

## Explanatory Note

### I. Transfers by Administrative Manager in BEREC Office Budget 2012 in December 2012

### II. Corrections in the 2012 budget between titles 1 and 3 based on amended budget approved by the Budgetary Authority

#### I. Introduction to transfers by Administrative Manager

Article 23 from Decision MC (10) 44 of the Management Committee on the financial regulation applicable to the BEREC Office in conformity with the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) № 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Union (hereinafter referred to as “the BEREC Office Financial Regulation”) specifies that:

- The Administrative Manager may make transfers from one chapter to another and from one article to another without limit and from one title to another up to a maximum of 10 % of the appropriations for the financial year shown on the line from which the transfer is made.
- Transfers carried out shall be accompanied by appropriate and detailed supporting documents showing the implementation of appropriations and estimates of requirements up to the end of the financial year, both for the headings to be credited and for those from which the appropriations are drawn.
- The Administrative Manager shall inform the Management Committee as soon as possible of all transfers made.

The following factors have caused the need to make some transfers between titles and chapters/ articles:

- The actual expenditures in 3<sup>rd</sup> quarter 2012;
- Reassessment of procurement needs and capabilities in 2<sup>nd</sup> semester of 2012 and outcome of completed procurements;
- Related forecasts of expenditures until the end of 2012 and financial commitments required to meet the legal contractual commitments for the forthcoming 12 months.

All transfers have been made within or between titles 1. “Staff” and 2. “Buildings, equipment and miscellaneous operating expenditure”. And have been made within the responsibility limits of the Administrative Manager.

#### 1. Revenues

No changes on revenue side. All transfers made within section 2000, European Community subsidy for titles 1 and 2.

## 2. Expenditure

### 1.2.1. Transfers within title 1

Legal base: Art. 23(1) of BEREC Office Financial Regulation – transfers from one chapter to another and from one article to another without limit.

#### A. Releases of resources

##### **Chapter 11 “Staff in active employment”/ Article 111 “Contract staff and other staff”/ Item A- 1110 “Contract staff”**

Amounts (3) released:

EUR - 3 000,-

EUR - 48 060,-

EUR - 350,-

**Total released: EUR 3 000 + 48 060 + 350,- = 51 410,-**

Explanation:

- 1) Transfer of EUR 3 000,-: Increased need for training and coaching for team members in December 2012 on topics: a) accounting in ABAC financial system and b) closure of 2012 accounts. Service provided by Commission ABAC training and consulting partner Deloitte Consulting (BEREC Office is participating in Commission Framework Contract).
- 2) Transfer of EUR 48 060,- and - 350,-: agreement with Commission consulting partners Deloitte Consulting about 2 consultancy projects at the beginning of 2013 (both within Commission Framework Contract and in response to European Court of Auditors observations in 2012):
  - Assessment of the BEREC Office financial circuits and related workflows
  - Validation of the BEREC Office accounting system and Assessment of BEREC Office accounting schemes.

#### B. Increases on budget lines

##### **Chapter 15/ Article 150/ Item A-1500 “Training”**

Amount increased: EUR 3 000,-

Explanation: Increased need for training and coaching for team members in December 2012 on topics: a) accounting in ABAC financial system and b) closure of 2012 accounts. Service provided by Commission ABAC training and consulting partner Deloitte Consulting (BEREC Office is participating in Commission Framework Contract).

##### **Chapter 16/ Article 160 “External services”/ Item A-1600 “External services and temporary assistance”**

Amount increased: EUR 48 060,- + EUR 350,- = 48 410,-

Explanation: agreement with Commission consulting partners Deloitte Consulting about 2 consultancy projects at the beginning of 2013 (both within Commission Framework Contract and in response to European Court of Auditors observations in 2012):

- Assessment of the BEREC Office financial circuits and related workflows

- Validation of the BEREC Office accounting system and Assessment of BEREC Office accounting schemes.

