13 March 2015
EMA/9022/2015
Deputy Executive Director

Report on budgetary and financial management

Financial year 2014

Introduction

This report summarises the budgetary and financial management by European Medicines Agency during the financial year 2014 in line with Article 93 of the EMA Financial Regulation. It outlines the financial situation and the events which had a significant influence on activities during the year.

For information about the agency's business objectives and the degree of achievement, please refer to the Annual Activity Report and the Annual Report.

1. Financial Management in general

1.1. Initial budget and amending budgets

Authorised appropriations in the European Medicines Agency's initial budget for 2014 totalled EUR 297,169,000, representing a 28.33% increase over the 2013 initial budget (EUR 231,560,000).

Two amending budgets were introduced in 2014 to account mainly for a decrease in revenue from services rendered of EUR 8,000,000 and a decrease in the EU contribution requested of EUR 6,000,000 bringing the budget total to EUR 282,474,000 and making for a 12.29% increase over the 2013 final budget (EUR 251,560,000). To balance the budget, expenditure appropriations related to staff expenditure and evaluation of medicinal products were reduced.

1.2. Revenue

As stipulated in the Financial Regulation, budget revenue is based on cash received for contributions from the European Union, fees for marketing license applications for pharmaceutical products and for post-authorisation activities as well as for various administrative activities.

Revenue entered in the accounts as at 31 December 2014 amounted to a total of EUR 271,785,929.76

Of total revenue, 80.09% derived from the evaluation of medicines and other business related activities, 12.53% from the European Union budget to fund various public health and harmonisation activities and 6.96% from external assigned revenue as described in the work programme (2013: 82.97%/17.03%/0.00%).

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Table 1 below presents the implementation of the revenue budget of the European Medicines Agency.

Table 1 Use of 2014 revenue appropriation

Appropriation type	EUR or %
I. Appropriations in general	
Initial appropriations	297,169,000.00
Amending budget	-14,695,000.00
Final appropriations	282,474,000.00
II. Use of appropriations	
Recovery orders 2014 and earlier	311,139,981.97
Representing in % of final appropriations	110.15%
Cash-receipts against recovery orders 2014 and earlier	271,785,929.76
Representing in % of final recovery orders	87.35%
III. Amounts established in 2014	
Recovery orders 2014 only	282,355,283.97
Representing in % of final appropriations	99.96%
Cash-receipts against recovery orders 2014 only	244,715,641.76
Representing in % of final recovery orders	86.67%
IV. Amounts unpaid from 2014 to be paid in 2015 or later	
Recovery orders for the evaluation of medicinal products (fees)	38,938,082.78
Recovery orders for EU contribution to orphan medicines fee reductions	0.00
Other recovery orders	415,969.43
V. Amounts unpaid in 2013 or earlier, paid in 2014	
Recovery orders for the evaluation of medicinal products (fees)	27,070,255.00
Recovery orders for EU contribution	0.00
Other recovery orders	1,626,965.92
VI. Waivers and cancellations of amounts receivable	
Recovery orders waived or cancelled by the authorising officer in accordance with Article 62 Financial Regulation	453,740.00
VII. Waivers of fees and charges (excluding waivers for orphan medicines)	
Reductions deriving from paediatric or micro, small- and medium sized enterprises or advanced therapies legislation	10,588,140.79
Other reductions in accordance with Article 9 of the Fee Regulation	2,839,655.00

1.3. Expenditure (commitments and payments)

Commitments totalled EUR 266,419,810.75 or 94.32% of final appropriations (2013: 96.76%). Payments totalled EUR 219,262,042.99 or 82.30% of commitments entered into (2013: 86.28%), for details on the implementation of expenditure see Table 2.

Table 2 Use of 2014 expenditure appropriations

Appropriation type	EUR or %
I. Appropriations in general	
Initial appropriations	297,169,000.00
Amending budget	-14,695,000.00
Final appropriation	282,474,000.00
II. Use of 2014 appropriations	
Commitments	266,419,810.75
Representing of final appropriations	94.32%
Payments	219,262,042.99
Representing of final commitments	82.30%
III. Carry-over from 2014 to 2015	
Carry-over of administrative appropriations	*13,546,348.59*
Carry-over of operational appropriations	*33,611,419.17*
Total automatic carry-over	47,157,767.76
Representing of final appropriations	16.69%
Representing of final commitments	17.70%
Non-automatic carry-over (uncommitted appropriations carried over to 2015)	0.00
Representing of final appropriations	0.00%
IV. Cancellation of 2014 appropriations	
Appropriations cancelled	16,054,189.25
Representing of final appropriations	5.68%
V. Carry-over from 2013 to 2014	
Carry-over of administrative appropriations	*7,876,942.11*
Carry-over of operational appropriations	*25,522,045.80*
Total automatic carry-over	33,398,987.91
Payment against carry-over	32,063,693.85
Representing of carry-over	96.00%
Amount cancelled	1,335,294.06
Non-automatic carry-over to 2014	n/a
Payment against carry-over	n/a
Representing of carry-over	n/a
Amount cancelled	n/a

1.4. Carry-over from 2014 to 2015 (fund sources C1 and R0)

Automatic carry-over to financial year 2015 totalled EUR 47,157,767.76 or 17.70% of appropriations committed (to 2014: 13.72%). There was no non-automatic carry-over to financial year 2015.

