	% Committed	Payments 2020 €	% Paid
A-1178	External services	3,154	374	12%	374	12%
A-1203	Removal expenses	10,856	10,856	100%	10,856	100%
A-1300	Missions & duty travel exp & other ancillary exp.	30,334	25,528	84%	25,528	84%
A-1410	Medical service	14,436	9,569	66%	9,569	66%
A-1420	Professional training of staff	360,031	336,519	93%	336,519	93%
A-1430	Legal services	67,868	59,556	88%	59,556	88%
A-1610	Social contacts between staff	175	86	49%	86	49%
A-1700	Entertainment and representation expenses	519	168	32%	168	32%
	Total Title I	**487,373**	**442,656**	**91%**	**442,656**	**91%**
A-2030	Cleaning and maintenance	10,085	9,429	93%	9,429	93%
A-2050	Security and surveillance of buildings	11,539	11,206	97%	11,206	97%
A-2100	Data processing	289,350	289,128	100%	289,128	100%
A-2101	Software Development	17,233	17,233	100%	17,233	100%
A-2102	Other external services for data processing	10,000	10,000	100%	10,000	100%
A-2210	Furniture	44,086	43,643	99%	43,643	99%
A-2230	Hire of vehicles	253	-	0%	-	0%
A-2300	Stationery and office supplies	3,637	3,577	98%	3,577	98%
A-2320	Bank charges	2,010	2,000	100%	2,000	100%
A-2353	Departmental removals and associated handling	6,715	6,715	100%	6,715	100%
A-2355	Publications and reproduction of documents	8,048	8,048	100%	8,048	100%
A-2400	Postage and delivery charges	2,468	2,239	91%	2,239	91%
A-2410	Telecommunications charges	36,559	36,545	100%	36,545	100%
A-2601	Studies surveys consultations	11,264	11,264	100%	11,264	100%
	Total Title II	**453,246**	**451,027**	**100%**	**451,027**	**100%**
B3-211	Info soc. respect for priv life & prot. pers. data	652,715	651,515	100%	651,515	100%
B3-220	Migration borders asylum & integration	643,054	638,970	99%	638,970	99%
B3-311	Racism xenophobia and related intolerance	121,730	113,480	93%	113,480	93%
B3-330	Equality & discrimination	527,459	520,955	99%	520,955	99%
B3-350	Rights of the child	8,516	8,284	97%	8,284	97%
B3-360	Integration & social inclusion of ROMA	20,442	18,215	89%	18,215	89%

B3-610	Victims of crime & access to justice	267,628	264,933	99%	264,933	99%
B3-640	Judicial cooperation	174,953	174,896	100%	174,896	100%
B3-700	Annual Report	259,183	259,114	100%	259,114	100%
B3-701	Research and data collection	270,802	266,138	98%	266,138	98%
B3-711	Communication and awareness-raising	743,934	727,209	98%	727,209	98%
B3-801	Bodies of the Agency	58,339	45,932	79%	45,932	79%
B3-802	Consultation mechanisms	90,802	82,178	91%	82,178	91%
	Total Title III	**3,839,558**	**3,771,819**	**98%**	**3,771,819**	**98%**
	Total C8	**4,780,176**	**4,665,502**	**98%**	**4,665,502**	**98%**

Implementation of R0 appropriations

Budget Item	Budget Item Description	Appropriations 2020 €	Commitments 2020 €	% Committed	Payments 2020 €	% Paid
A-2000	Rent	444,000	244,000	55%	244,000	55%
	Total Title II	**444,000**	**244,000**	**55%**	**244,000**	**55%**
B4-000	Cooperation with Financial Mechanism Office	626,931	332,892	53%	113,688	18%
B4-010	Partnership Agreements	123,323	80,899	66%	3,999	3%
	Total Title IV	**750,255**	**413,791**	**55%**	**117,688**	**16%**
	Total R0	**1,194,255**	**657,791**	**55%**	**361,688**	**30%**

2. Multi-annual overview

The Agency does not manage multi-annual commitments and payments for its operational expenditure.

3. Revenue

3.1 Nature of Revenue

No recovery orders were carried over from 2020 to 2021. During the financial year, nine (9) recovery orders were issued and cashed. Four (4) of the recovery orders related to the 2020 European Union subsidy, one (1) to the 2020 rent subsidy received from the Austrian authorities, two (2) of them to the partnership agreement with the Financial Mechanism Office (FMO), one (1) of them to the partnership agreement with the Bulgarian National Statistics Institute and one (1) to the agreement between FRA and FRONTEX.

Participation of candidate countries in the Agency's work

Albania, which joined on 1st December 2020, North Macedonia and Serbia participated in the work of the Agency. Therefore, for 2020 the Agency received €179,000 for North Macedonia and €186,000 for Serbia. The amount of €13,333, that is the contribution from Albania for the month of December, will be received in 2021.

