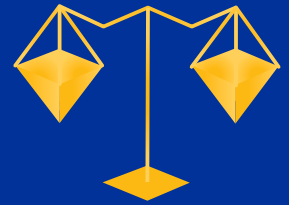




EUROPEAN
PUBLIC
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OFFICE



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Report on budgetary and financial management

Financial year 2021

*Report pursuant to Article 94.2 of the EPPO Regulation
and Article 104 of the EPPO's financial rules*

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Introduction

In accordance with Article 94.2 of the Council Regulation (EU) No 2017/1939 of 12 October 2017 implementing enhanced cooperation on the establishment of the European Public Prosecutor's Office (EPPO) and with Article 104 of the financial rules applicable to the EPPO, '[...] EPPO 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

On 18 December 2020, the EPPO College adopted the EPPO's 2021 initial budget with College Decision 025/2020 for an amount of €44 952 790.

Composition by Title is the following:

- Title I was €19 670 500
- Title II was €3 400 000
- Title III was €21 882 290

Three amending budgets (and one budgetary transfer) took place in 2021 (in June, September, November) with EPPO's budget gradually returning an amount of €9,500,000 back to the EU budget resulting in a final 2021 budget of €35,452,790. This decrease was due to the fact that EPPO was not allowed to increase its central office staff under the 2021 establishment plan, the delayed nomination of European Delegated Prosecutors (EDPs) by some participating Member States, and the resulting later-than-expected start of EPPO operations.

Since 2021 was the year of EPPO's financial autonomy, €9.2 million was consumed while EPPO was under the European Commission (until 24/06/21). Thus EPPO's budget for annual accounts purposes for 2021 was €26.3 million.

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

Title Chapter	Heading	Voted budget (Dec. N-1)	Amendments/ Transfers	Final budget
1	Staff expenditure	19 670 500	-4 668 029	15 002 471
11	Staff in active employment	17 050 000	-4 600 000	12 450 000
110	Temporary agents	14 250 000	-3 740 000	10 510 000
111	Contract agents	2 800 000	-860 000	1 940 000
112	Seconded National Experts	0	0	0
12	Miscellaneous Expenditure on Staff Recruitment and Transfer	852 500	-60 000	792 500
120	Recruitment, Entering and Leaving the Service, Transfer Costs	852 500	-60 000	792 500
13	Mission expenses	30 000	-11 000	19 000
130	Mission costs, duty travel, ancillary expenditure	30 000	-11 000	19 000
14	Socio-medical infrastructure and social welfare	580 000	-190 702	389 298
140	Social, medical and other services	520 000	-139 702	380 298
141	Canteens, internal meetings, events and receptions	60 000	-51 000	9 000
15	Training	150 000	-51 300	98 700

150	Training and training-related expenses	150 000	-51 300	98 700
16	External Services	698 000	334 973	1 032 973
160	External Services	150 000	112 973	262 973
161	Interim staff and trainees	548 000	232 000	780 000
17	Receptions, events and representation expenses	10 000	-7 000	3 000
170	Receptions, events and representation expenses	10 000	-7 000	3 000
18	Other staff-related expenditure	300 000	-83 000	217 000
180	Other staff-related expenditure	300 000	-83 000	217 000
2	Infrastructure and Operating Expenditure	3 400 000	1 966 869	5 366 869
21	Rental of buildings and associated costs	1 350 000	1 150 000	2 500 000
210	Rental of buildings and associated costs	1 150 000	1 150 000	2 300 000
211	Insurance, Maintenance and Cleaning	200 000	0	200 000
22	ICT and data processing	1 050 000	429 222	1 479 222
220	Hardware, software and linked expenses	850 000	106 925	956 925
221	ICT services, analysis, programming, technical assistance	200 000	322 298	522 298

23	Movable property and associated costs	880 000	421 410	1 301 410
230	Audio-visual, technical equipment and installations	380 000	320 000	700 000
231	Furniture	300 000	250 000	550 000
232	Transportation and removal expenses	200 000	-148 590	51 410
24	Current Administrative Expenditure	70 000	-33 763	36 237
240	Office supplies, publication and library expenses	50 000	-40 763	9 237
241	Other administrative expenditure	20 000	7 000	27 000
25	Other infrastructure and operating expenditure	50 000	0	50 000
250	Other infrastructure and operating expenditure	50 000	0	50 000
3	Operational Expenditure	21 882 290	-6 798 840	15 083 450
31	Translation and communication	6 620 000	-5 370 000	1 250 000
310	Translation and related costs	6 570 000	-5 445 000	1 125 000
311	Communication and related costs	50 000	75 000	125 000
32	EDPs and Investigation activities	9 690 000	-4 838 000	4 852 000
320	European Delegated Prosecutors remuneration	8 840 000	-4 020 000	4 820 000