Table 3 Automatic carry over from 2014 to 2015 per title

Title	Total expenditure	of which carried over	
	EUR	EUR	%
1 : Staff	91,343,918.28	1,097,285.75	1.20%
2 : Building and equipment	55,250,841.98	12,449,062.84	22.53%
3 : Operational expenditure	119,825,050.49	33,611,419.17	28.05%
Total	**266,419,810.75**	**47,157,767.76**	**17.70%**

1.5. Carry-overs from 2013 to 2014

Automatic carry-overs to financial year 2014 totalled EUR 33,398,987.91. Payments against the carry-overs equalled EUR 32,063,693.85 or 96.00% (2013: 96.04%). The value of appropriations cancelled was thus EUR 1,335,294.06.

1.6. Appropriation from assigned revenue

The Agency introduced assigned revenue in 2014 in order to manage the inducements received in the context of the project to construct, fit-out and occupy a new headquarters. For consistency, also grants received from external sources to fund various scientific and regulatory projects were managed at assigned revenue.

In 2014, an amount of EUR 18,758,206.72 was recognised as assigned revenue related to the project for the new headquarters. This amount was partly consumed by outstanding fit-out costs in 2014 as well as by carry forward to 2015 to cover the remaining fit-out cost. Additional assigned revenue will cover part of the fit-out costs for the 10th floor of the new headquarters and the rent for the premises in 2015, 2016 and part of 2017.

Grant related assigned revenue recognised in 2014 amounted to EUR 145,992.11. This covered a varying part of the expenditure related to the Agency's activities on certain projects, cf. Par. 2.1.5 below. The Agency's input to these projects is mainly human resources, with some duty travel and meeting activity also taking place.

1.7. Transfers

In line with Article 27(1) of the Financial Regulation, the Executive Director may make transfers within a title and up to 10% of appropriations from one title to another. Transfers *per se* are not an indicator for deficiencies in financial management but a necessary tool to adjust the budget in a changing environment, e.g. the use of interim staff instead of contract staff, increased expenditure due to exchange rate fluctuation, etc. Only if and when the changes also relate to changes in the work programme might they indicate shortcomings in the planning process.

During 2014 nine transfers were made. All were adjustments within the limits of Article 27(1) of the Financial Regulation and approved by the Executive Director. They totalled EUR 19,755,000 or 6.99% of final appropriations (2013: nine transfers totalling EUR 29,811,800.00 or 11.85% of final appropriations).

The transferred appropriations were primarily used for expenditure on business IT development, rapporteur payments and other adjustments to administrative budget items. Annex I provides details of the transfers carried out in 2014.

1.8. Cancellations

Expenditure appropriations should be understood as estimate and not as entitlement to create corresponding commitments. Being reliant on fee income means that the level of cancelled expenditure appropriations does not indicate delays in the implementation of the work programme but should be seen as the result of stringent monitoring of actual revenue and adjustments to the expenditure.

For budget 2014, expenditure appropriations totalling EUR 16,054,189.25 remained unused (cancelled) corresponding to 5.68% of final appropriations (2013: EUR 8,140,571.11, 3.24%).

These cancellations have to be seen in correlation with revenue appropriations totalling EUR 10,688,070.24 remaining uncollected at year-end, thus creating a positive overall outturn balance (before adjustments for exchange rate, cancellations of carry-over, etc.) of EUR 5,366,119.01 or 1.90% of final appropriations (2013: -3,032,164.23, -0.01%).

1.9. Payment of interest on late payments

In accordance with the agency's standard contract, Article 77 of the Financial Regulation, terms of payment are 30 days upon receipt of a valid invoice. If these terms are not respected, from day 31 until the actual day of payment the payment accrues default interest at the rate applied by the European Central Bank to its principal refinancing operations, as published in the C series of the Official Journal of the European Union, increased by 8%[1]. The default interest accrued is paid automatically if it amounts to more than EUR 200.

In 2014, 718 payments out of a total of 47,663, i.e. 1.51% of all payments, were made later than 30 days after receipt of a valid invoice (2013: 1.77% of all payments). This resulted in default interest of EUR 21,726 being paid to suppliers and contractors and EUR 1,225 to national competent authorities (NCAs).

Table 4 Breakdown of late payments and default interest

	Payments		**Of which late payments**		**Interest accrued**	**Interest => EUR 200**
	Number	**EUR**	**Number**	**EUR**	**EUR**	**EUR**
Supply and other services	37,998	148,456,733	243	6,775,822	26,663	21,726
Evaluation services (NCAs)	9,649	90,109,508	475	9,285,685	8,937	1,225
All payments (*)	**47,647**	**238,566,241**	**718**	**16,061,507**	**35,600**	**22,951**

[1] in accordance with Article 92 of the Financial Regulation applicable to the Budget of the Union and Articles 83(2) and 111 of its Rules of Application

2. Financial management by chapter

2.1. Revenue

Hereafter follows an analysis of revenue (based on cash collected) and expenditure (based on commitments) in 2014. It contains details of the various chapters of total revenue and expenditure and comparison against 2013 figures. The use of the most important expenditure items is also explained.