**TOTAL increased: EUR 3 000 + 48 060 + 350,- = 51 410,-**

## Annex: Overview of Transfers in BEREC Office Budget 2012

### Revenues

Budget line	Description	Budget 2012	Budget 2012* (w. training amended May'12)	Amending budget 1/2012	Amending budget 2012	Description
	<b>REVENUES</b>	<b>4 604 553</b>	<b>4 604 553</b>	<b>-1 414 553</b>	<b>3 190 000</b>	
<b>2</b>	<b>European Community Subsidy</b>	<b>4 292 937</b>	<b>4 292 937</b>	<b>-1 102 937</b>	<b>3 190 000</b>	<b>Total subsidy of the European Communities</b>
<b>2 0 0 0</b>	<b>European Community Subsidy</b>	<b>4 292 937</b>	<b>4 292 937</b>	<b>-1 102 937</b>	<b>3 190 000</b>	
	European Community Subsidy - titles 1 and 2	3 620 881	3 620 881	-1 135 881	2 485 000	
	European Community Subsidy - title 3	672 056	672 056	32 944	705 000	A transfer from EU subsidy for titles 1+2 to subsidy for title 3
<b>3</b>	<b>Third countries contribution (incl. EFTA and candidate countries)</b>	<b>111 616</b>	<b>111 616</b>	<b>-111 616</b>	<b>0</b>	<b>Contributions from Associated Countries</b>
<b>3 0 0 0</b>	<b>Third countries contribution (incl. EFTA and candidate countries)</b>	<b>111 616</b>	<b>111 616</b>	<b>-111 616</b>	<b>0</b>	
	Third countries contribution (incl. EFTA and candidate countries) - titles 1 & 2	94 143	94 143	-94 143	0	
	Third countries contribution (incl. EFTA and candidate countries) - title 3	17 473	17 473	-17 473	0	
<b>4</b>	<b>Other contributions (Members states, NRAs, etc.)</b>	<b>200 000</b>	<b>200 000</b>	<b>-200 000</b>	<b>0</b>	<b>Contributions from Member States, NRAs and other contributions</b>
<b>4 0 0 0</b>	<b>Other contributions (Members states, NRAs, etc.)</b>	<b>200 000</b>	<b>200 000</b>	<b>-200 000</b>	<b>0</b>	
	Other contributions (Members states, NRAs, etc.)	200 000	200 000	-200 000	0	

### Expenditure in Title 1 "Staff" where current transfers were made

NB! With "Appropriation (1) - Amending budget 2012" as approved by MC in Aug 2012, however, with EUR 32 944 difference between Titles 1 and 3 as approved by the Budgetary Authority in Dec 2012. See explanations about corrections in following section. Total budget of 3 190 000 is unchanged.

Budget Line	Budget Item Description	Appropriation (1) - Amending budget 2012	Transfers 1-21.12.2012	Budget with transfers 1-21.12.2012	Description
<b>1</b>	<b>STAFF</b>	<b>1,983,200</b>		<b>1,983,200</b>	
<b>1 1</b>	<b>STAFF IN ACTIVE EMPLOYMENT</b>	<b>1,470,000</b>		<b>1,418,590</b>	
<b>1 1 0</b>	<b>Staff in active employment</b>				
A-1100	Basic salaries	646,000.		646,000.	Staff Regulations applicable to officials of the European Communities, and in particular Articles 62, 64, 65 and 66 thereof and Art. 2 of the Conditions of Employment of Other Servants (CEOS). Staff Regulations applicable to officials of the European Communities, This appropriation is intended to cover basic salaries of temporary agents and the impact of salary weightings applicable to their remuneration.
A-1101	Family allowances	114,000.		114,000.	Staff Regulations applicable to officials of the European Communities, and in particular Articles 42a, 42b, 62, 67, 68, 68a of the Staff Regulations and Section I of Annex VII thereto. This appropriation is intended to cover the household, dependent child and education allowances for temporary agents.
A-1102	Expatriation and foreign-residence allowances	136,000.		136,000.	Staff Regulations applicable to officials of the European Communities, and in particular Articles 62 and 69 thereof and Article 4 of Annex VII thereto. This appropriation is intended to cover the expatriation and foreign-residence allowances for temporary agents.
	<b>Sum:</b>	<b>896,000.00</b>		<b>896,000.00</b>	
<b>1 1 1</b>	<b>Contract staff and other staff</b>				
A-1110	Contract staff	173,000.	-51,410.	121,590.	Conditions of employment of other servants of the European Communities, and in particular Article 3 and Title III thereof. This appropriation is intended to cover the remuneration and allowances, and the employer's social security contributions for Contract Agents.