321	Costs related to investigation activities	200 000	-168 000	32 000
322	Costs related to the provisions of Art. 91.6	650 000	-650 000	0
33	Operational ICT tools	3 150 000	2 375 000	5 525 000
330	Operational ICT Hardware & Software	1 050 000	2 125 000	3 175 000
331	Operational ICT Services	2 100 000	250 000	2 350 000
34	Other costs related to operational activities	2 422 290	1 034 160	3 456 450
340	Close protection services and related costs	1 300 000	200 000	1 500 000
341	Operational missions expenses	300 000	172 393	472 393
342	Other miscellaneous operational expenses	822 290	661 767	1 484 057
Total		44 952 790	-9 500 000	35 452 790

List of amending budgets adopted by the College

As shown below in the summary table, three amending budgets took place during the financial year.

AB	Date of adoption	Main subject description	Official Journal	Impact on appropriations (in EUR)
1	09/06/2021	<p>With College Decision 025/2020 of 18 December 2020, the College had adopted EPPO's 2021 budget of €44 952 790. This was based on realistic assumptions at the time, namely that the EPPO would already be operational at the start of 2021, and it would receive from the budgetary authority an additional number of staff (42) in the central office.</p> <p>Some of the 2020 planning assumptions have not materialised, especially in terms of the pattern of EDPs' nomination and appointment and refusal by the Commission to support an update of EPPO 2021 establishment plan matching the substantiated request of staffing presented by the College in February.</p> <p>Therefore, despite some extra investment identified under Title 2, there was a total of €3.5 million decrease due to underinvestment in Title 1 and 3 for the above reasons.</p>	C 408 08/10/2021	<p>Title 1 -€3 mil.</p> <p>Title 2 +€2 mil.</p> <p>Title 3 -€2.5 mil.</p>
2	22/09/2021	<p>Further reductions in EPPO's budget were implemented due to the slower-than-expected start of operational activities (in budgetary consumption terms) that started on the 1 June. In addition, the budget initially allocated for an increased est. plan had to be further reduced due to the fact that there was no increase in EPPO positions</p>	C 449 05/11/2021	<p>Title 1 -€2 mil.</p> <p>Title 2 +€0.5 mil.</p>

AB	Date of adoption	Main subject description	Official Journal	Impact on appropriations (in EUR)
		in 2021. Thus, despite a small increase in investment in infrastructure, the budget of the EPPO was further reduced by €3.5 million.		Title 3 -€2 mil.
3	24/11/2021	A final reduction in EPPO's budget at the level of €2.5 million was done in November, mainly concerning Title 3 expenditure relating to operational activities like translations and investigative costs. This was due to the fact that funds were reserved for operation related costs, but due to the uncertainty surrounding those costs given that it was EPPO's first year of operations they were not needed and thus returned to the EU budget.	C 036 24/01/2022	Title 1 +€0.2 mil. Title 2 -€0.4 mil. Title 3 -€2.3 mil.

List of transfers adopted by the European Chief Prosecutor

In 2021, the European Chief Prosecutor authorised one budgetary transfer with ECP Decision 066/2021 on 3 November 2021. They did not concern transfers between Titles.

BT	Date of adoption	Main subject description	Impact on appropriations (in EUR)
2021-01	03/11/2021	The transfer was necessary due to increased needs for catering to EDP workshops taking place at the end of the year, as well as increased needs for missions of administrative and operational staff. Those increases were offset by less external services use and less amounts	Budget Line 130 +€3 000
			Budget Line 141

BT	Date of adoption	Main subject description	Impact on appropriations (in EUR)
		needed for EDPs remuneration due to their late nomination.	+€7 000
			Budget Line 160 -€10 000
			Budget Line 320 -€80 000
			Budget Line 341 +€80 000

List of transfers adopted by the College

In 2021, no budgetary transfers were adopted by the College.

1.2 Budget implementation

The implementation of consolidated authorised appropriations is provided below:

		EUR '000							
Budget Item	Item Description	Total appropriations available (CA & PA)	Commitments made		Payments made				
			Commitments 2021	% Committed	Payments 2021 (C1)	% Paid (2021 C1)	Payments from carry-overs 2020 (C8)	Total payments (C1+C8 credits)	% Paid Total (C1+C8 credits)
		1	2	3=2/1	4	5=4/1	6	7=4+6	8=7/1
GRAND TOTAL		26 254	25 345	97 %	18 542	71 %	930	19 472	74 %

As explained in section 1.1. above, the EPPO's total appropriations stood at €26.3 million in 2021 (counting from the date of financial autonomy of 24/6/21). The rest of the €9.2 million (adding to €35.5 million that was the EPPO's final budget in 2021) were consumed while the EPPO was still under the European Commission.