Table 5 Evolution of cash collected in 2013 and 2014

Chapter	Heading	2013 EUR	2014 EUR	Change EUR	Change %	Comment
10	Revenue from services rendered (Fees for the evaluation of medicines)	188,636,794.00	217,669,872.14	29,033,078.14	15.39%	2.1.1
200	European Union contribution	32,630,000.00	23,957,250.19	-8,672,749.81	-26.58%	2.1.2
201	Special contribution for orphan medicines fee reductions	6,509,360.00	9,432,260.00	2,922,900.00	44.90%	2.1.2
30	Participation by third countries in EMA activities	1,098,440.00	674,999.81	-423,440.19	-38.55%	2.1.3
52	Revenue from administrative operations	10,284,669.68	172,519.02	-10,112,150.66	-98.32%	2.1.4
60	External assigned revenue for projects and programmes	699,653.97	18,904,198.83	18,204,544.86	2601.94%	2.1.5
70	Correction of budgetary imbalances (Balance of outturn account of previous year)	0.00	0.00	0.00	0.00%	
90	Miscellaneous income	528,347.01	974,829.77	446,482.76	84.51%	2.1.6
Total		**240,387,264.66**	**271,785,929.76**	**31,398,665.10**	**13.06%**	

In budgetary terms, EUR 113.4 million (41.72% of total 2014 revenues) represent the proportion which can be considered stable, since it relates to annual product maintenance fees received for both human and veterinary medicines activities, EU and EEA contributions as well as externally assigned revenue. In 2014, 57.86% of total revenue depended on cyclical business activities (details in table 6).

Table 6 Stable and cyclical sources of revenue

	2013 Actual	% of total	2014 Actual	% of total
Stable revenue for the Agency	98,129,419	40.82%	113,394,957	41.72%
EU subsidies and contributions	*40,237,800*	*16.74%*	*34,064,510*	*12.53%*
External assigned revenue	*n/a*	*n/a*	*18,904,199*	*6.96%*
Annual fees	*57,891,619*	*24.08%*	*60,426,248*	*22.23%*
Cyclical business revenue	130,745,175	54.39%	157,243,624	57.86%
Revenue from miscellaneous activities	11,512,671	4.79%	1,147,349	0.42%
Total revenue	**240,387,265**	**100.00%**	**271,785,930**	**100.00%**

2.1.1. Income chapter 10 'Revenue from services rendered (fees for the evaluation of medicines)'

Fee income from evaluation services is the main source of revenue for the agency, representing 80.09% of 2014 revenues (2013: 78.48%).

The value of recovery orders / invoices for fees, reflecting the level of activities, rose by 15.56% when compared to 2013, whereas the value of cash-receipts increased by 13.06%. The difference between the level of fee-related cash receipts and recovery orders is due to the increase in the value of recovery orders raised in 2014 for which revenue will only be cashed in the following years (from EUR 26.8 million in 2013 to EUR 39.4 million in 2014).

2.1.2. Income chapter 20 'EU contributions'

This chapter accounted for EUR 33,389,510.19 or 12.29% of 2014 revenues (2013: 16.74%). Of the contributions received, EUR 9,432,260 (28.25% of total contributions) relate to compensation for fee reductions granted for orphan medical products.

Of this total EU contribution allocated to the agency, EUR 249,534.00 (0.75%) earmarked for the compensation of orphan fee reductions remained uncollected.

The contributions from the European Union budget decreased by EUR 5,749,849.81 (-14.69%) between 2013 and 2014.

2.1.3. Income chapter 30 'Participation by third countries in EMA activities'

This chapter represents the compensation received for the participation of EEA countries in the agency's activities. It accounted for 0.25% of 2014 revenue. The actual amount receivable is calculated as a percentage of the general contribution, i.e. the EU contributions excluding EU contribution derived from agency surplus. The percentage used for 2014 was 3.03%.

2.1.4. Income chapter 52 'Revenue from administrative operations'

Chapter 52 includes the income from administrative charges as well as bank interest. The chapter accounted for 0.06% of 2014 revenues (2013: 4.28%[2]).

2.1.5. Income chapter 60 'External assigned revenue for projects and programmes'

This chapter accounted for 6.96% of 2014 revenues (2013: 0.28%).

The bulk of the revenue relates to the project to construct, fit-out and rent the agency's new headquarters at 30, Churchill Square. As part of the project, the Agency's landlord paid inducements for a value of GBP 47 million.

Grant related revenue, constituting 0.77% of total assigned revenue was received from the IMI-PROTECT[3], IMI-EU2P[4], IMI WERB-RADR[5], IMI ADVANCE[6], and IMI GetReal[7] programmes via IMI-JU (Innovative Medicines Initiative Joint Undertaking), an Executive Office of the European Union, and from the grant manager for the FP7-GRIP[8] programme.

2.1.6. Income chapter 90 'Miscellaneous revenue'

This chapter accounted for 0.36% of 2014 revenues (2013: 0.22%).

The bulk of these appropriations relate to the refund of a contribution paid towards the replacement of part of the air conditioning system in the Agency's former headquarters, and a refund of service charges originally paid in 2013.

[2] Up to 2013 revenue from parallel distributions and export certificates were accounted for in chapter 52, whereas from 2014 these revenue streams were included in chapter 10 'Revenue from services rendered'.
[3] PROTECT: Pharmacoepidemiological Research on Outcomes of Therapeutics by a European Consortium
[4] EU2P: European Programme in Pharmacovigilance and Pharmacoepidemiology
[5] WEB-RADR: Develop a mobile app for patients and healthcare professionals to report suspected adverse drug reactions to national EU regulators [..]
[6] ADVANCE: Accelerated development of vaccine benefit-risk collaboration in Europe
[7] GetReal: Improve the efficiency of the medicine development process by better incorporating estimates of relative effectiveness into drug development and to enrich decision-making by regulatory authorities and HTA bodies [..]
[8] GRIP: Global Research in Paediatrics

2.2. Expenditure

Table 7 below sets out how committed funds in 2014 were expended in comparison with financial year 2013. It should be noted that in 2014 the four chapters and articles with the highest amounts committed, accounted for 87.14% of total commitments (2013: 86.77% of total commitments). They are:

- Chapter 11 'Staff in active employment' (31.66%)
- Chapter 20 'Investments in immovable property, renting of buildings and associated costs' (14.70%)
- Chapters 21 'Expenditure for corporate data processing' (4.69%) and
- Article 301 'Evaluation of medicinal products' (36.09%).