A-1111	Seconded national experts	302,000.		302,000.	This appropriation is intended to cover allowances and all other benefits of the seconded national experts from Member States.
	<b>Sum:</b>	<b>475,000.00</b>		<b>423,590.00</b>	

<b>1 1 2</b>	<b>Employer's social security contributions</b>				
A-1120	Insurance against sickness	35,000.		35,000.	Staff Regulations applicable to officials of the European Communities, and in particular Article 72 thereof. Rules on sickness insurance for officials of the European Communities, and in particular Article 23 thereof. This appropriation is intended to cover sickness insurance costs.
A-1121	Insurance against accidents and occupational disease	6,000.		6,000.	Staff Regulations applicable to officials of the European Communities, and in particular Article 73 thereof. This appropriation is intended to cover the employer's contribution to insurance against accidents and occupational diseases.
A-1122	Insurance against unemployment	13,000.		13,000.	Council Regulation (ECSC, EEC, Euratom) No 2799/85 of 27 September 1985 amending the Staff Regulations of officials and the conditions of employment of other servants of the European Communities (OJ L 265, 8.10.1985, p. 1). This appropriation is intended to cover the costs of insurance against unemployment.
	<b>Sum:</b>	<b>54,000.00</b>		<b>54,000.00</b>	

<b>1 1 3</b>	<b>Miscellaneous allowances and grants</b>				
A-1130	Childbirth and death allowances and grants	1,000.		1,000.	Staff Regulations applicable to officials of the European Communities, and in particular Articles 70, 74 and 75 thereof. This item is intended to cover the childbirth grant and, in the event of the death of an official, payment of the deceased's full remuneration.
A-1131	Travel expenses for annual leave	44,000.		44,000.	Staff Regulations applicable to officials of the European Communities, and in particular Article 8 of Annex VII thereto. This appropriation is intended to cover the flat-rate travel expenses for officials or temporary staff, their spouses and dependants.
	<b>Sum:</b>	<b>45,000.00</b>		<b>45,000.00</b>	

<b>1 2</b>	<b>MISCELLANEOUS EXPENDITURE ON STAFF RECRUITMENT AND TRANSFER</b>	<b>190,400</b>		<b>190,400</b>	
<b>1 2 0</b>	<b>Recruitment expenses</b>				

A-1200	Travel expenses	48,000.		48,000.	Decision MC (11) 24 of BEREC Office management Committee on Reimbursement of expenses of participants to selection/recruitment procedures.
A-1201	Miscellaneous expenditure on staff recruitment	5,000.		5,000.	This appropriation is intended to cover miscellaneous expenditure involved in recruitment procedures, the fees for the use of EPSO CAST database.
	<b>Sum:</b>	<b>53,000.00</b>		<b>53,000.00</b>	