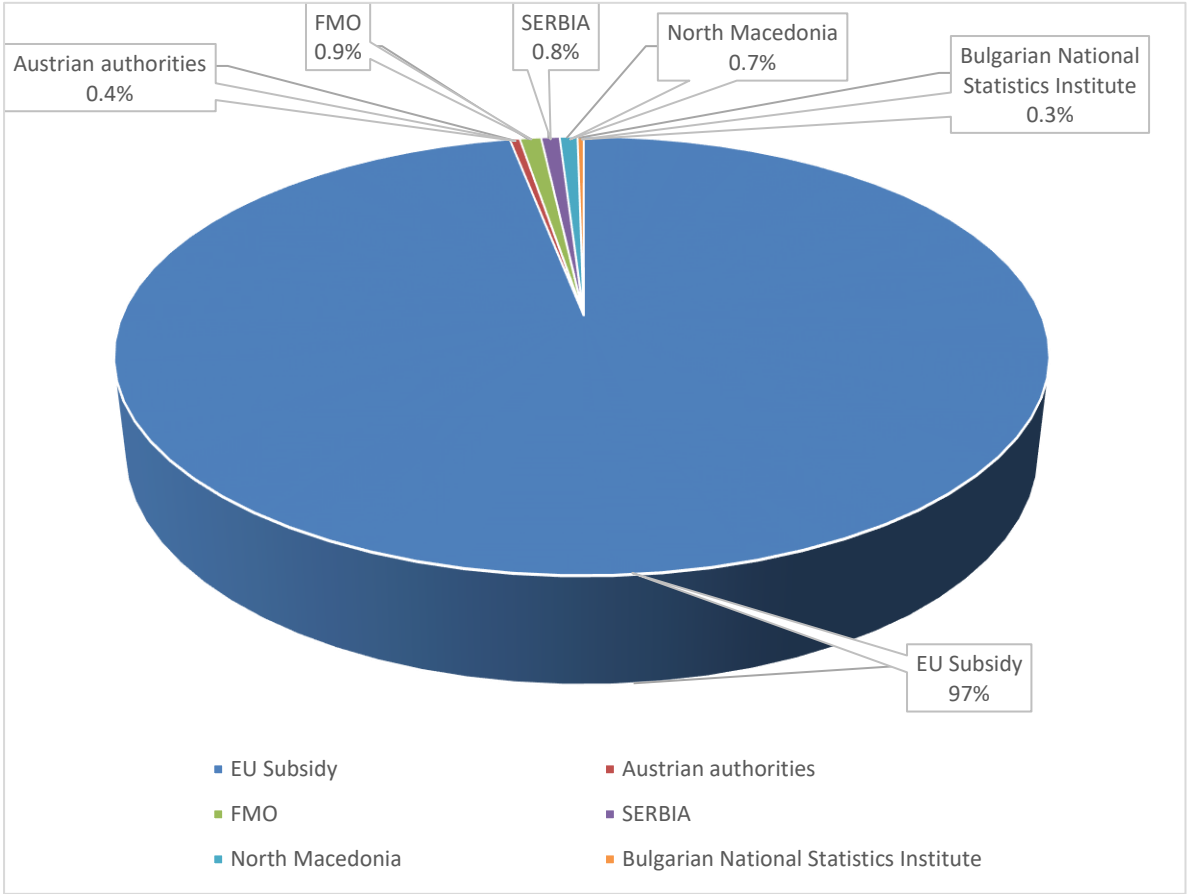
Implementation of internal assigned revenue

In 2020, the Agency within the context of its agreement with FRONTEX received €14,016. This amount was carried over to 2021 and will be consumed in priority.

Implementation of earmarked revenue

In 2020, the Agency received from the Austrian authorities the rent contribution for the period July – December 2020 (i.e. €100,000). In addition, based on the cooperation arrangement between the Financial Mechanism Office (FMO) and the Agency, the first will contribute to the latter by €1.5 million for seven years; that is an amount of €214,286 per year, paid in two instalments. During 2020, the Agency received an amount of €214,286 (i.e. the sixth and the seventh instalments foreseen in the agreement). Moreover, the Agency also signed a partnership agreement with the Bulgarian National Statistics Institute for the period 2019-2021 for which the Agency will receive a maximum amount of €248,111 split in several instalments. Within this context, in July 2020 the Agency received €62,028.

3.2 Overview per contributor



4. Glossary on terms, abbreviations and acronyms used in the report

Term	Definition
ABAC	This is the name given to the Commission's accounting system, which since 2005 has been enriched by accrual accounting rules. Apart from the cash-based budget 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	Draft budget becomes the adopted budget as soon as it is 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	Budget funding. 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 and 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 financial contributions from third countries to programmes financed by the Union. Main sources of internal assigned revenue is revenue from third parties in respect of goods, services or work supplied at their request; (c) revenue arising from the repayment of amounts wrongly paid and revenue from the sale of publications and films, including those on an electronic medium. The complete list of items constituting assigned revenue is given in the Financial Regulation Art. 21(2).
Authorising 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. Art. 7 FR: *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.*
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: *Differentiated appropriations are entered for multiannual operations. They consist of commitment appropriations and payment appropriations.*
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.

Term	Definition
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 193/30.07.2018, p. 1)
Funds Source	Type of appropriations (e.g.: C1, C2, etc.)
Grants	Direct financial contributions, by way of donation, from the budget in order to finance either an action intended to help achieve an objective 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
Joint Undertakings (JUs)	A legal EU-body established under the TFEU. The term can be used to describe any collaborative structure proposed for the *"efficient execution of Union research, technological development and demonstration programmes"*.
Lapsing appropriations	Unused appropriations to be cancelled at the end of the financial year. Lapsing means the cancellation of all or part of the authorisation to make expenditures and/or incur liabilities which is represented by an appropriation.
Legal base (basic act)	The legal base or basis 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. (Art. 9 FR). In the EU-Budget non-differentiated appropriations apply to administrative expenditure, for agricultural market support and direct payments.
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. Budget 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 (Art. 7 FR).

Term	Definition
RAL	Sum of outstanding commitments. Outstanding commitments (or RAL, from the French '*reste à liquider*') are defined as the amount of appropriations committee that have not yet been paid. They stem directly from the existence of multiannual programmes and the dissociation between commitment and payment appropriations. (Cf. *Outstanding commitments*).
Recovery	The recovery order is the procedure by which the Authorising officer (AO) registers an entitlement by 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 Budget 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 authorization.