The implementation rate of C1 commitment appropriations (CA) was 97%.

The implementation rate of C1 payment appropriations (PA) was 71%.

26% of payment and commitment appropriations were carried over to 2022.

It should be noted that €930 000 were also payments made against C8 appropriations carried over from 2020.

A detailed presentation of implementation of appropriations by title is presented below.

EUR '000									
Budget Item	Item Description	Total appropriations available (CA & PA)	Commitments made		Payments made				
			Commitments 2021	% Committed	Payments 2021 (C1)	% Paid (2021 C1)	Payments from carry-overs 2020 (C8)	Total payments (C1+C8 credits)	% Paid Total (C1+C8 credits)
		1	2	3=2/1	4	5=4/1	6	7=4+6	8=7/1
110	Temporary agents	5 661	5 613	99 %	5 613	99 %	0	5 613	99 %
111	Contract agents	1 147	1 101	96 %	1 101	96 %	0	1 101	96 %
Total Chapter 11		6 808	6 714	99 %	6 714	99 %	0	6 714	99 %
120	Recruitment, entering and leaving the service, transfer costs	334	312	93 %	288	86 %	0	288	86 %
Total Chapter 12		334	312	93 %	288	86 %	0	288	86 %
130	Mission costs, duty travel, ancillary expenditure	9	9	100 %	7	80 %	0	7	80 %
Total Chapter 13		9	9	100 %	7	80 %	0	7	80 %
140	Social, medical and other services	380	348	91 %	18	5 %	0	18	5 %
141	Canteens, internal meetings, events and receptions	9	9	100 %	1	14 %	0	1	14 %
Total Chapter 14		389	357	92 %	19	5 %	0	19	5 %
150	Training and training related expenses	67	67	100 %	0	0 %	0	0	0 %
Total Chapter 15		67	67	100 %	0	0 %	0	0	0 %
160	External services	224	224	100 %	136	61 %	0	136	61 %
161	Interim staff and train	775	700	90 %	612	79 %	0	612	79 %
Total Chapter 16		999	924	92 %	748	75 %	0	748	75 %
170	Receptions, events and representation expenses	3	3	100 %	1	24 %	0	1	24 %
Total Chapter 17		3	3	100 %	1	24 %	0	1	24 %
180	Other staff expenditure	217	217	100 %	119	55 %	0	119	55 %
Total Chapter 18		217	217	100 %	119	55 %	0	119	55 %
Total Title 1		8 826	8 602	97 %	7 896	89 %	0	7 896	89 %

210	Rental of buildings and associated costs	2 158	2 023	94 %	565	26 %	22	588	27 %
211	Insurance, maintenance and cleaning	72	72	100 %	30	42 %	0	30	42 %
Total Chapter 21		2 230	2 095	94 %	595	27 %	22	618	28 %
220	Hardware, software and linked expenses	416	416	100 %	343	82 %	0	343	82 %
221	ICT services, analysis, programming, technical assistance	457	457	100 %	82	18 %	50	132	29 %
Total Chapter 22		873	873	100 %	425	49 %	50	475	54 %
230	Audiovisual, technical equipment and installations	700	548	78 %	10	1 %	138	148	21 %
231	Furniture	350	350	100 %	350	100 %	0	350	100 %
232	Transportation and removal expenses	15	15	100 %	0	0 %	0	0	0 %
Total Chapter 23		1 065	913	86 %	360	34 %	138	498	47 %
240	Office supplies, publication and library expenses	5	5	100 %	0	0 %	0	0	0 %
241	Other administrative expenditure	26	26	100 %	5	18 %	0	5	18 %
Total Chapter 24		31	31	100 %	5	15 %	0	5	15 %
250	Other infrastructure and operating expenditure	50	50	100 %	2	3 %	0	2	3 %
Total Chapter 25		50	50	100 %	2	3 %	0	2	3 %
Total Title 2		4 248	3 961	93 %	1 386	33 %	211	1 597	38 %