Comments covering expenditure changes of more than 10% or more than EUR 500 000 can be found below, under points 2.2.1 to 2.2.18.

Table 7 Evolution of 2013 and 2014 expenditure, fund sources C1(n) and R0(n)

Chapter	Heading	2013	2014	Change		Comment
		EUR	EUR	EUR	%	
11	Staff in active employment	71,497,061.91	84,351,669.73	12,854,607.82	17.98%	2.2.1
13	Missions and duty travel	409,041.51	540,251.90	131,210.39	32.08%	2.2.2
14	Socio-medical infrastructure	520,701.28	804,567.57	283,866.29	54.52%	2.2.3
15	Exchanges of civil servants and experts	2,671,620.58	3,016,420.45	344,799.87	12.91%	2.2.4
16	Social welfare	276,611.59	322,546.34	45,934.75	16.61%	2.2.5
17	Representation expenses	28,044.42	53,373.99	25,329.57	90.32%	2.2.6
18	Staff insurances […]	2,149,260.71	2,255,088.30	105,827.59	4.92%	
Title I		**77,552,342.00**	**91,343,918.28**	**13,791,576.28**	**17.78%**	
20	Investment in immovable property, renting of buildings […]	45,889,170.20	39,175,322.18	-6,713,848.02	-14.63%	2.2.7
21	Expenditure on data processing	13,821,235.54	12,499,157.46	-1,322,078.08	-9.57%	2.2.8
22	Movable property […]	1,009,061.48	1,927,244.60	918,183.12	90.99%	2.2.9
23	Current administrative expenditure	794,690.82	1,416,922.07	622,231.25	78.30%	2.2.10
24	Postal charges and telecommunications	444,301.03	130,177.80	-314,123.23	-70.70%	2.2.11
25	Expenditure […] other meetings	97,821.30	102,017.87	4,196.57	4.29%	
Title II		**62,056,280.37**	**55,250,841.98**	**-6,805,438.39**	**-10.97%**	
300	Meetings	6,305,377.28	7,125,725.83	820,348.55	13.01%	2.2.12
301	Evaluation of medicinal products	80,017,690.95	96,145,098.12	16,127,407.17	20.15%	2.2.13
302	Translations	5,182,058.78	4,325,440.40	-856,618.38	-16.53%	2.2.14
303	Studies and consultants	2,031,486.39	4,729,923.14	2,698,436.75	132.83%	2.2.15
304	Publications	70,951.15	162,998.03	92,046.88	129.73%	2.2.16
305	EU programmes	340,376.41	0.00	-340,376.41	-100.00%	2.2.17
31	Corporate data processing	9,862,865.56	7,335,864.97	-2,527,000.59	-25.62%	2.2.18
Title III		**103,810,806.52**	**119,825,050.49**	**16,014,243.97**	**15.43%**	
	Total	**243,419,428.89**	**266,419,810.75**	**23,000,381.86**	**9.45%**	

Whereas the revenue of the agency is in Euro (EUR), administrative expenditure is mainly paid in Pound Sterling (GBP). In 2014 the Agency experienced an overall increase in the value of Sterling expressed in Euro, compared to the exchange rate of the budget. This resulted in increased EUR expenditure in titles 1 and 2 of the budget.