<b>1 2 1</b>	<b>Expenses on entering/leaving</b>				
A-1210	Travel expenses on entering/leaving	13,000.		13,000.	Staff Regulations applicable to officials of the European Communities, and in particular Articles 20 and 71 thereof and Article 7 of Annex VII thereto. This appropriation is intended to cover the travel expenses of staff (including members of their families).
A-1211	Installation	50,400.		50,400.	Staff Regulations applicable to officials of the European Communities, and in particular Articles 5 and 6 of Annex VII thereto and Art. 23 of the CEOS. This appropriation is intended to cover the installation allowances for temporary agents obliged to change residence after taking up their appointment or when they definitively cease their duties and settle elsewhere.
A-1212	Removal expenses	42,000.		42,000.	Staff Regulations applicable to officials of the European Communities, and in particular Articles 20 and 71 thereof and Article 9 of Annex VII thereto. This appropriation is intended to cover the removal costs of temporary agents obliged to change residence after taking up their appointment or when transferred to a new place of work or when they definitively cease their duties and settle elsewhere.
A-1213	Daily subsistence allowances	32,000.		32,000.	Staff Regulations applicable to officials of the European Communities, and in particular Articles 20 and 71 thereof and Article 10 of Annex VII thereto, as well as Articles 25 and 92 of the Conditions of Employment of other Servants. This appropriation is intended to cover the daily subsistence allowances due to staff able to prove that they were obliged to change their place of residence after taking up their duties (including transfer).
	<b>Sum:</b>	<b>137,400.00</b>		<b>137,400.00</b>	

<b>1 3</b>	<b>MISSIONS AND DUTY TRAVEL</b>	<b>181,800</b>		<b>181,800</b>	
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A-1300	Mission expenses	181,800.		181,800.	This appropriation is intended to cover expenditure on travel, the payment of daily mission allowances and the ancillary or exceptional expenses incurred by staff in the interest of the service, in accordance with the provisions of the Staff Regulations applicable to officials of the European Communities.
	<b>Sum:</b>	<b>181,800.00</b>		<b>181,800.00</b>	

<b>1 4</b>	<b>SOCIOMEDICAL SERVICES</b>	<b>18,000</b>		<b>18,000</b>	
<b>1 4 0</b>	<b>Medical service</b>				
A-1400	Medical services	18,000.		18,000.	This appropriation is intended to cover the costs of annual medical inspections and of reviewing the health and safety conditions at work, medical checks linked to recruitment and other services provided by the Medical Service.
	<b>Sum:</b>	<b>18,000.00</b>		<b>18,000.00</b>	

<b>1 5</b>	<b>TRAININGS</b>	<b>85,000</b>		<b>88,000</b>	
<b>1 5 0</b>	<b>Training</b>				
A-1500	Training and language courses	85,000.	3,000.	88,000.	This appropriation is intended to cover the costs of language and other training needs.
	<b>Sum:</b>	<b>85,000.00</b>		<b>88,000.00</b>	

<b>1 6</b>	<b>EXTERNAL SERVICES</b>	<b>23,000</b>		<b>71,410</b>	
A-1600	External services and temporary assistance	23,000.	48,410.	71,410.	This appropriation is intended to cover the costs of interim staff and external services such as those provided by PMO for calculation of salaries and allowances and missions and Translation Centre for translation of vacancy notices.
	<b>Sum:</b>	<b>23,000.00</b>		<b>71,410.00</b>	

<b>1 7</b>	<b>REPRESENTATION AND MISCELLANEOUS STAFF COSTS</b>	<b>15,000</b>		<b>15,000</b>	
A-1700	Representation and miscellaneous staff costs	15,000.		15,000.	This appropriation is intended to cover the costs of representation, receptions, events and other staff related expenses.
	<b>Sum:</b>	<b>15,000.00</b>		<b>15,000.00</b>	

## II. Introduction to corrections made between Titles 1 & 3 in December 2012

BEREC Regulation Article 12 states that the draft budget will be transmitted to the Commission. It also states that the estimate shall be transmitted by the Commission to the budgetary authority. The budget of the Office shall be drawn up by the Management Committee. It shall become final after the final adoption of the general budget of the European Union. Where necessary, it shall be adjusted accordingly.

### 1. Explanations to corrections made between Titles 1 and 3 in December 2012

On 17 August 2012 BEREC Office Management Committee approved the Office draft Amending budget 1, which was prepared by the Office. The draft Amending budget 1 included two proposals:

1. To release the budgetary resources in total value of -1 414 553 EUR;
2. To transfer 32,944 EUR from Title 1 and 2 into Title 3 (operational expenditures for BEREC).