310	Translation and related costs	1 125	972	86 %	888	79 %	23	911	81 %
311	Communication and related costs	120	101	84 %	94	79 %	0	94	79 %
Total Chapter 31		1 245	1 072	86 %	982	79 %	23	1 005	81 %
320	European Delegated Prosecutors remuneration	3 543	3 488	98 %	3 488	98 %	0	3 488	98 %
321	Costs related to investigation activities	29	29	100 %	5	18 %	0	5	18 %
Total Chapter 32		3 572	3 518	98 %	3 493	98 %	0	3 493	98 %
330	Operational ICT hardware and software	2 769	2 622	95 %	1 268	46 %	0	1 268	46 %
331	Operational ICT services	2 272	2 249	99 %	559	25 %	187	746	33 %
Total Chapter 33		5 042	4 871	97 %	1 827	36 %	187	2 014	40 %
340	Close protection services and related costs	1 500	1 500	100 %	1 500	100 %	509	2 009	134 %
341	Operational missions expenses	336	336	100 %	206	61 %	0	206	61 %
342	Other miscellaneous operational expenses	1 484	1 484	100 %	1 251	84 %	0	1 251	84 %
Total Chapter 34		3 320	3 320	100 %	2 957	89 %	509	3 466	104 %
Total Title 3		13 179	12 781	97 %	9 260	70 %	719	9 978	76 %
GRAND TOTAL		26 254	25 345	97 %	18 542	71 %	930	19 472	74 %

2. Multi-annual overview

The EPPO does not manage multi-annual commitments and payments for its operational expenditure. All of the EPPO's appropriations are non-differentiated ones.

3. Revenue

As per Article 91.3 of the EPPO regulation, the EPPO's revenue mainly comprises from a contribution from the Union entered in the general budget of the Union and charges for publications and any service provided by the EPPO.

For 2021 the EPPO was fully financed from the Union contribution.

During the financial year, twelve (12) recovery orders were issued as follows:

three (3) of the recovery orders related to the 2021 European Union subsidy from the European Commission (DG Justice and Consumers)

three (3) were small recoveries of expenses from staff

six (6) were balance regularisations with other EU IBOAs consolidated entities

In 2021, €27.2 million (from the date of financial autonomy of 24/6/2021) were received by the EPPO as Union contribution in the form of an EU subsidy.

€26.3 million from the subsidy were used against 2021 commitments while €0.9 million were used as payment against 2020 commitment carried over (due to the fact that 2021 was the EPPO's first year of being financially autonomous).

IMPLEMENTATION OF BUDGET REVENUE

EUR '000

	Item	Income appropriations		Entitlements established			Revenue				Out-standing
		Initial budget	Final budget	Current year	Carried over	Total	On entitlements of current year	On entitlements carried over	Total	%	
		1	2	3	4	5=3+4	6	7	8=6+7	9=8/2	10=5-8
900	Contribution from the European Union	44 953	26 254	27 168	0	27 168	27 168	0	27 168	103 %	0
Total Chapter 90		44 953	26 254	27 168	0	27 168	27 168	0	27 168	103 %	0
913	Miscellaneous recoveries	0	0	1	0	1	1	0	1	-	0
Total Chapter 91		0	0	1	0	1	1	0	1	-	0
Total Title 9		44 953	26 254	27 169	0	27 169	27 169	0	27 169	103 %	0
GRAND TOTAL		44 953	26 254	27 169	0	27 169	27 169	0	27 169	103 %	0

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

Term	Definition
ABAC	This is the name given to the European 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.
Adjustment	Amending budget or transfer of funds from one budget item to another.
Administrative appropriations	Administrative appropriations cover the running costs of the Institutions and entities (staff, buildings, office equipment).
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

Term	Definition
	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	<p>Dedicated revenue received to finance specific items of expenditure.</p> <p>Main sources of external assigned revenue are financial contributions from third countries to programmes financed by the Union.</p> <p>Main sources of internal assigned revenue are: revenue from third parties in respect of goods, services or work supplied at their request; revenue arising from the repayment of amounts wrongly paid; and revenue from the sale of publications and films, including those on an electronic medium.</p> <p>The complete list of items constituting assigned revenue is given in the Financial Regulation Art. 21(2).</p>
Authorising Officer (AO)	<p>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.</p>
Budget	<p>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.</p>
Budget implementation	<p>Consumption of the budget through expenditure and revenue operations.</p>
Budget item / Budget line / Budget position	<p>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.</p>

Term	Definition
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.
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.
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: <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>
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.
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)

Term	Definition
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 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.
Income	Cf. Revenue
Implementation	Cf. Budget implementation
Joint Undertakings (JUs)	A legal EU-body established under the TFEU. The term can be used to describe any collaborative structure proposed for the <i>'efficient execution of Union research, technological development and demonstration programmes'</i> .
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.

Term	Definition
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).
RAL	Sum of outstanding commitments. Outstanding commitments (or RAL, from the French ' <i>reste à liquider</i> ') are defined as the amount of appropriations commitments 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 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.

Term	Definition
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 (TFEU) 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.