Figure 1 Exchange rate variance against budgeted exchange rate

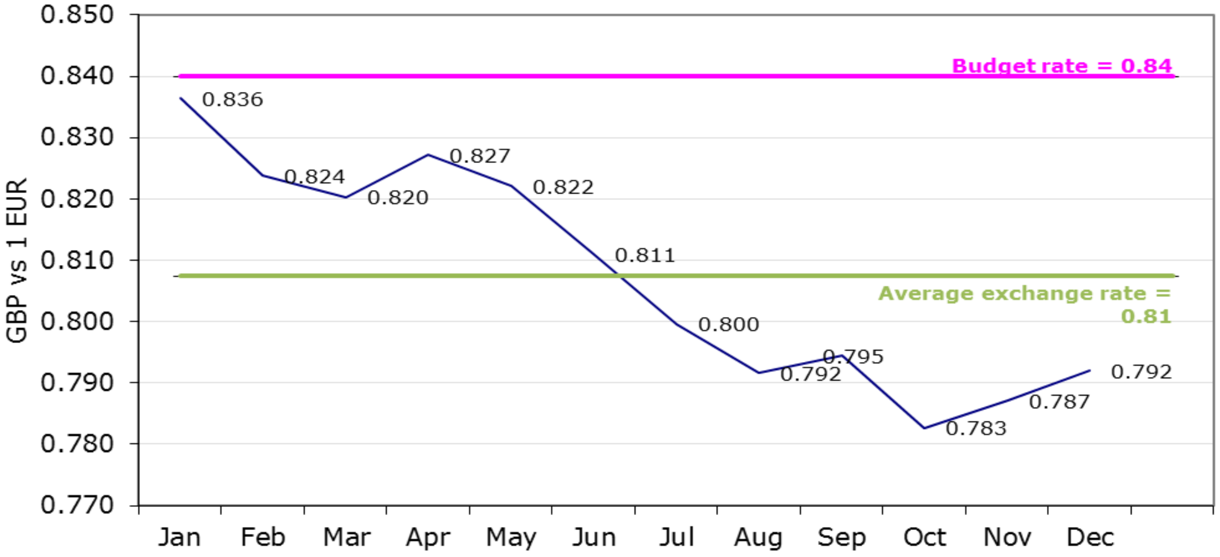
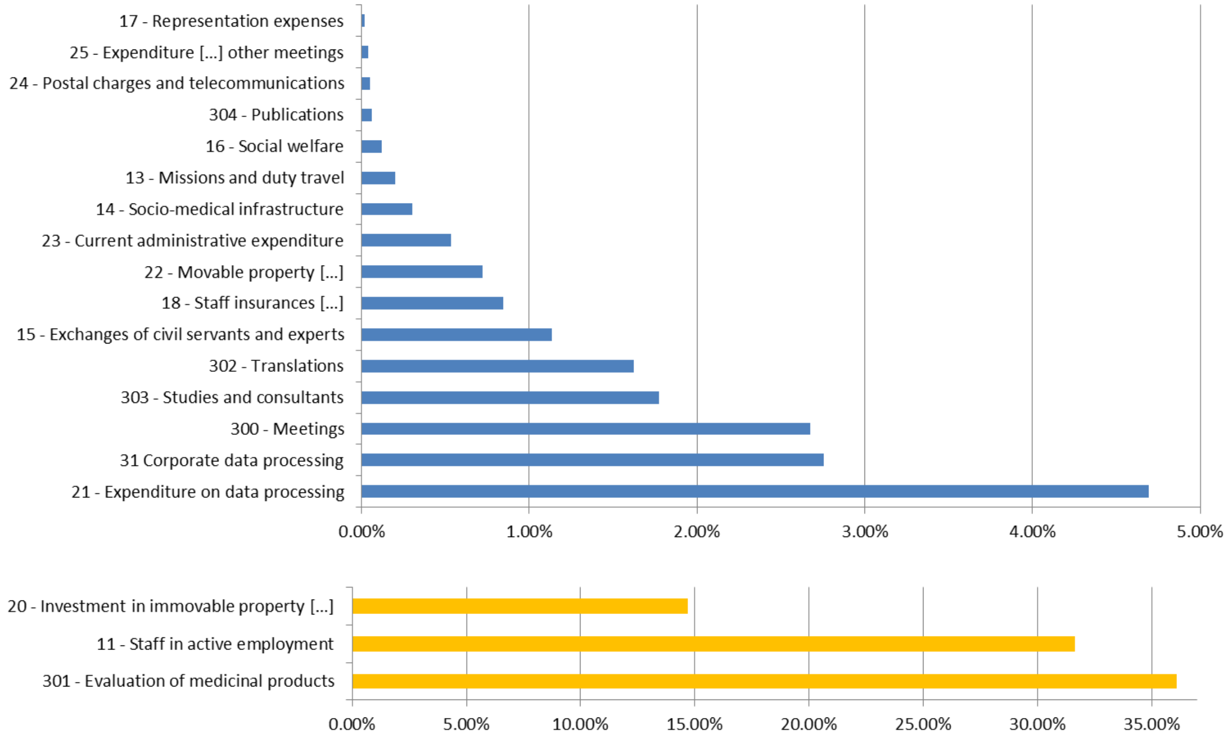


Figure 2 Distribution of 2014 expenditure by chapter (chapter 30 by article)



2.2.1. Expenditure chapter 11 'Staff in active employment'

Chapter 11 accounted for 31.66% of 2014 expenditure, constituting the second largest share of expenditure (2013: 29.37%).

45.74% of chapter 11 expenditure related to item 1100 ‘Basic salaries’ and 29.05% to 1190 ‘Weightings’. For these two items commitments amounted to EUR 63,081,577.62.

The 17.98% increase in total expenditure for the chapter between 2013 and 2014 can be explained mainly by salary corrections dating back to 2011 being implemented in 2014 and the increased London weighting as well as changes in staff salaries for promotions, step increases and family allowances.

In 2014 there was no adjustment of the basic salaries for employees of the European Union. However, the salary exchange rate and the duty station weighting were adjusted as of 1 July 2014. The salary adjustments for 2011 and 2012 were subject to legal proceedings and were only implemented in 2014. The result was a minor increase in 2014 salary expenditure, while the weakening of the Euro against Sterling had a considerable impact on weighting expenditure.

A net total of EUR 29,000 was transferred out of the chapter. Transfers within the chapter were mainly to reinforce the budget item for weightings (1190) to provide appropriations to implement the 2011 and 2012 salary adjustments.

The total number of staff at year-end increased from 690.5 to 752 (+8.91%). As per 31.12.2014, the agency had a total of 580 temporary agents, 144 contract agents and 28 national experts on secondment (2013: 583, 92 and 15.5).

In 2014, the agency advertised 36 vacancies for temporary agent positions externally, and conducted 18 internal recruitment procedures. The considerable increase compared to previous years can be explained by the continuous increase in the agencies activities as well as the ongoing revision of the agency’s organisational structure.

As for gender distribution of staff, women accounted for 44% of Heads of Service, 45% of Heads of Department and 30% of the senior management team, i.e. the Deputy Executive Director and Heads of Division as at 31 December 2014. Due to the on-going reorganisation a number of posts were unoccupied or filled on an ad-interim basis at the end of the year. See Table 8 and Figure 3 for details. The distribution of staff (temporary agents and contract agents, excluding national experts) by country is shown in Figure 4.