Both proposals were consulted with DG CONNECT and apparently accepted by DG BUDG.

The formal communication of the amended budget to the Commission by the Office in August 2012, however, was not adequate.

Because of of inadequate communication or for other reasons, the Budgetary Authority in December 2012:

- Approved the proposal to release the budgetary resources in total value of -1 414 553 EUR;
- Did NOT approve the transfer of 32,944 EUR from Title 1 and 2 into Title 3.

BEREC Office was managing the 2012 budget in the knowledge that both proposals are on the way of being to be approved, with 32,944 EUR less in Title 1 (Staff) and 32,944 EUR more in Title 3 (as the transfer into Title 3 was expected).

In the End of December 2012, before closing the financial year, the discrepancy between the budgetary figures approved by the Budgetary Authority was discovered and in order to follow the adopted budget, the following correction in the financial system was made:

- Under Title 3 the budget line B3001 "Support to the BEREC Expert Working Groups" was reduced by 32,944 EUR;
- Under Title 1 the budget line A-1100 "Basic salaries" was increased by 32,944 EUR.

The total budget of 3,190,000 EUR remained unchanged.

### *Summary of corrections made and relevant budget lines before and after*

Budget Line	Budget Item Description	Appropriation (1) - Amending budget 2012 as approved by MC Aug. 2012 (incl. transfers in Oct-Dec 2012)	Correction on 20 Dec. 2012	Appropriation (1) - Amending budget 2012 as adopted by Budg. Authority Dec. 2012 (incl. transfers in Oct-Dec 2012)
1	STAFF	1,983,200		2,016,144
1 1	STAFF IN ACTIVE EMPLOYMENT	1,470,000		1,451,534

Budget Line	Budget Item Description	Appropriation (1) - Amending budget 2012 as approved by MC Aug. 2012 (incl. transfers in Oct-Dec 2012)	Correction on 20 Dec. 2012	Appropriation (1) - Amending budget 2012 as adopted by Budg. Authority Dec. 2012 (incl. transfers in Oct-Dec 2012)
<b>1 1 0</b>	<b>Staff in active employment</b>			
A-1100	Basic salaries	646,000.	32,944.	678,944.
A-1101	Family allowances	114,000.		114,000.
A-1102	Expatriation and foreign-residence allowances	136,000.		136,000.
	<b>Sum:</b>	<b>896,000.00</b>		<b>928,944.00</b>

<b>2</b>	<b>BUILDINGS, EQUIPMENT AND MISCELLANEOUS OPERATING EXPENDITURE</b>			
		<b>501,800</b>		<b>501,800</b>

<b>3</b>	<b>OPERATIONAL EXPENDITURE</b>	<b>705,000</b>		<b>672,056</b>
<b>3 0</b>	<b>Support to implementation of BEREK WP 2012</b>	<b>665,000</b>		<b>632,056</b>
<b>3 0 0</b>	<b>Support to implementation of BEREK WP 2012</b>			
B3-001	Support to the BEREK Expert Working Groups	549,000.	-32,944.	516,056.
B3-002	Activities under Articles 7 and 7a Framework Directive	116,000.		116,000.
B3-003	Collection exchange and transmission of information	0.		0.
	<b>Sum:</b>	<b>665,000.00</b>		<b>632,056.00</b>
<b>3 1</b>	<b>Horizontal activities (other support not directly related to BEREK WP)</b>	<b>40,000</b>		<b>40,000</b>
<b>3 1 0</b>	<b>Horizontal activities (other support not directly related to BEREK WP)</b>			
B3-102	Provision of advice and other ad-hoc services to BEREK	40,000.		40,000.
	<b>Sum:</b>	<b>40,000.00</b>		<b>40,000.00</b>
<b>SUM:</b>		<b>3,190,000.00</b>	<b>0.00</b>	<b>3,190,000.00</b>

**Ando Rehema**

*Administrative Manager*

28 January 2013