Table 8 Staff by gender (temporary staff and contract agents) 31.12.2014

Contract / gender	Female	Male	Total	%Female	%Male
Administrators	161	157	**318**	51%	49%
Assistants	225	37	**262**	86%	14%
Contract Agents	118	26	**144**	82%	18%
Total	**504**	**220**	**724**	**70%**	**30%**

Figure 3 Staff by gender (temporary staff and contract agents) 31.12.2014

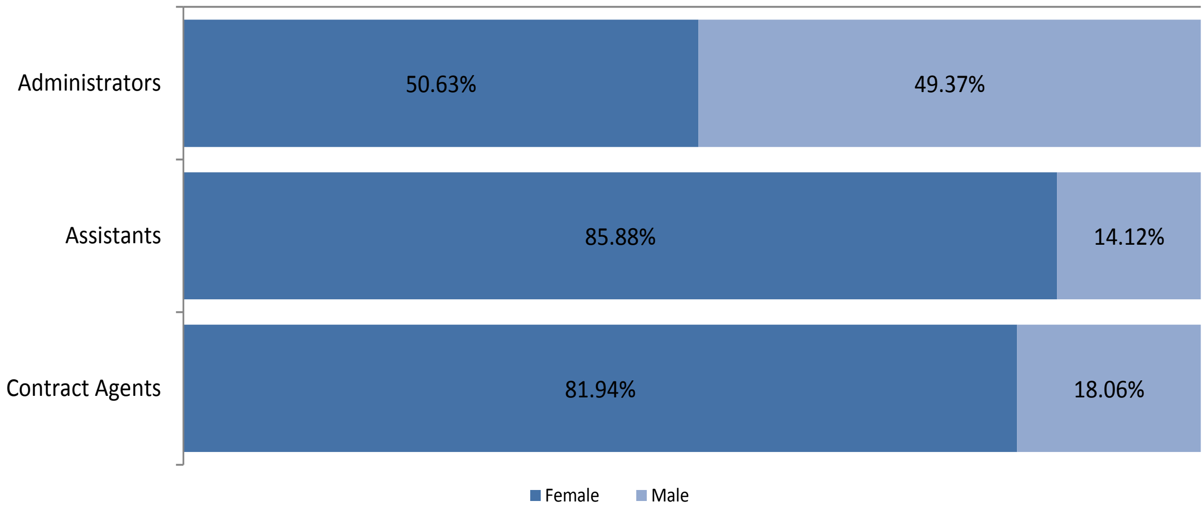
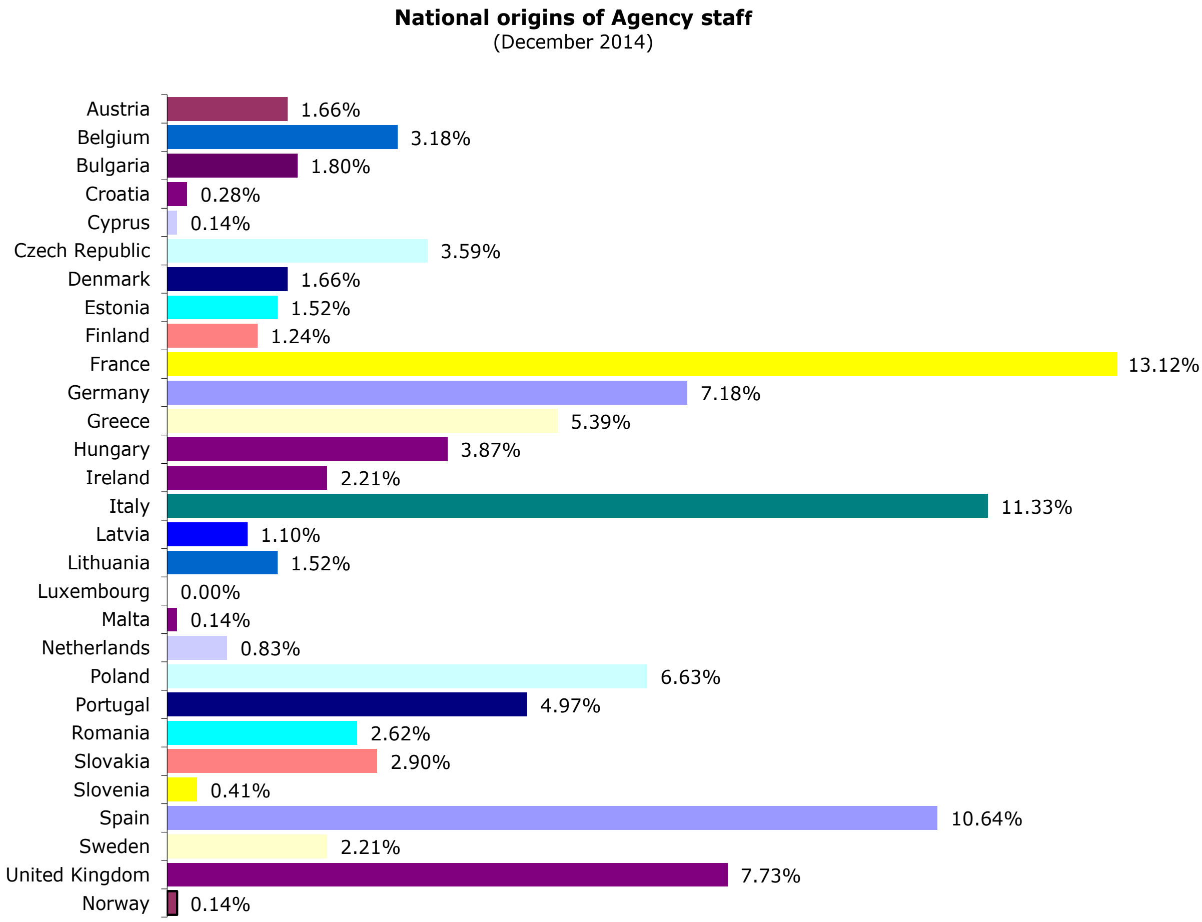


Figure 4 Staff by country (temporary staff and contract agents) 31.12.2014



2.2.2. Expenditure chapter 13 'Missions and duty travel'

This chapter accounted for 0.20% of 2014 expenditure with a total 778 duty trips carried out (2013: 0.17% and 760 missions).

There were no transfers to or from the chapter in 2014.

2.2.3. Expenditure chapter 14 'Socio-medical infrastructure'

This chapter accounted for 0.30% of 2014 expenditure. The increase in expenditure reflects the need to run two restaurants for a transitional period when the Agency moved to its new headquarters and the increase in cost due to its larger facilities.

The chapter was reinforced by a total of EUR 48,000 through transfer.

2.2.4. Expenditure chapter 15 'Exchange of civil servants and experts'

This chapter accounted for 1.13% of 2014 expenditure (2013: 1.10%).

Compared to 2013 there was a slight increase in the number of national experts on secondment on an Full Time Equivalent (FTE) basis as well as an increase in the number and length of traineeships.

The chapter was reinforced by a total of EUR 300,000 through transfer.

2.2.5. Expenditure chapter 16 'Social welfare'

Chapter 16 accounted for 0.12% of 2014 expenditure (2013: 0.11%).

The increase in expenditure is due to the revision in the rules for nursery contribution and a higher number of children.

The chapter was reinforced by EUR 16,000 through transfer.

2.2.6. Expenditure chapter 17 'Representation expenses'

Chapter 17 accounted for 0.02% of 2014 expenditure (2013: 0.01%).

Compared to 2013, expenditure increased by 90% in 2014. This was due to the extra activity surrounding the new headquarters and the preparations for the Agency's 20th anniversary in early 2015.

The chapter was reinforced by EUR 16,000 through transfer.

2.2.7. Expenditure chapter 20 'Investment in immovable property, renting of buildings and associated cost'

Chapter 20 accounted for 14.70% of 2014 expenditure, compared to 18.85% in 2013.

2014 saw the completion of the bulk of the work to fit-out the Agency's new headquarters and as such expenditure started to decrease. Final completion of the overall project will only happen in 2015 when the recently rented 10th floor will be finished and ready for occupation.

See also point 2.1.5 above for more details on the handling of assigned revenue.

The expenditure was related to the cost of fitting out the agency’s future headquarters and split mainly between management fees and stage payments made in advance. The advance payments in 2013 were made to reduce the amount of interest accruing on the cost of fitting out the building. In agreement with the landlord these payments were reimbursed to the agency in 2014 upon completion of the building and are available for future rent payments.

The chapter was reinforced by a total of EUR 2,627,000 through transfer.

2.2.8. Expenditure chapter 21 'Expenditure on data processing'

Chapter 21 accounted for 4.69% of 2014 expenditure (2013: 5.68%). The reduction in IT expenditure in chapter 21 was mainly due to the postponement of investment related to the move to the new headquarters and saving achieved in maintenance and support costs.

A total of EUR 4,028,000 was transferred out of the chapter.

2.2.9. Expenditure chapter 22 'Movable property and associated costs'

Chapter 22 accounted for 0.72% of 2014 expenditure (2013: 0.41%). The increase in expenditure was due to higher activities related to the move to new premises in 2014.

A total of EUR 965,000 was transferred out of the chapter, mainly due to a reduced need for appropriations, since various office furniture expenditure was included in the fit-out project handled by the landlord, rather than being subject to specific purchase.

2.2.10. Expenditure chapter 23 'Current administrative expenditure'

This chapter accounted for 0.53% of 2014 expenditure (2013: 0.33%). The increase in expenditure was due to an increase in legal expenditure and damages paid as a result of court cases against the Agency.

The chapter was reinforced by a total of EUR 580,000.

2.2.11. chapter 24 'Postal charges and telecommunications'

This chapter accounted for 0.05% of 2014 expenditure (2013: 0.18%). Compared to 2013, expenditure decreased by 70.70%, mainly due to the fact that the cost of telecommunications became part of the IT budget, as telephony became Internet based.

No transfer was made to or from the chapter.

2.2.12. Expenditure article 300 'Meetings'

Article 300 accounted for 2.67% of 2014 expenditure (2013: 2.59%). Compared to 2013, expenditure increased by 13.01%, mainly due to increased meeting activities related to the implementation of the Agency's work programme.

A total of EUR 412,000 was transferred away from the article.

2.2.13. Expenditure article 301 'Evaluation of medicinal products'

Article 301 accounted for 36.09% of 2014 expenditure (2013: 32.87%). Between 2013 and 2014 expenditure in absolute terms increased by EUR 16,127,407.17 which can be explained by an overall increase in the number of procedures as well as the implementation of the pharmacovigilance-related remuneration to national competent authorities (PSUR, PASS, Referral), accounting for EUR 2,413,000.

The article was reinforced by a total of EUR 3,500,000 through transfer.

2.2.14. Expenditure article 302 'Translations'

Article 302 accounted for 1.62% of 2014 expenditure (2013: 2.13%). The decrease in expenditure reflects the impact of fewer documents, in particular SME product information, sent for translation, lower prices charged in 2014 and a changed procedure for handling opinions for referrals.

A total of EUR 500,000 was transferred away from the article.

2.2.15. Expenditure article 303 'Studies and consultants'

This article accounted for 1.78% of 2014 expenditure (2013: 0.83%). The increase in expenditure can be explained by the higher activity in business-related consultancy and the effect of an 18-month contract for EudraVigilance data management and cleaning.

A total of EUR 1,170,000 was transferred away from the article.

2.2.16. Expenditure article 304 'Publications'

This article accounted for 0.06% of 2014 expenditure (2013: 0.03%). The increase in expenditure was mainly linked to the move of the Agency's headquarter to a new address and the material for the Agency's 20th anniversary celebrated in January 2015.

The article was reinforced by a total of EUR 50,000.

2.2.17. Expenditure article 305 'EU programmes'

The article was discontinued, since expenditure related to EU programmes in 2014 was accounted for as assigned expenditure, cf. point 2.1.5. above.

No appropriations were transferred in or out of the article.

2.2.18. Expenditure chapter 31 'Expenditure on business-related IT projects'

This chapter accounted for 2.75% of 2014 expenditure (2013: 4.05%). Compared to 2013, expenditure decreased by 25.62%. The main reason for this was the postponement of a number of business-related IT projects.

Overall IT expenditure (chapters 21 and 31) decreased by 16.25%, compared to 2013, cf. also point 2.2.8. above.

The chapter was reinforced by a total of EUR 318,000.

Annexes

Annex 1
Summary of transfers in accordance with Article 27(1) and (2) of the Financial Regulation

No.	From/To item	Item No.	Item Heading	Amount of receiving item	Amount of donating item
01	from	2080	Other expenditure preliminary to construction	0	100,000
	to	2330	Legal expenses	100,000	0
02	from	2110	Purchases of new hardware for corporate processes	0	482,000
	from	2114	Maintenance & support of corporate applications	0	848,000
	to	2340	Damages	482,000	0
	from	3030	Studies & consultants	0	1,670,000
	to	3105	Business IT development	2,518,000	0
03	from	2114	Maintenance & support of corporate applications	0	50,000
	to	2330	Legal expenses	50,000	0
04	from	1520	Staff exchanges between EU institutions	0	300,000
	to	1530	Cost of organising graduate traineeships	300,000	0
	to	2020	Water, gas, electricity & heating	185,000	0
	to	2030	Maintenance & cleaning	350,000	0
	to	2090	Other expenditure on buildings	200,000	0
	from	2110	Purchase of new software related to the lifecycle of medicinal products	0	30,000
	from	2114	Maintenance & support of corporate applications	0	600,000
	from	2200	Technical equipment & installations	0	50,000
	from	2250	Information centre services	0	65,000
	to	2359	Other operating expenditure	10,000	0
05	from	2000R	European Union contribution	0	1,500,000
	to	2010R	Special contribution for Orphan Medicinal Products	1,500,000	0
	to	1180	Miscellaneous expenditure on recruitment	10,000	0
	from	1181	Travel & removal expenditure on entering or leaving the service	0	10,000
	to	2000	Rent	185,000	0
	from	2110	Purchase of new software related to the lifecycle of medicinal products	0	185,000
	to	2330	Legal expenses	50,000	0
	from	2340	Damages	0	50,000

No.	From/To item	Item No.	Item Heading	Amount of receiving item	Amount of donating item
06	from	2000R	European Union contribution	0	1,000,000
	to	2010R	Special contribution for Orphan Medicinal Products	1,000,000	0
	to	1101	Family allowances	600,000	0
	from	1114	Basic salaries & allowances for contract agents	0	640,000
	to	1180	Miscellaneous expenditure on recruitment	40,000	0
	to	1190	Weightings	3,000,000	0
	from	1191	Provisional appropriation	0	3,000,000
	from	3020	Translation centre, Luxembourg	0	500,000
	to	3030	Studies & consultants	500,000	0
07	to	2040	Fitting-out of premises	912,000	0
	from	2203	Lease, maintenance & repair of technical equipment and installations	0	150,000
	from	2210	Furniture	0	700,000
	from	2300	Stationery & office supplies	0	62,000
	to	3010	Evaluation of medicinal products	1,500,000	0
	from	3105	Business IT development	0	1,500,000
08	from	1114	Basic salaries & allowances for contract agents	0	60,000
	to	1184	Temporary daily subsistence allowances	31,000	0
	to	1620	Social contact between staff	15,000	0
	to	1700	Representation expenses	14,000	0
	from	3000	Reimbursement of persons attending meetings	0	50,000
	to	3040	Information & publications	50,000	0

No.	From/To item	Item No.	Item Heading	Amount of receiving item	Amount of donating item
09	from	2000R	European Union contribution	0	1,000,000
	to	2010R	Special contribution for Orphan Medicinal Products	1,000,000	0
	from	1102	Expatriation and foreign residence allowances	0	200,000
	to	1180	Miscellaneous expenditure on recruitment	200,000	0
	to	1190	Weightings	1,970,000	0
	from	1191	Provisional appropriation	0	1,970,000
	to	1400	Restaurant & canteens	48,000	0
	from	1520	Staff exchanges between EU institutions	0	50,000
	to	1700	Representation expenses	2,000	0
	to	2080	Other expenditure related to construction & fitting-out of a building	895,000	0
	from	2114	Maintenance & support of corporate applications	0	1,833,000
	from	3000	Reimbursement of persons attending meetings	0	400,000
	to	3003	Other expenditure in relation to meetings	38,000	0
	to	3010	Evaluation of medicinal products	2,000,000	0
	from	3105	Business IT development	0	700,000
			Total amount of transfers	**19,755,000**	**19,755,000**

Annex 2
Organisation chart as at 31 December 2014